

**SYMBIOTIC REGIONAL INSTITUTION  
BUILDING  
TOWARDS A KNOWLEDGE-BASED  
ECONOMY  
IN ASIA**

(アジアにおける知識基盤型経済に向けた共生的制度構築)

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## 1-1. Background of this Project

### Shift in International Division of Labor

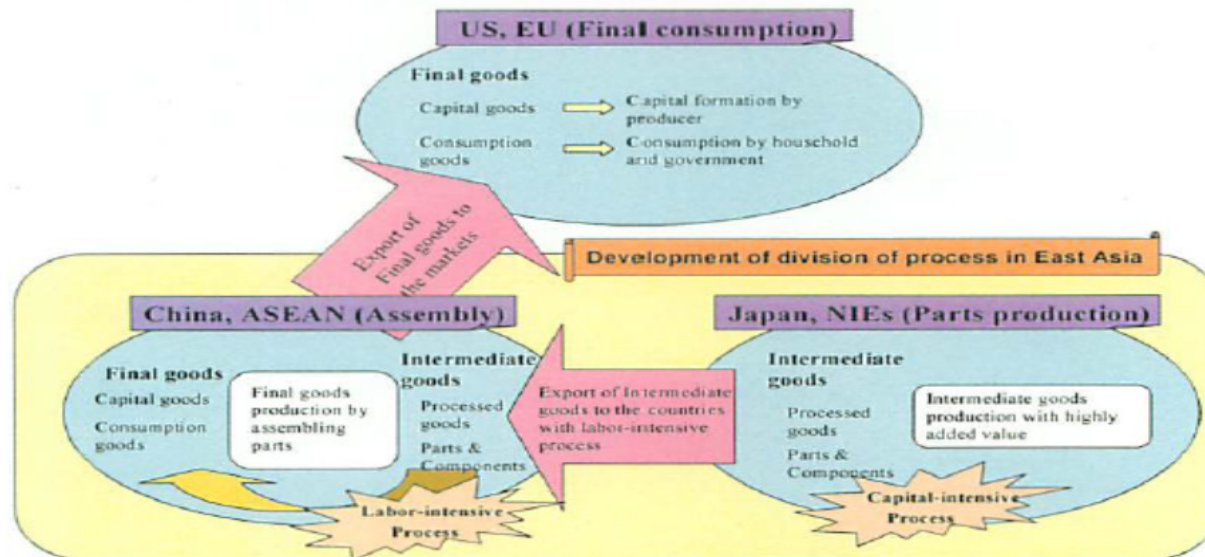
- After the 1960s, East Asia became the center of world growth
- The wave of economic growth swept through the NIEs, ASEAN, China, and the later members of ASEAN
- Foreign Direct Investments of multinational firms together with the Japan-NIEs-US trade triangle structure played an important role in the growth mechanism
- In the second half of the 1990s, the triangle structure has leveled up: developing under Japan/NIEs – ASEAN/China – US/Europe
- The major growth industry also changed through time, in particular amidst the IT-ization and globalization since the end of the 1990s, the industrial profile has changed a lot

## 1-2. Leveling Up of the East Asian Trade Triangle

### **2. Advancement of Triangular Trade**

- Among the United States, Europe and East Asia, “Triangular Trade Structure” is formed that Japan and NIEs produce Intermediate goods, China and ASEAN import Intermediate goods, assemble them into Final goods and then export to the United States and Europe as the final consumption markets.
- In trade in Triangular Trade Structure, the unit price comparatively rises in addition to expanding of the trade value. This indicates Triangular Trade has been advanced.

Figure 2-3-10: Model of Triangular Trade Structure



Source: METI

Source: cited from METI (2005a: 257; 2005b: 41 ), Figure 2-3-10.

## 1-3. Shift in the International Division of Labor

- The big change has been the shift from the traditional international division of labor to the international division of labor due to IT-ization and globalization
- After the 1990s, there was the emergence of newly industrializing countries that have a new higher level of industrial structure. The typical examples include the growth of the semi-conductors in Taiwan, South Korea, and BPO as driving industries in India's Bangalore
- The Philippines has also participated to some extent in this international division of labor
- Below is a tentative summary
- Development through the participation in the international division of labor based on labor-intensive industries → towards a development through the participation in the international division of labor due to IT-ization and globalization
- The emergence of newly industrializing countries (Taiwan, Korea, etc.) and software producing countries (India, the Philippines, etc.)

## 2-1. The Objective of this Project

- The objective of this project is to consider how the more advanced industrialized countries led by the NIEs could participate in the current international division of labor being driven by IT-ization and globalization, as well as how could latecomer developing countries catch up
- The development of East Asia is not the development model thought up by neoclassical economics (the conventional economics of the US government and the IMF), which considers trade liberalization as everything
- In the development of a new industry, a higher level of government policy and greater corporate effort is needed. Policies pursued in such areas as international economic integration framework and the human resource development, are extremely important for the late comer developing countries.
- This project will consider such policy approaches

## 2-2. The Position of this Project

- 1. Consideration of the framework for economic integration in the East Asian region: analysis of trends in regional integration and regional cooperation
- 2. Research on the framework for catching up by the late comer developing countries, following the NIEs
- 3. Research on the situation of human resource development policies focusing on the development policy of supporting industries such as the automotive industry, and the requisite inter-firm cooperation
- 4. Current point reached: research on the development policies of firms in the Philippines, Vietnam, (Myanmar), and Cambodia
- 5. Currently implementing a survey questionnaire of small- and medium-scale enterprises in Vietnam
- 6. Research on human resource development in the Philippines by Dr. Maquito
- 7. Tentatively re-considering the case of Myanmar (depending on circumstances) and planning the start of research on the situation of Cambodia