Toward Deeper Integration of Asian Economies

- Presentation for the Closing Roundtable -

Yasuyuki Todo
Waseda University
Supply chains of major firms around the world (2015)

Source: FactSet
Revere
Visualized by Gephi
using ForceAtlas2

Trade in Intermediates in Asia

Shareholding network of world firms (2014)

UK (280,000)

Other European countries

China (15,000)

Japan (30,000)

South Korea (10,000)

US (40,000)

Germany (570,000)

Source: Orbis

Shareholding network of world firms (2014)

Asia is well integrated in terms of

- Production networks (supply chains)
- Shareholding networks

What is lacking?
Patent co-ownership networks of firms around the world in 2011-13

Rise/stagnation of local R&D

- China (1980s-2010s)
- Indonesia (1970s-2010s)
- Japan (1960s-2010s)
- Korea (1960s-2010s)
- Malaysia (1980-2010s)
- Singapore (1960s-2010s)
- Thailand (1960s-2010s)

GDP per capita (PPP, $, log scale)

R&D expenditure (% of GDP)
Are some Asian countries in middle-income traps?

Sources: Penn World Tables 9.0, World Development Indicators

Common path to developed countries

Changes for 5.5 decades: 1960-2015

Real GDP per capita
(PPP, $ in 2011, initial year in each decade, log scale)

Sources: Penn World Tables 9.0, World Development Indicators
Rising Protectionism

- Asia is not an exception  
  (Presentation by Dr. Sawada and Dr. Chung yesterday)

\[  \text{Protectionism} \rightarrow \text{Vicious cycle} \rightarrow \text{Economic stagnation} \]

\[  \text{Income inequality} \rightarrow \text{Protectionism} \]

\[  \text{Rents from political connections} \rightarrow \text{Protectionism} \]

\[  \text{Inclusive policies} \rightarrow \text{Stop!} \]

\[  \text{Deregulation} \rightarrow \text{Stop!} \]
Toward deeper integration

**Promote research collaborations b/w firms & b/w firms and universities**

- Coordination by international organizations such as ADB and ESCAP
- FDI in R&D
- ODA for research collaboration between developed and developing countries

**Stop protectionism**

- Policy dialogues between governments and international organizations based on quantitative evidence by academic research