

## The Shifting behavior of comparative advantage and trade patterns in East Asian economies : a natural economic integration

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### Abstrak

Over the last few decades, East Asian economies has emerged as the most dynamic growth center of the world economy. The spectacular success of Fast Asia's outward-oriented industrialization demonstrated a dynamic nexus of comparative advantage changes and industrial modernization — multiple catching up-flying geese pattern of industrialization. At the same time, there has also been an increase in regional bias economic interdependence of these economies. Thus, this study focuses on the "challenges and opportunities of the restructuring efforts of the East Asian economies in the 1990s and the need for a conducive regional cooperation to accelerate and sustain the East Asian dynamism. The study of the resulting structural and industrial shift behavior in East Asia is undertaken by using a sort of descriptive technique on: RCA Index — to discern the shift pattern of trade and industrial specialization and structural adjustment, and Iff Index, to examine the degree of complementarity and economic integration in the region. The basic idea is to evaluate the extent to which the resultant structural adjustment of East Asian Economies over the last few decades have led to a market driven integration in the region. The study has confirmed many important behavioral relationships between the export-led industrialization and structural adjustment in East Asia region. The East Asian economies' industrial structures have become increasingly competitive and complementary, in which a very sophisticated sub-regional division of labor has been developed according to the domestic corresponding comparative advantage, factor and technologically capacity. At the same time, the study also conveys clearly that in the wake of outward-oriented mechanism of economic growth, a de facto economic integration has been evolved and seems to be continuously strengthened in East Asia. The progress of intra-industry trade intensified the direct interdependence of industrial structural among East Asian countries, and hence contributes to the natural formation of an organically integrated economic community among them on the basis of trade-investment nexus. The implications drawn from this study suggests that, in today's increasingly interdependent, globalized, and competitive international trade environment, it is likely that the region's policy makers have recently find it necessary to consider an institutional mechanism for regional economic cooperation — open regionalism -- to continue the existing East Asian dynamism. Given the need for more coordination and harmonization of national policies, the region's economies should reframe and/or establish congenial macro-economic framework to expedite and maximize the benefits of the ongoing market driven integration growth. The participative synergy generated through regional cooperation may also provide the impetus for infusing greater dynamism in the trade expansion efforts which will be diffused throughout the region and even throughout the world 'economy.