

ABSTRACT

Formation of Production Networks in ASEAN: Measuring the Real Value-Added of ASEAN Countries in The Global Value Chain and Identifying their Role in Vertical Structures

Miguel Angel Esquivias Padilla

This study addresses the two-fold question of whether the integration-liberalization process of ASEAN is headed towards the creation of a single production base region, and how ASEAN links with other trade blocks. It looks into the degree of intra-ASEAN and extra-ASEAN vertical integration vis-à-vis North America, East Asia, and the European Union through the measurement of value-added creation-absorption in global value chains (GVC) and by locating ASEAN within vertical structures. The study employs an international input-output database and breaks up gross exports into different components of value-added using data from 1997, 2004, and 2012. ASEAN has made significant gains in integrating with East Asia.

However, ASEAN as a single production region has gained little, and even lost share in value-added trade with NAFTA and Europe. The truth is that ASEAN has a stronger role across the GVC as a supplier of intermediate goods (33%) than as a supplier of final goods (30%). Vertical structures represent more than 43% of ASEAN gross exports, but it still depends on foreign parts and components (35%) to produce its exports. It may be argued that ASEAN + 6, which entails a wider scope of integration, might offer larger benefits to the ASEAN project.

Keywords: Vertical Specialization, AFTA, Production Networks, Value-added Trade, Global Input-Output

Promotor,



Dra. Ec. Dyah Wulansari, M.Ec.Dev., Ph.D