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**TRADE, PROTECTIONISM, AND
INDUSTRIAL ADJUSTMENT
IN CONSUMER ELECTRONICS**

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**TRADE, PROTECTIONISM, AND
INDUSTRIAL ADJUSTMENT
IN CONSUMER ELECTRONICS**
Asian Responses to North America

Edited by

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PREFACE

The project on “Trade, Protectionism and Industrial Adjustment”, a joint research effort of the Institute of Southeast Asian Studies (ISEAS), Singapore and the North-South Institute (NSI), Ottawa was organized with the following objectives:

1. To generate and disseminate knowledge on the impact of Developed Market Economy (DME) trade frictions on (a) the industry and trade of Less Developed Countries (LDCs) and DMEs; and (b) the importing DMEs. The project, however, is confined to the developing countries of Southeast and East Asia on the one hand and North America on the other, and to a select group of manufacturing industries. It is also important that the research studies and their results be of broader or universal interest and utility given the prevalence of protectionism across all DMEs and the preoccupation of most developing countries with market access questions.
2. To produce analyses and lessons which are highly relevant to the concerns of national decision-makers in the countries concerned and elsewhere. For instance, at a very broad and strategic level the origins and future direction of DME protectionism is of concern to developing countries endeavouring to chart their industrial and export development and to manage serious balance of payments and debt servicing problems. The comparative nature of the project allows researchers and decision-makers to assess the merits of various strategic responses to protectionism, particularly within and between the Newly Industrializing Countries (NICs) and the near-NIC group of countries.
3. To provide insights on important micro-policy issues (complementing the macro-policy ones in [2]) such as the administration of “voluntary” export restraints (VERs) particularly in the allocation of export licences. For instance, within the textile and government industries of the Asia-Pacific countries, these quota regimes have important implications for economic

efficiency, income distribution, and industrial and technological change.

4. To address vital trade and industry policy questions for the Asia-Pacific developing countries by focusing on the related issues of industrial and labour market adjustment in the North American DMEs. The research studies compare how different DME industries have adjusted to import competition, and how effective government policy has been in facilitating (or retarding) industrial and labour market adjustment.
5. To strengthen and extend the capabilities of the two collaborating institutions -- ISEAS and the NSI -- to undertake, sponsor, and manage research on trade and protectionism issues. This project also provides an opportunity to create a network of experienced and knowledgeable researchers. The training of capable, young researchers is considered to be of particular importance.

The core of the research project is concerned with individual country/industry studies of the impact of protection in these countries/industries. Three industries were chosen for intensive study, namely: consumer electronics, textiles and garments, and vegetable oils. Studies on these industries were undertaken in selected countries as follows:

Consumer Electronics:

Malaysia, Singapore, Hong Kong, South Korea,
and North America

Textiles and Garments:

Indonesia, Philippines, Singapore, Thailand, Hong Kong,
South Korea, and North America

Vegetable Oils:

Indonesia, Malaysia, Philippines, Thailand, and North America.

The country/industry studies in the developing countries assess the impact of DME trade barriers on the level, growth, composition, and destination of developing countries' exports and on industrial development more generally. They analyse the industry and firm responses to protectionist barriers including the differences between large and small firms, and domestic and international enterprises. National policy responses to protectionist barriers are also examined. Changes in the overall structure of industrial and trade incentives and thus the countries' general development strategy are assessed. The North American studies are similarly structured with the focus

on the effects of trade restrictions on the process of industrial adjustment (often the stated aim of protectionist measures) as measured by changes in the industry's competitiveness and efficiency. Likewise, these studies examine both the corporate and government adjustment strategies and their interactions.

These studies were discussed at an international conference held on 29-31 August 1986 in Singapore. This was followed by another conference on 2-3 October 1986 in Ottawa, as it was deemed desirable to disseminate further the findings and conclusions of this project to another gathering of academics, officials from both the public and private sectors, and journalists.

The publication programme consists of four separate volumes of these revised and abridged conference papers. The NSI publishes the studies conducted by North American researchers in one volume, while ISEAS publishes the papers by the Asian researchers in three volumes, including this volume.

ISEAS and the NSI received assistance from several institutions in organizing the conferences in Singapore and Ottawa, and in preparing this and other volumes. Both ISEAS and the NSI would like to acknowledge their appreciation of such help. They are grateful to the International Development Research Centre, Canada for the financial support for the project as a whole, as well as the researchers for their contributions and co-operation in the publication process. Needless to say, both the responsibility and credit for the quality and accuracy of statements made rest exclusively with the individual authors.

The Editors