

of the civil service, taxation patterns, and policy consistency of countries in the region.

However, these issues are quibbles at best. Coxhead and his colleagues are to be congratulated for this finely crafted tome.

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DOI: 10.1355/ae33-2k

Economic Integration in East Asia: Production Networks and Small and Medium Enterprises.
By Charles Harvie, Dionisius Narjoko and Sothea Oum. Oxon and New York: Routledge-ERIA, 2015. Pp. 176.

This book is the result of research projects conducted by the authors and their team from 2009 to 2011. It has nine chapters, written with the aim towards a better understanding of the participation of small and medium enterprises (SMEs) in East Asian regional production and distribution networks.

The first three chapters set the motivation, background and the analytical framework of the book. The next five chapters contain their research findings, detailing the outcomes of two separate surveys. The first survey was done in seven ASEAN countries (Thailand, Indonesia, Malaysia, the Philippines, Vietnam, Cambodia and Laos) and China. It was completed in late 2009, with a sample size of 912 SMEs. The second survey was conducted in the second half of 2010, with approximately 1,000 firms from the same eight countries surveyed. Within these five chapters, two main methods are used: (i) rankings rated by SMEs surveyed (Chapter 4 and 6); and (ii) statistical and econometric analyses (Chapter 5, 7 and 8).

The eight countries covered represent key economies as well as emerging economies in East Asia's production networks. It is slightly disappointing not to have Singapore and Taiwan

included, as SMEs in these two more developed economies might provide us with a deeper understanding of how SMEs operate.

In Chapter 4, based on the first survey results, the authors attempted to identify key constraints to SMEs' growth. Most SMEs surveyed faced severe internal constraints such as "functional barriers" and "product and price barriers". Less than half received assistance from governments or non-governmental organizations. Financial assistance appears to be the most important area of support needed by SMEs, as it emerges as a theme in most chapters of the book.

Using econometric analyses, the authors examine the characteristics of SMEs that participate in production networks in Chapter 5. Firms that participate are notably and statistically different from those that do not participate — they are larger, younger and have more foreign ownership (p. 57).

Chapter 6 examines common as well as distinct experiences of two different groups of SMEs. The first group (A) comprises of more advanced economies, i.e. Thailand, Indonesia, Malaysia, the Philippines and China. The second group (B) is from less developed economies, i.e. Vietnam, Cambodia and Laos. The authors find that SMEs in group A appear to be bigger, older, have higher labour productivity, have more financial resources, and higher skill intensity than those in group B (p. 87).

Chapter 7 looks into the constraints and determinants of innovation among SMEs, and the role of governments in supporting them. Econometric analyses are used in this chapter. The authors find that among others, larger firm size, higher skill intensity of labour, and ability to overcome shortages in human resources are important for SMEs to increase their capability to innovate. The authors made an interesting observation as "foreign ownership" appears to be the least important factor in terms of SME capabilities in technology upgrading. However, exposure to foreign trade is important for innovation (p. 103).

Chapter 8 analyses SMEs' access to finance based on results in the second survey. The authors find that SMEs, although hoping to expand their

businesses, are heavily reliant on internal funding resources. They face difficulties in securing external finance, which is potentially important for business expansion (p. 134).

Chapter 9 concludes and summarizes the findings in previous chapters and ends with policy recommendations. One key finding is the necessity of well-designed policies to deepen and broaden financial markets with the aim of increasing competition among financial resource providers and reducing the cost of borrowing. This will enhance the range of financial products and services available to SMEs. The authors also recommend to provide good and modern networks in a country so that SMEs can improve on their technological and innovation capabilities. This includes not only a wide Internet coverage, but also the availability of good university-industry linkages and connections with multinational companies. The authors further caution that, in the course of setting rules and regulations with regards to SMEs, governments often hamper growth by imposing unnecessary regulatory red tape (p. 144). Simplifying the rules and making them more transparent are thus necessary measures. Finally, policymakers can also support the development of SMEs by strengthening free trade agreements in East Asia. Harmonizing the rules of origin (ROO) and the regional Mutual Recognition Arrangements (MRAs) to reduce duplicative product testing are steps in the right direction to deepen the participation of SMEs in the regional production networks.

The book includes the full questionnaire used in the survey (Appendix 4.1, p. 148), which can be a useful reference for interested researchers.

On the whole, the book is carefully presented with clear details. While the book is quite academic, interspersed with econometric terms in some chapters, it is written with great clarity and sound economic explanation. The most valuable contribution of this book lies in the two large and extensive surveys conducted, producing rich survey results and analyses. There is however one area neglected in the study — it has not given much attention to the question on whether types of industries/commodities that the SMEs

are operating in, have any effect(s) on their performance and other characteristics. The only information about the survey sample with regards to the industry that participating firms belong to is in Table 8.1 (p. 111).

The book is highly recommended for researchers and postgraduate students studying SMEs and production networks in East Asia. Policymakers should also find this book to be a very useful resource in understanding the role of SMEs in the economy, and also to better understand the constraints facing them, thereby gaining insights for policy design. The book is also recommended as a reading reference for university courses related to economic integration in Asia as it provides an example of how empirical analysis on this topic can be conducted.

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DOI: 10.1355/ae33-21

The Foundation of the ASEAN Economic Community: An Institutional and Legal Profile.
By Stefano Inama and Edmund W. Sim.
Cambridge: Cambridge University Press, 2015.
Pp. 560.

The book provides a critical review of the current state of institutions and legal instruments of the Association of Southeast Asian Nations (ASEAN) with regards to establishing the ASEAN Economic Community (AEC). The analysis was done by examining existing agreements and institutional arrangements in support of the AEC and comparing them with the North American Free Trade Area (NAFTA) and the European Union (EU), currently the most well-known integration models around the globe. While the EU has well-developed supra-regional institutions tasked to