

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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***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.

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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

ensure implementation of and compliance with agreements in the regional bloc, and NAFTA has detailed agreements and strong dispute resolution mechanisms and processes that implement the agreements, the authors conclude that ASEAN institutions are not sufficiently developed to implement agreements among member countries. The available legal instruments also fall short of providing the foundations necessary to establish the AEC. As highlighted in the various chapters of the book, these deficiencies make it difficult for ASEAN to achieve its goal of economic integration and thus a single market and production base.

The five chapters of the book are well written and provide an interesting read. Chapter 1 highlights the need to prioritize the goals of economic integration. The authors argue that creating a single market is currently unrealistic, given the economic disparities among the ASEAN members and their reluctance to relinquish some of their sovereignty necessary to administer and regulate a single market. It should therefore not be a priority goal in the near to medium term. On the other hand, creating a single production base is a more feasible goal as the measures to achieve it are less problematic, at least politically. This was shown by the success of the global production networks of the electronics and car manufacturing industries operating in the region, even before economic integration efforts were formalized through government agreements. The authors' analysis was supported by their detailed examination of the relevant ASEAN agreements in Chapter 3.

Chapter 2 traces the origins of ASEAN by providing a brief overview of the 1967 Bangkok Declaration that established ASEAN and succeeding economic agreements leading to the establishment of the AEC. The review covers the following: (i) ASEAN Charter, which transitioned ASEAN from an informal grouping into a rules-based organization; (ii) ASEAN Trade in Goods (ATIGA) with the ASEAN Free Trade Area (AFTA) as its foundation; (iii) ASEAN Comprehensive Agreement (ACIA) that replaced the Framework Agreement on the ASEAN Investment Area (AIA)

and the ASEAN Agreement for the Promotion and Protection of Investment; (iv) ASEAN Framework Agreement on Services (AFAS); and (v) ASEAN Protocol on Enhanced Dispute Settlement Mechanism (EDSM).

The overview could have been enhanced if the shift and progress in diplomatic focus from a group of nations with purely geopolitical objectives to a regional economic bloc was presented in the context of market-driven economic integration. Historically, this defined the region and distinguished AEC from the origins of EU and NAFTA. Likewise, as an overview chapter, it failed to emphasize that the ASEAN's consensus-building approach is both its strength and weakness. This is its strength because the approach works best for a very diverse grouping with different levels of economic development and maturity of democracy. However, this is also its weakness because the approach limits and delays the attainment of ASEAN goals.

Chapter 3 contains the main contribution of the authors to the existing body of literature on AEC. It contains an analysis of the textual details of the ASEAN agreements. By comparing them with the relevant counterpart agreements in the EU and NAFTA, the shortcomings and weaknesses of the legal texts of ASEAN agreements are analysed.

Based on their analysis, the authors conclude that the legal instruments of ASEAN do not match the goals of a single production base, much less a single market. Many of the rules and practices are deficient. As an example, ASEAN members would rather resort to non-ASEAN agreements and more established fora (like the WTO or UN) than to ASEAN instruments to address issues and resolve conflicts, even when the relevant ASEAN agreement resembles WTO rules and processes, as in the case of dispute settlement mechanism. This shows lack of predictability and clarity in the operations of the regional bloc. It also reflects a lack of maturity in ASEAN institutions and a lack of confidence in its legal-based norms and instruments. The ASEAN Secretariat does not have the legal authority to either impose sanctions on non-compliant members nor to resolve disputes

between national governments members or between ASEAN nationals.

Chapter 4 offers options and recommendations to address the shortcomings and weaknesses of the current system on institutional and legal infrastructures without being prescriptive. It acknowledges that ultimately decisions will rest on ASEAN leaders and policymakers. Emphasis was made on institutional reforms, showing the need for national governments to relinquish some of their sovereignty to the ASEAN Secretariat to ensure implementation of and conformance to the agreements and policies. This is important because beyond 2015, much of the regional integration issues that ASEAN will be dealing with are related to post-border access; thus, stronger institutions are required.

Chapter 5 provides the summary and conclusions, highlighting the need to revisit the agreements, their relevance and applicability in order to make the AEC an attractive single production base and single market for investors.

In general, the main strength of the book is the authors' analyses of the shortcomings and weaknesses of the institutional and legal foundations of the AEC. They provide a fresh perspective on the AEC, which is currently dominated by economic and political analyses. The analyses are provocative, yet reflective and pragmatic. This was shown by the authors' approach of citing actual cases in ASEAN in the various chapters of the book. In order to illustrate what needs to be addressed, the authors highlight the implementation or non-implementation of its agreements and processes. Likewise, the options and recommendations in Chapter 4 are very relevant and timely as ASEAN is now working on its economic partnerships with TPP and EU. Unless the issues are dealt with, not only will the AEC goals be at risk, but ASEAN will also be at a disadvantage in these global arrangements.

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***Rules of Origin in ASEAN: A Way Forward.* By Stefano Inama and Edmund W. Sim. Cambridge: Cambridge University Press, 2014. Pp. 436.**

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Although the world economy has seen an improvement in trade and investment relations, the various Regional Trading Arrangements (RTAs) which propel them — such as Free Trade Agreements (FTAs) — tend to discriminate against non-members. This is because FTA members enjoy preferential benefits (zero-tariffs or fewer non-tariff measures) over non-members. This imbalance in trade privileges has led to serious complications when countries engage in international trade. Rules of Origin (ROOs) are often the source of such problems; while they may be easy to implement to goods which are completely produced in one country, they become much harder to enforce on goods with component parts made in more than one country.

*Rules of Origin in ASEAN: A Way Forward* discusses this issue in the context of the ASEAN Free Trade Agreement (AFTA) by providing a complete analysis of how ASEAN member states established their ROOs. The book begins with the development of ROOs in ASEAN countries from the early stages of ASEAN's Preferential Trading Arrangements (PTAs) to the current situation under the ASEAN Trade in Goods Agreement (ATIGA). It also examines ASEAN's various attempts to extend its internal ROOs to its non-ASEAN FTA partners. By doing so, Inama and Sim thoroughly explore the complexity of ASEAN's current ROOs and explain their relative low utilization. The authors conclude the book by presenting an innovative solution: the use of self-certification to simplify the ROOs' procedures.

Through this book, Inama and Sim make a good contribution to the current debates about the ROOs within ASEAN's RTAs. Its appendices are equipped with a collection of the ROOs within both AFTA and in ASEAN's FTAs with its partner countries. However, the book lacks adequate empirical research into country-specific issues