change, and as an analytical tool for development policymakers.

While the overall narrative is highly convincing and well structured in terms of research design, theoretical lucidity, and building a solid case for GPNs alongside its explanatory capabilities regarding economic development, there are areas of concern vis-à-vis the support of the argumentation. The development of the GPN theory seems to place a premium on multiple case studies; much room is devoted to presenting positive results from select industries (such as electronics and logistics) hailing from a limited number of regions. While this is a good *barometer* for the veracity of the GPN theory, more could have been done in terms of engaging broader scale datasets of large-n quantitative data and analysis in tandem with the in-depth country or industry examples.

The above notwithstanding, Coe and Yeung have done an excellent job in illuminating a fundamental puzzle involving the evolution of production in the world economy, even as they develop a coherent theory of GPNs. This sets the stage for future research to further critique and validate the theoretical underpinnings of world economic production, and to delve into empirical studies.

YONGYAO MELVIN TAY
Department of Political Science,
Faculty of Arts & Social Sciences
National University of Singapore
AS1, #04-10, 11 Arts Link
Singapore 117570
email: melvin.tay@u.nus.edu

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***The Future of Asian Finance.* Edited by Ratna Sahay, Jerald Schiff, Cheng Hoon Lim, Chikahisa Sumi and James P. Walsh.** Washington, D.C.: International Monetary Fund, 2015. Pp. 310.

In a single reference volume, *The Future of Asian Finance* compiles the results of the research and policy seminars conducted by the International Monetary Fund (IMF) under its "Future of Asia's Finance" project from 2013 to 2015. This edited book is comprehensive both in terms of the scope of issues covered — ranging from banking, capital markets, demographic shifts, regional financial centres, regional integration, the evolving global regulatory environment, etc. — as well as the depth of original research analysis of these issues. The IMF's global perspective affords a certain objectivity in pointing out current weaknesses in Asian financial markets and institutions versus the significant tasks in financing growth in the region.

"Part I: The Structure of Finance in Asia" highlights many similarities shared by Asia's financial sectors. The book is replete with regional and cross-country quantitative "factoids" which adds to its value as a handy reference work. While Asian countries have led the global economy in terms of growth, many countries face challenges from shifting demographics, weaker external demand for exports, and major infrastructure bottlenecks. The editors take the view that given the tasks of more efficient mobilization of savings, financing investments in human and physical capital, and deepening capital markets, financial sectors in Asian countries will have an important role in facilitating the economic transformation of Asia and become themselves engines for growth.

The study observes that Asia as a whole "has a large financial sector" comparable to other regions, and "considerably larger than their peers outside Asia" (p. 10). However, the evolution of Asian financial sectors must address existing realities and vulnerabilities if they are to continue to support financing the requirements of growth. Banks dominate the financial sectors in emerging Asia. They have generally been well capitalized and relied on traditional deposit taking and loan origination rather than trading and investment banking (Chapter 2). This contributed to the resilience of the Asian financial sectors during the Global Financial Crisis (other factors that enhanced resiliency were the policy measures compelled by the Asian financial crisis to strengthen the regulatory and supervisory framework for corporate governance, penalties for unsafe and unsound banking practices, the early adoption of macro-prudential measures and the shift to more flexible exchange rates (p. 9)). Financial intermediation by banks, however, has relatively higher costs and will face additional constraints due to Basle III capital and liquidity standards (Chapter 11). Bank financial intermediation needs to be augmented by efforts to hasten the further development of capital markets. While capital markets in Asia have achieved notable growth, they have generally lagged behind their counterparts in peer regions. Equity and bond markets "remain underdeveloped and illiquid in part due to the paucity of real money and long-term institutional investors" (p. 9). Stock markets in Asia are an important source of fund raising but are constrained by the idiosyncratic nature of pricing in these markets (pp. 43, 46). The research conducted for the book, using an arbitrage pricing model of market returns, identifies pricing behaviour consistent with "noise trading" and emphasizes the importance of improving securities regulations to enhance investor confidence (p. 44).

The chapter on bond markets explores the promise of bond markets as mobilizing capital for corporate and infrastructure financing (Chapter 4). The regionwide effort in ASEAN to develop domestic bond markets (after the Asian financial crisis as an alternative to bank funding that would be less prone to maturity and currency mismatches and to volatile capital flows) have successfully broadened the base of institutional investors and foreign funds participation, increasing liquidity and reducing costs. Bond markets have also witnessed a qualitative transformation with repeat issuances and diversified supply (p. 60). While there has been progress in establishing bond market microstructures in the region, there continue to be important tasks in the development of bond markets. Liquidity turnover is generally limited and trading is bunched in certain maturities (p. 67), resulting in a lack of fungibility across the yield curve. The study notes that periods of stress have caused liquidity to dry up, as in the case of expected monetary tightening in the United States during the taper episode in 2013–14. The study observes that the 2013 decline in liquidity in emerging Asian markets appeared "to have contributed to making local bond yields more sensitive to global risk aversion …" (pp. 67–68). The "taper tantrum" episode is an example of how the increasing integration with global financial markets can be a double-edged sword as illustrated in many instances in the study — enhancing and accelerating financing development but at the same time heightening volatility and exposing vulnerabilities.

The study devotes a chapter on the potential issues of having two financial hubs, Hong Kong SAR and Singapore, in terms of excessive competition and destabilizing complexity, and encourages efforts for these hubs to develop complementarities specific to their situations to contribute to financial integration in the region.

The prognosis for the financial sectors in Asia as analysed in Chapter 6 will be driven by several factors:

- The expectation that the rates of growth in Asia countries will continue to exceed global growth, but will tend towards convergence.
- Further financial deepening for more efficient intermediation of large savings pools with sizeable infrastructure needs. However, the pace of which will be modulated by capital account openness and demographic shifts which will see rising dependency ratios in many countries resulting in declining savings rates.
- The continued dominance of banks which will be facing lower net interest margins due to declining savings, regulatory requirements, the winding up of quantitative easing, and increasing financial complexity.
- Higher regional and global integration.

The combined outcomes from these drivers would have several implications. Declining interest margins could prompt banks to move away from traditional banking and pursue more innovation and/or complex higher risk strategies for originating loans and mobilizing deposits. To attract more foreign participation in equity and capital markets, stronger governance and protection of investors interests will need to accompany greater liberalization to overcome prevailing inefficiencies in capital markets.

VAUGHN F. MONTES
Development Bank of the Philippines
Sen. Gil J. Puyat Avenue corner Makati Avenue
Makati City, Philippines
email: vfmontes@dbp.ph

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***Handbook on Trade and Development.* Edited by Oliver Morrissey, Ricardo A. Lopez and Kishor Sharma.** Cheltenham, UK: Edward Elgar, 2015. Pp. 467.

The Handbook, comprised of twenty-three chapters, outlines the linkages between trade and economic performance for developing countries. A central theme advanced in this volume is that not all developing economies are able to realize the benefits of trade, particularly countries in sub-Saharan Africa (SSA). To expand on this theme, the volume features three separate sections comprising five chapters each on SSA (Part II); Latin America (Part III); and East Asia (Part IV). This framework captures the nuances in the complex relationships between trade and development within the context of region and country case studies.

Beyond the introductory chapter, which provides a roadmap of the contents of the volume by the editors, the book is divided into four parts. The thematic analysis, based on major trade-related issues relevant to the developing world, is expounded in Part I. It consists of seven chapters and sets the background for the remaining three sections (Parts II, III and IV). It details the fledgling theoretical and empirical literature on trade costs and facilitation (Chapters 3 and 4) and offers a vibrant discourse on conceptual approaches, methodological differences and empirical findings on the above-mentioned topics. More importantly, Part I also defines a new and related research agenda. For example, Ferro, Wilson and McConaghy recommend further analytical research on trade facilitation and aid-for-trade effects at the firm-level in Chapter 4 (p. 83), while Cirera and Cooke (Chapter 5) advocate policy research on the effectiveness of reciprocal trade preferences in the South-South context (p. 105). Worth mentioning here is that avenues of further inquiry are not confined to Part I, but are also evident in the chapters of the subsequent sections examining the different regions. The innovative and forward-looking ideas set forth in the various chapters will encourage researchers to continue to seek answers in a way more profound than even before, and refine the current state of the academic research in this area.

The chapters in Parts II, III and IV debate on distinctive topics across regions and countries to offer an updated and balanced view of the trade-development nexus. These include agglomeration, informal cross-border trade, regional trade and commodity prices for the SSA. The chapters on Latin America cover export diversification, exchange rate volatility, imported technology and foreign direct investment (FDI). The chapters on East Asia include global production sharing (and vertical specialization), external shocks and the links between trade and FDI, environment and labour. The experiences and emerging findings from the region- and country-based chapters provide some new insights that are not borne out by stylized facts on trade-development linkages. These include: the disincentive for firms to agglomerate in SSA (Chapter 9); the opposite reaction of export behaviour to commodity price increases in SSA (Chapter 12); the insensitivity of component trade to changes in relative prices (Chapter 19); and the lack of export growth in Indonesia despite currency depreciation (Chapter 21). The chapters in Parts II to IV therefore allow the reader to rethink outcomes to be explained with new or a combination of approaches, for example the paradox of the fragile foundation of informal cross-border trade in SSA that instead benefits income and employment (Chapter 10).

Chapters 14, 20 and 23, more specifically, address the roles and experiences of main regional participants in international commerce: Brazil in Latin America and China in East Asia.