
BOOK REVIEWS

ASEAN-Australia Trade in Manufactures.
Edited by David Lim. Melbourne: Longman
Cheshire, 1985. Pp. xii, 263.

This study, one of four on industrialization and trade in manufactures for Australia and ASEAN, is part of the ASEAN-Australia Joint Research Project. It is concerned chiefly with the demand for manufactured goods from the import side. The discussion is confined to the original ASEAN five. The book is divided into five parts: Part I provides an overview of ASEAN-Australia trade and intra-ASEAN trade; Parts II and III use quantitative analysis to examine patterns of trade; Part IV adds a qualitative dimension and present the results of surveys of importers of manufactured goods in ASEAN and Australia; while Part V contains the conclusion.

Part I, the general survey of ASEAN-Australia trade, comprises six chapters. Chapter 1, by the editor, provides a succinct overview of Australia-ASEAN trade over the period 1968–82. Aside from a detailed analysis of the pattern of trade in manufactures, the discussion includes intra-industry trade and outlines the major issues in Australia-ASEAN trade.

In the remaining five chapters, each on an ASEAN country, the discussion proceeds on the same broad lines, but with varying degrees of detail, as Chapter 1. The readability of

Chapter 2 would have been improved somewhat if more of the information had been tabulated. On page 15 of this chapter it is stated that “the Indonesian economy is thus very much influenced by petroleum exports and by the economic conditions prevailing in these three importing countries” (that is, Japan, the United States, and Singapore). As is well known a significant proportion of Indonesia’s exports to Singapore are not for the latter’s own consumption or use but for re-export. Thus it is not so much the economic conditions in Singapore but rather those in the advanced countries that are its major trading partners, which impinge upon Singapore’s imports from Indonesia.

Chapter 3 on Malaysia is more detailed and contains a good discussion on market access (pp. 35–36). In this and the Singapore chapter, the relevant data are expressed in domestic currencies whereas the other three are in U.S. dollars. Further, SITC is used to discuss trade patterns in all except Thailand, where BTN is also used. For the Singapore chapter it would have been useful to separate domestic exports from entrepot exports, as somewhat different factors affect each.

Part II contains two chapters. The first (Chapter 7) applies Constant Market Share (CMS) analysis to ASEAN-Australia trade in manufactures for the period 1970–79. The CMS analysis confirms the findings on the observed pattern of trade in manufactures.

This is that Australian exports to ASEAN fared worse after the oil crisis, while the reverse was true for ASEAN which experienced a faster rate of growth than the growth of world trade in manufactures.

Using the factor intensity approach developed by Krause but suitably modified to match Australia-ASEAN conditions, the analysis in Chapter 8 shows that Australia continued to retain its comparative advantage in the production of natural resource based goods, while ASEAN's comparative advantage moved towards labour-intensive manufactured goods. While this indicates complementarity between the two, this potential, it is correctly pointed out, can only be realized with appropriate structural adjustments and dismantling of trade barriers.

In order to identify competitiveness, import demand functions for the ten most important items are estimated for each of the six trading partners in Part III (Chapters 9–14). On the whole, the results obtained are not very good, due to the usual reason — data deficiency. The writers thus caution that the results be interpreted with care.

To supplement the quantitative analysis a survey of importing firms was undertaken (Part IV). This was necessary for two reasons: first the CMS analysis could not adequately identify some of the factors underlying Australia-ASEAN trade, and second, the results of the import demand and substitution analyses were not satisfactory. In particular the survey helped to pinpoint certain factors, such as price, quality, delivery time and government regulation which were not evident from the quantitative analyses.

This and the other three studies on industrialization and trade in manufactures for Australia and ASEAN, when completed, should contribute to the growing literature particularly on ASEAN.

AMINA TYABJI

*Department of Economics and Statistics
National University of Singapore*

South-East Asian Seas: Oil Under Troubled Waters. By Mark J. Valencia. Singapore: Oxford University Press, 1985.

Mark Valencia's book, issued under the auspices of the East-West Center, Honolulu, is the third in the series "Natural Resources of Southeast Asia" initiated by Oxford University Press under the general editorship of Professor Ooi Jin Bee. In his own words, Valencia describes "the petroleum geology of disputed areas in relation to the jurisdictional claims, and analyses the disputes with particular reference to oil potential, national interests and international relations".

The book is divided into three chapters. The first sets the background with brief commentaries on trends in hydrocarbon exploration, regional petroleum geology, petroleum production and potential, exploration rights, and jurisdictional claims. Chapter 2 describes, mostly for the period up to 1981, areas of hydrocarbon potential in the region which involve jurisdictional dispute. Controversial oil-related claims involving Australia, Burma, China, India, Kampuchea, Taiwan, Vietnam and each of the ASEAN nations (excluding Singapore) are documented with respect to petroleum geology and exploration history, the specifics of jurisdictional dispute and implications for national interests and international relations. Chapter 3 concerns itself with factors influencing the consideration of joint jurisdiction and development of petroleum resources in areas of overlapping claims. It amplifies this theme by developing hypothetical joint development arrangements as a solution to jurisdictional disputes.

The contribution of the book lies not in the introduction of any new empirical or theoretical material but in the systematic gathering of data concerning disputes of jurisdiction over potential hydrocarbon resources in Southeast Asian seas. As most observers of the region