

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.

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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

would concur, the details of specific jurisdictional disputes in off-shore Southeast Asia (of which there are a multitude) are reported in a large number of disparate sources including national news services, regional news publications (such as the *Far Eastern Economic Review*) and industry-specific journals (such as *Petroleum News*).

Valencia's analyses of the oil-related jurisdictional disputes and the numerous claims and counter-claims of the many nations involved may strike some readers as thin. This is the unavoidable consequence of attempting to cover a rather extensive range of maritime petroleum-related disputes in the space of a brief chapter. A less serious criticism is a technical one: the important figures in the text, displaying petroleum geology and maritime claims in the region, are difficult to decipher due to a restricted scale-size.

In sum, this is a useful book for its systematic collation of data and succinct descriptions of jurisdictional disputes in maritime Southeast Asia, though it may dissappoint those who expect a full analysis of the subject in relation to national interests and international relations of the region.

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What Britain Pays for Voluntary Export Restraints. By David Greenway and Brian Hindley. Thames Essay No. 43. London: Trade Policy Research Centre, 1985.

The best-known system of voluntary export restraints (VER) is the Multi-Fibre Agreement. All ASEAN nations, but for Brunei, adhere to it. VER, which stipulate the maximum amount of a commodity that can be shipped in a year, are imposed by the exporting

country in co-operation with the government of the importing country. The exporting government decides who shall earn the quota profits, and the importing government can please the lobby of import-competing producers at home, by keeping domestic prices above the level defined by world market prices plus whatever tariff may be levied. Domestic consumers pay, lose out on choices, and sometimes, as in the case of video-recorders in Britain, even on quality. The usual rhetoric to tout VER runs in terms of preserving employment in the importing country.

This book by Greenway and Hindley points to the doubtful benefits and the horrendous costs of VER in the context of the United Kingdom. They consider video-recorders, motor cars, woven trousers, shirts and blouses, and non-leather footwear. The authors, with reference to the established literature, point to some doubt that VER can create or save any jobs at all. In industries where the domestic producers act in concert, they may find that their output that maximizes their joint profits is *less* with VER than without, thus VER might actually decrease employment. Even where the employment effects in the target industry are positive, the import reduction may force domestic employment losses elsewhere through appreciation of the exchange rate. If we ignore the possibly negative overall employment effect and focus on the direct effects alone, the cost to British consumers of VER on video recorders in 1983 was at least £80,000 per job, considerably ahead of what those workers are likely to have been paid. Even in the lowest case of £7,500 per job a year, in non-leather footwear, the cost of VER per job runs almost 50 per cent ahead of the average gross wage in the industry. To put it another way, all the workers directly protected by VER could be paid their wages, for doing nothing more than enjoying the sunshine on British beaches, with unrestricted imports being allowed in. The British economy would be better off that way than with the VER, and these workers on the job. The research of Greenway and Hindley