
***East Asia Integrates: A Trade Policy Agenda for Shared Growth.* Edited by Kathie Krumm and Homi Kharas. New York: World Bank, 2004. Pp. 201.**

The authors make clear from the onset that they do not in any way attempt a comprehensive analysis of East Asian economic integration. Instead, they have provided a framework for analysis on the impact that China's accession to the WTO would have on the region and the post-traumatic solutions being sought after the Asian crisis of 1997–98. The overview presents a sufficient background of the statistical trends on regional and intra-regional trade, showcasing a clear increase in trade within the region with a special focus on China. Essentially, the editors advocate that East Asia should jump on the bandwagon of global liberalization as the region stands to benefit most from it.

It may be inferred from the literature that the authors predict that deeper integration within East Asia would facilitate global liberalization and at the same time motivate policy-makers to improve the standards of resource allocation and logistical costs, therefore increasing competition and promoting better economic practices. Additionally, the authors provide a formula: by using the tools of regional and bilateral agreements, the process of multilateral liberalization may be enhanced.

Part I of the book deals with the increasing opportunities in trade arrangements made possible with the accession of China to the WTO in December 2001. An analysis of the impact of China is provided, within its own economy and the rest of East Asia. China is seen as an important driver of change and the chief beneficiary of trade integration within the region. Regionalism is sought after as an intermediary to further global liberalization. By working with Southeast Asia in particular, trade integration with China as a regional bloc could possibly be the key to unlocking the barriers to global free trade.

Specialization in agriculture and processing is encouraged in a regional context to deal with poverty in developing economies. The

liberalization of agricultural trade through the reduction of tariffs and other market access barriers is hence of utmost importance to the poor of East Asia. This provides a framework for negotiations to the WTO as a central trade policy objective for the region. However, in view of the limited capacity and resources of some countries within the region, caution is advised to policy-makers when exploring regional economic co-operation arrangements. Nevertheless, proposals for regional financial co-operation and economic regionalism are seen in a positive light.

To prevent another systemic crisis like the one experienced in 1997, surveillance and suitable mechanisms co-ordinated as a regional effort would improve economic efficiency and security. Coupled with preferential trade agreements (PTAs), a trade membership circle could create spin-off trading arrangements that lead ultimately to multilateral trade liberalization. The idea here is based on the premise of each economy forming a bloc with one neighbour, and then the members of one agreement merging with those of another agreement and so on. The crisis has thus produced an impetus for open integrated trade by means of formal economic co-operation.

Part 2 of the book then goes on to present case studies in development orientation for state agendas. An East Asian perspective in trade and logistics is first highlighted as pivotal in increasing trade competitiveness among countries. Governments are encouraged to move towards privatization of logistics services to facilitate the pace of trade. Regional dialogue is advised for the harmonization of national, regional, and international rules and policies related to trade facilitation.

The issue of intellectual property rights (IPR) to protect industrial inventions, authors, and traditional knowledge are also examined in patents, copyrights, and research and development (R&D). For countries of widely different development levels and technology capacities, East Asia presents a complex case for a potential IPR regime. In order to be mindful of the checks and balances necessary in a region consisting of

more advanced emerging economies and middle- to low-income economies, complementary policies among nations must be prolific throughout the region for IPR co-operation to be effective. To enhance welfare whilst inspiring creativity and innovation, monopolies must be avoided in all areas of intellectual property.

Following this, the competitive aspects of environmental and labour standards in East Asia are discussed. Trends towards stronger regulation mechanisms and enforcement of standards have been identified in research findings, without neglecting the setbacks and loopholes in analysing how trade has been affected by such changes. Nevertheless, flexibility is an asset in managing market forces even though East Asian developing countries have weaker labour and environmental standards than do other developing regions, relative to per capita income. Maintaining adaptability and applying standards with greater social considerations are hence positive policy objectives for developing East Asian nations.

Finally, Part 3 of the book encourages reinforcing social stability through the broad sharing of benefits. The household welfare impacts of China's accession to the WTO are statistically measured. "Impact-mapping" and "safety-net programs" are most relevant for rural households and those dependent on agriculture. Labour reforms should hence be mobilized in parallel with trade reforms. Analysis of the trade sectors important to the poor is also conducted (i.e. rice in Cambodia and Vietnam; and cashmere in Mongolia). Findings reveal that the poor can benefit from the expanded opportunities presented by global integration, provided that institutional constraints are addressed. Growth in trade will be propelled by improvement in productivity, post-production technologies, marketing, and institutions through policy-making.

Trade in correlation to labour market vulnerability is then studied in Indonesia, Republic of Korea, and Thailand. It is found that women workers and those with less education are more vulnerable to falling into poverty, reflecting dominant evidence that gender and skill have a strong discriminatory power in determining a person's earnings. There is

no obvious link between trade openness and labour vulnerability, but education should be sought to fill up this systemic vacuum since increased macroeconomic volatility is a side-effect of economic liberalization, thereby contributing to more individual vulnerability. This section thus adequately covers the social considerations necessary in coping with open trade and regional economic integration, providing a well-rounded finale to the previous two sections.

However, a closer look at issues from a political economy perspective would have added to the literature. Since economic co-operation requires policy alignments and compatible enforcement measures for each country within the region, caution must be advised against idealizing the process of economic liberalization without dealing with the political difficulties at hand. East Asia is far from being a cohesive region currently and the multi-levels of economic development between countries must be handled carefully to prevent conflict or dissent from arising. Co-ordinated policy-making will not be imminent in the near future unless there is political interest for such a regime.

Nevertheless, overall, this book scores well on the policy recommendations provided and highlights the most important and relevant issues facing international relations today. It not only presents a well-structured framework for analysis but also examines useful case studies in dealing with both the theoretical and practical arguments with regards to trade policy. It clearly supports regionalism and trade integration for East Asia and adequately discusses the pros and cons of a potential economic regime. It would be most appropriate for governments and their policy-makers to consider the recommendations presented, as well as NGOs and business organizations that may have heavy stakes in the region.

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