

From export specialization in natural resources to diversification in manufacturing: the development strategies of Indonesia, Malaysia and Thailand since 1980

Cristina Fróes de Borja Reis, Sao Paulo School of Economics - FGV¹

Carlos Aguiar de Medeiros, Associate Professor at the Institute of Economics, UFRJ²

Abstract

Indonesia, Malaysia and Thailand, known as SEANICs (South East Asian Newly Industrialized Countries), were initially specialized in primary exports but within a short period of time they succeeded in achieving extensive export and productive diversification towards manufacturing. These countries had registered rapid growth of GDP and *per capita* GDP between 1980 e 2010, and had passed through remarkable structural change in their economies. The objective of this paper is to analyze the development paths of SEANICs, investigating its main source of economic growth, especially related to the regional economic integration. Although the usual developmental literature emphasize the importance of manufacturing export diversification to generate high growth rates and to allow technological catch up, SEANICs' cases demonstrate that this is not necessarily true. These processes were experienced in a small scale, so manufacture development did not guarantee the overcoming of structural heterogeneity nor of technological catch-up.

Resumo

Indonésia, Malásia e Tailândia, conhecidas como SEANICs (Países Recentemente Industrializados do Sudeste Asiático), tiveram economias inicialmente especializadas em exportações primárias, mas que dentro de um curto período de tempo conseguiram alcançar extensa exportação e diversificação produtiva na indústria de transformação. Estes países registraram um rápido crescimento do PIB e do PIB per capita entre 1980 e 201, e passou por uma mudança estrutural notável em suas economias. O objetivo deste trabalho é analisar as trajetórias de desenvolvimento dos SEANICs, investigando sua principal fonte de crescimento econômico, especialmente relacionada à integração econômica regional. Embora a literatura desenvolvimentista costume enfatizar a importância da diversificação das exportações e da de produção para gerar altas taxas de crescimento e recuperar o atraso tecnológico, o estudo de caso dos SEANICs demonstrar que isso não é necessariamente verdade. Estes processos foram experimentados em pequena escala, de modo desenvolvimento que o desenvolvimento industrial não tenha garantido a superação da heterogeneidade estrutural tampouco o *catch-up* tecnológico.

PALAVRAS-CHAVE: desenvolvimento econômico, especialização, diversificação, integração regional, SEANICs.

KEYWORDS: economic development, specialization, diversification, regional integration, SEANICs.

SESSÕES ORDINÁRIAS

ÁREA 9. Economia Industrial e da Tecnologia

JEL: O13, O14, O25, O30, O53.

¹ The empirical material of this paper was explored in deep in the PhD dissertation "Natural Resources and Economic Development: from productive and commercial specialization to diversification in SEANICs", written by Cristina F. B. Reis and supervised by Carlos A. Medeiros, approved in January 2013. The Full-Doctoral Programme at UFRJ/ Brazil counted on the financial support of CNPq (2008/2012); and the Doctoral Internship at the University of Cambridge counted on the financial support of CAPES (2010/2011).

² The author thanks CNPq for the research support.

From export specialization in natural resources to diversification in manufacturing: the development strategies of Indonesia, Malaysia and Thailand since 1980

Introduction

Since the end of Bretton Woods the world's eyes are turned to the Asian region, stage of the major recent cases of fast and great economic growths witnessed in the globe. After the robust rise of Japan in the post-war period, the Asian "Tigers" or NICs (Newly Industrialized Countries: Korea, Taiwan, Hong Kong and Singapore) and later the Asian "Dragons" or SEANICs (South East Asian NICs: Indonesia, Malaysia and Thailand)³ experienced a tremendous structural change in their trade and productive profiles towards manufacturing. Many analysts studied their development paths, trying to identify the roots of the expansion. Assuredly the concomitant growth of so many countries in one single same region cannot be understood without a regional perspective. The most known one is the "flying geese" framework put originally by Akamatsu (1962), in which Japan is the leader goose that diversifies its production and trade towards higher value-added activities that are exported to third countries, and import from the followers geese (Asian economies) primary products and low value-added manufacturing. However, the original flying geese theory fits only to the vertical case of linear development (YOKOKAWA, 2012), so some authors prefer the expression "bamboo capitalism" to name the horizontal modeling of regional economic integration (XING, 2007). Despite their important contributions both approaches are limited for considering only the role of supply factors on the process of productive diversification of production, therefore as its discussed in the next section, demand dimension must be included in this analytical scheme for understanding SEANICs' high growth rates.

SEANICS have been being a space of dispute that deserves special attention because -, differently than NICs and Japan - Indonesia, Malaysia and Thailand are resource-abundant and energy provider economies that had diversified towards manufacturing, apparently neglecting initial comparative advantages. To some extent their economic growths also contradicts the literature that considers natural resources (NR) a curse (SACHS & WARNER, 1995). Indonesia, Malaysia and Thailand in the eighties were specialized in primary exports but within a short period of time succeeded in achieving extensive export and productive diversification. These countries had experienced rapid growth of GDP and *per capita* GDP between 1980 e 2010, respectively with annual averages of 5.4% and 4.0% in Indonesia, 6.0% and 2.7% in Malaysia, and 5.6% and 3.4% in Thailand (WDI, 2011). Manufacturing value added in SEANICs has annually grown 8% in average in the same period. It is clear that this sector has pushed SEANICs' expressive rates of growth and a remarkable structural change towards manufacturing. However, and contrary to what occurred to the NICs, the rise of South East Asian Tigers' share in world manufacturing exports has not been accompanied by an analogous rise in its share of world income. In spite of their per capita income have doubled between 1980 and 2010, those nations remain out of the ranking of the top sixty countries in terms of personal income (in dollars, according to WDI (2011)).

In the early eighties Indonesia, Malaysia and Thailand were highly centralized military States,⁴ under heavy influence of the U.S. and Japan. SEANICs States had to deal with complex tasks of late industrialization, particularly related to foreign capital and demand dependence. They implemented development plans⁵ that essentially allowed the attraction of foreign direct investments of multinational companies and the empowerment of domestic industrial groups in some economic activities. Japan has been playing an important role on these development paths, not only due to its foreign direct investment or as an importer of SEANICs' exports, but also politically – mainly as a leader of their regional integration in the international value chains and financial flows, in a dynamic where the US have been being the consumer of last resource. Since the beginning of the last decade, China is becoming a big

³ Common nomenclature summarized by Jomo (2003).

⁴ The inaugural fragile democracy in Indonesia reverted to a military regime after the coup of General Sukarno in 1959, pursued by another coup of General Suharto in 1967, who remained head of state until 1999. The current Malaysia State was formed in 1965 (after the separation of Singapore), ruled by the Prime Minister Mahathir bin Mohamad for 21 years between 1981-2003. In Thailand, dictatorships began prior to WWII and lasted until 1988, and there was another State coup in 2006.

⁵ In Indonesia, the Repelita I (First Five Year Development Plan) in 1969; in Malaysia, the New Economic Policy in 1970; in Thailand the 3rd Five Year Plan of Thailand in 1972 (CAMBRIDGE, 1992, p. 474).

market, but still Japan is more important as an absorber of manufacturing exports of Indonesia, Malaysia and Thailand as a final or for processing exports .

The objective of this paper is to critically analyze the development paths of SEANICs, showing its evolution and contradictions. The analysis particularly investigates the role of regional integration in the promotion of structural change both in exports and production of Indonesia, Malaysia and Thailand, from a macroeconomic perspective. Traditionally, the literature on Asian development discusses whether the reasons for the economic development were “pro-market” (related to financial and trade opening, and “less State”) or “nationalistic” (related to industrial policy and protectionism; “more State”). Here this dichotomy is avoided because their economic regimes were hybrid, i.e. both phenomena occurred in the three countries under study in different degrees and temporalities,⁶ but accommodating external trends towards globalization.

First section of the paper presents the dynamics of trade and productive integration of SEANICs, emphasizing the contribution of macroeconomic regime – especially the exchange rate – and of foreign direct investment. Second section examines foreign trade and it describes the process of manufacturing diversification related to the engagement in global value chains (GVC), led by Japanese industrial conglomerates. Final notes summarize main contributions of the paper.

1) The dynamics of productive integration and the macroeconomic regime

Let us understand the dynamic of the demand related to the rapid GDP growth in SEANICs. Their high rates of economic growth between 1980 and 2010 are closely related to export growth (see Charts 1 to 3). Due to greater integration in the value chains of the electronics industry, both Malaysia and Thailand have their rates of GDP and investment growth more correlated to the rate of exports growth. As Table A10 shows, the investment to GDP ratio recorded higher levels in Thailand, reaching a maximum rate of 44% in average from 1990 to 1994. Despite the crisis, SEANICs registered the highest investment rates in the nineties, above 30%. But there was a significant reduction in the share of investment in GDP in the 2000s. Consumption has lost relative importance vis-à-vis other demand components during the eighties and the nineties in the three countries, but then it started to grow again in the 2000s in Indonesia and Malaysia – reaching 50% and 58% of GDP share in the second half of the decade. Thus, in the current decade the decline of investment share was compensated replaced by consumption in these two countries. According to Jetin (2012) the main mechanism that triggered the increase in domestic consumption was the strong expansion of formal employment, in spite of low wages, which also grew. Similarly, government spending lost share in GDP from 1980 to 1999 in SEANICs but increased slightly in the 2000s, mainly in Malaysia (13% of GDP).

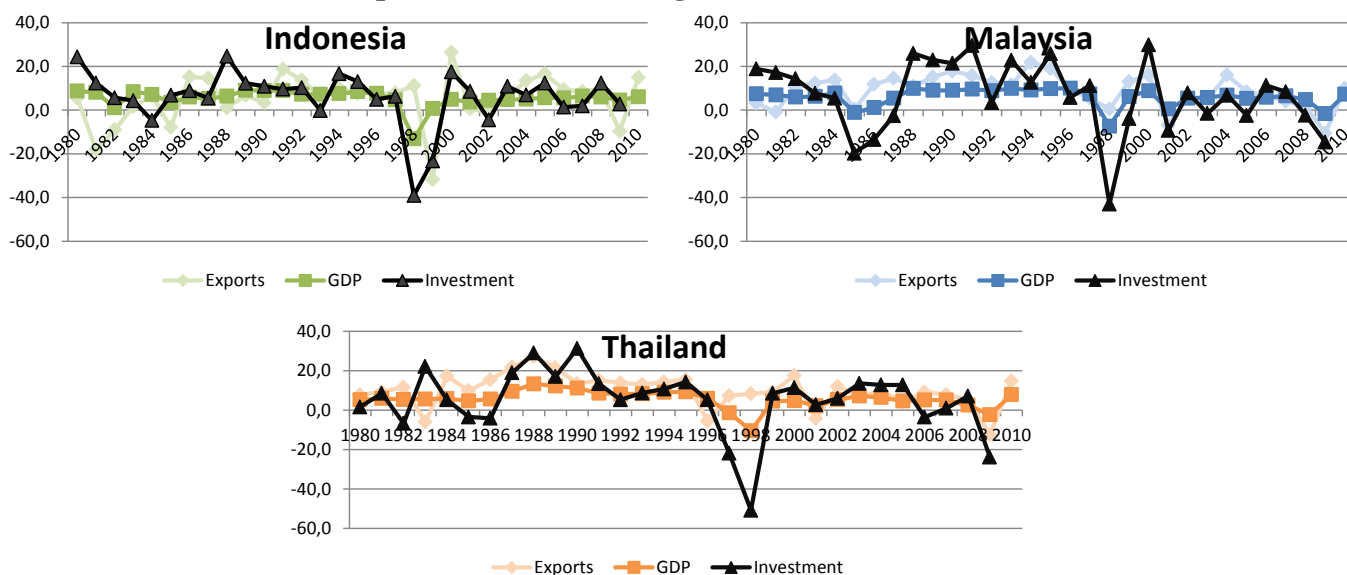
The most impressive structural changes took place in foreign trade, mainly in Malaysia and Thailand. In Malaysia, exports expanded uninterruptedly from a level of 50% of GDP between 1980 and 1984 to nearly 120% between 2005 and 2009. The rise in the export share in GDP in Thailand was also amazing: from 20% to 70% of the GDP at the same period. By its turn, Indonesian exports have fallen between 1980 and 1984 because of the drop in oil exports, thus it stayed at a level of 40% of GDP until a new rise in the end of the period pulled by natural resources. Analogously imports grew at a fast rate, very close to that of exports in Indonesia and Malaysia, and even higher in the case of Thailand. Therefore net exports of these countries were small or negative between 1980 and 2009. This was due to the strong process of industrialization through import substitution and also to the way of integration into global value chains, which was importing intermediate goods to re-export low value-added manufacturing goods.

Impressive rates of export growth were followed by high growth rates of imports too, but except in Thailand before the 1997 crisis, in general these countries had surplus in trade in goods (Table 1). Until the financial crisis the surplus in net exports helped to alleviate, though not solved, the deficit in current account – which was generalized in this period in SEANICs. This means that the balance of services plus

⁶ Whilst SEANICs were consolidating their independence process and reorganizing their primary-exporting economies, Japan, Korea and NICs attracted large inflows of productive and financial investments of the great powers, leveraging their economy before the rest of the region.

royalties, profit and yields remittances were causing a leak in foreign exchanges until the 2000s. Differently, in the last decade, the surplus in trade balance grew tremendously, enabling also positive current accounts. The huge Chinese demand of raw material and other traditional exports seemed to play an important contribution for this change.

Charts 1, 2 and 3 – GDP, exports and investment growth rates in SEANICs, 1980 to 2010.



Source WDI (2011).

Table 1 – Current account balance and net trade in goods (current US\$ million), 5-year average 1980 to 2009, SEANICs.

Current US\$ million		1980_1984	1985_1989	1990_1994	1995_1999	2000_2004	2005_2009
Indonesia	Current account balance	-3521,0	-2087,4	-2985,2	-1820,6	6477,3	6499,7
	Net trade in goods	3842,3	5059,2	6661,4	12325,7	23193,3	27599,3
Malaysia	Current account balance	-2291,9	811,1	-2946,2	618,3	10285,0	29333,0
	Net trade in goods	983,2	4455,1	2136,1	9480,7	22125,6	39967,7
Thailand	Current account balance	-2126,5	-1161,8	-7114,0	-924,8	5319,9	6883,8
	Net trade in goods	-1884,2	-1271,8	-4977,8	2873,3	10249,6	18813,7

Source: Elaborated by the authors based on WDI (2011).

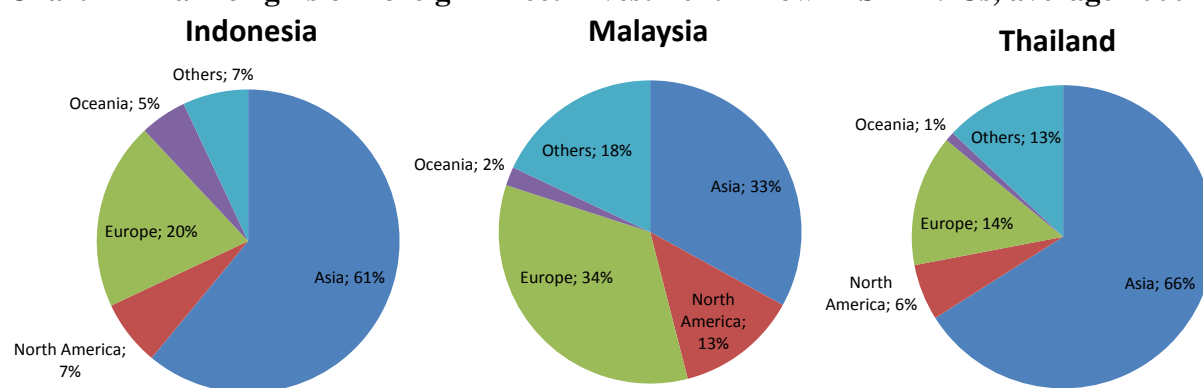
The importance of public investment in SEANIC's gross fixed capital formation is remarkable. It corresponded to almost half of the total in Malaysia more recently, and 25% in Thailand (see Table A3 in the Annex). Another remarkable characteristic is the importance of foreign firms in private investment. In terms of external contribution, the well-known great inflow of FDI⁷ in SEANICs happened in different magnitudes due to a combination of domestic and foreign features. Net inflow of FDI in Indonesia was in average below to 1% of GDP between 1980 and 2004, but from 2005 to 2009 it more than doubled (Table A9 in the Annex). In Thailand the average ratio of FDI to GDP was 2.4%, noting that between 2005 and 2009 it reached almost 4%. Malaysia was the biggest main net FDI attractor in SEANICs, registering an average ratio of 4% in the whole period and a peak of 7% between 1990 and 1995. One first important

⁷ According to data from WDI (2011), Malaysia achieved a net FDI inflow of US\$ 1 billion per year in the early eighties, reaching more than US\$ 8 billion in 2008. In Indonesia, FDI rose from US\$ 100 million to more than US\$ 9 billion, and in Thailand from less than US\$ 200 million to US\$ 8.5 billion in the same period. The inflow of FDI in Malaysia is prior to 1980, which explains its high average share of 1.7% in world FDI net inflows in the world in 1980-1984. This share shrank to less than 0.5% by 1988/1989, then returned to expand and reached 3% in 1992. Since then Malaysian share at world's net FDI inflow retracted and stabilized at 0.4%. The share of Thailand in world net FDI inflow reached the maximum of 1.2% also in 1992. After 1993, it fluctuated a lot and it had a decline between 2004 and 2009. Indonesia's peak in global FDI was 1.6% in 1996. Thai crisis and the political destabilization had dramatic consequences for FDI in Indonesia, which recorded negative net entry between 1997 and 2003. Then the share of global FDI in Indonesia increased again and reached 0.5% in 2008.

domestic determinant for these high rates of FDI in SEANICs is industrial policy.⁸ Developmental plans were designed and policies were done to attract foreign firms, for example, the set of export-processing zones (EPZ),⁹ tax exemptions, export subsidies, and so on (see RASIAH 2003 for an extensive list of industrial policies). Those policies took advantage of initial conditions – another crucial internal factor – that enabled low costs of production, like the availability of cheap labor, energy and raw materials. Nevertheless, SEANICS had much less sophisticated and effective industrial policy compared to NICs, what accounts, “in no small way, for the very important differences in industrial and technological capabilities between Northeast Asia and Southeast Asia” (JOMO, 2002, p. 10). And finally, the macroeconomic regime also played an important role, such as will be discussed ahead in this section.¹⁰

The source of FDI in SEANICs last decade was mostly Asian: 61% in Indonesia, 33% in Malaysia and 66% in Thailand, according to Thomsen, Otsuka, Lee (2011) as it is presented in graph 4. IMF data exhibits that only in 2010, 25% of the FDI in Indonesia came from Singapore, followed by Netherlands, USA, Malaysia and Japan. In Malaysia, main foreign direct investors were Singapore, Japan, USA, Netherlands and the UK. Meanwhile, the FDI in Thailand was mostly Japanese, followed by Singapore, USA, Netherlands and China.

Chart 4 – Main origins of Foreign Direct Investment inflow in SEANICs, average 2000-2010.



Source THOMSEN, OTSUKA & LEE (2011).

There were geopolitical and economic external factors that contributed to leverage FDI in SEANICs. Geopolitical reasons are not the focus of this text, though they are undoubtedly important.¹¹ The economic external factors are related to trade and investment regional dynamics. The economic

⁸ Many types of State interventions were done to attract FDI, such as relaxing restrictions on equity ownership, provision of infrastructure etc. But those countries “performed differently in the face of common opportunities for FDI-led industrial change. Malaysia has fostered rapid upgrading in the technological content of foreign manufacturing, but Malaysian-owned industry has remained marginal in most manufacturing industries. Thailand has failed to attract higher technology FDI, but has preserved a modest role for Thai industrial enterprises” (JOMO, 2002, p. 14). By its turn, Indonesia engaged lately to the Asian FDI circuit and it shows a pattern worse than Thais in terms of technological deepening in the industrialization process (HADIZ & ROBINSON, 2004).

⁹ Which currently are insignificant, accounting for 5% of total Indonesian exports and less than 1% in other SEANICs, but almost 50% of Chinese exports (OECD / WTO, 2013a).

¹⁰ One of the key reasons for high FDI investment in Malaysia is political: the government gave incentives to FDI in order to reduce the power of Chinese groups in the domestic economy (JOMO, 2003).

¹¹ Geopolitical ones are related to the strategic position of these countries in the Pacific Ocean, just in between powerful economic and political territories as China, Japan, India and Russia (and former ex-Union of Socialist Soviet Republics). This region is historically disputed by the “Great Powers” aiming to control maritime routes related to the profitable West-East trade. Along the History, Japan made many incursions to these regions. Last *de facto* Japanese domination was during the II World War. The USA guaranteed the political independence of SEANICs after the war, but since then Americans try to influence the regional through military, political and economic means. After the War of Vietnam, the USA widened its influence in the region, settling some naval and military basis – especially in Thailand (CAMBRIDGE, 1992). Xing (2007) argues that US long-term strategic interest in East Asia has the dual objective of “watching” the role of Japan and “managing” the risk of the rise of China as a global and regional power. The author also affirms that in face of Chinese and Japanese imperialist interests, the US role and presence in this region as a balance-of-power guarantor are generally welcome by the smaller nations.

integration was definitely fostered by the Plaza Agreement¹² in 1985, which mayor consequence for Japan was the devaluation of yen exchange rate against US dollar (46% in one year, according to IMF 2010). Another important factor was the end of the preferential investment relationship between US and Japan (which was established after the war). In parallel, China had started a gradual market opening after Deng Xiaoping's reform in 1979, starting a process of industrial catch-up. Malaysia and Thailand furthered their progressive processes of exporting manufactures to OECD (Organization for Economic Cooperation and Development), of becoming a market for Japanese exports and investments¹³ and, in the last decade, of raw materials provider for China. These movements constitute the basic framework of the “flying geese” framework.

Traditionally the dynamics of the regional integration in Asia involved three elements: 1) a leader goose (Japan) that increases its exports by advancing into new manufacturing sectors that present the highest growth rates in world markets and the stronger multiplier effect onto the domestic economy;¹⁴ 2) consumer markets outside the group of geese (US and Europe), 3) and the latecomers geese (like SEANICs) - which now occupy the open spaces left by the leader goose in large consumer markets of lower value-added manufacturing products.¹⁵ Evolving trade patterns are accompanied by new financial dynamics, where financial and commercial centers such as Hong Kong, Singapore and Taiwan were set to address aggressive strategies of investment inter and intra countries of the Association of South East Asian Nations (ASEAN). SEANICs initially were outside the core of this dynamic, but after the Plaza Agreement they were incorporated into the regional investment cluster intra-industry and intra-firm trade – and so Bangkok, Kuala Lumpur and lately Jakarta progressively became financial hubs. The regional integration brought about high rate of growth in South and East Asia through a dynamics in which the trade surplus with US provided the necessary foreign exchange to finance the trade deficit with Japan and the growth of others aggregate demand components, especially the investment, led by expansive domestic policies.

However since the nineties the Asian vertical “flying-geese” model is shifting to a horizontal model of regional economic integration, in which the new pattern of FDI inflow constitutes a complex productive and trade network called “bamboo capitalism” or “parallel development” (CHEOW, 2004 apud XING, 2007, p. 14). The distinguishing characteristic of this system is the more complex trade of parts, components and other intermediate products – but also of services related to the supply chain and intra-firm tasks and activities - related to global value chains (GVC) and with China¹⁶ at its core (OCDE/ WTO, 2013a).¹⁷ Such a change requires greater governmental cooperation and institutional building, so

¹² The Plaza Accord was held at the Plaza Hotel in New York. Germany, USA, France, Japan and the UK agreed a combined valuation of their currencies against U.S. dollar (BERNARD & RAVENHILL, 1995).

¹³ This move is part of the world economy's restructuring, of the resumption of USA hegemony and of the intensification of global competition polarized between the countries of the Triad (USA, EU and Japan). Previously based on an essentially national export strategy, when Japan was pressured to keep an unfavorable exchange rate policy, the country has deepened and has developed a strategy of productive internationalization to Eastern and Southern Asia. So there was the hollowing-out of manufacturing sectors to the Asian region through the increase in FDI promoted by Japanese conglomerates. Similar phenomena is being led also by Korea, Singapore and Taiwan (MEDEIROS, 1997).

¹⁴ “Japan was among the countries that most rapidly bottomed out from the serious structural crisis in the 1970s. Japan adopted the first strategy to shift leading industries to new dynamic industries and followed linear development path. Japan had been the most backward country among the catching-up countries in the golden age. When it lost dynamic comparative advantage in the heavy and chemical industries, it was able to shift towards more sophisticated machinery industry, such as automobiles and electrical machinery, from the mid-1970s onwards” (YOKOKAWA, 2012, p. 17)

¹⁵ “When the Japanese economy entered a higher development stage focusing on high-tech industries and high value-added products, it transferred its labour intensive and part of its capital- and technology-intensive manufacturing industries to other East Asian countries, thus leaving itself at the far end in the spectrum of manufacturing and strengthening the character as a service-oriented economy. Following the rapid economic development of the first generation of East Asian NIEs and the rise of their labour cost, they too transferred their labour-intensive and part of its capital- and technology-intensive industries to countries of Southeast Asia” (XING, 2007, p. 10).

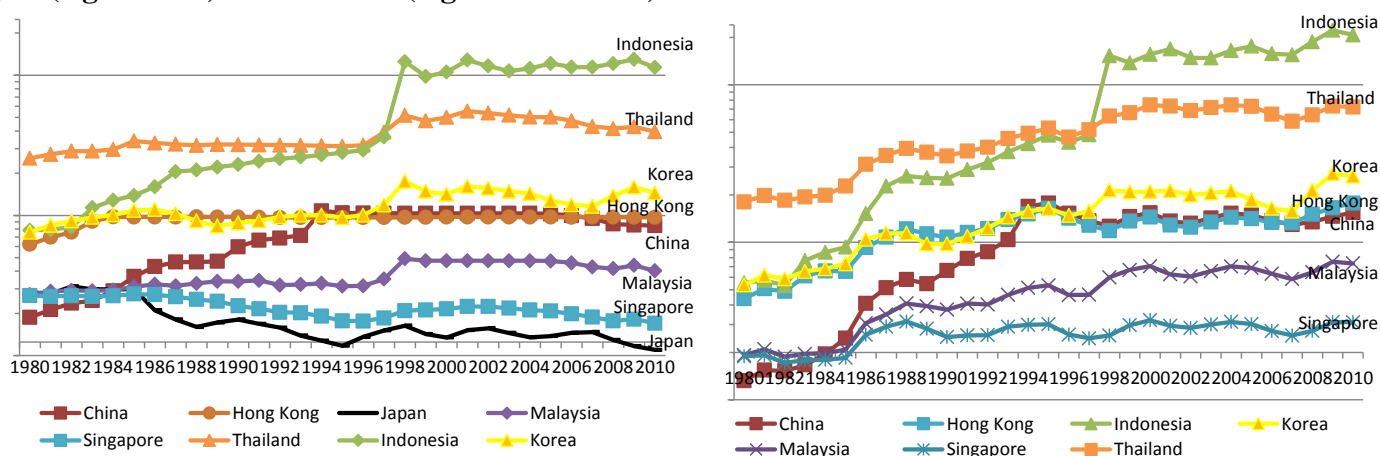
¹⁶ Another peculiarity is the intrinsic nature of the business of hundreds of ethnic Chinese family business and networks connecting and interlocking, medium-sized businesses in many countries in the region. (XING, 2007).

¹⁷ Actually, the higher integration of activities happened within supply chains, expanding trade processing. This phenomenon was especially strong in electronics industry, which achieved a very modularized process of production that became a benchmark to other sectors and activities too.

this is closely related to the proliferation of preferential trade agreements in Asia,¹⁸ as a part of the global phenomena called “spaghetti bowl” (WTO, 2011). A coordinated macroeconomic regime is another important tool of the current Asian regional integration, especially the exchange rate.

Actually, since the Plaza Accord the dynamic of investment/ exports/ and imports relies on a consistent macroeconomic regime, especially a stable undervalued currency against the dollar and the yen (Figures 5 and 6). This contributed for the trade surplus achieved that was notwithstanding derived from huge US demand and the Japanese investment. But the devalued exchange rate could not avoid financial transfers from SEANICs to the rest of the world. Examining their current accounts (Annex Table A4), it is clear that Indonesia and Thailand recorded negative balances from 1980 to 2000. At least Indonesia could maintain positive trade balances, while Thailand had negative net exports between 1980 and 1994. Malaysia has shown deficits in current transactions only between 1980-1984 and 1990-1994, with a robust positive trade balance. Throughout the eighties, the pattern of funding of these countries became more speculative, what together with the deregulation of capital accounts, was one of the main roots of the crisis in 1997 such as argues Jomo (2002). Moreover the rise of Chinese labor-intensive manufacturing exports partially offset these countries at end-user markets. In all SEANICs, especially in Thailand, the external debt along the nineties became mostly private (JOMO, 1998; ARESTIS, 2003), resulted from over-investment in unmarketable external funds that exacerbated the current account deficits, and increased the dependence of the industrialization to foreign capital.¹⁹ The over-indebtedness was derived both in the demand side and supply side. In the first case, it was motivated by more deregulated financial schemes (MCKINNON & PILL, 1998; FOLEY, 2003); in the second one, it was provoked by the international liquidity and the financial liberalization of the nineties that made easy to private sectors of developing economies to borrow money abroad (MEDEIROS, 2009). So essentially, the largest short-term debt triggered by the financial liberalization process - especially after 1995, in a scenario of yen and dollar’s devaluation, plus a highly undervalued yuan - generated progressive speculative attacks on the exchange rate of the Southeast Asian countries, particularly Thai bath.

Charts 5 and 6 – Official Exchange rates of selected economies in relation to dollar (left chart) and yen (right chart) 1980 to 2010 (logarithmic scale).



Source: Elaborated by the author based on WDI (2011).

During the crisis SEANICs exchange rates were drastically devalued against the dollar. Thereafter it remained in a more stable situation that presented a smooth tendency of valuation against the dollar and

¹⁸ In 2013 there were more than 300 PTAs in force. Although smaller in number, the agreements in Asia present the wider rhythm of expansion since 2000 is. Asian trade has the largest value comparing to other regions in the world, and the importance of intra-regional trade is also relatively big (it grew from 42% to 52 % between 1999 and 2009). Japanese exports alone to the region rose from 31% to 54% in the same period (WTO, 2011).

¹⁹ Due to high capital requirements probably limited the development and entrepreneurship of domestic business, as well as other local capabilities. Further the foreign exchange surplus generated by export activities was reallocated for the payment of financial obligations, instead of being invested in productive assets. Thus, the final effect of over-indebtedness and over foreign investment was a domestic investment lower than the potential.

the yen in the first half of the 2000s. Crisis' effects have been different in scope and depth in the three countries. Malaysia faced minor consequences,²⁰ while Indonesia and Thailand dealt with inflation, unemployment and worse poverty rates (DONER, 2009). Politically, the crisis led to the change of first Thai Prime Minister and the fall of Dictator Suharto in Indonesia, after more than thirty years in power. Thai and Indonesian governments resorted to loans from the IMF and other financial institutions (including Malaysian) in order to get fiscal and debt relief. Therefore they had to implement some economic measures required by the Fund. Nevertheless, in 1998 they were practicing countercyclical policies to lower interest rates,²¹ the intensification of capital controls (GALA, 2007), expansion of budget deficits, the designation of economic funds to save the financial system and social security programs.

In the second half of the 2000s, Indonesian, Malaysian and Thai exchange rates were kept devalued against yen, and showed a soft valuation trend in relation to US dollar. In parallel, it must be acknowledged that since 1997 the yuan is floating very along to the US dollar, what means that in spite its undervalued level China's currency have had real valuation in relation to SEANICs currencies. This contributed to the resumption of the external sector, which heavily weighed for the recovery of these economies in the 2000s, notwithstanding the contribution of macroeconomic policies. As discussed in the following section from the crisis until 2009, SEANICs presented current account surpluses, thanks to the recovery in exports stimulated by the rise of China.

Macroeconomic recovery of SEANICS in the 2000s is related not only to the rise of commodities' prices and to the persistent expansion of Chinese economy and her hungry demand, but also to the reset of the FDI in the region. As it was seen, FDI in Indonesia, Malaysia and Thailand came especially from Asia, notably, Singapore and Japan. It is notable the share of the Netherlands and USA as well, higher than China's. Though yet China is not so important in terms of FDI in the SEANICs, she is acquiring a major role in trade. Actually, China is shaking the geese model due to her fly into many different manufacturing activities,²² from low to high technological intensities,²³ and her multiple chain production and labour relations with many countries (XING, 2007).

2) From trade specialization in natural resources to manufacturing diversification

In the first half of the eighties, almost 95% of Indonesian exports were natural resources (NR). Currently, NR represent about half of the total and manufactures the other half, especially textiles and clothing, machinery and transport equipment and chemicals (WTO, 2011). Between 1980 and 1984, 76% of Malaysian exports was concentrated in primary products from agriculture, forestry - mainly rubber - and mineral ores., but at the end of the nineties it fell to 21%. The growth of manufacturing in this decade

²⁰ One of the reasons for Malaysian resistance to the crisis was the prudential regulation established after a banking crisis in the late eighties, which involved new barriers to capital entry and exit (JOMO, 2003). Secondly, the government reduced taxes, especially income tax over firms. This measure contributed to the attraction of foreign firms to relocate there. Third, the State imposed taxes on international trade and non-tariff barriers. Fourth, although there was a tendency to retract the operational budget expenditures, public investment continued in an upward trend. The government has not canceled or postponed even mega projects, a powerful anti-cyclical policy. Nevertheless a privatization program was launched, which was a source of fiscal surpluses in the years preceding the crisis. Finally, according to Jomo (1998), the government promoted banking reform and recapitalized commercial banks, which contributed to the recovery of bank liquidity and allowed a greater economic stability compared to other SEANICs.

²¹ Between 1995 and 1999, interest rates rose to 5.9% in Malaysia and 8% in Thailand. Already in the 2000s, they decreased to 2.8% in both. Meanwhile, in Indonesia, interests behaved differently, as well as inflation rates. Both variables recorded higher levels. The interest rate was in a high baseline over 10% between 1985 and 1995, but in 200s it drop to 1.1

²² "In the 1980s and 90s China did not follow the flying geese pattern of industrialization and promoted industrialization in many sectors at once. The international competitiveness of Chinese light industries, heavy industries, and machinery were simultaneously improved" (YOKOKAWA, 2012, p. 18).

²³ "China's open-door has attracted a large amount of foreign investment and many labour-intensive and capital- and technology-intensive industries have been moved to China. For instance, Hong Kong has almost moved its entire manufacturing industries to Mainland China while continuing to act as a financial and service centre. Taiwan and Mainland China have developed similar highly dependent economic relations in recent years. As a result of these shifts, the regional growth pattern and convergence structure was also beginning to change (XING, 2007, p. 13).

was primarily related to the subsector of electronic components and integrated circuits, followed by electronic data processing and electrical equipment, and telecommunication products (WTO, 2011). In turn, the external insertion of Thailand in the early eighties focused on agricultural products (63%), particularly rice, rubber, jute, maize and cassava flour. The process of export diversification was leveraged in the seventies, after the release of manufactured exports (previously prohibited) in the III five-year development plan in 1972 (RASIAH, 2003). In the nineties, Thai exports of manufactures were already more diversified, especially electronic goods data processing, telecommunications, apparel, textiles. The road vehicles industry has become so notable that in the mid-nineties it was the largest in Southeast Asia, earning the nickname "Detroit of Asia" (DONER, 2009, p. 32). However, while the average share of manufacturing exports in the three countries was the highest in history between 2000 and 2004 at the end of the decade NR and NR processed goods regained share. Manufactured exports fell from 53% to 43% in Indonesia, 79% to 71% in Malaysia and only 77% to 76% in Thailand (see Table in the Annex).

So it is not surprising that half of the top ten exports products of Malaysia and Thailand are natural resources, and in Indonesia the whole list (Annex Tables A7 and A8). By technological content, in Indonesia the primary products remained stable since 1985 with a share of 20% and the growth of manufacturing concentrated in sectors related to the NR-processed goods (18% in 2005-2009). Textiles and clothing were important at the first stage of export diversification in SEANICs, especially in Thailand, but it continually lost share in total exports at benefit of electronics, telecommunications and automotive vehicles too. Actually in Thailand and, more strongly, in Malaysia, there was a significant growth of high and medium technological intensity manufacturing in exports (see Table A9). However technological intensity may be a misleading indicator because it includes final products that usually were only assembled in the country but did not added a high amount of value domestically (ECLAC (2007), OCDE/ WTO (2013a).

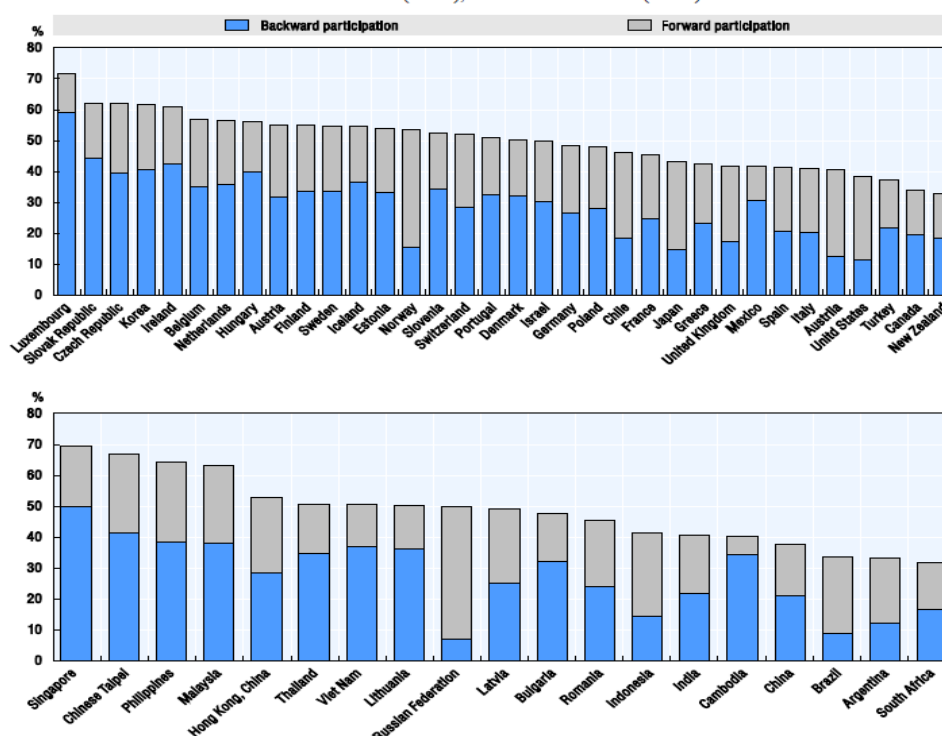
The degree of sophistication in exports and the degree of its contribution to the growth of the economy is quite different in the three countries, given the varied share of foreign value added in the production of manufactured goods related to global value chains (GVCs). According to OECD / WTO (2013a),²⁴ two indicators are appropriate to measure the contribution of an individual economy to GVC. The first is the share of foreign value added in exports, a backward index. The other is the value-added of the domestic economy in the exports of other countries, which is a forward index. The sum of the two provides a proxy of one country's participation in GVCs. In general smaller economies have bigger forward indexes once they have less ability to internally diversify production. And if an economy is promoting export-oriented industrialization, this trend also grows - as is the case of Malaysia, who in 2009 had 40% foreign value added in its exports. Thailand was not far behind, registering something like 35% (chart 7). Whilst Indonesia, like other big economies that export natural resources, such as Australia and Brazil, showed lower foreign content in exports. China and Japan show backward indexes of about 20%, which is also low because of their economy's size. Otherwise, the forward index tends to be higher in economies that provide inputs (including raw materials) to other countries, which is the case of the three SEANICS and especially Japan. Thus, adding the two effects, it is estimated that the participation of Malaysia is one of the largest among developing countries at around 65%, followed by Thailand - something like 50% and Indonesia - 40%. Japan and China also register a total participation in GVC around 40%.

Productive stages that generate higher value added are at the extremes of the GVC (OECD / WTO, 2013a), still concentrated in the developed economies (in the case of Asia, Japan and Korea). As it was said before, the hierarchical position of SEANICs (although important efforts technological capabilities are changing this position in a strict sense) is limited to the production of low added value manufacturing stages, in general related to assembling – especially in Thailand and in some specific manufacturing sectors of Indonesia and Malaysia. Table 2 shows that manufacturing is the sector that contain most of foreign value-added in exports (line b). Japan presents the largest domestic value in exports and there manufacturing has the biggest share in exports' value (line a). The share of domestic value added in

²⁴ This document is a preliminary report on the main findings of the newest OECD / WTO database about international trade in value added.

manufacturing is around 30% of total exports in SEANICs (idem). China and SEANICs (but Indonesia in a lower scale²⁵) present greater foreign value added in total exports, both in final goods and intermediate inputs (line d). And the domestic value added by SEANICs in final goods and intermediate inputs seems to be processed and re-exported more than in China and USA. Japan also presents a high share of domestic value-added processed probably due to the high share of machinery in exports.

Chart 7 – Global Value Chain participation index, forward and backward indexes in selected OCDE and developing countries in 2009.



Source: OCDE/ WTO, 2013a, p. 30.

Table 2 – Decomposition of value-added exports from major sectors, share of gross exports, selected countries, 2004.

Exporter		USA	Japan	China	Indonesia	Malaysia	Thailand
a. Sector generating domestic value in exports (%)	Raw materials	5,5	1,1	9,3	33,4	13	10,9
	Manufacturing	32,4	49,9	37,5	28,4	32,2	31,0
	Services	36,7	34	16	14,7	13,4	18,1
	Total	74,6	84,9	62,8	76,5	58,6	60,0
b. Sector generating foreign value in exports (%)	Raw materials	0,6	0,1	1	1,8	2,3	2,5
	Manufacturing	10,7	11,6	33,8	19,8	36,2	34,3
	Services	1,7	0,6	0,8	1,3	1,9	2,9
	Total	12,9	12,2	35,7	22,9	40,5	39,7
c. Domestic value-added (%)	Absorbed by direct importer in final goods	32,5	38,4	36,5	20	16,7	27,9
	Absorbed by direct importer in intermediate inputs	27,6	18,5	14,6	28,1	17,7	14
	In processed final goods and exported to third countries	5,5	12,2	4,9	10,9	10,4	7,9
	In processed intermediate inputs and exported to third countries	9	15,7	6,8	17,5	13,7	10,2
d. Foreign value added (%)	Final goods	4,3	4,8	20,5	9,2	12,9	17,2
	Intermediate inputs	8,7	7,4	15,2	13,7	27,6	22,5

Source Koopman et al 2010, p. 37 e p.43.

²⁵ OECD/ WTO, 2013b.

There is considerable intersection between the sources of FDI and the origin of imports. In all three countries, a significant portion of the firms were foreign-owned (RASIAH, 2003), and they traced a fairly clear division of labor: in Indonesia, textiles, clothing, footwear and plywood - and, more recently, some electronic products; Thailand, textiles and clothing, food and electronics; Malaysia, electronics and telecommunication industry (WTO data). Main imports of SEANICs both 1980 and in 2010 were machinery and transport equipment, whose main source was Japan in 1980, but in 2010 was China (Table A2 in the Annex). As stated previously, the profile of the destination of SEANICs' exports reveals that Japan and Korea import NR-processed products and fuel more than the average, while European and American imports are relatively more concentrated in machinery and transport equipment. In 1980, Japan and the USA were isolated the two main destinations of SEANICs' exports, but in 2010 not only their share in have been reduced, but also have similar or even lower importance than China as a in terms of all product types. The greater relevance of Chinese imports and exports to SEANICs is related to Chinese companies' greater integration into supply chains, especially in manufacturing, relegating the production of low value added products to laggard geese.

Thus, on the one hand, SEANICs (along with China) firmed themselves as exporters of "manufacturing staples" to the U.S. and Western Europe. On the other hand Japan and Korea direct their production of capital goods, parts and components to the SEANICs and other ASEAN. This means that SEANICs kept a trade deficit with Japan and a surplus with the U.S. in the nineties.

The rise of China as a major manufacturing world hub throughout the 1990s generated great impact on these economies as she began to absorb FDI flows and shift their exports to mayor consumer markets, but at the same time, due to her great scale, China has been being a key consumer market to the economies of the region (Medeiros, 2006). Therefore, on the one hand trade balance of China recently (2009) shows deficit with Asian countries in gross terms and almost a zero balance in value-added terms (chart A2 in the Annex). On the other hand, China had surplus with OECD – what shows the logic of feeding the region to make profitable in the rich markets outside it. This is exact the role that Japan played until the 2000s, but now it has change because trade balance shows surplus with NICs, China and Thailand (although it is much smaller in value-added terms). Just as YOKOKAWA (2012, p. 21) shows, “now China imports capital goods from Japan, Korea and Taiwan, food and raw material from less developed countries, and exports completed products to the EU, USA, Asia, and other areas. The cross-border division of work and trade in East Asia has been completely rebuilt by China, and the Japan-led Pacific Rim triangle trade regime has been replaced by a China-centric East Asian production network”. So the impact of China on these countries is contradictory because on the one hand Chinese companies are direct competitors in many productive activities, dislocating SEANICs exports. On the other hand, due to its huge relative size, Chinese domestic market absorbs exports of these countries, especially of traditional goods. Indeed China's imports from SEANICS are propitiating their high net export growth. This dynamics constitutes, therefore, the classic vertical division of labor.

3) Consequences of the external insertion towards production and employment

The direct effect of the development of SEANICs' external integration on the productive structure is clear: nowadays the industrial sector of Indonesia (in a lower degree), Malaysia and Thailand have significantly higher share in GDP than world average. However, there is huge contrast between their GDP and employment structures (Tables A5 and A6 in the Annex). While primary goods accounted for 9% to 14% of value added in Indonesia and Thailand, in terms of employment it accounts to 40% of the total. In turn, the total industrial activity has an average weight of 47% in the value added of SEANICs, while employment recorded a weight of 22% in Indonesia and Thailand, and 36% in Malaysia. In services there was a more balanced correspondence, with 40% average share in value added and employment in the three countries. The big contingent of rural employees is associated to the precarious process of agricultural modernization²⁶ in Thailand and Indonesia. While in Indonesia, whose percentage of arable

26 More than the increase in productivity, agricultural modernization is a complex process that transforms rural social structures, which are related to specific geographical, institutional and demographic features. The true modernization of agriculture integrates the economy and reduces inequalities across sectors.

land is similar to Malaysia, the average farm machinery was approximately 3 per 100 km² in Malaysia this indicator was 240 (WDI, 2011). With the exception of Malaysia, where the value added per worker in agriculture more than doubled and grew in a pace of 3.2% per year between 1980 and 2010, in the other countries the growth rate was lower: 2.3% in Thailand and 1.6% in Indonesia (WDI, 2011). Thus the low productivity in agriculture is an issue that suggests that in Thailand, and more severely in Indonesia, structural heterogeneity remains²⁷.

The exam of the productive structure also leads to this conclusion. Comparing the current configuration of manufacturing value-added (MVA) at Table 3, there is a significant contrast between manufacturing industries across SEANICs. Indonesia has a strong food and beverage industry, which accounted for nearly half of the production of the manufacturing industry in 2009. Noteworthy are also the industry of refined oil, coke and nuclear energy, metal products and motor vehicles. The vehicle industry, incidentally, has similar weight in the three countries, being a little less significant in Malaysia. In Malaysia, the main industries are telecommunications, refined oil, food and beverages, rubber and plastics and chemicals. In Thailand, main industries are office equipment, measuring and counting (computers), food and beverages, clothing and vehicles. Moreover, contrasting the industry composition of these countries against the world, it may be concluded that Malaysia is more in line to the world's average - especially with regard to the importance of high-tech industry of telecommunications (communications equipment, television and radio) - whose MVA share is 27%.

Table 3 – Structure of value added in manufacturing SEANICs and the World, 2000 and 2009.

	Structure of value added in manufacturing (% share)							
	Indonesia		Malaysia		Thailand		World	
	2000	2009	2000	2000	2000	2009	2000	2009
15 - Food and beverages	32,5	45,7	8,2	11,6	17,4	15,2	10,3	9,9
16 - Tobacco products	ND	ND	0,3	0,2	2	1,1	0,6	0,5
17 - Textiles	9,1	5,2	2,5	1,3	6,6	2,8	2,3	1,5
18 - Wearing apparel, fur	4,2	4	1,7	0,9	9,9	8,6	1,8	1,1
19 - Leather, leather products and footwear	2	1,1	0,2	0,2	3,9	0,7	0,6	0,4
20 - Wood products (excl. furniture)	5,1	1,8	4,1	3,1	0,5	0,1	2,1	1,5
21 - Paper and paper products	6,3	3,1	2,1	2,4	2,1	1,5	3,1	2,4
22 - Printing and publishing	1,1	1,5	ND	ND	ND	ND	4,7	3,1
23 - Coke, refined petroleum products, nuclear fuel	13,5	15,2	9,5	11,8	7,4	6,4	3,5	2,7
24 - Chemicals and chemical products	ND	ND	8,5	9,6	5,2	5	9,6	9,7
25 - Rubber and plastics products	ND	ND	7,5	10,9	3,3	2,4	3,1	2,8
26 - Non-metallic mineral products	2,8	2,4	5	5	4	3,7	3,6	2,9
27 - Basic metals	0,6	0,5	3	2,3	1	0,7	4,8	3,3
28 - Fabricated metal products	14	7,9	3,4	5,6	2,8	1,9	6,1	4,7
29 - Machinery and equipment n.e.c.	0,5	2,3	3,6	2,5	4	3,7	7,7	5,8
30 - Office, accounting and computing machinery	ND	ND	5,7	2,3	6,1	28,4	2,5	4,5
31 - Electrical machinery and apparatus	2,5	0,9	3,9	3,6	1,6	1	4,2	3,7
32 - Radio, TV and communication equipment	ND	ND	26,8	22	6,9	4,1	14,3	26,8
33 - Medical, precision and optical instruments	ND	ND	1,3	1,4	1,2	1,4	2,2	2,5
34 - Motor vehicles, trailers, semi-trailers	5,4	7,6	2,8	3,4	4,9	7	7,3	5
35 - Other transport equipment	ND	ND	ND	ND	0,9	1,1	2,3	3,1
36 - Furniture; manufacturing n.e.c.	0,6	0,8	ND	ND	8,6	3,2	3,4	2,1

Source UNIDO.

Many contrasts are also clear in the labour market. Sub-sectors that concentrate more labour-force in Indonesia are textiles and clothing, food and tobacco (Table 4). Indonesian wages are the lowest

²⁷ As put by Lewis (1954), dualism (as we here referred as structural heterogeneity) happens in underdeveloped economies when a small part of the workforce is in modern capitalist sector (the sector of tradable products, usually commodities), in which labour is relatively well-paid and presents high productivity. The other part of the work-force lives in a subsistence activities in rural or in backward urban services (the non-tradable sectors) under low wages and productivity. So the economy operates with elastic supply of labor, low pressure in wages, and low levels of investment per worker and productivity growth.

comparing to SEANICs and CHINA and represent a small portion of the value added of each industry. Thus, the share of wages in major industries in 2009 was less than 14%, and the ratio annual wage per employee was between U.S. \$ 1,122 and U.S. \$ 1,825. In Malaysia, the industries that employ more generate greater value-added than the ones prevalent in Indonesia, enabling greater share of wages in Malayan value added, with the average salary being nearly five times higher than Indonesian. The largest subsectors in terms of employment in Thailand are similar both to Malaysia and Indonesia: textiles, processed meats and fats, valves and tubes and plastic. Average wages are low, though higher than Indonesian wages. It should be noted that currently the average wage in China is above Indonesian's and Thailand's, but lower than the Malaysian. This gap between productivity and wages translates the dominance of the export strategy in recent years in SEANICs, and thus a source of economic vulnerability.

Table 4 – Five main activities (3-digit SITC) in the structure of manufacturing employment in SEANICs, 2000 and 2009.

	Number of employees (thousands)		Wage share in value-added (%)		Wage / employee (US\$)		Share in total manufacturing employment (%)	
	2000	2009	2000*	2009	2000	2009	2000	2009
Indonésia								
Wearing apparel, except fur apparel	479	464	34,4	23,5	753	1331	11,0	10,7
Dressing & dyeing of fur; processing of fur	500	339	14,7	14,3	683	1397	11,5	7,8
Tobacco product	244	332	8,2	10,0	614	1122	5,6	7,6
Other food products	297	327	24,8	12,0	837	1375	6,8	7,5
Processed meat,fish,fruit,vegetables,fats	170	259	11,7	6,7	836	1825	3,9	6,0
Malaysia								
Electronic valves, tubes, etc.	193	190	20,6	27,8	5313	8161	12,36	7,38
Plastic products	95	125	33,5	45,0	3709	6334	6,08	4,85
Furniture	68	100	38,4	54,9	3155	4673	4,34	3,89
Processed meat,fish,fruit,vegetables,fats	54	89	22,5	18,1	4106	5605	3,48	3,48
Rubber products	73	82	28,6	40,4	3588	5621	4,7	3,18
Thailand								
Wearing apparel, except fur apparel	144	344	47,5	41,9	1772	1910	6,28	9,01
Processed meat,fish,fruit,vegetables,fats	201	305	32,5	25,2	1522	2026	8,72	7,99
Electronic valves, tubes, etc.	153	231	17,5	24,4	2078	2367	6,67	6,04
Plastic products	115	201	42,4	30,5	2051	2327	4,98	5,26
Dressing & dyeing of fur; processing of fur	165	200	28,8	29,5	1900	1831	7,19	5,24
China								
Wearing apparel, except fur apparel	3537	4463	30,60	ND	1257	3662	6,91	5,78
Non-metallic mineral products n.e.c.	3514	4141	20,20	ND	1069	3905	6,86	5,36
Dressing & dyeing of fur; processing of fur	3670	3913	22,30	ND	1015	3786	7,16	5,07
Other chemicals	2322	3647	15,43	ND	1649	5402	4,53	4,73
Electronic valves, tubes, etc.	1387	3539	19,39	ND	1849	4842	2,71	4,58

Source UNIDO. * 2003 for China.

The technological content of the productive structures of the three countries is associated to the export sector, and therefore to the FDI and multinational companies. As it was shown until a certain extent foreign activity in SEANICs perform only assembly stages, relegating technology-intensive stages to other locations.²⁸ Jomo (2002, p. 13) argues that greater Southeast Asian dependence on FDI compared to NICs “raises disturbing questions about the actual nature of industrial and technological capacities and capabilities in these countries, especially in their most dynamic and export-oriented sectors. This, in turn, raises concerns about the sustainability of their growth and industrialization processes, especially if they

²⁸ According to OECD/ WTO (2013b), foreign content in Indonesian exports from is more significant in machinery and equipment (40%), electrical and optical equipment (27%) and textiles / footwear / leather (26% in 2009). Total foreign value added in Indonesian exports is originated in the European Union (38%), China (11%), Japan (10%) and the USA (8%). Unfortunately there is no data available for Malaysia and Thailand.

are later deemed less attractive as sites for further FDI, e.g. as more attractive alternative locations become available". So on the one hand the State in SEANICs had a key role in the economic development in terms of planning and industrial policy, fostering important institutions to diversify manufacturing production and trade, and contributing directly to the injection of income into the economy via increase in public spending and investment. But States in these countries did not build strong institutions similar to those built by the first East Asian developmental state centered on technological upgrading and endogenous technology. Geopolitical and internal reasons, (as the role played by land classes and by the associated commercial and industrial groups) prevented Indonesia, Malaysia and Thailand to follow a better route for industrialization like Japan and NICs.

Final notes

Over the years trade diversification of SEANICs by their integration in regional production chains resulted in high exports growth rate, which was associated to massive imports and was led by high inflows of foreign direct investment and public investment. This dynamics enabled sustained economic growth, though structurally unbalanced and vulnerable. The relatively high productivity of manufacturing exports does not reflect the existence of sophisticated techniques but stems mainly from the combination of foreign investment and cheap labor mainly employed in labor-intensive activities,²⁹ maintaining a standard of competition focused on low labor costs and on the undervalued exchange rate. SEANICs development is strongly related to the regional productive integration led by Japan. Indonesia, Malaysia and Thailand are important consumer markets for high-value added manufactures from Japan (and NICs) and they provide raw materials and inputs for the production of higher value-added manufactures, especially capital goods, parts and components in Japan and China more recently. The market for their labour-intensive manufacture goods are basically the USA and Europe. Thus generically speaking SEANICs are in charge of low value-added activities, that are not intensive in knowledge nor technology. This development model has a dependent nature and still faces serious structural problems such as low technological and knowledge capability, FDI dependence and productivity lags in non-tradable sectors.

SEANICs' development pattern and external insertion have been impacted by the rise of China, which generated growing rivalry in the labor-intensive manufacturing industry, but at the same time has increased the demand for exports of goods based on NR and manufactures articulated to GVC. At the present, this growth pattern shows several critical points. Indeed, since the 2008 crisis, the reduced growth of industrialized economies has led to increased competition among manufacture exporters and an even greater predominance of China in these markets. Rising wages in China allows some survival to SEANIC's pattern of external insertion, however hardly this condition will reduce vulnerability and the dilemmas that mark this type of economic growth. Thus, the search for another type of development where further expansion of real wages is combined to investments to build another insertion model based on activities of higher technological content and higher value added is the main challenge to maintaining sustainable development in these economies and to overcome the structural difficulties related to low per capita income, urbanization and the heterogeneity between the tradable and non-tradable sectors. A possibly alternative growth strategy may rest in the enforcement of domestic economic and industrial policies that historically were important for their industrialization, such as public investment, rise of minimum wages, credit expansion, and others that had strengthen national consumption and investment. These policies could contribute for a higher employment in manufacturing, and they constitute a distinguishing determinant of the economic growth strategy less dependent on exports growth as it happens in the dismal performance observed in Mexico and others national strategies limited to production of low value industrial activities.

Usual developmental literature emphasizes the importance of manufacturing diversification to generate high growth rates and a higher degree of homogeneity across economic activities. Allegedly the higher share of manufacturing in exports and in the productive structure may propitiate that more people benefit from technological progress, moreover; it could allow technological catch up. SEANICs' cases demonstrate that this is not necessarily true. These processes were experienced in a small scale there

²⁹ Export sectors have low linkage effects in the domestic economy, according to some calculation made out of input-output matrices in Reis (2012).

during the years of structural change from natural resources into manufacturing products. In times characterized by great expansion of productive chains, simply integrating to them may generate some growth and export diversification. However, the key challenge is to assume a key position in the GVC. The more distant is it from technical progress, the more elusive is the industrialization as a process that lifts income and spills over technical progress. So once SEANICs industries are not in a privileged position in global value chains, their manufacture development did not guarantee the overcoming of structural heterogeneity nor the technological catch-up.

References

- AKAMATSU, Kaname (1962) "A Historical Pattern of Economic Growth in Developing Countries" *The Developing Economies* (preliminary issue).
- ARESTIS, Phillip (2003) "Testing for Financial Contagion between Developed and Emerging Markets during the 1997 East Asian Crisis". *Levy Economics Institute of Bard College. Working paper no. 370* | January 2003.
- BERNAND, Mitchell; RAVENHILL, John (1995) Beyond "Product Cycles and Flying Geese: Regionalization, Hierarchy, and the Industrialization of East Asia". *World Politics* 47, 2, pp. 171–209.
- CAMBRIDGE, University (1992) *The Cambridge History of Southeast Asia*. Volumes 1 e 2. TARLING, Nicholas (ed.) Cambridge: Cambridge University Press.
- DONER, Richard (2009) *The Politics of Uneven Development: Thailand's Economic Growth in Comparative Perspective*. Cambridge: Cambridge University Press.
- ECLAC (2007) *Progreso técnico y cambio estructural em America Latina*. Documento de proyecto. Economic Comission for Latin America and Caribbe, United Nations.
- FOLD, Niels; WHITFIELD, Lindsay (2012), "Developing a Palm Oil Sector: The Experiences of Malaysia and Ghana Compared", *DIIS Working Paper*; 08, 43p.
- FOLEY, Duncan (2003) "Financial Fragility in Developing Economies". In DUTT, A. K. e ROS, J. (eds.) *Development Economics and Structuralist Macroeconomics*. Edward Elgar.
- GALA, Paulo Sérgio (2007) "Dois padrões de política cambial: América Latina e Sudeste Asiático". *Economia e Sociedade*, Campinas, v. 16, n. 1 (29), p. 65-91, abr. 2007.
- HADIZ, Vedi; ROBINSON, Richard (2004) *"Reorganising power in Indonesia, the politics of oligarchy in an age of markets"*. London: Routledge.
- JETIN, Bruno (2012) "Distribution of Income, Labour Productivity and Competitiveness: is the Thai Labour Regime Sustainable?" *Cambridge Journal of Economics*, 2012, 36, pp. 895-917.
- JOMO, Kwame Sundaran [ed.]. (2003) *Southeast Asian paper tigers? from miracle to debacle and beyond*. London: Routledge Curzon.
- JOMO, Kwane Sundaram (2002) "State and Market in Economic Development: Southeast Asian industrial policy in comparative East Asian perspective". In: *International Seminar - Promoting Growth And Welfare: Structural Changes And The Role Of Institutions in Asia*. Santiago, Chile and Rio de Janeiro, Brazil, April 29 - May 03, 2002
- JOMO, Kwame Sundaran (1998) "Financial Liberalization, Crises, and Malaysian Policy Responses". *World Development*, v. 26, No. 8, pp. 1563-1574.
- KOOPMAN, Robert; POWERS, Willian; WANG, Zhi; WEI, Shang-Jin (2010) "Give credit where credit is due: tracing value added in global production chains". *National Bureau of Economic Research, Working Paper* 16426.
- LEWIS, W. Arthur (1954) "Economic development with unlimited supplies of labour". In: AGARWALA, A. N.; SINGH, S. P. (Org.). *A economia do subdesenvolvimento*. Sao Paulo: Forense, 1969.
- MACEDO E SILVA, Antônio Carlos (2008) "Estrutura produtiva e especialização comercial: observações sobre a Ásia em desenvolvimento e a América Latina". *Cadernos do Desenvolvimento*, v. 3 82 (5).
- MCKINNON, Ronald; PILL, Huw (1996). "Credible liberalizations and international capital flows: The overborrowing syndrome". In ITO, T.; KRUEGER, A. (EDS.) *Financial deregulation and integration in East Asia*. Chicago: Chicago University Press, pp. 7–45.
- MEDEIROS, Carlos A. (2009) "Financial Dependency and growth cycles in Latin American countries". *Journal of Post Keynesian Economics*, v. 31, p. 79-100.
- MEDEIROS, Carlos A. (2006) "A China como um duplo pólo na economia mundial e a recentralização asiática". *Revista de Economia Política*, v. 26, n. 3 (103).

- MEDEIROS, Carlos A. (1997) “Globalização e Inserção Internacional diferenciada da Ásia e da América Latina”. In: Tavares, Maria da Conceição e Fiori, José Luís. (Org.). *Poder e Dinheiro: Uma economia Política da Globalização*. Petrópolis: Vozes.
- OCDE/WTO (2013a) *Interconnected Economies: benefiting from global value chains*. Preliminary Version. Disponível em, último acesso em 07/06/2013: http://www.keepeek.com/Digital-Asset-Management/oecd/science-and-technology/interconnected-economies_9789264189560-en
- RASIAH, Rajah (2003) “The Export Manufacturing Experience of Indonesia, Malaysia and Thailand”. In.: JOMO K.S. (ed), *Southeast Asia's Paper Tigers*. London: Routledge.
- REIS, Cristina (2012) “Recursos naturais e desenvolvimento econômico: da especialização à diversificação produtiva e exportadora nos SEANICS”. PhD dissertation, Federal University of Rio de Janeiro.
- SACHS, Jeffrey; WARNER, Andrew (1995) “Economic convergence and economic policies”. *NBER Working Paper Series*, n. 5039, Cambridge MA, 1995.
- THOMSEN, Stephen; OTSUKA, Misuzu; LEE, Boram (2011) “The Evolving Role of Southeast Asia in Global FDI Flows”. *Asie Visions*, n. 40, Center for Asian Studies IFRI.
- WALLERSTEIN, Immanuel (2004). *World system analysis*. Durham: Duke University Press.
- WTO (2011) “World Trade Report: The WTO and preferential trade agreements: From co-existence to coherence”. World Trade Organization, Geneva. .
- XING, Li (2007) “East Asian Tegral Integration: From Japan-led “Flying-geese” to China-centred “Bamboo Capitalism”. *CCIS Research Series*, Working Paper No. 3, Center for Comparative Integration Studies (CCIS), Aalborg University, Denmark.
- YOKOKAWA, Nobuharu (2012) “Dynamic Comparative Advantage and Evolution of Capitalist World System”. In: *AHE Annual Conference 2012: Political Economy and the Outlook for Capitalism*. Conference Papers, Association for Heterodox Economics (AHE), Paris, 5-8 July 2012.

Data sources

- CIA (2012) Central Intelligence Agency. *The World Factbook: Indonesia, Malaysia, Thailand*. <https://www.cia.gov/library/publications/the-world-factbook/>
- COMTRADE. United Nations Commodity Trade Statistics Database. <http://comtrade.un.org/>
- GGDC. Groningen Growth and Development Centre. Dados de emprego. <http://www.ggdc.net/databases/index.htm>
- IMF. International Monetary Fund. CDIS Data. <http://www.imf.org/>
- OECD/WTO (2013b) *Trade In Value Added (TIVA) Indicators, country notes – INDONESIA*. Available at, last access in 07/06/2013: <http://www.oecd.org/industry/ind/measuringtradeinvalue-addedanoecd-wtojointinitiative.htm#countries>
- WTO. World Trade Organization - International trade and tariff data. Historical Series, Trade profiles. http://www.wto.org/english/res_e/statistics_e/Statistics_e.htm
- UNCTAD. United Nations Conference on Trade and Development. Statistics, handbook, World Investment Report, etc. <http://www.unctad.org/TEMPLATES/Page.asp?intItemID=1584&lang=1>
- UNIDO. United Nations Industrial Development Organization. Manufacturing data. <http://www.unido.org/>
- WDI (2011). World Development Indicators. Banco Mundial. <http://data.worldbank.org/data-catalog/world-development-indicators>

ANNEX

Table A1 – Exports by selected sectors and destines, SEANICs, 1980 and 2010 (in%).

	Exports by sector to partner countries										Destine of exports by sector									
	1980					2010					1980					2010				
	World	China	Japan	Korea	USA	World	China	Japan	Korea	USA	World	China	Japan	Korea	USA	World	China	Japan	Korea	USA
Indonesia	100%		100%	100%	100%	100%	100%	100%	100%	100%	100%	0%	49%	1%	20%	100%	10%	16%	8%	9%
Food	6%	0%	2%	4%	6%	5%	2%	3%	1%	12%	100%	0%	19%	1%	20%	100%	4%	11%	2%	20%
Raw materials, except fuels	16%	0%	13%	82%	9%	13%	24%	22%	15%	12%	100%	0%	39%	7%	11%	100%	19%	28%	9%	9%
Mineral fuels	72%	0%	84%	13%	83%	30%	38%	47%	67%	7%	100%	0%	57%	0%	23%	100%	13%	26%	18%	2%
Oils and Fats	1%	0%	0%	0%	0%	11%	16%	0%	1%	1%	100%	0%	3%	0%	7%	100%	15%	0%	1%	1%
Chemicals	0%	0%	0%	0%	0%	5%	8%	2%	3%	3%	100%	0%	9%	0%	15%	100%	16%	7%	4%	5%
Manufacturing	3%	0%	1%	1%	0%	14%	6%	13%	9%	11%	100%	0%	18%	0%	2%	100%	5%	16%	5%	7%
Machinery and transport equipment	0%	0%	0%	0%	0%	13%	4%	9%	3%	13%	100%	0%	1%	0%	0%	100%	3%	11%	2%	10%
. Office machines, automatic data processing equipment	0%	0%	0%	0%	0%	2%	1%	1%	0%	3%	100%	0%	1%	0%	0%	100%	4%	15%	1%	15%
. Telecom., sound recording and reproducing equipment	0%	0%	0%	0%	0%	3%	1%	1%	2%	6%	100%	0%	1%	0%	0%	100%	4%	6%	6%	20%
. Electric machinery, apparatus and appliances, parts	0%	0%	0%	0%	0%	4%	1%	4%	1%	3%	100%	0%	1%	0%	0%	100%	4%	17%	1%	8%
. Road vehicles	0%	0%	0%	0%	0%	2%	0%	1%	0%	0%	100%	0%	1%	0%	0%	100%	1%	13%	0%	2%
. Other transport equipment	0%	0%	0%	0%	0%	2%	0%	0%	0%	0%	100%	0%	2%	0%	0%	100%	3%	10%	1%	4%
Malaysia	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	2%	23%	2%	16%	100%	13%	10%	4%	10%
Food	4%	0%	2%	0%	1%	3%	1%	2%	2%	3%	100%	0%	12%	0%	4%	100%	5%	6%	3%	10%
Raw materials, except fuels	32%	86%	35%	87%	8%	3%	6%	2%	3%	1%	100%	4%	25%	5%	4%	100%	26%	7%	4%	3%
Mineral fuels	25%	0%	45%	0%	40%	16%	7%	43%	45%	1%	100%	0%	41%	0%	27%	100%	5%	28%	11%	1%
Oils and Fats	11%	12%	3%	4%	5%	9%	13%	3%	4%	6%	100%	2%	6%	1%	8%	100%	19%	4%	2%	7%
Chemicals	1%	0%	0%	0%	0%	6%	8%	5%	6%	2%	100%	0%	7%	0%	11%	100%	17%	7%	3%	3%
Manufacturing	13%	1%	12%	8%	10%	9%	8%	9%	13%	4%	100%	0%	20%	1%	13%	100%	12%	10%	5%	4%
Machinery and transport equipment	11%	0%	2%	1%	31%	44%	53%	29%	22%	62%	100%	0%	5%	0%	45%	100%	15%	7%	2%	13%
. Office machines, automatic data processing equipment	0%	0%	0%	0%	0%	12%	20%	5%	7%	22%	100%	0%	2%	0%	51%	100%	21%	4%	2%	18%
. Telecom., sound recording and reproducing equipment	1%	0%	0%	0%	1%	7%	2%	11%	1%	13%	100%	0%	6%	0%	26%	100%	5%	18%	1%	18%
. Electric machinery, apparatus and appliances, parts	9%	0%	2%	1%	30%	21%	29%	12%	13%	24%	100%	0%	5%	0%	53%	100%	18%	6%	2%	11%
. Road vehicles	0%	0%	0%	0%	0%	1%	1%	0%	0%	0%	100%	0%	1%	0%	1%	100%	11%	5%	0%	3%
. Other transport equipment	1%	0%	0%	0%	0%	1%	0%	0%	0%	1%	100%	0%	6%	0%	4%	100%	6%	4%	2%	8%
Thailand	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	2%	10%	1%	15%	100%	10%	10%	2%	11%
Food	53%	56%	53%	43%	16%	13%	9%	19%	11%	19%	100%	2%	10%	1%	5%	100%	6%	15%	1%	15%
Raw materials, except fuels	17%	25%	85%	11%	17%	6%	19%	8%	23%	3%	100%	2%	48%	1%	15%	100%	31%	13%	6%	6%
Mineral fuels	1%	0%	0%	4%	0%	5%	8%	1%	10%	2%	100%	0%	6%	4%	2%	100%	14%	2%	3%	3%
Oils and Fats	0%	0%	1%	1%	0%	0%	0%	0%	1%	0%	100%	0%	40%	2%	1%	100%	9%	6%	8%	1%
Chemicals	1%	0%	2%	0%	0%	9%	22%	9%	10%	2%	100%	0%	23%	0%	2%	100%	23%	10%	2%	2%
Manufacturing	26%	43%	34%	18%	36%	13%	12%	14%	14%	11%	100%	3%	13%	1%	21%	100%	9%	11%	2%	9%
Machinery and transport equipment	7%	0%	1%	31%	10%	45%	47%	44%	48%	44%	100%	0%	1%	4%	22%	100%	10%	10%	2%	11%
. Office machines, automatic data processing equipment	0%	0%	0%	0%	0%	10%	28%	6%	7%	17%	100%	0%	0%	0%	0%	100%	27%	6%	1%	18%
. Telecom., sound recording and reproducing equipment	0%	0%	0%	0%	0%	5%	2%	5%	5%	9%	100%	0%	2%	1%	0%	100%	4%	12%	2%	22%
. Electric machinery, apparatus and appliances, parts	6%	0%	0%	30%	0%	12%	11%	19%	25%	10%	100%	0%	0%	4%	0%	100%	9%	17%	3%	9%
. Road vehicles	0%	0%	0%	0%	0%	10%	0%	6%	1%	2%	100%	0%	2%	0%	0%	100%	0%	6%	0%	2%
. Other transport equipment	0%	0%	0%	0%	0%	8%	5%	8%	5%	5%	100%	1%	4%	0%	0%	100%	6%	11%	1%	8%

Source: Elaborated by the author based on COMTRADE.

Table A2 – Imports by selected sectors and destinations, SEANICs, 1980 and 2010 (in%).

	Imports by sector to partner countries										Destine of Imports by sector									
	1980					2010					1980					210				
	World	China	Japan	Korea	USA	World	China	Japan	Korea	USA	World	China	Japan	Korea	USA	World	China	Japan	Korea	USA
Indonesia	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	2%	31%	2%	13%	100%	15%	12%	6%	7%
Food	12%	16%	3%	14%	14%	7%	5%	0%	1%	12%	100%	3%	7%	3%	15%	100%	11%	0%	1%	12%
Beverages and tobacco	0%	1%	0%	0%	1%	0%	1%	0%	0%	0%	100%	7%	1%	1%	27%	100%	37%	0%	0%	6%
Raw materials, except fuels	4%	6%	2%	1%	14%	5%	1%	2%	4%	16%	100%	3%	16%	1%	39%	100%	4%	4%	4%	21%
Mineral fuels	16%	1%	0%	1%	2%	20%	4%	1%	28%	2%	100%	0%	1%	0%	2%	100%	3%	0%	8%	1%
Chemicals	12%	20%	11%	8%	19%	12%	11%	8%	12%	12%	100%	3%	28%	1%	27%	100%	14%	8%	5%	7%
Manufacturing	19%	31%	28%	63%	11%	15%	20%	23%	28%	5%	100%	3%	47%	7%	8%	100%	21%	19%	11%	2%
Machinery and transport equipment	33%	16%	53%	9%	34%	35%	50%	53%	25%	49%	100%	1%	50%	1%	13%	100%	22%	19%	4%	10%
. Office machines, automatic data processing equipment	0%	0%	0%	0%	1%	2%	9%	1%	2%	1%	100%	1%	26%	0%	23%	100%	56%	5%	4%	3%
. Telecom., sound recording and reproducing equipment	2%	0%	2%	1%	1%	4%	13%	1%	7%	1%	100%	0%	36%	2%	7%	100%	46%	4%	10%	1%
. Electric machinery, apparatus and appliances, parts	4%	1%	6%	1%	3%	6%	8%	9%	6%	3%	100%	1%	52%	1%	10%	100%	19%	19%	5%	3%
. Road vehicles	8%	2%	20%	0%	4%	4%	2%	10%	1%	1%	100%	1%	76%	0%	6%	100%	6%	30%	2%	2%
. Other transport equipment	18%	12%	23%	7%	26%	14%	17%	31%	8%	14%	100%	1%	40%	1%	18%	100%	19%	28%	3%	7%
Malaysia	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	2%	23%	2%	15%	100%	13%	13%	5%	11%
Food	10%	32%	2%	2%	4%	6%	5%	0%	0%	3%	100%	7%	4%	0%	6%	100%	11%	1%	0%	5%
Beverages and tobacco	1%	2%	0%	0%	2%	0%	0%	0%	0%	0%	100%	4%	0%	1%	39%	100%	6%	2%	0%	6%
Raw materials, except fuels	4%	10%	1%	2%	3%	4%	1%	1%	2%	4%	100%	5%	5%	1%	10%	100%	4%	5%	3%	11%
Mineral fuels	15%	2%	0%	0%	0%	10%	1%	1%	7%	1%	100%	0%	0%	0%	0%	100%	1%	1%	4%	1%
Chemicals	9%	10%	7%	6%	13%	9%	8%	8%	9%	9%	100%	3%	18%	1%	22%	100%	12%	11%	5%	10%
Manufacturing	16%	30%	27%	54%	6%	12%	15%	20%	16%	6%	100%	4%	38%	6%	5%	100%	15%	20%	7%	5%
Machinery and transport equipment	39%	6%	60%	22%	66%	49%	60%	58%	64%	68%	100%	0%	35%	1%	26%	100%	15%	15%	7%	15%
. Office machines, automatic data processing equipment	1%	0%	1%	0%	1%	5%	15%	2%	2%	4%	100%	0%	24%	0%	25%	100%	35%	5%	2%	9%
. Telecom., sound recording and reproducing equipment	3%	0%	5%	3%	1%	4%	12%	2%	13%	1%	100%	0%	43%	2%	6%	100%	35%	5%	17%	3%
. Electric machinery, apparatus and appliances, parts	12%	1%	8%	9%	40%	26%	20%	29%	37%	47%	100%	0%	15%	1%	49%	100%	9%	14%	8%	19%
. Road vehicles	8%	0%	23%	3%	2%	3%	1%	11%	1%	0%	100%	0%	65%	1%	4%	100%	5%	41%	2%	0%
. Other transport equipment	13%	5%	22%	3%	16%	8%	11%	13%	5%	11%	100%	1%	38%	0%	18%	100%	16%	20%	3%	14%
Thailand	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	4%	21%	2%	17%	100%	13%	21%	4%	6%
Food	4%	8%	1%	9%	3%	4%	3%	1%	2%	9%	100%	11%	4%	5%	14%	100%	10%	3%	2%	13%
Beverages and tobacco	1%	0%	0%	0%	3%	0%	0%	0%	0%	0%	100%	1%	0%	0%	69%	100%	3%	1%	0%	4%
Raw materials, except fuels	5%	5%	1%	1%	9%	3%	1%	1%	2%	9%	100%	5%	6%	1%	30%	100%	5%	9%	3%	16%
Mineral fuels	30%	58%	1%	9%	1%	17%	1%	1%	3%	3%	100%	8%	0%	1%	1%	100%	1%	1%	1%	1%
Chemicals	11%	7%	16%	5%	14%	11%	11%	9%	13%	16%	100%	3%	28%	1%	21%	100%	13%	18%	6%	9%
Manufacturing	14%	10%	30%	60%	6%	18%	21%	26%	33%	8%	100%	3%	43%	9%	7%	100%	15%	30%	8%	3%
Machinery and transport equipment	25%	9%	47%	7%	41%	35%	53%	53%	36%	42%	100%	2%	39%	1%	27%	100%	20%	31%	4%	7%
. Office machines, automatic data processing equipment	0,4%	0,0%	0,7%	0,0%	0,6%	4%	13%	2%	1%	5%	100%	0%	31%	0%	22%	100%	43%	8%	1%	7%
. Telecom., sound recording and reproducing equipment	1,2%	0,0%	3,1%	1,0%	0,9%	3%	11%	2%	6%	1%	100%	0%	51%	2%	12%	100%	46%	14%	8%	2%
. Electric machinery, apparatus and appliances, parts	5,4%	1,8%	6,1%	2,8%	15,2%	13%	16%	18%	14%	19%	100%	1%	23%	1%	47%	100%	16%	29%	5%	9%
. Road vehicles	4,1%	0,2%	16,1%	0,0%	0,6%	4%	1%	12%	3%	1%	100%	0%	81%	0%	3%	100%	4%	59%	3%	2%
. Other transport equipment	10,3%	6,8%	20,1%	2,0%	7,6%	10%	11%	20%	11%	13%	100%	3%	40%	0%	12%	100%	14%	40%	5%	8%

Source: Elaborated by the author based on COMTRADE.

Table A3 – Public and private Gross Fixed Capital Formation (GFCF), 5-year averages from 1980 to 2009, SEANICs (% GDP).

		1980_1984	1985_1989	1990_1994	1995_1999	2000_2004	2005_2009
Indonésia	GFCF	23,6	25,1	27,0	26,4	20,2	26,3
	.Public sector	11,2	9,0	ND	ND	ND	ND
	.Private sector	12,5	16,1	ND	ND	ND	ND
Malásia	GFCF	33,0	26,0	37,0	35,6	23,5	20,5
	.Public sector	ND	ND	12,9	4,1	13,1	9,8
	.Private sector	ND	ND	24,2	31,4	10,3	10,7
Tailândia	GFCF	28,0	29,2	40,2	31,8	23,6	27,0
	.Public sector	8,4	6,4	7,6	9,9	7,2	6,8
	.Private sector	19,6	22,8	32,5	21,9	16,4	20,2

Source: Elaborated by the author based on UNCTAD.

Table A4 – Current account balance, 5-years averages from 1980 to 2009, SEANICs (% of GDP).

		1980_1984	1985_1989	1990_1994	1995_1999	2000_2004	2005_2009
Indonesia	CA balance	-3,94	-2,50	-2,17	-0,08	3,44	1,50
	.Trade balance	4,4	5,8	4,6	7,0	11,5	6,5
	CA balance/ X (%)	-16,1	-11,2	-9,0	-3,6	10,2	5,7
Malaysia	CA balance	-8,0	2,4	-4,9	1,8	9,7	16,2
	.Trade balance	3,4	13,4	3,6	10,7	21,2	22,3
	Current Account balance/ X (%)	-17,0	4,3	-7,0	0,8	10,1	17,6
Thailand	CA balance	-5,8	-2,0	-6,5	0,9	4,1	2,4
	.Trade balance	-5,1	-2,4	-4,4	2,0	7,7	8,1
	CA balance/ X (%)	-31,0	-9,1	-21,4	-1,6	7,0	4,7

Source: Elaborated by the author based on UNCTAD (2011) and WDI (2011). X= exports, CA= current account.

Table A5– Sectorial composition of GDP SEANICs, 1980-2009. Five-year averages (\$ constant)

		1980_1984	1985_1989	1990_1994	1995_1999	2000_2004	2005_2009
Indonesia	TOTAL	100	100	100	100	100	100
	Agriculture, hunting, forestry, fishery	22,1%	21,0%	16,5%	15,8%	15,2%	13,9%
	Industry	39,4%	36,2%	39,7%	43,5%	45,0%	47,2%
	Services	38,5%	42,8%	43,8%	40,7%	39,8%	38,9%
Malaysia	TOTAL	100	100	100	100	100	100
	Agriculture, hunting, forestry, fishery	20,8%	19,4%	14,0%	11,4%	8,6%	9,2%
	Industry	39,7%	38,2%	39,1%	40,8%	45,6%	47,0%
	Services	39,5%	42,5%	47,5%	48,0%	45,8%	43,7%
Thailand	TOTAL	100	100	100	100	100	100
	Agriculture, hunting, forestry, fishery	20,2%	16,1%	12,3%	10,0%	9,7%	11,0%
	Industry	30,2%	33,5%	38,7%	40,3%	42,7%	44,1%
	Services	49,7%	50,4%	49,1%	49,7%	47,6%	44,9%

Source: Elaborated by the author based on UNCTAD.

Table A6 – Sectorial composition of employment in SEANICs, five-year averages (% of total employment).

		1980_1984	1985_1989	1990_1994	1995_1999	2000_2004
Indonesi	Agriculture, hunting, forestry, fishery	55,1%	52,3%	46,3%	37,9%	38,7%
	Industry	13,7%	15,4%	19,0%	21,8%	22,0%
	Services	31,3%	32,3%	34,8%	40,4%	39,3%
	TOTAL	100,0%	100,0%	100,0%	100,0%	100,0%
Malaysi	Agriculture, hunting, forestry, fishery	33,5%	31,0%	22,6%	16,4%	14,3%
	Industry	24,2%	24,1%	30,9%	36,8%	36,2%
	Services	42,4%	44,9%	46,4%	46,9%	49,7%
	TOTAL	100,0%	100,0%	100,0%	100,0%	100,0%
Thailan	Agriculture, hunting, forestry, fishery	63,3%	62,1%	54,5%	45,1%	41,8%
	Industry	12,9%	12,8%	18,1%	21,5%	21,3%
	Services	23,9%	25,1%	27,4%	33,5%	37,0%
	TOTAL	100,0%	100,0%	100,0%	100,0%	100,0%

Source: Elaborated by the author based on GGDC.

Table A7 – SEANICs top 10 export products, 1995-2009.

Table A8 – SEANICs Exports by technological content, 1985-2010.

Indonesia			
	1995_1999	2000_2005	2005_2009
Natural gas, whether or not liquefied	7,98%	9,82%	9,11%
Petroleum oils, oils from bitumin. materials, crude	9,83%	9,41%	8,29%
Fixed vegetable fats & oils, crude, refined, fract.	2,96%	4,00%	8,06%
Coal, whether or not pulverized, not agglomerated	2,55%	3,02%	7,29%
Copper ores and concentrates; copper mattes, cemen	2,98%	2,86%	3,80%
Natural rubber & similar gums, in primary forms	3,00%	2,03%	3,76%
Paper and paperboard	1,95%	2,31%	2,48%
Copper	0,22%	0,84%	1,75%
Furniture & parts	1,70%	2,50%	1,71%
Petroleum oils or bituminous minerals > 70 % oil	2,30%	2,33%	1,65%
Malaysia			
	1995_1999	2000_2005	2005_2009
Cathode valves & tubes	18,78%	19,51%	14,22%
Automatic data processing machines, n.e.s.	6,03%	8,34%	8,51%
Parts, accessories for machines of groups 751, 752	8,10%	9,75%	6,29%
Petroleum oils, oils from bitumin. materials, crude	3,43%	3,89%	5,60%
Fixed vegetable fats & oils, crude, refined, fract.	4,99%	3,65%	5,01%
Natural gas, whether or not liquefied	2,19%	3,23%	4,86%
Telecommunication equipment, n.e.s.; & parts, n.e.s.	5,09%	5,71%	4,34%
Petroleum oils or bituminous minerals > 70 % oil	1,21%	2,15%	3,45%
Apparatus for electrical circuits; board, panels	2,43%	2,82%	2,67%
Measuring, analysing & controlling apparatus, n.e.s.	0,39%	0,98%	1,42%
Thailand			
	1995_1999	2000_2005	2005_2009
Automatic data processing machines, n.e.s.	4,58%	4,19%	7,82%
Cathode valves & tubes	5,92%	7,53%	5,57%
Natural rubber & similar gums, in primary forms	3,30%	2,76%	3,57%
Petroleum oils or bituminous minerals > 70 % oil	1,12%	1,65%	3,56%
Motor vehic. for transport of goods, special purpo.	0,91%	2,20%	2,76%
Rice	3,58%	2,45%	2,62%
Motor vehicles for the transport of persons	0,10%	0,86%	2,47%
Parts, accessories for machines of groups 751, 752	7,70%	6,75%	2,44%
Heating & cooling equipment & parts thereof, n.e.s.	1,70%	1,94%	2,29%
Fish, aqua. invertebrates, prepared, preserved, n.e.s.	3,18%	2,81%	2,25%

Indonesia					
	1985	1990	1995_1999	2000_2005	2005_2009
Primary	20,20%	20,50%	21,54%	20,40%	29,46%
Energy	68,60%	43,80%	26,09%	27,04%	29,14%
Labour and NR intensive	8,70%	28,70%	29,69%	27,21%	18,27%
HT	0,20%	1,70%	2,64%	2,32%	3,11%
MT	0,10%	1,00%	4,03%	6,96%	8,72%
LT	1,70%	3,20%	10,03%	16,05%	11,29%
others	0,50%	1,10%	5,98%	0,02%	0,00%

Malaysia					
	1985	1990	1995_1999	2000_2005	2005_2009
Primary	41,10%	27,40%	14,53%	10,48%	13,08%
Energy	31,50%	18,30%	8,58%	11,42%	17,04%
Labour and NR intensive	5,30%	10,60%	10,43%	8,04%	7,03%
	1,60%	2,70%	2,53%	2,32%	3,57%
HT	3,40%	6,90%	9,76%	10,09%	10,68%
MT	16,60%	31,70%	53,18%	56,62%	45,42%
LT	0,50%	2,30%	0,99%	1,03%	3,17%

Thailand					
	1985	1990	1995_1999	2000_2005	2005_2009
Primary	59,40%	34,80%	23,62%	19,32%	18,44%
Energy	1,40%	0,80%	4,80%	5,53%	9,23%
Labour and NR intensive	20,90%	30,50%	20,41%	15,80%	10,99%
HT	2,30%	2,70%	3,38%	3,80%	5,14%
MT	7,90%	7,70%	14,82%	19,65%	24,02%
LT	4,50%	18,60%	31,15%	33,31%	31,51%
others	3,70%	4,90%	1,83%	2,59%	0,67%

Source: Elaborated by the author based on COMTRADE.

Source: Elaborated by the author based on COMTRADE for most years; MACEDO E SILVA (2008) for 1985 and 1990. HT, MT and LT mean, respectively, high, medium and low technology intensity.

Table A9 – Net inflow of Foreign Direct Investment as a percentage of GDP (%), five-year averages, SEANICs.

	1980_1984	1985_1989	1990_1994	1995_1999	2000_2004	2005_2009	Média 1980_2009
Indonésia	0,24	0,50	1,17	1,09	-0,81	1,72	0,65
Malásia	4,05	2,31	7,10	4,56	2,75	3,07	3,97
Tailândia	0,75	1,19	1,84	3,32	3,41	3,75	2,38

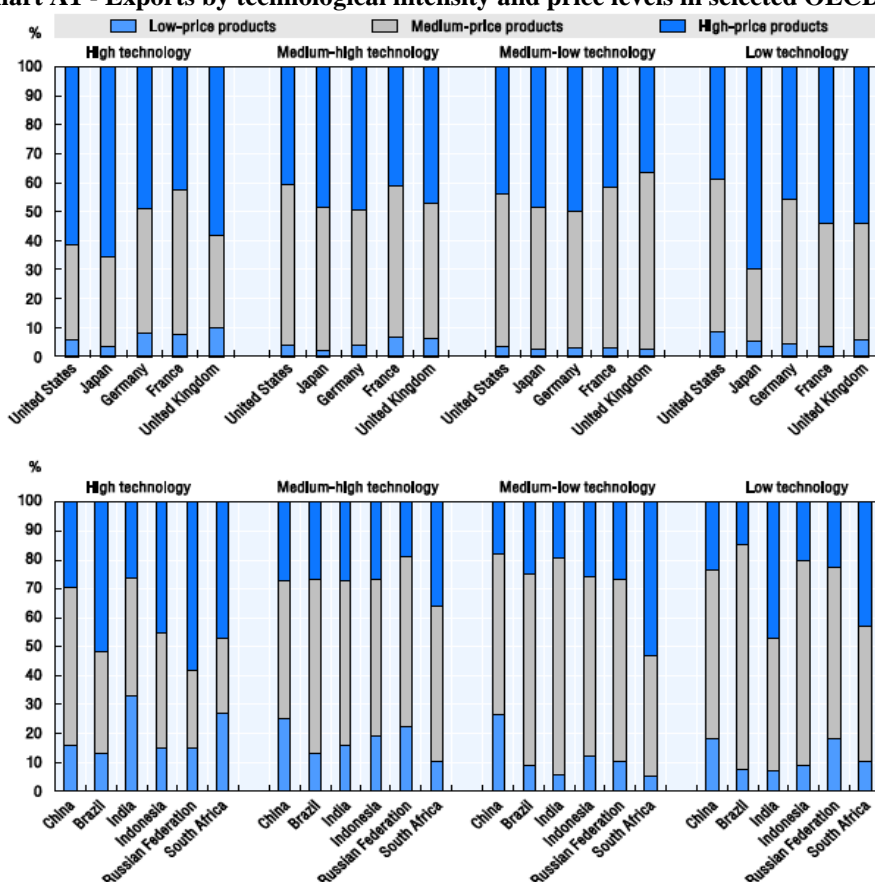
Source: Elaborated by the author based on WDI (2011).

Table A10 – Components of national demand (% GDP), 5-year average 1980 to 2009, SEANICs.

		1980_1984	1985_1989	1990_1994	1995_1999	2000_2004	2005_2009
Indonesia	GDP (millions of dollars in 2000)	66251	87513	127858	164781	179750	233264
	Public expenditure	10.3%	9.6%	8.5%	6.7%	7.2%	8.2%
	Consumption of families	57.2%	54.6%	51.6%	58.1%	61.1%	57.9%
	Exports	40.8%	34.7%	36.7%	39.9%	39.5%	46.5%
	Investment	29.0%	30.3%	34.8%	31.7%	22.5%	23.5%
	Imports (-)	37.5%	28.9%	30.0%	36.2%	29.8%	37.0%
Malaysia	GDP (millions of dollars in 2000)	30131	37457	56936	82164	100954	130726
	Public expenditure	15.1%	13.2%	11.8%	10.4%	12.0%	13.4%
	Consumption of families	55.3%	48.9%	48.3%	44.8%	44.9%	50.7%
	Exports	49.0%	62.7%	82.3%	102.7%	114.5%	118.6%
	Investment	28.7%	21.1%	32.4%	33.4%	24.4%	21.3%
	Imports (-)	52.2%	50.4%	79.0%	93.7%	95.9%	103.9%
Thailand	GDP (millions of dollars in 2000)	41738	58214	93857	120354	134420	169700
	Public expenditure	15.1%	13.3%	10.4%	10.7%	10.8%	11.3%
	Consumption of families	66.2%	60.6%	58.0%	56.3%	56.9%	55.2%
	Exports	22.8%	31.3%	42.2%	50.9%	66.3%	70.8%
	Investment	33.5%	33.6%	45.3%	35.5%	24.0%	24.8%
	Imports (-)	32.4%	35.2%	52.0%	52.9%	58.4%	63.1%

Source: Elaborated by the author based in data from UNCTAD.

Chart A1 - Exports by technological intensity and price levels in selected OECD countries and BRIICS, 2010.



Source: OCDE/ WTO, 2013a, p. 153.