

Value Chains and Economic Integration in East Asia

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Summary

ASEAN and East Asia have been a forerunner in effectively utilizing global value chains (GVCs), particularly in the manufacturing sector. The significance of economic integration in this region resides in how far integration upgrades the way of utilizing GVCs for economic development. This article introduces some of the key results presented in a recently published anthology with my Keio colleagues, *Production Networks and Economic Integration in East Asia* (in Japanese). Key findings include the extent of time-sensitive production networks over time and in the world, the sophisticated nature of the foreign direct investment (FDI) pattern beyond simplistic horizontal/vertical FDI with the formation of industrial agglomeration on the side of developing countries, impacts of production networks on employment and demand for skilled labor in Japan, the accomplishment and coming challenges of ASEAN and East Asian economic integration, and the fine tuning of economic integration for the utilization of preferential tariffs and rules of origin.