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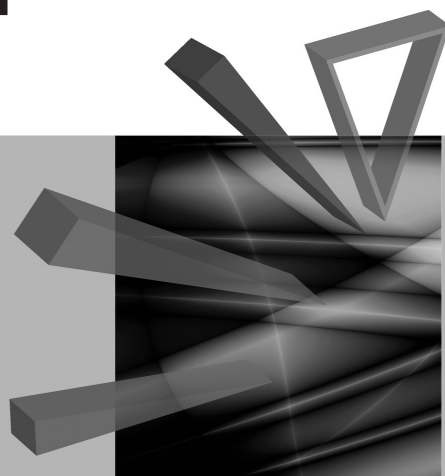
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Katarzyna Żukrowska

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COOPERATION IN ASIA-PACIFIC REGION – EFFECTS OF DIVISION OF LABOUR

Abstract: The author tries to show that economic cooperation in Asia-Pacific Region (APR) on the one hand was strongly stimulated by flows of foreign direct investments (FDI), while on the other it has enforced liberalization among states from the region as FDIs have developed intra-branch cooperation among the producers, located in the states from the region. Moreover, the author argues that such a solution can be considered as the most effective one in the region, where producers and, wider, the society represent a strong protectionist attitude towards economic relations with other states and their economies and companies. The article consists of three parts. First concentrates on characterization of the division of labour. Second concentrates on explaining roots which decided about the division of labour in the region in question. The third one explains the consequences of division of labour. The article is closed in summing up conclusions.

Keywords: division of labour, regional integration, sub-regions integration, coepetition, catching up, growth, compatibility of markets, economies, APEC, business facilitation, trade and investment liberalization, economic technical cooperation.

1. Characteristic of the division of labour

The inclusion of emerging economies of Asia-Pacific states into the main stream of the world economy was strongly stimulated by economies from the region, which have joined the main stream of world economies earlier, i.e. Japan, as well as the so-called “Asian Tigers”: South Korea, Singapore, Taiwan, Hong-Kong. These states were followed by the so-called “Asian Tigers Club Economies”, i.e., Indonesia, Malaysia, Philippines and Thailand, who have copied a similar pattern of development. The inclusion of remaining economies from the region into the main stream of the world economy was possible and enabled by changes in the Chinese economy. The growth of Chinese exports resulted in the growth of exports of the remaining states. At the beginning China was supporting trade with less developed economies from the region by grants. Financial support from China was offered to Indonesia, Burma, Pakistan and Sri Lanka. After Chinese economic reforms and closer cooperation with the western economies two states – Taiwan and Hong Kong – gained importance

as two main trading partners of China. This was achieved due to the fact that both economies had better developed trade servicing infrastructure, i.e.: banking system, insurance, transportation as well as middlemen servicing.

The development of the region is closely linked with the inflow of FDIs and licences, which is triggered by policies conducted by the APEC states.¹ APEC is a loose integration grouping focused on the liberalization of trade, capital flows and technology supplies. It includes developed economies as well as so called newly industrialized countries (NIC). China joined APEC two years after its establishment, that means in 1991. Ten years later China joined also the WTO.

Japan followed a model of development which was built upon investments financed from “enforced domestic savings.” Japanese economy until recent stage of development can be considered as a unique example of developed economy. This is so as Japan, being a member of OECD, was engaged always to a limited extent in exporting capital and even less in importing capital.

A different situation is witnessed with the “Asian Tigers” and afterwards with China. All these states followed only some patterns of the development strategy applied in Japan. These were: limited consumption on internal market, enforced savings, high share of investments in the GDP, imports of licences and upgrading them by local technicians. Often the sophisticated technologies used in production, which was developed locally, were built upon copied technologies and after were partially upgraded by local R&D. Majority of the growth strategies applied in the region were established upon industrialization.² They were also dominated by the vision of a need to balance the current account first by anti-import production, what was shortly followed by pro-export production. Such strategies resulted from both theory (Singer-Prebisch³) and practice of the 1960–1970.⁴ Current situation in industrial-backed growth uses the theoretical approach of Balassa-Samuelson (appreciation of currency), which enforces the export of capital effecting in the slowdown of currency appreciation and limiting cost/price competitiveness.⁵ Japan accelerated its process of deindustrialization due to two important factors. First was linked with relatively protective approach to imports. Second was constructed upon one of the lowest interest rates in the OECD states. It seems to be important to explain here that low interest rates were always seen as a stimulus of growth.

Assumption that the low interest rate results in increased investments is only partially true. It works as a stimulus of investments when the economy is closed and

¹ APEC – Asia-Pacific Cooperation, established in 1989 by: ASEAN economies and Australia, New Zealand, USA, Japan and South Korea.

² R. Debrai, *Development Economics*, Princeton University Press, Princeton 1998.

³ K. Żukrowska, Terms of trade i fair trade – teoria R. Prebischa dzisiaj, [in:] K. Żukrowska (Ed.), *Fair trade w globalizującej się gospodarce*, SGH, Warszawa 2010, pp. 11–30.

⁴ K.A. Kłosiński, M. Czarnacki (Eds.), *Ameryka Łacińska w poszukiwaniu konsensusu*, Wydawnictwo KUL, Lublin 2013, pp. 13–34.

⁵ G.M. Meier, J.E. Rauch, *Leading Issues in Economic Development*, Oxford University Press, New York 2005.

protective, what is far from the current conditions in developed economies (read OECD economies). The current rule of interest rate as a source of financing investments can be put in the following way. The investors draw credits in economies which enjoy low interest but they invest the capital in economies, where the interest is high. The difference between low costs of credits and high revenues from capital has an impact on the size of profits of the investors. This is not the only reason which decides about the investments, the second is linked with the rate of growth of productivity which grows faster in catching up economies than in developed ones. This difference results in the level of productivity (productivity gap) which can be seen between developed and catching up economies starting from the low productivity levels.

Export of capital was traditionally directed to developed economies (US, Canada, UK, Germany). Nevertheless part of the investments were located in emerging markets and often in close distance, i.e., investments were located within the Asian region. This was stimulated by former migration of people and relatively low costs of labour, resulting in the enhanced competitiveness of the investments. Moreover, after the Asian crisis of 1997/1998 the region gained in rankings of low risk economies, while most of the developed economies (US, EU, Japan) were hit by the financial crisis of the 2007/2008+.

The Asia-Pacific division of labour is strongly linked with the global division of labour, which results in the deindustrialization of the OECD countries and industrialization of catching up, emerging and developing economies. The global division of labour resulted from specific stages in the development of international economic relations, rooted in the solutions introduced by the Bretton Woods System of 1944, what decided that the American dollar became the main currency of the world reserves. Departure from the gold standard of the US dollar on the 15 of August 1971, what was followed by the energy crisis in 1973, resulted in development of the “Asian Tigers.” Both events were crucial for the dynamics and model of structural changes in world economics, which started by moving steel mills to Asia, followed by shipyards, car industry and electronics. The milestones of the newly shaped division of labour include moving from inter-branch to intra-branch division of labour. This change, achieved with advanced development of emerging markets, has a meaningful impact on the liberalization of external relations of states and most of all on the irreversibility of this process. The conditions which decided about the sustainability of liberal solutions were decided by the intra-branch division of labour, what was enforced additionally by the model of tied-up liberalization managed by the WTO. GATT and since 1995 WTO have not enforced on their members the dynamics of liberalization, taking into account internal conditions of individual states (political, economic and social preferences).

The GATT/WTO liberalization was introduced in specific sequencing:

- firstly enhanced types of goods from less sensitive to more sensitive,
- secondly starting from industrial goods, it included all other types of tradable goods, what was followed by non-tradable goods, services, intellectual capital,

- thirdly it has liberalized flows of capital,
- fourthly the number of states participating in this process has multiplied,
- fifthly on the top of external liberalization (tariff and non-tariff) WTO controls the presence of state in the economy, which is part of the competition policy.

Despite decisions which were taken in the Uruguay Round (1995) concerning the dynamics of liberalization for specific groups of economies, the process did not proceed according to the approved schedule.⁶ Moreover, the states in question (Asia-Pacific region) with some exceptions (Singapore, South Korea, Indonesia, Vietnam) were seen as relatively protective in their trade policies (Cambodia, Laos, Myanmar). Most of them were noted as low-income economies. Their approach to the liberalization has changed as the result of economic changes in the world division of labour in which countries of the region became more included in effect of industrialization and intra-branch division of labour.

2. Reasons deciding about division of labour

The division of labour in the region is tailored by several factors which embrace:

- regional integration and liberalization, followed by specific institutional solutions,
- bilateral decisions to cut tariffs and remaining barriers for trade,
- membership in WTO and scope of liberalization imposed by the conditions and liberalization reached by the member states,
- diversification of the development of the markets which are members of the community, what leads to a specific complementarity of the markets,
- expertise of the European Commission, followed by the financial support within ASEM and bilateral partnership agreements, followed by national strategy papers and evaluated in yearly terms in progress reports of the Commission.

The region, strongly economically diversified as far as the development level is concerned, experiences presently processes of both deindustrialization and industrialization. The first process is experienced by Japan, South Korea, Taiwan, Hong Kong. The second process was intensified in low income economies (LIEs) of the region. LIEs were stimulated to move closer towards joining the main stream of the world economy in stages. At the beginning they were supported by grants financed by China. This was still done before the economic reforms in that country. Some of these economies became members of ASEAN, while others became more economically confident by creating APEC. Recently APEC frames 21 states and it is important to underline that the criterion for the membership is that the member should be rather a separate economic market than an independent politically state. This solution paves the path to the membership of Taiwan and Hong Kong. APEC

⁶ J. Kaczurba, E. Kawecka-Wyrzykowska (Eds.), *Polska w WTO*, IKiC HZ, Warszawa 2004.

additionally includes ASEAN, Pacific Islands Forum, and Pacific Economic Cooperation Council. The list of states with dates of entry is given in Table 1.

Table 1. Members of the APEC

No.	Member economy	Date of entry	No.	Member economy	Date of entry
1	Australia	1989	12	USA	1989
2	Brunei	1989	13	Chinese Taipei	1991
3	Canada	1989	14	Hong Kong	1991
4	Indonesia	1989	15	People's Republic of China	1991
5	Japan	1989	16	Mexico	1993
6	Republic of Korea	1989	17	Papua New Guinea	1993
7	Malaysia	1989	18	Chile	1994
8	New Zealand	1989	19	Peru	1998
9	Philippines	1989	20	Russia	1998
10	Singapore	1989	21	Vietnam	1998
11	Thailand	1989			

Source: <http://www.apec.org/Groups/Committee-on-Trade-and-Investment/Rules-of-Origin/WebTR.aspx> (retrieved 1.06.2013).

The success of the integration in this specific group consisting of diversified economically markets is the reason for the other economies to be interested in joining. This interest results also from the fact that the membership in the APEC plays a twofold role. On the one hand it gives the emerging economy the access to rich and thus absorptive export markets. On the other hand it creates conditions which help to build up the production potential (capital, technologies, know-how), and create the opportunity to self-finance some of the domestic consumption. The latter is not only the result of FDI transfers but is also supported by some low interest crediting and aid.

The division of labour between the mentioned markets is tailored by a number of factors. Part of them are external and those were already mentioned, while the other ones try to catch up by copying the successful path applied by the markets who enjoy the membership treaties. The Asian financial crisis of 1997⁷ and the following world financial crisis of the 2007/2008+ both can be considered as conditions postponing the decision on the enlargement of the APEC. At the same time the current crisis resulted in the development of internal markets of the Asian economies, creating the conditions for further international cooperation, which can be considered as a positive effect of it in the region. Nevertheless, it has also shown that markets in the region try to use all possibilities which are left in their national trade policies to

⁷ Ten years on. How Asia shrugged off its economic crisis, *The Economist*, 4 July 2007.

Table 2. Candidates to join APEC

No.	Candidate economy	State-of-the-art of the accession	No.	Candidate economy	State-of-the-art of the accession
1	India	Requested membership. Achieved support of the USA, Japan & Australia. Not bordering to Ocean. Invited as observer.	7	Cambodia	Membership postponed.
2	Pakistan	Membership postponed.	8	Costa Rica	Membership postponed.
3	Bangladesh	Membership postponed.	9	Colombia	Applied in 1995 but decision was made not to accept new members between 1993 and 1996, what was prolonged to 2007.
4	Sri Lanka	Membership postponed.	10	Panama	Membership postponed.
5	Macau	Membership postponed.	11	Ecuador	Membership postponed.
6	Mongolia	Membership postponed.	12	Guam	Application opposed by the USA.
7	Laos	Membership postponed.			

Source: <http://www.apec.org/Groups/Committee-on-Trade-and-Investment/Rules-of-Origin/WebTR.aspx> (retrieved 1.06.2013).

protect their economies. In this specific case it was mainly the exchange rate policy. In cases where it was possible, the exchange rates were devalued, which was considered to be one of the measures stimulating price competitiveness and increasing exports. In other cases it was postponed appreciation of the exchange rate values (China, South Korea, Singapore).⁸

Practice of Asia-Pacific integration shows that there are three pillars which shape the scope of cooperation among the markets engaged in this process.⁹ Those are: trade and investment liberalization, business facilitation, and economic technical cooperation.

Trade and investment liberalization. Since the APEC was established in 1991, the trade barriers have been lowered more than threefold from the average level in the region of ca. 17% to ca. 5.0%. Possibilities of increased imports and exports of goods and capital create the production potential, giving occupation to people but at the same time they have a strong impact on structural changes of the economy, looking at it from the angle of branch division of employment which results in creation of enhanced value added and brings higher wealth, measured by standards of living. All the LIEs from the members of APEC gained in competitiveness,

⁸ P. Skulski (Ed.), *Competitiveness of Economies in the Asia-Pacific Region. Selected Problems*, Publishing House of Wrocław University of Economics, Wrocław 2011, pp. 11–22.

⁹ The global economy. Welcome to the post-BRIC world, *The Economist*, 6 May 2013.

standards of living and development.¹⁰ Move towards freer trade and capital flows followed by some other decisions on coordination is bringing closer to the stage of fulfilment the idea of creation of a Free Trade Area of Asia Pacific (FTAAP). First the vision of such a solution was forwarded during the summit in Singapore in November 2009. Before the vision of creation of an FTA was announced in 2006, it was stated that all initiatives of liberalization among the member states lead to such a solution.¹¹ During that summit the APEC states declared that they supported the long-term vision of the establishment of a FTA. A number of issues were discussed, followed by analytical work. APEC, after coining the idea of FTA, went through next stages within this field. Analyses were prepared, what included a multi-year study on needed changes in the APEC FTAs. It was decided that the group can start thinking about transforming the inspirations and desires into a concrete vision which was put into APEC's Regional Economic Integration (REI) agenda. In the Report from the meeting it was said that: "Further, an FTAAP should do more than achieve liberalization in its narrow sense; it should be comprehensive, high quality and incorporate and address 'next generation' trade and investment issues". This was additionally explained by following words: "FTAAP should be pursued as a comprehensive free trade agreement by developing and building on ongoing regional undertakings, such as ASEAN+3, ASEAN+6, and the Trans-Pacific Partnership, among others. To this end, APEC will make an important and meaningful contribution as an incubator of an FTAAP by providing leadership and intellectual input into the process of its development, and by playing a critical role in defining, shaping and addressing the "next generation" trade and investment issues that an FTAAP should contain."

Business facilitation. APEC markets have fulfilled two consecutive Trade Facilitation Action Plans (TFAPI). The first one covered years 2002–2006, second four years between 2007 and 2010, recently a third Plan is being introduced into life in the APEC markets.¹² The first TFAPI resulted in cutting seriously the costs of business transactions by 6%. The second TFAPI has nearly doubled that achievement further reducing the costs by next 5%. The TFAPI programmes are being conducted under the supervision of the World Bank, framed by Trade Costs and Facilitation Project. Undertaken moves are pointed at the enhancement of transparency measures, simplifying and converging the solutions applied in specific markets of the region used in the trading system of the countries in question. Systemic solutions introduced here embrace the APEC Business Travel Card, a document which enables traveling from one country to another in the region without necessity to apply for a visa. Such a solution meets the requirements of the advice which were made in May 2011 within

¹⁰ *Global Competitiveness Report 2012–2013*, World Economic Forum, Geneva 2012, p. 72.

¹¹ <http://www.whitehouse.gov/the-press-office/2010/11/13/apecyokohama-pathways-a-free-trade-area-asia-pacific> (retrieved 1.06.2013).

¹² <http://www.whitehouse.gov/the-press-office/2010/11/13/apecyokohama-pathways-a-free-trade-area-asia-pacific> (retrieved 1.06.2013).

G20 meeting of Ministers of Labour and Social problems in Mexico. This solution is introduced in order to facilitate business in the region. In May 2010 the scheme of visa elimination for businesspeople was additionally accessed by Russia. Business facilitation in parallel with goods and FDI liberalization are stages which are planned to lead towards Free Trade Area of Asia-Pacific (FTAAP). FTAAP is supposed to be established by liberalization of economic relations of the economies engaged, convergence of the existing FTAs built by states from the region, institutional and legal as well as economic preparation for such move.

Economic and technical cooperation. Technical cooperation of APEC is organized around a number of goals and is supported financially. The programme includes strengthening Ecotech activities, intensive cooperation fostering growth, strategic planning, decisions concerning renewing mandates for mining task force, and counter-terrorism task-force, terms of reference for the High Policy Dialogue on agriculture biotechnology, coordination among the APEC helping to spur economic growth by stimulating sector's productivity, etc. Projects referring to APEC political priorities can be supported financially if they win the competition. Since 2004 the ministers have approved the Australian proposal to set up the APEC Support Fund (ASF). This Fund serves as a financial tool which enables flexible funding mechanism. It complements an Operational Account (OA) and Trade and Investment Liberalization Fund (TILF). The TILF meets capacity building needs for APEC developing economies if they concern the agreed APEC's priorities in sectors which are selected for economic and technical cooperation. Since its initiation, the fund was financially supported by donations from a number of economies (i.e.: Australia; China; Hong Kong, China; Japan; Korea; Russia; Chinese Taipei; and the United States). The decision to establish ASF in addition to TILF has contributed in blowing up the available resources which are used to enhance the production capacities within the framework of economic and technical cooperation. In 2012 the ASF was supported by Australia, Japan, Russia and the United States. ("In December 2011, Australia provided a contribution to the 2012 ASF General Fund of AUD1.5 million (USD 1,539,900), this was part of the AUD 10.1 million provided in the years 2008–2013 under a Memorandum of Understanding (MOU) with the APEC Secretariat which was revised in 2011. Thus far in 2012 Japan has provided funds for the ASF totalling JPY 87,480,000 (USD 1,045,786). These funds were designated for ASF Sub-Fund D – Energy Efficiency. In August of 2012 Russia provided the remaining funds from their 2011 MOU with the APEC Secretariat to provide USD 3 million over two years for the ASF. A total of USD 2 million was provided split evenly between Sub-Fund A – Human Security and Sub-Fund C – Science and Technology"¹³). The priorities for financing are designed in three ranks: (1) projects contributing to promote regional integration by free and open trade and investments; (2) supporting action

¹³ 2012 APEC Senior Officials Report on Economic and Technical Cooperation, Singapore, September 2012, p. 10.

plans for APEC leaders in the area of growth strategy;¹⁴ (3) projects which are linked with other priorities identified by the leadership (youth, tourism, R&D).¹⁵

Table 3. Diversification of APEC economies: stage of development, competitiveness rankings and structure of the economy

No.	Market of APEC	Competitiveness ranking in total 144	Stage of development	Structure of the economy: weight in GDP			
				Agriculture	Manufacturing	Non-manufacture goods	Services
1	Australia	20	3	10	19	68	72
2	Brunei	91	1	1	10	61	28
3	Canada	14	3	2	14	18	67
4	Indonesia	86	2	16	26	23	35
5	Japan	10	3	1	20	8	71
6	Korea Rep	19	3	3	28	9	61
7	Malaysia	87	2→3	10	25	19	40
8	New Zealand	23	3	6	15	10	69
9	Philippines	65	1→2	12	21	11	55
10	Singapore	2	3	0	22	6	72
11	Thailand	55	2	11	34	9	45
12	USA	7	3	1	13	8	77
13	Chinese Taipei	13	3	2	30	na	69
14	Hong Kong	9	3	0	2	6	93
15	PCA	29	2	10	32	12	46
16	Mexico	53	2→3	4	18	17	61
17	Papua New Guinea	141	1	13	5	43	40
18	Chile	33	2→3	3	13	30	54
19	Peru	61	2	7	14	18	62
20	Russia	67	2→3	5	15	18	62
21	Vietnam	75	1	20	20	20	39

1 – stage of development (driven by basic requirements);

1→2 – stage of development transiting from stage 1 to 2;

2 – stage of development (driven by effectiveness of use of possessed production factors);

2→3 – stage of development transiting from stage 2 to 3;

3 – stage of development driven by innovativeness.

Source: *Global Competitiveness...*, pp. 1, 72.

¹⁴ Rank 2 embraces sustainable growth, secure growth, inclusive growth, other (education and R&D), balanced growth.

¹⁵ 2012 APEC...

The statistics shown above indicate that in majority of the economies one can witness improvement of position in rankings which take into account 144 states and their economies.¹⁶ Liberalization among them cannot be done without preparations and limiting intervention of the state. The state has to introduce certain level of external relations, institutional ties, laws, infrastructure and institutions. According to long approved theories only economies representing similar levels of development can integrate (R. Prebisch, M. Allias). This assumption was made from specific observations. In first case of R. Prebisch the assumption was made upon differences of prices between exported and imported goods coming from “terms of trade”. The second was made upon observations of international flow of capital as FDI were transferred mostly among economies representing similar levels of development. Such assumptions led to the creation of specific policies. One of them was anti-import, second was pro-export. Both were replaced by a theory of integration among diversified economies as far as the stage of development is concerned. Terms of trade have changed and the current proportions between prices of industrial and agricultural products followed by raw materials do not prove any longer the theories of Singer-Prebisch.¹⁷ The second one was rejected in similar way as the first one by analysis of the goods markets in selected economies.

Differences in levels of development result in comparability of the economies, which is linked with the structure of the economy, development of infrastructure, health, education, financial abilities to import, readiness to use advance technologies and upgrade them. Economies which are catching up can import stabilization or destabilization signals. Protection of markets against destabilization – politicians try to use different protection tools which are still available in their trade and economic policies. Possibilities here are rather limited, what can lead only to a slowdown of tariff reductions and wider use of exchange rate and its value as a main tool to serve this specific purpose.¹⁸

Summing up this part: The cooperating economies, having as goal one of the process of liberalization and changes of economic structure, competitiveness and enhanced effectiveness followed by innovativeness gains more from integration of diversified economies than such market which starts protection. Despite the fact that the abilities of protection in Europe are limited – they still are within reach. More achievements were observed in catching up by the economies, when they integrated with markets which represented different levels of development (i.e.: ASEAN, NAFTA, EU). Less successful were processes started within similar but low level of development (Mercosur). Diversity is helpful – making the long story short – when economies try to be effective – changing their structure into a more advanced one

¹⁶ Not always with us. The world has an outstanding chance to take people out extreme property, *The Economist*, 1 June 2013.

¹⁷ K. Żukrowska, *op. cit.*

¹⁸ T. Sporek (Ed.), *Procesy globalizacji, internacjonalizacji i integracji w warunkach współczesnej gospodarki światowej. Wybrane problemy*, vol. 1, Katowice 2009, pp. 21–33.

moving towards a more value added types of businesses. Slow changes have their social costs, fast changes have also such costs but at the same time they are possible to introduce from the political point of view. Quicker success is better perceived by voters than slower results, which leads either to the rejection of the political leaders, and replacing them by less radical reformers, or simply halts the reforms. Both solutions are bad from the strategic point of view for introducing changes.

Diversification of levels of development, resulting in difference in education levels, accounting, sophistication of banking system, etc. – helps to fill in the development gap by adopting the rules of advanced economy in the less developed one. This is evidenced among others by abilities to accumulate money – as it happened in the EU before the 2004/2007 enlargement as well as in case of Mercosur and APEC.

3. Effects of the division of labour

The changing international economic relations as well as overcoming the differences in the development of infrastructure, services, abilities of making use of the ITC, etc., create conditions in which integrating economies are more represented, besides they see sense in such relationship. Spillover effect has stronger impact on the economies when they represent diversified levels of development and when trade is followed by flows of production factors. Value added is higher if the production is in higher stages of development. In other words, it is higher in the second stage in comparison with the first and still higher in the third in comparison with the first and second. Stimulation of changes supporting and accelerating the process has twofold impact on wealth and time needed to achieve such changes. On the one hand, the diversification of levels of development creates more impulses stimulating the processes of structural changes from less advanced structures towards more advanced ones. On the other hand, stimulation of such structural changes by shortening the length of time needed to achieve them lowers the social costs of such process. This means that stimulation of such changes by integration of complementary structures of economies, which represent different levels of development, helps economies to achieve their structural changes quicker and with lower economic financial and social costs. This means that the effectiveness of such a process is higher. This is the result of the fact that the diversification of production, which characterizes two integrating economies, crowds away from the economy representing higher costs of production – the most sensitive branches of production, moving them to the economy representing a lower level of development. This is so as integration accelerates the processes of structural changes eliminating some types of production in the areas where high labour costs have impact on lowered competitiveness. In other words, the restructuring of the economies is stimulated by the sensitivity of the production of final goods or their components, caused by differences in labour costs per unit, productivity, value added as well as established potential of production. Division of

labour is shaped by intrabranch specialization patterns, which brings gains to both cooperating partners.

The acceleration of structural changes is caused by unit labour costs, effectiveness (read: productivity), structure of the economy, ability to adjust to the new structure with its requirements concerning ITC, management, and productivity.

Table 4. Wages and the weight of factors which matter in each of the stages

Contents	Stages of development				
	Stage 1 factor driven	Transition stage from 1 to 2	Stage 2 efficiency driven	Transition stage from 2 to 3	Stage 3 innovation driven
GDP <i>per capita</i> in US\$ thresholds	< 2.000	2.000–2.900	3.000–8.900	9.000–17.000	> 17.000
Weight for basic requirements subindex	60%	40–60%	40%	20–40%	20%
Weight for efficiency enhancers subindex	35%	35–50%	50%	50%	50%
Weight for innovation & sophistication subindex	5%	5–10%	10%	10–30%	30%

Source: *Global Competitiveness...*, p. 9.

The division of labour within a group of markets which are prepared institutionally to some extent for cooperation but represent different levels of development can stimulate structural changes in these economies, being at the same time advantageous for all partners. In case of a higher developed economy location of some lines of production in lower developed economy (when it represents limited risk and offers skilled labour, low prices of production factors) – can be considered a move which increases competitiveness and/or reduces costs of production.¹⁹ For the hosting market such a move creates jobs, establishing opportunities to finance own consumption and development, mobilizes building-up of infrastructure (telecommunication, legal and institutional potential). In both cases such cooperation creates conditions for structural changes. With structural changes the productivity is in rise, moreover the value added is growing. With such changes the process of catching up accelerates building the wealth of the nation. Such a model of cooperation is not achieved without costs. In more developed and less developed economies there is need to prepare the workforce for structural changes and their direction, which requires special reforms in educational systems, and changes in structure of the budget expenditures. In the latter case this requires the move from keeping artificially jobs by subsidies in the areas which are the most sensitive to early stages development

¹⁹ K. Żukrowska (Ed.), *Zróżnicowanie rozwoju jako impuls wzrostowy w gospodarce światowej*, SZGH, Warszawa 2008, pp. 13–84.

competition (availability and prices of factors) moving finance towards efficiency enhancers, quality education, elasticity of labour market, sophistication of the service sector, more attention paid to health, youth, aging, free time, and in general quality of life.

Such sequencing of changes introduced in a group of states and coordinated among markets which show the desire to cooperate and transform is not only effective in the economic sense of this notion but also is less time consuming, i.e. can be achieved in shorter time.

The division of labour performed among states representing different levels of the development reduces the pressure for financial aid, which can be used as one of the arguments backing the idea of reduction of taxes. It moves catching up economies from inter-branch engagement in division of labour towards an intra-branch division, which has double impact on the approach to external trade liberalization. In a way it creates guarantees that companies will continue trade even when the economy slows down as making the final product requires imports of parts from different economies. Moreover, intra-branch relations mobilize liberalization as goods (spare parts, components, technologies and services) need to be both exported and imported. Finally, trade is considered as one of the forms of international communication, which is accompanied by additional activities in this specific area. Communication is important tool in international relations. Although it can be considered as a specific source of tensions, in most cases it is considered as a form which helps to overcome tensions in international relations.

The division of labour conducted according to the presented model helps to catch up in development, makes the time required for catching up shorter, results in the rise of incomes and thus in the wealth. Studying the details of the intra-branch division of labour spread over economies representing differentiated levels of development one can say that they are linked with structural changes, based on complementarities of the two or more cooperating economies. Observed solutions increase the support for liberalization of trade and bring reduction of tensions internationally. Finally, ties established in such a manner can be considered as a solution bringing engaged parties in such project closer to desired solution of sustainable growth.

4. Conclusions

The article was aimed at studying the problem of division of labour in the Asia-Pacific region. It proves that such a division of labour is prepared institutionally and legally. It does not exclude other states from such a cooperation. Just the opposite – it seems to be open for partners who do not fit the narrow definition of the region. This statement is illustrated by the fact that the partnership and trade agreements are signed by the countries in question with the EU. Moreover, the EU supports such process financially and by expertise. The EU evaluates what is done from the plans designed nationally by the partner states. This is done in Progress Reports.

The cooperation within Asia-Pacific region was mainly studied via the ties which were established within APEC. Such an approach shows the diversity of levels of development as one of the preconditions of such a cooperation. This diversity spreads covering all levels of economic development of economies engaged in such a pattern of cooperation. It seems that the increasing number of economies from the region proves that catching up is possible and manageable. The external leverage helps to speed up the desired process and makes the time needed to achieve that goal shorter. Inclusiveness of this process, which is built upon inter-dependence creates a specific climate for such a model of development. This conclusion should not be interpreted as an elimination of obstacles for changes but just reduction of the formerly existing barriers in this specific area.

It seems that increased number of economies which were successful in changing structurally their economies and catching up is a desired and thus supported globally process which can be considered as a prerequisite to the global change in the area of growth and wealth. This statement does not assume that such a process of global changes is an easy and short endeavour. Nevertheless, it shows that cooperation (international support, engagement, expertise, ideas) can be helpful. Cooperating companies and markets are competing one with another but at the same time they also cooperate. In such conditions this model can be labelled as cooperative (coopetition).

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WSPÓŁPRACA W REGIONIE AZJI I PACYFIKU – EFEKTY PODZIAŁU PRACY

Streszczenie: Autorka przedstawiła model dość luźnej współpracy państw regionu Azji-Pacyfiku w ramach APEC. Współpracą tą objęto 21 rynków, reprezentujących różne poziomy rozwoju, konkurencyjność i wielkość. Lista rynków deklarujących chęć współpracy wskazuje na zainteresowanie innych ośrodków w regionie i poza nim taką formą współpracy. Artykuł zwraca uwagę na skuteczność tej formy integracji, którą ocenia się jako bardziej efektywną dla zmian strukturalnych współpracujących gospodarek niż integracja między gospodarkami znajdującymi się na podobnym poziomie rozwoju, ale w niższych jego fazach. Podkreśla się tu oparcie współpracy na komplementarności gospodarek, co tworzy naturalne warunki dla współpracy i podnoszenia konkurencyjności wytwarzanych produktów. Uruchomione w regionie procesy w większym stopniu opierają się na transferach czynników produkcji niż na transferach pomocy, choć i te występują w ramach wzajemnych relacji państw APEC. Integracja w regionie oparta jest na trzech filarach: (1) liberalizacji wymiany handlowej i transferów kapitału, (2) stymulowaniu rozwoju biznesu, (3) współpracy ekonomicznej i technicznej. Widoczne zmiany w strukturze grupy analizowanych gospodarek świadczą o skuteczności podjętych tu działań.

Słowa kluczowe: podział pracy, integracja regionalna, współpraca, kooperencja, pokonywanie luki rozwoju, kompatybilność rynków, APEC, liberalizacja wymiany handlowej i inwestycji, współpraca technologiczna.