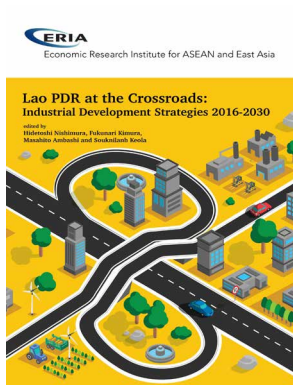


Industry and Manufacturing



Lao PDR at the Crossroads: Industrial Development Strategies 2016–2030

By Hidetoshi Nishimura, Fukunari Kimura, Masahito Ambashi, and Souknilanh Keola

This report sets out comprehensive and unique industrial development strategies for the Lao PDR for the mid- to long-term future. It provides concrete recommendations that are likely to contribute to the further development and growth of the country. More specifically, the ultimate objective of this study is to propose policy measures that can turn the weakness of the Lao PDR as a 'landlocked' country into its strength of being in a 'land-linked' location. The implementation of such policies is strongly required. In this regard, the term 'crossroads' refers to when the country needs to make a significant decision regarding its future, and where it is centrally located in the Mekong region.

Research for Consideration of a Policy Proposal to Reform the Natural Rubber Industry's Structure and Stabilise Farmers' Dealing Conditions in Thailand

ERIA Research Project Report 2015-12

Edited by Hajime Yamamoto

Thailand, Indonesia, and Malaysia together produce about 70% of the world's natural rubber. Recently, this product has been in excess supply because of its increasing production in Cambodia, Myanmar, and Viet Nam and, after 2011, its subdued demand in China. Thus, the price of natural rubber has continually declined since 2011, and stocks in Thailand have been increasing.

Production and distribution of natural rubber should then be improved in Asian countries, specifically Thailand, for farmers to be able to tolerate the competitive and changing market circumstances. This study identifies the types of support for farmers that would be effective against the price volatility of natural rubber, and proposes major policy options.

Formation of Automotive Manufacturing Clusters in Thailand

ERIA Discussion Paper 2016-32

By Ikuo Kuroiwa and Kriengkrai Techakanont

The development of the local supplier base and the formation of industrial clusters are important for industries, especially the automotive industry. This study focuses on local supplier development and the formation of automotive clusters in Thailand. Using the Thailand Automotive Industry Directory 2014, the study investigates the type of parts produced by the respective suppliers, as well as the geographical distribution of suppliers in the automotive clusters. The study finds that the number of firms producing each type of parts is different, depending on the ownership structure. Also, the location of automotive establishments has changed over time, reflecting the changes in location advantages of the respective regions as well as government policy.

Misallocation and Productivity: The Case of Vietnamese Manufacturing

ERIA Discussion Paper 2016-19

By Doan Thi Thanh Ha, Kozo Kiyota, and Kenta Yamanouchi

This paper attempts to measure the effect of resource misallocation on aggregate manufacturing total factor productivity (TFP), focusing on Vietnamese manufacturing firms for 2000–2009. One major finding of this paper is that there would have been substantial improvement in aggregate TFP in Viet Nam in the absence of distortions. The results imply that potential productivity gains from removing distortions are large in Vietnamese manufacturing. Smaller firms also tend to face advantageous distortions, whereas larger firms tend to face disadvantageous ones. Moreover, the efficient size distribution is more dispersed than the actual size distribution. These results together suggest that Vietnamese policies may constrain the largest and most efficient producers, and coddle its small and least efficient ones.

The Automotive Value Chain in Thailand

ERIA Discussion Paper 2016-33

By Ikuo Kuroiwa

A country's participation in global value chains (GVCs) is increasingly becoming important as a strategy for economic development. However, participation in GVCs alone is not sufficient. Industrial deepening – or the formation of backward linkages by creating robust supplier bases – is necessary to sustain economic growth. This paper explores how the automotive value chain has evolved in Thailand since the 1990s. Trade in value-added analysis is applied to the Organisation for Economic Cooperation and Development's Inter-Country Input-Output data. Moreover, the concept of value chain mapping is introduced to illustrate upstream and downstream transactions of goods and services along the value chain. Results show that international linkages were strengthened because of the expanding production networks in Southeast Asia. On the other hand, domestic linkages and domestic content started to decline after a certain point. These results suggest that the benefits of specialisation and exchange have outweighed those of agglomeration in recent decades