

WORKSHOP ON CENTRAL ASIA'S PARTICIPATION
IN GLOBAL SUPPLY CHAINS AND ITS IMPLICATIONS
TO DEVELOPMENT POLICIES

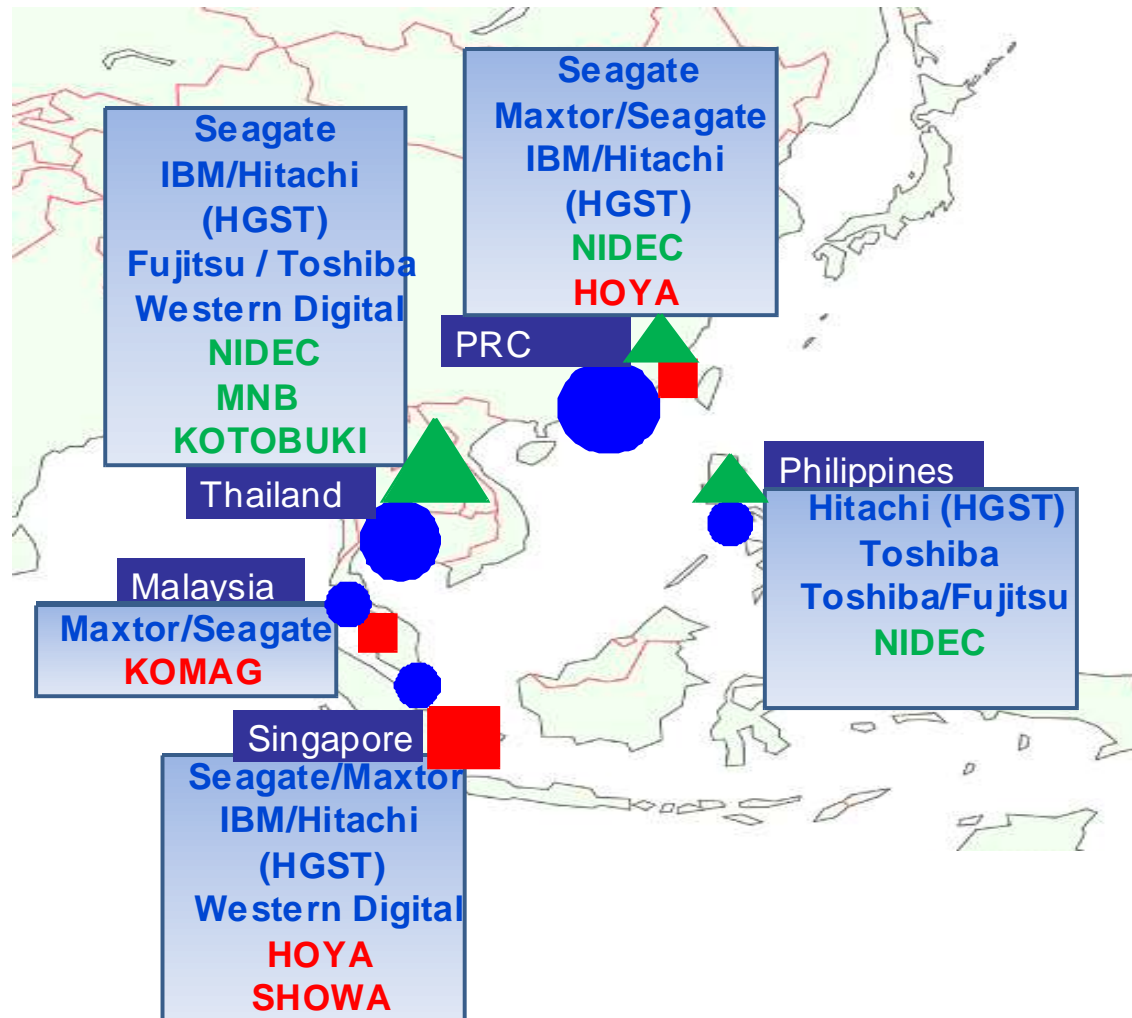
*Session: Global Supply Chains and Regional
Production Networks: Lessons from Asia*

*Case Study I: Electronics
Manufacturing; Japanese Affiliates
in the Southeast Asia*

Daisuke Hiratsuka
Institute of Developing Economies,
JETRO

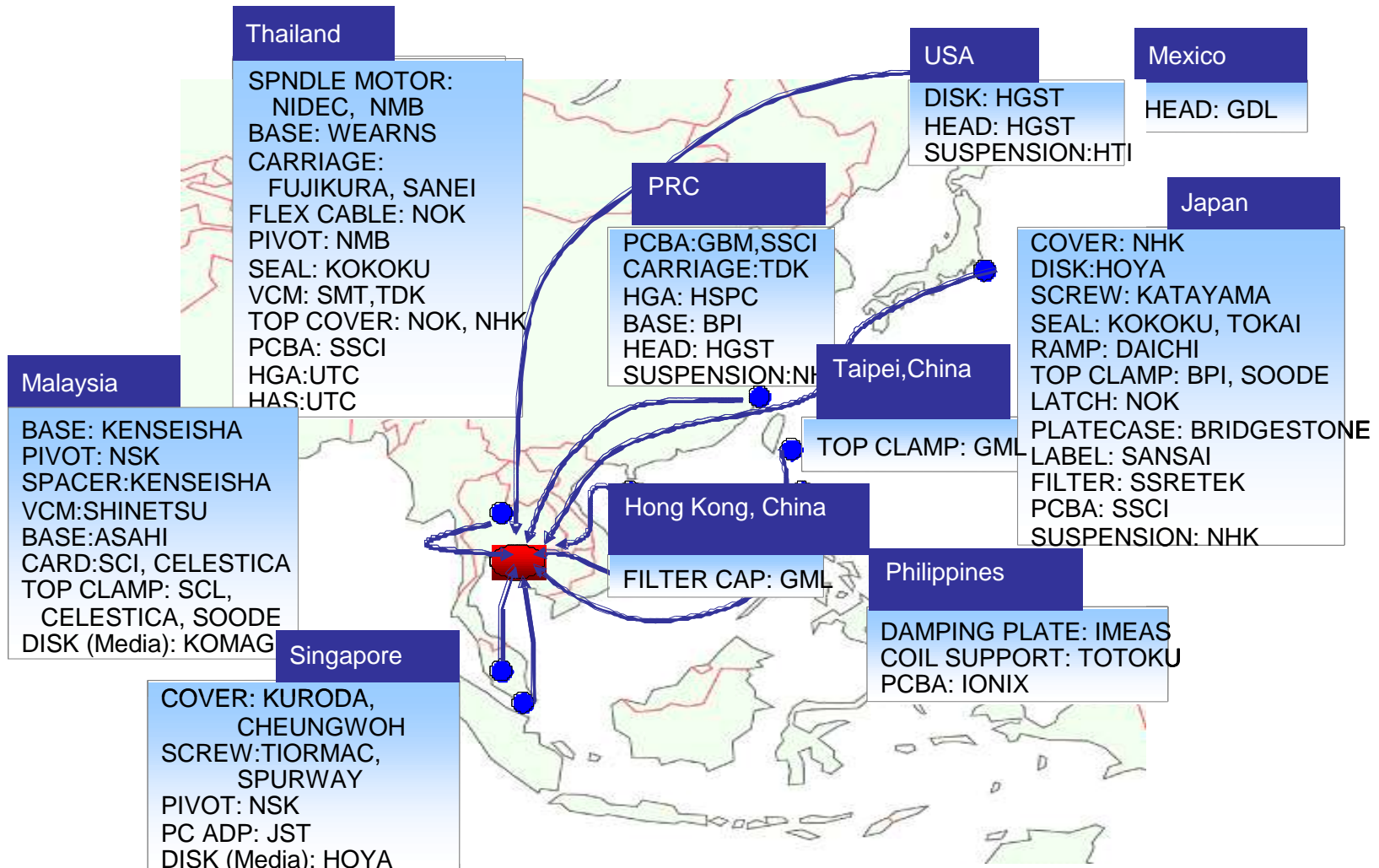
daisuke_hiratsuka@ide.go.jp

FIGURE A1: HDD assemblers in East Asia



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FIGURE A2: International Procurement: A HDD Assembler in Thailand in 2005



Source: Hiratsuka, Daisuke (2006). Vertical Intra-Regional Production Networks in East Asia: Case of the Hard Disk Drive Industry in East Asia. (Chapter 6.)

In *East Asia's De Facto Economic Integration*, edited by D. Hiratsuka. London: Palgrave Macmillan.

Findings

1. The number of overseas suppliers is larger than that of domestic suppliers (Thailand).
2. All of overseas suppliers are located neighboring countries; ASEAN, Hong Kong, the PRC, and Taipei, China, except of core components based on intra-firm base.
3. The same parts were procured from multiple suppliers.
4. Different industry suppliers have participated in HDD business.
5. The LAN connected “just in time” warehouse facilitates logistic issue.

What are implications?

1. Even light weight & compact size electronics products, production network has developed in a limited region means that transportation and communication costs does matter. See Hilberry andHummels (2005).
2. Production networks will disperse to neighboring economies such as Cambodia, Laos, Myanmar and so on.
3. Electronics manufacturing will not disperse from East Asia to Central Asia but automobile will.

Taking advantage of firm's globalizing forces

1. Automobile industry can be agglomerated in many countries because transportation costs are very high.
2. Investment promotion agency: staffs to support investors from heart.
3. Liberal investor friendly policy;
 - Very well designed corporate tax holiday: supply chains considered, supporting industry
 - Zero-tax on intermediate goods: finally intermediate imports will be replaced by production when their production volume reach at a scale of economies.
 - A plurilateral region wide FTA

References

- Hiratsuka, Daisuke (2011) Production Networks in Asia: A Case study of the Hard Disc Drive Industry, *ADB Working Paper Series*, No.301.
- Hiratsuka, D., Souknilanh, K. and Suzuki, M. (2008) Industrialization through Vertical Production Networks: Can Laos Participate? in Hiratsuka and Kimura eds., *East Asia's Economic Integration: Progress and Benefit*, Palgrave Macmillan.
- Hillberry and Hummels (2005) Trade Responses to Geographical Frictions: A Decomposition Using Micro-data