Foreword

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The Association of Southeast Asian Nations (ASEAN) and East Asia have been pioneers of a new international division of labour – international production networks (IPNs) or the second unbundling – since the 1990s. As Richard Baldwin claims, the first-round advancement of communications technology enabled the task-by-task division of labour, which allowed the technologies of developed countries to be combined with the labour of developing countries, leading to rapid economic growth and poverty alleviation in the ‘Great Convergence’. Although some countries in other parts of the world have begun to utilise the mechanics of IPNs, ASEAN and East Asia have led the world in their aggressive involvement in globalisation and the establishment of Factory Asia.

Although the *de facto* economic integration or regionalisation started earlier, the *de jure* economic integration has quickly caught up with it in ASEAN and East Asia. Indeed, the ASEAN Economic Community has been the most successful initiative for regional economic integration amongst newly developed and developing nations in the world. ASEAN has achieved very clean tariff removals amongst its Member States and has advanced toward deeper economic integration. In particular, the concept of connectivity has played an important role in making economic integration meaningful for economic development. ASEAN has also made a substantial contribution to economic integration of East Asia under ASEAN centrality.

Despite these achievements, academic research on Asian economic integration has been sluggish as academicians in North America and Europe were slow to notice the emergence of Asia. Evidence-based policy studies in ASEAN and East Asia were also slow to emerge as various efforts were scattered and fragmented. However, this situation has drastically changed in the last decade. Several leading research institutes have emerged in our region – supporting key research activities and researchers – leading to significant accumulation of academic and evidence-based research activities, both quantitatively and qualitatively, although the world has not fully recognised such development. This handbook is a landmark of economic studies on Asian economic integration in presenting a grand framework for understanding Asian economic integration and compiling a large number of existing significant studies.

The coverage of this handbook pertaining to Asian economic integration is truly wide and comprehensive. Starting from a discussion of the integration architecture and modelling issues, trade in goods and services, foreign direct investment, mobility of people, agricultural development, institutional and regulatory reform, business impediments, and the utilisation of regional trade agreements are reviewed. In addition, connectivity, financial integration, environment, energy, and human capital development are also carefully discussed and covered. The mechanics of IPNs as well as the impact of digital technology are also carefully explored in the context of East Asia. The last chapter discusses the security nexus in regional integration. The handbook presents complete references for the accumulated research on Asian economic integration.

Economic Research Institute for ASEAN and East Asia (ERIA) is privileged to be part of this achievement. Actually, most of the authors in this volume, in addition to our in-house economists, have been frequent participants in research projects and semi-academic events organised by ERIA. Amongst the editors of this handbook, Professor Mari Pangestu has been a spiritual leader of our policy studies, Professor Christopher Findlay has been a long-term mentor and instructor for all of us, and the continuous dedication of Professor Shandre Thangavelu is highly appreciated. ERIA has set up a powerful expert network for raising up young researchers, together with our Chief Economist Fukunari Kimura and Senior Economist Dionisius Narjoko.

This handbook will be an essential reference for academic researchers as well as evidence-based policymakers. It could also serve as a textbook for the upper level of undergraduate and graduate classes in universities. I would like to thank all the contributors and look forward to deeper and wider collaboration on East Asian economic integration.

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