



Complementarity in Asian Regional Integration

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Crises and Connectivity

- Coincidence of health and political crises eroding earlier regional integration critical for the global economy.. Reshoring of production facilities in China, or off-shoring to another site
- Crises provide a unique window on the concept of “**connectivity**,” 연결성 capturing how strong and weak ties unfold in a defined space and time.
- Complementarity sustains effective connections within and across borders among states and firms, and among discrepant & competing innovation systems

Complementarity 相補性

- Complementarity seen as components compensating or filling in for each others' deficiencies. E.g., two hemispheres join to form a sphere. The term *complementarity* suggests mutual gains from shared efficiencies. 상보성, 相補性.
- Comparative Capitalisms and complementarities in political economies; Global Value Chains suppliers building complementarity with lead firms
- Focus on state role in building and maintaining complementarity in supply chains & epistemic or knowledge chains

Coupling

- Coupling is an interactive process with the goal of identifying and capitalizing on mutual interests within global value chains (GVCs)
- Coupling occurs in a specific location or industrial cluster within global production chains. The concept of clusters or industrial enclaves was later linked to networks and recast in the GVC literature as “nodes” within value chains
- I focus on the local institutional context of foreign investment within GVC nodes. The role of state officials capture my attention in the embedding of foreign firms within a specific territory

Strategic Coupling in Supply Chains

- A dynamic relational process through which national firms decouple partially from domestic political-economic structures over time and couple with lead firms in global production networks. (Yeung 2016)
- Three aspects of the coupling: strategic partnership, industrial market specialization, and (re) positioning as global lead firms
- Case: South Jiangsu Province -- localized networks embedded in national and regional territories, & evolving state policy regimes

Nodes (节点)

- I track the space-time contingency of manufacturing nodes, or what I term, “nodal evolution,” to shed light on path dependent features distinguishing state policy across time
- In Southern Jiangsu Province, *nodal evolution* best captures the rapid changes in the division of labor between the mainland hosts and cross-strait investors
- Nodal evolution in trade/investment as well as in innovation offers a window on the ongoing process of coupling, & shifting interests

Knowledge Networks

- *Knowledge networks*: interactive linkages around nodes of tacit and codified knowledge embedded in *Global Value Chains (GVCs)*.
- Education Hubs as Knowledge Nodes
- Dimensions: 1) target market or product. E.g., cross-strait flows with Taiwan, or Japanese manufacturing investment in Thailand 2) process or format of information exchange; 3) organization of the networks within and across firms

Asian Regional Integration

- Demographic Decline in Northeast Asia has spurred a market competition among investing nations to tap knowledge sources in Southeast Asia.
- The ten member states of ASEAN have drawn extensive Japanese investment in various forms of training and research.
- Knowledge hubs in Singapore, Bangkok and elsewhere have emerged as crucibles of global competition for knowledge workers, and research network consolidation.

Nikkei (日経) Complementarity

- Complementarity is the formative dynamic sustaining cross-cultural connectivity. Partners build a relationship by recognizing and negotiating their respective interests and strengths.
- Distinctive feature of Nikkei knowledge strategy in SE Asia: coordination of Japanese industry, academy and government, to build and maintain complementarity
- Japanese strategy offers a broad canvas for assessing bilateral cooperation in regional dynamics

Conclusion: Building Trust

- Three dimensions of connectivity – political, economic, and socio-cultural. Cohesion or strength of cross-cultural relationship depends on coordination of all three dimensions
- Political division impedes and erodes economic and socio-cultural connectivity
- Can scholars play a role beyond political divisions, to rebuild economic & socio-cultural connectivity?