

Comments on
“Regionalization in Central and
Eastern Europe”
by Martin Schulz
and
“Regionalism and Nationalism
in Mobile Communications”
by Tomoo Marukawa

General Comments

Most papers of economic theory on Integration focus on international trade and financial relationships (capital movement).

These two papers shed light on the other important aspects of integration, technological, dispute settlement and arbitration, and legal/regulation system integration, and policy coordination.

Integration without FTA and CU in East Asia

There is no FTA (CU) in East Asia (China, Korea and Japan).

From the viewpoint of international trade, East Asia have already been integrated virtually (private-led integration) and integration will be increasingly deeper without formal integration such as East Asian Union ~ **non-institutionalized regional integration.**

→ Are there additional economic gains from further (formal) integration?

Fragmentation in East Asia

From the viewpoint of institutional aspects, (such as dispute settlement system, common standard for products and services, consistent corporate and business law and regulation) Asian economies are fragmented.

→ There must be non-negligible economic gains from (either private-led or government-led) institutional integration and from policy coordination among East and South-East Asian countries.

Comments on
“Regionalization in Central and
Eastern Europe”
by Martin Schulz

Focus of this paper

This paper investigates broad aspects of EU Enlargement, and it especially (but not limited) focuses on Central and East European Countries such as Poland, Czech, Slovak, and Hungary .

Central and East European New Entrants

Common properties

- (1) Former communist transitional economy
~Privatization of state owned public enterprises is an important problem
- (2) Need for FDI ~importance of competitive internationalization and market-oriented reforms
- (3) Weakness in institutional commitment, unified rules such as cooperate and business law, and policy coordination
- (4) Heterogeneity (income gap) among members

An Interesting Point of the Paper

- Many papers have already discussed the problem of privatizations in many countries and some of them discuss it in the context of foreign investments.
- But few related this problem to the market integration.

This paper's viewpoint is new.

Asian Context

In East and South-East Asian countries, privatization of the public firms is an important problem, not limited for former communist transitional economies.

Question: What is a lesson we should learn from the experience of privatization in CEE in the context of East and South-East Asian integration? (not in the context of the economic development of individual country.)

Another Interesting Point of the Paper

Importance of Cooperative Policies

Question: Cooperation (coordination) among Asian countries is sufficient?

Disadvantage of Nationalism

Regionalism or Globalism

Coordination and Cooperation

Regionalism or Globalism

corporate tax, corporate and business law, accounting system, fair and transparent arbitrage system for dispute settlement, standardization of products and technologies.

All of these problems require global cooperation, not limited for regional cooperation.

Regional or Global

Importance of Coordination of Policies

Question: Cooperation (coordination) among Asian countries is sufficient?

Is world-wide cooperation more effective?

What is the advantage of Regionalism in the context of these policy coordination?

Negative Evaluation for Special Economic Zones

Special Economic Zones for FDI

→ limited spillover effects

→ weak effect for improving national level of employment and growth.

In China, however, special economic zones seemed to success.

Negative Evaluation for Special Economic Zones

Question:

Is a gradual reform with special economic zones (one special economic zone → several zones → national level reform) generally ineffective or efficient?

Or, is the special economic zone an inefficient even at early stages of regulation reform?

**Comments on
“Regionalism and Nationalism
in Mobile Communications”
by Tomoo Marukawa**

Focus of this paper

This paper investigates one important aspect of fragmentation in East Asia, technological choice in mobile telecommunications.

Focus of this paper

EU succeeded in creating common regional standard in the second and the third generations. The standards become the semi-global standards.

On the contrary, East Asian countries (China, Korea and Japan) failed to adopt common regional standard, resulting in the fragmentation of mobile telecommunications and great welfare loss.

4th generation

Marukawa predicts that China, Korea and Japan will succeed in creating common regional standard in the next generation (4th generation), which will appear in near future.

In fact, these three countries have already started the discussion on creating a common mobile communications standard.

←Chinese mobile phone industry caught up with Japanese and Korean.

general lesson from this case ?

The problem of fragmentation of mobile communication will be solved in near future.

But there are many industries where at least one of three countries has competitive disadvantage.

Question: Does this paper indicate that regional integration is difficult in East and South-East Asia in the context of technology?

Integration

China



Korea



Japan



Fragmentation

China



Korea



Japan



Fragmentation?

China



Korea



Japan



Is this situation worse off for consumers?

Competition among different standards might improve welfare.

Other technological fragmentation should not be undervalued.

“Industrial standards has not received much attention as tariffs and quantitative restrictions because it is not difficult tasks for firms to adopt to different national standard.”

However, the costs of adjusting standard are real costs, while tariffs are income transfers.

Small tariffs have negligible distortion effects, but it is not true for standard adjustment costs.

We should not undervalue the possible welfare loss by technological fragmentation.