
Overview on the Project

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1. Background to This Research Project

This research project addresses the problems of economic integration being experienced in the countries of the Association of Southeast Asian Nations (ASEAN), and in particular the countries of the Mekong region (Vietnam, Laos, Cambodia, Thailand, and Myanmar), and analyzes not the institutional or macroeconomic aspects, but looks at the issues from the standpoint of the manufacturing, distribution, and logistics activities, i.e., the actual value chain, of small and medium enterprises (SMEs), which make up the vast majority of companies in the region. The project will be carried out over a five-year period, from fiscal 2014 through fiscal 2018.

To date, most studies on economic integration of cross-border areas have focused on the institutional aspects, that is, on the legal integrity of free trade agreements (FTAs) and economic partnership agreements (EPAs) and on how FTAs and EPAs have affected and influenced the macro economy. However, in reality, companies consider tariffs and degree of freedom that are institutionalized in these FTAs and EPAs and determine their actions accordingly. In other words, companies do not conduct business just because an FTA or EPA is in place. In fact, they may decide not to do business at all, if FTA and EPA are not well implemented. Also, business activities reflect companies' varying perceptions of advantages and disadvantages, the companies' structure, or industrial sector, be they large or small, foreign-owned or local, manufacturers or service providers. Therefore, the effects of economic integration can probably be more vividly illustrated through an analysis of companies' actual microeconomic activities. Although we notice the previous studies were conducted in recent years, we do not believe they are sufficient.

The ASEAN countries have varying levels of business infrastructure, which results in differences in companies' activities. Take the example of the transportation network, which has a major influence on the facilitation of physical trade. The maintenance state of the roads varies greatly from country to country. In fact, variations even exist within countries, so that sometimes it is more efficient to send goods via a neighboring country. For instance, central Vietnam (between Da Nang and Da Lat) is mountainous, and the transportation network is under developed. As a result, it is easier to ship from sea ports to the northern part of the country via Laos and to the southern part of the country via Cambodia.

In addition, differences in these countries' economic, political, and social characteristics also affect the business issues facing companies. This is particularly true for local companies. Such business issues include, for example, the natural environment, corporate governance, risk management, research and development activities, the role of women in business, and corporate social responsibility (CSR). Previous studies have not made much of an attempt to deal with these types of issues at the local firm level in these countries, so taking care of these issues is very meaningful.

Research on cross-border trade and investment by companies in connection with economic integration has so far been conducted from the standpoint of multinational corporations with operations in those countries. In almost all cases, multinational corporations are "major enterprises." However, more than 90% of the actual corporate world consists of SMEs, so in a broad sense what actually matters in the corporate world is an analysis in terms of SMEs.

2. Goals and Features of the Research Project

The uniqueness of this project can be stated with the following four points, on which very little attentioned in Japan.

I. Clarification of the status of economic integration from the standpoint of actual everyday corporate activities (distribution channels), rather than from the institutional and macroeconomic points of view. In addition, the subject companies of this research have been restricted to SMEs in order to grasp the status of the actual value chain of manufacturing, distribution, and logistics.

II. The project is not merely a survey of regulations or systems. It focuses on the actual situation of distribution channels and commercial trade, and empirically describes the phenomena behind these companies' awareness of the problems involved as they consider their future expansion.

III. The research results will be conveyed to both Japanese SMEs and to local SMEs in the Mekong region countries. Specifically, the results will be shared with the following local universities, which were the partners in the conduct of this project: the National University of Laos which has international exchange agreements with Senshu University; National Economics University Business School in Vietnam , which has a reciprocity agreement with Senshu University; Da Nang University of Economics in Vietnam; and the University of the Thai Chamber of Commerce in Thailand.

IV. As a reference point for research dealing with the activities of Japanese SMEs in the Mekong region countries, this project will contribute to industry by disseminating information through Senshu University's Institute for the Development of Social Intelligence, Research Center for Asia Industries. Specifically, Senshu University will, in cooperation with the Chamber of Commerce and Industry and others, provide information and advice on business exchanges to regional SMEs.

3. Activity Schedule during the Research Phase of the Project

In fiscal 2014, we will focus on research into responses to economic integration at SMEs in Vietnam. In addition, research teams will conduct interviews at local and

foreign-affiliated SMEs in the Mekong region countries and prepare questionnaires for gathering the latest information in regard to production, distribution, and logistics. These teams will study, analyze, and examine the research results and report on these results at conferences, on Websites, and in annual bulletins.

In fiscal 2015, the teams will conduct interviews and questionnaires at local and foreign-affiliated SMEs in Thailand and Cambodia. These teams will study, analyze, and examine the research results and report on these results at conferences, on Websites, and in annual bulletins.

In fiscal 2016, the teams will conduct interviews and questionnaires at local and foreign-affiliated SMEs in Laos. These teams will study, analyze, and examine the research results and report on these results at conferences, on Websites, and in annual bulletins.

In fiscal 2017, interviews and questionnaires will be conducted at local and foreign-affiliated SMEs in Myanmar. These teams will study, analyze, and examine the research results and report on these results at conferences, on Websites, and in annual bulletins.

In the final year, fiscal 2018, the research will be concluded and the results will be publicized through such forums as domestic and overseas symposia. It is possible that the research schedule may be altered somewhat or that the methodology may change slightly due to conditions of preparation in the various countries being surveyed.