

Industrial Location and Trade in East Asia

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This paper assesses whether specialisation in manufacturing employment and exports has increased in ASEAN countries in light of their efforts to liberalise trade, and whether observed patterns are consistent with what is predicted by trade theories. In contrast to expectations, countries are becoming more similar in industrial structures. We see evidence of increasing diversification in manufacturing employment and trade, and a switching in the industries in which countries specialise. Only a small number of industries have increased in geographical concentration. Those industries are characterised by high variations in unit labour costs, consistent with Ricardo type comparative advantage; and high intermediate input intensity, providing some support for 'new economic geography' theories.

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