

BOOK REVIEW

Automotive Industrialisation: Industrial Policy and Development in Southeast Asia

By **Kaoru NATSUDA and John THOBURN,**
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Automotive Industrialisation: Industrial Policy and Development in Southeast Asia offers new insights into the studies on Asian economic development. In fact, this book is a “showcase” of economic development experiences in Asia. Although the focus of the book is on the automotive industry in Southeast Asia, the book provides a lot of useful knowledge beyond the automotive industry. This book covers a wide range of development-related issues, as well as the latest theories and practices of global value chains and global production networks.

The structure of the book is as follows:

- Chapter 1: Introduction
- Chapter 2: Industrial policy, global value chains, and the Southeast Asian automotive industry
- Chapter 3: Overview of automotive industry in Southeast Asia
- Chapter 4: Japanese automotive MNCs and ASEAN
- Chapter 5: Thailand
- Chapter 6: Indonesia
- Chapter 7: Malaysia
- Chapter 8: The Philippines
- Chapter 9: Vietnam
- Chapter 10: Conclusion

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After describing the overview of the book in Chapter 1, Chapter 2 reviews the theories and discussions on industry policies and global value chains. Then, Chapter 3 describes the recent developments in the automotive industry in the region as a whole. Chapter 4 further looks into global value chains and global production networks focusing on Japanese multinational corporations (MNC). Later, Chapters 5-9 look closely into country-specific situations.

As the title “Automotive Industrialisation” suggests, the automotive industry in Asia has been playing a central role in economic development. The book refers to a wide range of development topics, such as the role of the foreign direct investment (FDI), export orientation, intra-regional trade, and state involvement. For example, the book portrays how the shift from import substitution to export promotion affected Southeast Asian economies. The book is a suitable reference for those who are studying Asian economic development. It also provides good case studies of general development economics.

The book provides valuable insights into industrial policy. The book summarizes the recent developments and debates. The popular argument is that industrial policy has been unsuccessful and the role of the state in industrial development is largely dead. The authors, however, point out that there is still scope for industrial policy. Although the WTO ruled out many types of “hard” industrial policies, such as local content requirements, the industrial policies still remain in different forms. “Soft” industrial policies to facilitate technologies, human capital formation etc., are still important for industrial upgrading. The book is useful for those who are interested in the role of the state in economic development.

Furthermore, the book includes a comprehensive review of the theories of global value chains (GVC) and global production networks (GPN). The book emphasizes that GVCs can be an important factor for industrial upgrading and economic development. GVCs can facilitate the transfer of technology among participating firms. Therefore, GVCs can be an essential channel for acquiring skills and knowledge. Having identified the importance of GVCs and GPNs, the authors explain the characteristics of a GVC and a GPN in the automotive industry.

The automotive industry in Asia can be a typical example where some countries successfully upgraded their capacity through a GVC. The book points out that the structure of the GVC can influence the success of upgrading. The book exemplifies that MNCs in Japan have played an important role in the formation of GVCs in the region, as well as in industry upgrading. One notable point the authors raised is the subcontracting relations in Japan. The relationships between suppliers and assemblers can influence the ownership of designs, and therefore, affect technology diffusion to local suppliers.

The book also provides a good overview of recent trends in the industry in Southeast Asia. It gives comprehensive information on major assemblers, suppliers, and vehicles in the region, so the book is useful for those who want to have an overview of the industry in the region. The book also contains ample information on recent developments and the historical background in major Southeast Asian countries.

The experiences in each country illustrate how policies in Southeast Asian countries affected the automotive industry. Given discussions in earlier chapters, the book looks closely into country-specific industrial policies, the formation of GVCs, and the development of the automotive industry. It is interesting to see, for example, the contrast between Thailand and Malaysia. While Thailand successfully expanded its automotive industry and adopted WTO rules, Malaysia has struggled to foster an automotive industry in spite of aggressive state intervention.

Overall, the book offers insights into how MNCs in the region contributed to the formation of GVCs (and GPNs), and facilitated industry upgrading. It comprehensively covers various theories and links to the experiences in Southeast Asia. This book has a good balance between theories and practices, and it is fun to read for both specialists and non-specialists.

This book can be recommended to a wide range of readers. As mentioned earlier, it covers more than just the automotive industry. It is a great “one-stop-shop” guidebook for researchers who are interested in GVCs & GPNs, industry policies, and technology diffusion, as well as being an excellent resource for instructors of both postgraduate and undergraduate classes on development economics, Asian economies, etc., and a useful reference for those who are involved in the automotive industry.