

The Global Rise of Asian Transformation

**Trends and Developments in
Economic Growth Dynamics**

Edited by

***Pongsak Hoontrakul, Christopher Balding, and
Reena Marwah***

palgrave
macmillan

Contents

<i>List of Figures and Tables</i>	xiii
<i>Foreword</i>	xv
Suchada Kiranandana	
<i>Preface</i>	xvii
Pongsak Hoontrakul	
<i>Acknowledgments</i>	xix
<i>List of Contributors</i>	xxi
1 Asia's Transformation for an Asian Century: Choices and Challenges	1
<i>Pongsak Hoontrakul</i>	
Introduction	1
The Rise and Decline of the West	2
The Rise of Asia	3
The Rise of China	3
China and India	6
The Rise of ASEAN	6
Five Megatrends That Will Reshape Asia	8
Life After QE	8
The Impact of New Technologies	9
Individual Empowerment and Growing Demands	11
Asia Extending from Regional to International	12
Changes in Demographic Patterns	13
Five Game Changers That Will Make or Break Asia	14
Rising Pressures on Ruling Systems	14
The Energy Landscape Reshaped by the Shale Gas Revolution	15
The Transformation of Global Trade and Financial Flows	16
Regional Connectivity and Urbanization	17
Talent, Human Capital, and "the Middle-Income Trap"	19

	Case Study	
	The World's Megatrends and Game Changers:	
	What about Asia?	20
	<i>Pongsak Hoontrakul</i>	
	A Thai Billionaire Tycoon Shrewdly Maneuvers to	
	Acquire F&N	21
	<i>Pongsak Hoontrakul and Nisanart Thadabusapa</i>	
2	Asia's Evolving Economic Dynamism and Political Pressures	25
	<i>Pongsak Hoontrakul</i>	
	Introduction	25
	Asia's Political and Economic Landscape	26
	Staging the Economic Boom	26
	A Mélange of Political Systems	27
	Back to Basics with Aristotle	28
	Economic Power Shifting to the East	29
	The Next Growth Engine:	
	The Knowledge-Based Economy	32
	Industrialization and Democratization	33
	Geopolitics Centering around the United States–China Rivalry	34
	Elites under Challenge and a New Paradigm	36
	Rising Middle-Class Demands	39
	The ICT Challenge—A New Paradigm	40
	The Agenda Ahead	41
	Institutions Matter More Than Elections	41
	A Brave New World under a New Paradigm	43
	The United States–China Paradigm and the	
	Regional Agenda	44
	Case Study	
	China: A Party Dominated by Mysterious “Princelings”	44
	<i>Pongsak Hoontrakul</i>	
	Thailand's “Great Mass Uprising”: The Digital Spark	45
	<i>Pongsak Hoontrakul</i>	
	A Chronology of Thailand's Recent Turmoil	46
3	Life after QEs	51
	<i>Pongsak Hoontrakul</i>	
	Introduction	51
	Money Matters	53
	Slow Trade in Goods and Services	62
	Fast Transformation in the Financial and Banking Industry	65
	Both West and East Must Rebalance Priorities	69
	Conclusion	73

Case Study	
“Japan’s Automakers Are Reclaiming Its Prosperity”	74
<i>Pongsak Hoontrakul</i>	
“Prada and Emerging Asian Nouveau Riche”	76
<i>Pongsak Hoontrakul and Nisanart Thadabusapa</i>	
4 Fast Track to Regionalization and Internationalization	83
<i>Christopher Balding and David Garcia</i>	
Introduction	83
Cross-Border Investment	84
Trade Relations	86
ASEAN’s Transformation	87
Creating Substitute Markets	87
Frictions from Development	88
Shifting Trade Dynamics	88
Direct Competition with Developed Markets	89
The China Effect	90
Creating Complementary Member Markets	91
Domestic Demand	92
Inward Shifting Perspective as a Transaction Friction	93
Employment as a Trade Friction	94
FDI in ASEAN	96
Transformation in Malaysia	97
Transformation in Thailand	98
Is India the Answer?	98
Indian Development	99
Is China the Answer?	100
Conclusion	102
Case Study	
Lenovo: Global Expansion by Takeovers	103
<i>Nat Pinnoi and Pongsak Hoontrakul</i>	
Tata Motors and the Jaguar Land Rover Turnaround	104
<i>Pongsak Hoontrakul</i>	
5 Harnessing the Power of Social Media and	
Mobile Technology in Asia	107
<i>Pongsak Hoontrakul</i>	
Introduction	107
The Economics of Wireless Data	108
The Social Media Economy	113
Value Transfer	113
Re-intermediary	115
Disruptive Force	115

	SMAC and Its Implications	119
	Talent: Human Capital and the Middle-Income Trap	121
	Case Study	
	India's Big Three IT Services Firms and the SMAC Race	122
	<i>Pongsak Hoontrakul</i>	
	Sony: The Former Gadget King	124
	<i>Pongsak Hoontrakul and Nisanart Thadabusapa</i>	
	Addressing the Binding Constraints: Reforming the	
	Thai Education System	125
	<i>Nonarit Bisonyabut</i>	
6	The Rise of China and India—Its Implications	133
	<i>Pongsak Hoontrakul, Christopher Balding, and Reena Marwah</i>	
	Introduction	133
	The Revolutions	134
	China	134
	India	136
	China and India Stumbling in Different Directions	140
	Chindia	140
	Growth Story	141
	China's Rebalancing Formula	143
	Indian Silent Transformation	146
	Selected Issues for Discussion	149
	Barriers to Riches	149
	Power Rivalry	150
	Upgrader Consumers	151
	Conclusion	153
	Case Study	
	From Local to International: Dr. Reddy's of India	154
	<i>Pongsak Hoontrakul</i>	
	Developing the Offshore RMB	155
	<i>Pongsak Hoontrakul and Jonathan A. Batten</i>	
7	The Rise of ASEAN 2.0—AEC and Regional Connectivity	163
	<i>Pongsak Hoontrakul</i>	
	Introduction	163
	ASEAN'S Economic Potential	164
	As Producers	166
	As Consumers	170
	Economic Gains from Greater Connectivity	171
	Financial Services	171
	Land Bridge Connectivity	172
	The "Sweet Spot" in Urbanization	176

Welcoming Passengers and Textile Plants	178
“ASEAN Open Skies” Policy	178
Textile Tax Privileges	179
The ASEAN Way	180
Case Study	
Interview with H. E. U Htay Aung, Minister of Hotels and Tourism, Myanmar	180
<i>Pongsak Hoontrakul</i>	
The Iskandar Project and Property Development: Lessons from Shenzhen	182
<i>Pongsak Hoontrakul</i>	
8 Asia’s Energy Innovation after Shale Gas Revolution	189
<i>Chanathip Pharino and Pongsak Hoontrakul</i>	
Introduction	189
The Future of Shale Gas in Asia	190
Current Situation of Shale Gas in ASEAN and Asia	193
The Green Energy Economy in ASEAN and Asia	197
Key Renewable Energy Sources	197
Solar Energy: Costs and Consistent Policy Support	198
Wind Energy: Reliability and Scalability	199
Hydroelectric Power: Strategic Location and Public Support	200
Nuclear Power: Technology, Security, and Waste Management	202
Biofuels: Food vs. Energy Security	203
Challenge for Renewable Energy Development	203
Land-Use Intensity and Scalability	203
Smart Grid	204
Slowing the Growth of Energy Demand	205
Ban the Incandescent Bulb	205
Promoting Energy-Efficient Appliances	205
Energy-Promoting Efficient Buildings	205
Restructuring Transportation	206
Green Energy Economy: In Summary	206
Reinforcing Positive Developments: Future of Sustainable Development in Asia	207
Japan: Renaissance of Renewable Energy, Side Effects from the Fukushima Incident	208
China: From World Factory to Renewable Energy Industry Leader and Innovator	208
India: Convergence of Factors Supporting Solar Power Development	209

Case Study	
The Construction of Shenzhen Carbon Market	210
<i>Bin Ye</i>	
China National Offshore Oil Corporation and Its Quest for China's Energy Resources	213
<i>Pongsak Hoontrakul</i>	
9 Natural Disasters and Fragile Supply Chains:	
The Great East Japan Earthquake and the Thai Floods in 2011	217
<i>Shigeyuki Abe and Pongsak Hoontrakul</i>	
Introduction: Disaster-Prone Asia	217
The Great East Japan Earthquake	218
Intermediate Goods Trade and Supply Chain	
Development in Asia	220
Automobile Industry	221
Specialty Chemical Sector	222
Electronic Components and Consumer Electronics	222
Online Games and Advertising	222
The Great Thai Floods	223
Hard Disk Drives and PCs	225
Digital Cameras	225
Automobile Industry	225
Comparing the Two Disasters	228
Crisis Management and Information Disclosure	228
Low- vs. High-Value-Added Supply Chain	229
Lessons for the Future	230
Case Study	
Mitsubishi Gas Chemical and the BT Resin Global Scare in 2011	230
<i>Pongsak Hoontrakul</i>	
 <i>References</i>	 233
 <i>Index</i>	 257