

Research Report

Name : Mangado Darren de la Torre

Organization (at the start of the grant period): Osaka University

Title of Research:

The Political Economy and Growth of Southeast Asian Multinational Corporations

Purpose of Research: (200 words)

This research examines the Southeast Asian economic success as manifested by the spectacular growth and expansion of Southeast Asian multinational corporations (MNCs). It looks at regionalization and Southeast Asia's synergistic relations with Japan as contributing factors to this Southeast Asian post-Asian Financial Crisis economic miracle. It aims to:

1. contribute to the literature by (a) reappraising Southeast Asian economic policies and regionalization strategies post-economic crises (1999-2019); (b) presenting an account of the development and growth of Southeast Asian MNCs from a regional perspective; and, (c) assessing the relevance of the Japanese-sponsored production networks in the development of Southeast Asian MNCs and the regional market;
2. extrapolate economic lessons for developing countries to promote inclusive and sustainable economic development; and,
3. intervene and help redirect the focus of popular conversations in East Asia away from geo-political and -economic competition and towards mutual benefits of cooperative interactions among states.

Content/Methodology of Research: (400 words)

The impressive growth and expansion of Southeast Asian MNCs point to the region's economic success amidst economic downturns. However, current popular discussions continue to focus on US-Japan-China rivalry while designating Southeast Asia as a passive participant in regional and international economic affairs. Meanwhile, the extant literature deliberates successful Southeast Asian MNCs almost exclusively in the context of Southeast Asian capitalism characterized by market dominance of conglomerates and profitable predatory alliances of political and business elite. Both discourses overlook the importance of cooperative policies of regionalization in Southeast Asian economic affairs.

This research asks how Southeast Asia has nurtured Southeast Asian MNCs post-1997/98 crisis and investigates how Southeast Asian MNCs influence the regionalization enterprise. It argues that Southeast Asian post-crisis regionalization has intensified investment interactions in the region by facilitating regional economic policy coordination; consolidating regional production networks to ensure consistent capital supply into the region from Japan; and improving regional institutions to promote and sustain an efficient regional market. The resulting regional market encouraged the expansion of Southeast Asian MNCs. As new important regional players, Southeast Asian MNCs have started influencing the Southeast Asian regionalization project according to their own demands.

This study employed a qualitative approach to scrutinize Southeast Asian economic policies from 1999 to 2019. Since it aims to offer a regional perspective, it looked at Indonesia, Malaysia, the Philippines, Singapore, and Thailand (ASEAN5), which exhibit relatively the same level of capitalist maturity and with all of them simultaneously serving as home and host countries of Southeast Asian MNCs. It tracked developments in three policy areas—Regional Economic Development, Regional Production Networks, and Regional Institutions—by triangulating data from relevant (national, regional, and international) public institutions; private institutions; and the academe (with references to grey literature particularly news articles and industry reports). The section on Regional Economic Development examines Southeast Asian national and regional plans and priorities and explores Southeast Asian MNCs' responses to regionalization; the section on Regional Production Networks interrogates Japan-Southeast Asia relations while Regional Institutions explores ASEAN initiatives and programs that strengthen Southeast Asian private and public engagements.

It used archival and online research and fieldwork interviews as main instruments for data collection. Southeast Asian MNCs are relatively new as a topic to International Political Economy. Accessing the Southeast Asian private sector for data remains a difficult task. The research grant has been appropriated to research fieldwork in Bangkok, Singapore, Manila, Jakarta, and Kuala Lumpur.

Conclusion/Observation (200 words)

Southeast Asian post-crisis policies that prioritized regional cooperation underpinned the process of deeper regionalization. This strategy attracted foreign direct investment into the region and created a regional market conducive for Southeast Asian MNCs to thrive and expand. Moreover, the consistent financial support of Japan through different channels and the approximately 14,000 Japanese business entities engaged with Southeast Asian public and private sectors have contributed to the growth and diversification of corporate Southeast Asia. However, the rapidly changing constellations of Japanese and Southeast Asian business partnerships need to be reexplored continuously.

Southeast Asian MNCs with their related and associated companies operating across industries and borders and their significant intra-ASEAN investment dominate the regional market and even challenging the preponderance of the region's external partners. Deriving strength from their nascent regional dominance, Southeast Asian MNCs have taken interest in shaping regional business governance. ASEAN has responded by instituting initiatives that involve the private sector. Nevertheless, it still needs to be validated how Southeast Asian MNCs will influence regional dynamics—they can opt to order their interactions following liberal, coordinated, or hierarchical capitalist varieties. As the regional market evolves, the repeated slogan of “open and free” Southeast Asian market must be constantly qualified.