

Symposium on “Fostering Regional Connectivity in the Indo-Pacific Region:  
Connecting the Connectivities”  
(June 11, 2018 @Bangkok, Thailand)

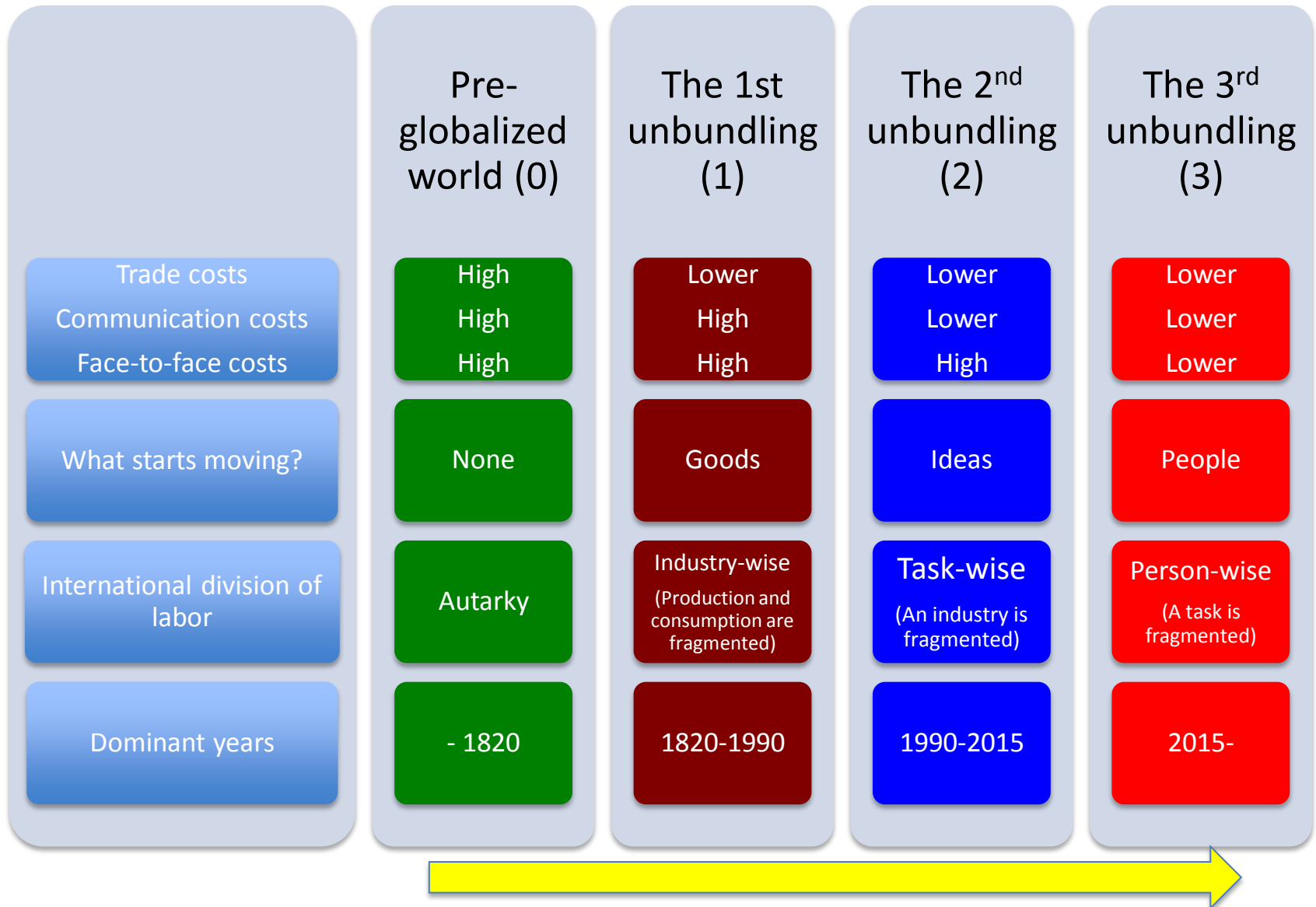
**Session 3:**  
**Future Direction of Regional Connectivity  
in the Asia-Pacific/Indo-Pacific Region**

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# 1. From manufacturing to digital

- ASEAN as a pioneer of utilizing the task-wise international division of labor (the second unbundling)
  - Continuing mission: widening and deepening the second unbundling
- Now the digital economy has arrived; the beginning of the third unbundling.
  - New challenges: how to incorporate the digital economy into our development strategies
- Prospects for the Indo-Pacific region
  - A study on the Asia-Africa Growth Corridor by ERIA and IDE-JETRO (on-going)

Figure 1 “Unbundlings” to overcome distance



Source: The ERIA-IDE-JETRO Team.

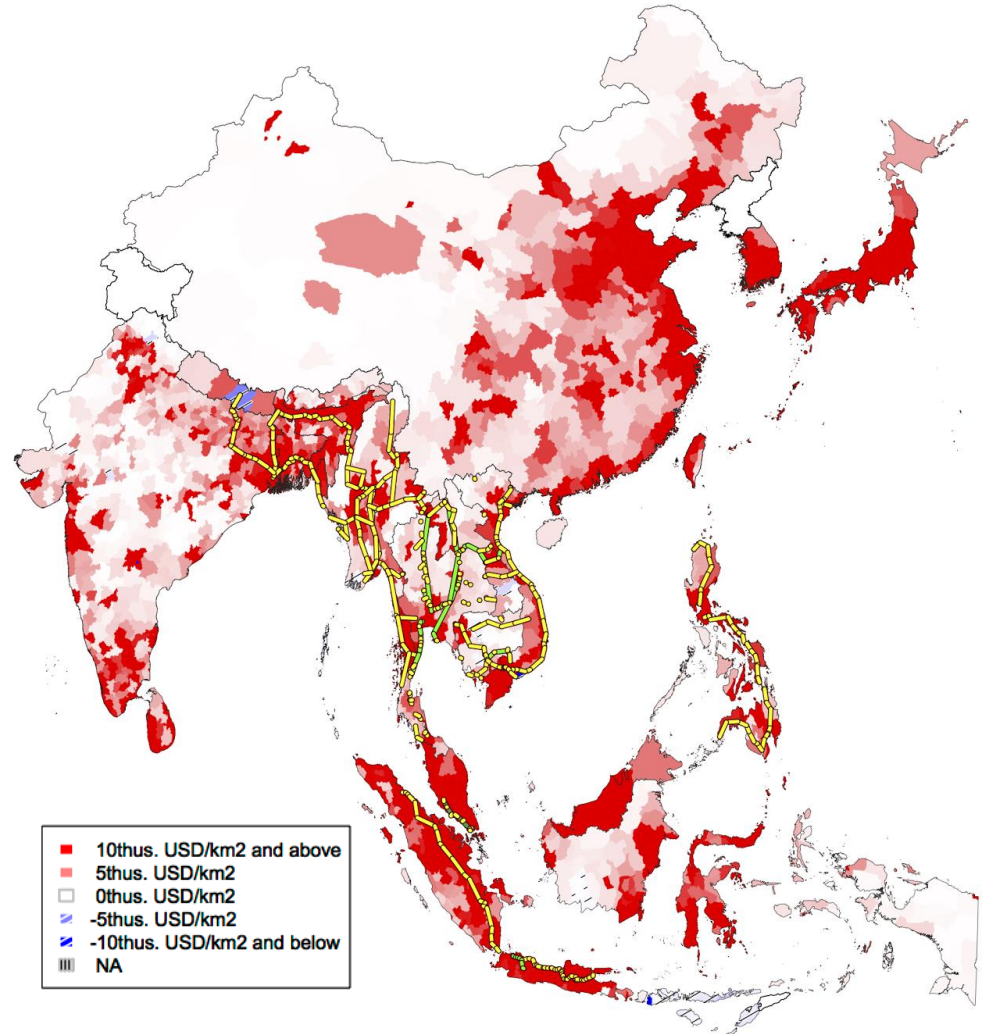
## 2. The first and second unbundling in the Indo-Pacific region

- The ASEAN-South Asia link will be mutually beneficial.
  - Medium-grade infrastructure for land connection
  - High-grade infrastructure for maritime/air connection
- A link with Africa must start from basics.

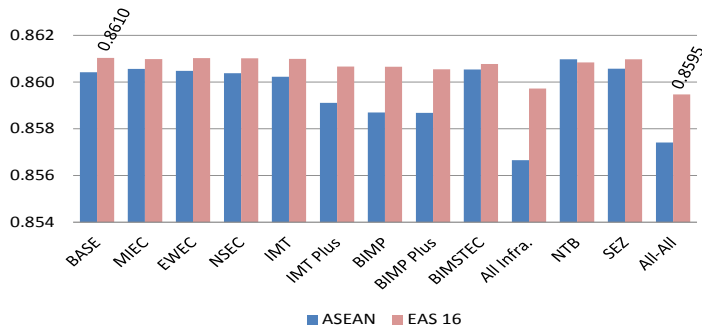
# Geographical Simulation Model

- Economic impacts of All-All improvements (infrastructure development, NTB reduction, and SEZ development) will be huge.
- Region-wide GINI will be reduced.

Economic Impacts of All -All Improvements (2030, Impact Density)

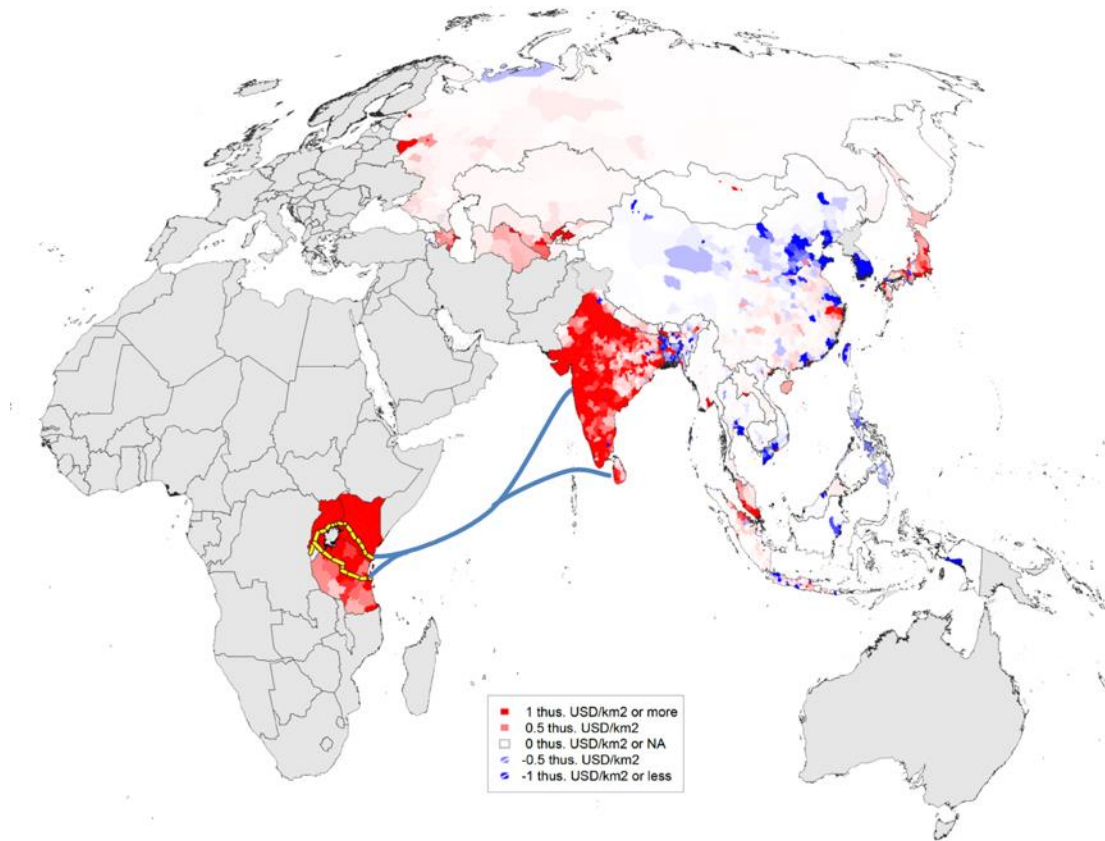


Economic Impacts on GINI (2030)



Note: NA for North Korea, Timor Leste and Jammu and Kashmir due to data availability  
 Source: IDE/ERIA-GSM simulation result.

## Economic Impacts of Scenario 2 (2030, against baseline, impact density)



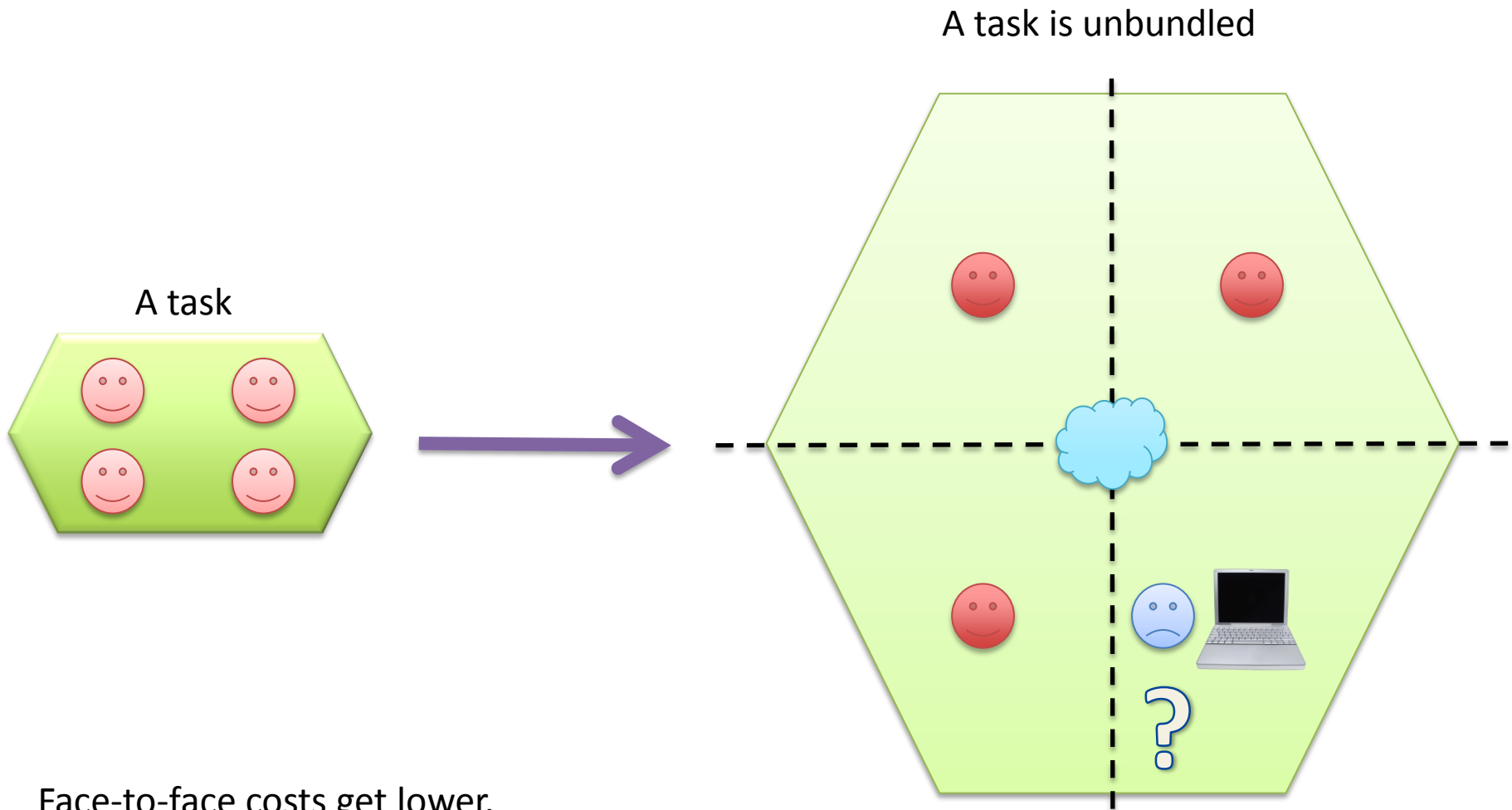
**Source:** Estimated by IDE-GSM

**Notes:** Countries/regions with grey colour have no country data or no regional (province-level) data.

# 3. The digital economy in the Indo-Pacific region

- IT (concentration forces) vs. CT (dispersion forces)
- The third unbundling will come soon.
  - Services outsourcing by individuals in distance
- Before that, face-to-face costs have already reduced.
  - Internet, smartphone, social media, ...
  - “Matching” of B2C, C2C has already been utilized in wholesale/retail, transportation, tourism, and others
- In addition to “step-by-step,” we need to include “leap-frogging” and “feedback” in our development strategies
  - Particularly in the context of the Indo-Pacific region

# The 3<sup>rd</sup> unbundling

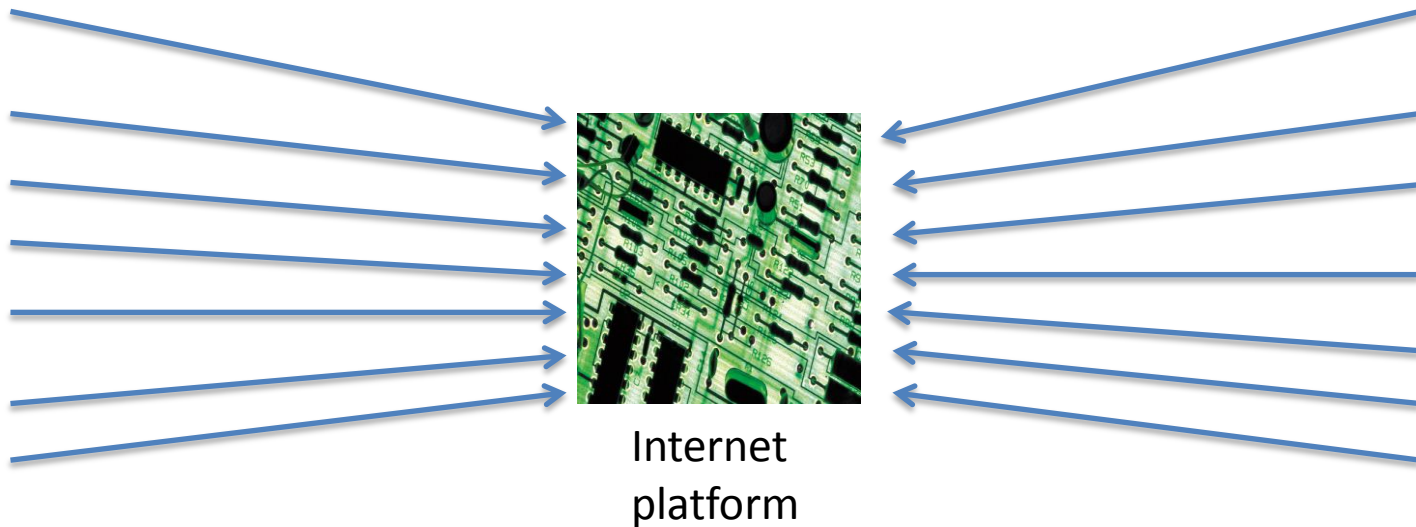


Face-to-face costs get lower.

A task can be unbundled; person-to-person matching becomes easier.



# The 3<sup>rd</sup> unbundling: Reduction in B2C, C2C matching costs



# Industrial dynamism among unbundling regimes

