

**EE489: Paper Summary**

**COMPARATIVE ADVANTAGE ANALYSIS AND PRODUCTS MAPPING OF  
INDONESIA, MALAYSIA, PHILIPPINES, SINGAPORE, THAILAND, AND  
VIETNAM EXPORT PRODUCTS**

by Akhmad Jayadi and Harry Azhar Aziz

**RESEARCH QUESTION**

The research aims to answer three main questions:

1. What kind of export product groups that the six countries (Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam) have comparative advantage?
2. Is there a shifting on its comparative advantage?
3. What is the relationship between six countries?

**DATA AND METHODOLOGY**

***Data collecting method***

The research data was obtained by literature study (studying the literature and the results of previous studies) and documentary studies (using secondary data related to the research problem)

***Data and the sources***

The data used in this study is secondary data which published by the World Integrated Solution (WITS) of World Bank, from 1997 to 2014. The data of this study are the export and import of Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam, to the world, and world's exports (and import) to (and from) all countries.

**THEORETICAL MODEL**

***Comparative advantage***

A country's comparative advantage is determined by relative prices before the trade. If the relative price of domestic products is lower than those of the world, then the country has a comparative advantage on those products. The relative price before the trade depends on its relative production cost. Due to the lack of the observation data on the relative costs and/or price of any domestic product, so Balassa (1965) developed an alternative approach by assuming that comparative advantage is reflected by its exports to the world. Comparative advantage of exports is represented by the composition of a country's commodity exports to world exports (Maule, 1996)

### ***Flying geese***

The pattern which one country shift from one stage to upper stage of development (characterized by its industries) is known as “Flying Geese” (FG) model. The model was firstly introduced by Kaname Akamatsu in the 1930s (Widodo, 2008a), as an analogous sequential development or catching up process of manufacturing industries in developing countries

## **EMPIRICAL MODEL**

### ***Products mapping***

In Widodo, (2008c) Products mapping is made using two analysis tools, i.e. Revealed Symmetric Comparative Advantage (RSCA) and the Trade Balance Index (TBI). RSCA by Dalum, et al (1998) is an indicator of comparative advantage, while the TBI by Lafay is an indicator of export-import activity (Widodo, 2008c).

## **RESULT**

The results of this study showed as follows: first, on average, the comparative advantage of six countries increase. Second, Thailand and Vietnam’s comparative advantage and trade balance changes seems more dynamic than those of other four countries. Third, there is competition and complementary amongst six countries.

## **STRENGTHS AND WEAKNESSES**

### **Strengths**

- The literature review of this paper is consistent and useful to the research question, so this paper uses the literature review to develop further in this paper.
- Theoretical model is relevant to the empirical model, so the paper is easily understandable.

### **Weakness**

- The export and import data that use in this paper is not up-to-date so the result may have changed if using the recent data.