

Measuring Barriers to International Division of Labor in East Asia

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Abstract

International fragmentation has dramatically developed in East Asia since the 1990s. The purpose of this paper is to measure border barriers in transactions of intermediate goods in East Asian countries. We find that the barriers in each country have steadily declined since 1985. While the barriers in China and Taiwan have remarkably declined since the 1980s, those in Indonesia experienced a slight increase in the same decade. Furthermore, these results are qualitatively unchanged even if we control the effect of agglomeration on intra-regional inputs.

Keywords: border effect; fragmentation; agglomeration; East Asia
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