



COMPETITIVENESS MAP OF ASEAN COUNTRIES IN THE FRAMEWORK OF THE ASEAN ECONOMIC COMMUNITY

Murti Lestari

Duta Wacana Christian University; Yogyakarta; Indonesia
murti_lestari@yahoo.com

Indri Prasasyaningsih

Duta Wacana Christian University; Yogyakarta; Indonesia
indriprass62@rocketmail.com

Abstract

In October 2003, the ASEAN Leaders reaffirmation of their commitment to establish the ASEAN Community (AC). One of the ASEAN Community pillars is the ASEAN Economic Community (AEC). Based on classical theory, motivation countries to establish economic cooperation was to obtain economic benefits. However, there is no standard mechanism of how the distribution of benefits among members. Based on some observations, which member states have high competitiveness will benefit more, and vice versa for countries with low levels of competitiveness.

These studies look at a map of the competitiveness of ASEAN countries in the framework of the AEC. Samples taken are the countries of ASEAN5 + Vietnam with the argument that AEC will be implemented on 2015 for ASEAN5, while Vietnam is taken to represent the country outside ASEAN5. By using descriptive statistical analysis and indicators of competitiveness of the Global Competitiveness Index, the International Management Development Index, and Ease Doing Business Index, the study concludes that there are very high gaps of competitiveness among ASEAN countries. Singapore is in the very high level of competitiveness, Malaysia and Thailand are medium, while Indonesia, Philippine, and Vietnam are positioned relatively under those countries with significant gap. From this conclusion, this study suspects that there will be potential for inequality of benefit distribution among nations. If this gap is not addressed and focused, then the AEC will less be likely to function optimally in achieving the goals of ASEAN, namely to encourage the prosperity of the nations of Southeast Asia.

Key words: ASEAN, Competitiveness, ASEAN Economic Community (AEC)

INTRODUCTION

At the ASEAN Federation Summit Meeting XII, the leaders of ASEAN countries have agreed to accelerate the establishment of ASEAN Economic Community (AEC) which will be implemented in 2015, especially for ASEAN5 (Indonesia, Singapore, Malaysia, Thailand, and Philippine). In accordance with the AEC Blueprint, the purpose of this establishment is to form ASEAN as a single market and production base, thus ASEAN is designed as a more dynamic and competitive region with the objections to conduct new measures and new mechanisms to strengthen the implementation of existing economic initiatives; to accelerate regional integration in the priority sectors; to facilitate the movement of business for skilled and talented workforce; and also to strengthen the institutional mechanisms of ASEAN (the Indonesian Ministry of Foreign Affairs, 2009).

In relation to the AEC, how the country member would be able to optimize the benefits of economic cooperation is very dependent on the position of the country in AEC cooperation. Based on the existing statistical data, economical share between the ASEAN





countries basically shows that there is a seemingly very high gap of inequality of economic performance indicators, both in terms of national income (GDP), trade, and investment. In terms of per capita income, Singapore has per capita income that is almost 60 times total per capita income of the of two ASEAN countries (Cambodia and Myanmar). As an illustration, per capita income of all ASEAN countries in 2013 reached US\$3.832, while per capita income of Singapore has already reached US\$55.18. From the trade, it is shown that Singapore also has the largest trade share among the countries. In 2013, export, import, and total trade, Singapore has the highest level of share (over 30%), while the lowest portion is Lao which only has its share of below 5%. In addition, Singapore also seems to be the highest rank in terms of foreign direct investment (FDI). Based on the total inflows of FDI, in 2013, the FDI which flew into Singapore was more less 50% from the total.

If these major indicators of macroeconomic performance associated with the competitiveness, the performance indicator seems closely related to the competitiveness position. According to the rating measurement of Global Competitiveness Index (GCI), in 2013, Singapore reached second ranking of 148 countries observed. While Malaysia has rank 27, Thailand 47, and Indonesia 48.

From this key statistics description, it seems that there is a remarkable link between competitiveness and macroeconomic performance. Associated with the AEC, a country with lower competitiveness would have less ability to optimize benefits of the economic cooperation. This is because the theory states that the competitiveness of a country will affect its investment, thus it will affect economic performance, which eventually leads to the well-being of society. FDI as an economic performance indicator clearly delivers the link between the competitiveness and FDI among Singapore and other member countries.

From the explanation of background above, we could draw an initial conclusion that the map of the competitiveness in AEC should be observed in order to see how the following potential for the country members in getting the benefits of cooperation is. Furthermore, this mapping can be used as an indicator to predict the prospect of regional economic cooperation.

The main objective of this study to look at a map of competitiveness among ASEAN country members. ASEAN countries that will be evaluated in this study are Singapore, Malaysia, Thailand, Philippine (ASEAN5) and Vietnam. The selection of ASEAN5 countries is based on the implementation for the AEC in 2015. Vietnam selected as an observed country in this study as a comparison for ASEAN-10 countries.

Methodology

To achieve the objectives that have been outlined above, the analysis tools which will be used in this study are descriptive statistics analysis and qualitative analysis. The descriptive statistics is used to analyze the map of competitiveness among ASEAN countries. The rankings are basically available on the calculation result of the WEF, the Ease of Doing Business (EDB), and IMD. The qualitative analysis used to see the advantages and the weaknesses in AEC based on the map of competitiveness.

The main data to be observed in this study is secondary data. Competitiveness indicators will be derived from GCI data over the year of 2003 until 2014, the EDB data in the year of 2006 until 2014, and IMD data in the year of 2010 until 2014. The selection of sample series is based on the improvement of every indicator considering the aspects of comparability and accessibility of data.



THEORETICAL AND LITERATURE REVIEW

Company Competitiveness (Micro) and Regional Competitiveness (Macro)

Analysis of the competitiveness between countries (among nations) has been conducted since before the emergence of economic science, precisely since the days of Mercantilism with David Hume as the main figure (Salvatore, 2012). The farther concept of competitiveness was developed by Adam Smith which is better known as the Classical Theory. This concept continues to evolve during the Neoclassical, Keynesian, and New Economic Growth Theory. This concept basically stated that some of the principal factors affecting the competitiveness are spending on research and development, innovation, education level, investment spending on human capital, and the effectiveness of the dissemination of knowledge (European Commission, 2003).

In the subsequent period, one of the key figures in the competitiveness of nation theory is Michael E. Porter. In his article, Porter (1990) stated that national competitive strength was resulted from the accumulation of the competitiveness of enterprises. He stated that there are four sources of competitiveness of companies, which are input market or market of production factors (factor conditions), the output market (demand conditions), corporate strategy and structure of industry competition, as well as an interaction system framework. According to this basic concept, it is clearly observed that if a nation would like to improve its competitiveness, thus it remarkably needs to improve these four factors, which essentially lies in the development of innovation. In its further development, Porter developed the concept which to develop these four components, particularly in fostering the innovation where it cannot be detached from the macroeconomic factors and natural resources. However, Porter explained that the macroeconomic factors and natural resources only constitute the prerequisite conditions, but the core of competitiveness itself still lies in innovation activities (Porter, 2009).

The Porter concept inspired many studies on competitiveness in the 1990s period and many institutions who would release the competitiveness index in majority will use the concepts that have been developed by Porter. However, there are some researchers who have not fully expressed their agreement for Porter's concept. Some of those are Davies and Ellis (2000), Rucinska and Rucinsky (2007), and Smit (2010).

Regardless of the debate on the concept of competitiveness itself, many experts agree that competitiveness is very essential in economic development. A nation's ability to build and sustain these advantages—a nation's competitiveness is a key driver of growth and prosperity (OTF Group; World Bank, 2005). Moreover, innovation is important to help addressing global challenges, such as climate change and sustainable development (OECD, 2007).

Because of these competitiveness importance, several major institutions engaged in ranking the countries' competitiveness are:

- a. World Economic Forum (WEF). The WEF was founded in 1971 when a group of European business leaders met under the patronage of the European Commission and European industrial associations. There are growing numbers of sampled economies in conducting its rating and in 2014 this number reached the assessment of 144 landscapes of economies.
- b. Doing Business. Doing business is a ranking of competitiveness conducted by the World Bank. The first Doing Business report published in 2003 covered 133 economies. The 2014's report covers 189 economies.





- c. Organization for Economic and Co-operative Development (OECD). There is a slight difference between OECD from the WEF and Doing Business since the OECD makes the ranking of competitiveness by focusing on aspects of productivity and labor utilization. In conducting the rating, OECD only take of OECD member countries as the samples.
- d. International Management Development (IMD) IMD World Competitiveness Center is an independent rating agency which is also one of business schools in Lausanne, Switzerland. In doing the rating, IMD takes samples of 60 economies.

Competitiveness and Economic Cooperation

In recent decades, many developing economic cooperation emerge between countries to establish the trade blocs. The question that arises is why these countries are willing to undertake the economic cooperation in liberating trade, investment, and factors of production among its members. The basic theory of international trade developed by Adam Smith stated that if countries are willing to conduct the liberation in the aspect of trade, thus, the public's benefit will increase (Salvatore, 2012). In addition, UNCTAD (2012) stated that regional cooperation leads to the creation and, at times, the diversion of investment through restructuring within integrated groups. Regional integration efforts generally leads to Increased FDI by opening sectors to investment and aligning policies for the treatment of investors.

Based on basic that concept, a country that follows the economic cooperation does not automatically get the benefit. The new benefit will be obtained if the country is able to promoting exports and encouraging investment of economic cooperation undertaken. One important factor to be able to export promotion and attracting investment is competitiveness. The high differences of competitiveness among member even potentially cause cracking of cooperation.

COMPETITIVENESS MAP OF ASEAN5 COUNTRIES + VIETNAM

WEF indicator

Since 2003, the WEF competitiveness index consists of three main factors which are considered as key determinants or driven economies. These three factors consist of: (1). Key for factor-driven economies; (2). Key for efficiency driven economies and (3). Key for innovation-driven economies

Based on these pillars, in 2003, the position of Singapore was at the highest position among the ASEAN countries. Over time, the competitiveness ranking of Singapore still increases and survives on the second rank in the year of 2014. The following table shows the index.

Table 5
Competitiveness Ranking of ASEAN5 countries + Vietnam based on WEF indicators

Year	Indonesia	Malaysia	Philippine	Singapore	Thailand	Vietnam
2003	72	29	66	6	32	60
2004	69	31	76	7	34	77
2005	69	25	73	5	33	74
2006	50	26	71	5	35	77
2007	54	21	71	7	28	68
2008	55	21	71	5	34	69
2009	54	24	87	3	36	75





2010	44	26	85	3	38	59
2011	46	21	75	2	39	65
2012	50	25	65	2	38	75
2013	38	24	59	2	37	70
2014	34	20	52	2	31	68

Source: WCR, several editions

From the table above, it is clearly observed that in the framework of the AEC, competitiveness gap of ASEAN countries is quite high; although there is still the tendency that gap is diminishing from year to year.

Related to how the contribution of the three-driven economies, namely basic driven, efficiency driven, and innovation driven the development for the competitiveness of ASEAN countries, this study is only able to see the development over a period of 9 years. In detail, the index is shown in the following table.

Table 6
Ranking of WEF Basic Requirement Index for ASEAN5 Countries + Vietnam

Year	Indonesia	Malaysia	Philippine	Singapore	Thailand	Vietnam
2008	76	25	85	3	43	79
2009	70	33	95	2	43	92
2010	60	33	99	3	48	74
2011	53	25	100	1	46	76
2012	58	27	80	1	45	91
2013	45	27	78	1	49	86
2014	46	23	66	1	40	79

Source: WCR, several editions

Slightly different from the overall index, there is a gap which is quite high in the index of basic requirements among ASEAN countries. In 2014, the difference of the ASEAN5 index to overall index was only 50, but the gap of basic requirements index was 65. In this index, Singapore has been rated as the first ranks of all countries surveyed by WEF. Although some ASEAN countries have experienced an increase in the ranking, but the gap between the highest and lowest ranking is unlikely to change from time to time.

Somewhat different from the basic requirement index, ASEAN countries have not experienced significant change in the efficiency index. Among other ASEAN countries, only Vietnam has a significant increased of the efficiency index. This also means that during the period of the last nine years, some ASEAN countries have not improved significantly in the areas of efficiency relative to other countries, which include higher education and training, goods market efficiency, labor market efficiency, financial market sophistication, technological readiness, and market size. In details, the index can be shown in the following table:





Table 7
Ranking of WEF Efficiency Index for ASEAN5 Countries + Vietnam

Year	Indonesia	Malaysia	Philippine	Singapore	Thailand	Vietnam
2008	49	24	68	2	36	73
2009	50	25	78	2	40	61
2010	51	24	78	1	39	57
2011	56	20	70	1	43	66
2012	58	23	61	1	47	71
2013	52	25	58	2	40	74
2014	46	24	58	2	39	74

Source: WCR, several editions

There are interesting findings in the analysis related to the innovation index. If Singapore has a very high ranking position (in the range of rank between 1 and 3) in the basic requirement index and efficiency index, but on its own innovation index, the position of this country is outside the top 10 (precisely in the range of 10-15). In contrast, other ASEAN countries including Indonesia always have a higher rank compared to basic requirement index and efficiency index. In detail, the ranking can be shown in the following table.

Table 8
Competitiveness Ranking of WEF Innovation Index for ASEAN5 Countries + Vietnam

Year	Indonesia	Malaysia	Philippine	Singapore	Thailand	Vietnam
2006	41	22	66	15	36	81
2008	45	23	67	11	46	70
2009	40	24	74	10	47	55
2010	37	25	75	10	49	53
2011	41	22	74	11	51	75
2012	40	23	64	11	55	90
2013	33	23	58	13	52	85
2014	30	17	48	11	54	98

Source: WCR, several editions

From the table, it can be shown that the differences for ranking of innovation index is not too strike between Singapore and other countries in ASEAN. This indicates that the level of complexity of the business (business sophistication), and innovation among ASEAN countries have nearly similar characters. There is probability that the level of business complexity is more influenced by the mindset and culture of the community, which for the ASEAN community to put forward the "ASEAN way" that promote Asian cultures are more or less the same. Although there is a fairly wide range between Singapore with other countries, it is more likely caused by innovation since Singapore has a higher technology readiness performance compared to the other countries in ASEAN.



Doing Business

In contrast with the rating conducted by the WEF, a rating system conducted by the World Bank in EDB. Of the overall pillars used for ranking the competitiveness, it appears that the World Bank is more focused on the competitiveness of the country to accommodate and support the capital investment system. The rating of EDB f is shown in the following table.

Table 9
Competitiveness Ranking of ASEAN5 Countries + Vietnam Based on Doing Business Indicators

Year	Indonesia	Malaysia	Philippine	Singapore	Thailand	Vietnam
2006	135	25	126	1	18	104
2007	123	24	133	1	15	91
2008	129	20	140	1	13	92
2009	122	23	144	1	12	93
2010	121	21	148	1	19	78
2011	129	18	136	1	17	98
2012	128	12	138	1	18	99
2013	120	6	108	1	18	99
2014	114	18	95	1	26	78

Source: World Bank, several editions

From the table shown, there is a fairly wide gap of competitiveness rank in ASEAN country members. One of the most interesting is that Vietnam actually has much higher competitiveness position than Indonesian and Philippine. Within the framework of the AEC, there is also a considerable gap of competitiveness index in terms of ranking for Indonesia's and Philippine's position compared to Singapore's and Malaysia's. It can be shown that the gap is very high at the group of Singapore, Malaysia, and Thailand; and the group of Indonesian and Philippine that even rank under Vietnam's. However, based on the observed trend over the past nine years, the ranking of all ASEAN country members have increased significantly with consistent ranks.

Despite the ease doing business (EDB) as a whole showed a wide enough gap of competitiveness among ASEAN countries, but when viewed from the ten pillars of competitiveness, the overall indicator shows the dynamics of each country. Singapore for example, although the EDB always be at the top position, but on several pillars, the value of indicators experienced the decrease. Those pillars are including getting electricity, registering property, and resolving insolvency. The changes of ranking can be shown in the following table:

Table 10
Improvement of the competitiveness ranking for ASEAN5 Countries +Vietnam in Pillars of Doing Business

Variables/Pillars	Indonesia		Malaysia		Philippine		Singapore		Thailand		Vietnam	
	2006	2014	2006	2014	2006	2014	2006	2014	2006	2014	2006	2014
Starting Business	135	114	25	18	126	95	1	1	18	26	104	78
Dealing with construction permits	131	153	137	28	113	124	8	2	3	6	25	22
Registering property	120	117	66	75	98	108	12	24	18	28	34	33



Getting electricity ^{*)}	161	78	59	27	54	16	5	11	9	12	135	135
Getting credit	83	71	3	23	101	104	7	17	33	89	83	36
Protecting minority investors	60	43	4	5	151	154	2	3	33	25	170	117
Paying taxes	133	160	49	32	106	127	8	5	57	62	120	173
Trading across borders	60	62	46	11	63	65	4	1	103	36	75	75
Enforcing contracts	145	172	81	29	59	124	23	1	44	25	94	47
Resolving insolvency	136	75	51	36	147	50	2	19	38	45	116	104

Source: World Bank, several editions

Malaysia seems to have similar dynamics with Singapore, but in general, Malaysia has the best improvement characteristics of indicators among the other ASEAN countries. As for Indonesia and Philippine, despite there is remarkable improvement in most of the indicators, but the competitiveness ranking of these two countries on 10 pillars ranked fairly low. The interesting thing is for Vietnam, where the 10 pillars of Vietnam experienced a significant leap and most of its position positioned above the Indonesian's and Philippine's.

International Management Development (IMD)

Slightly similar with the case of index ratings issued by Easy Doing Business (EDB), the competitiveness rating issued by the IMD also focus for investors to obtain the information about how potential a region related to the of success of the investment itself. And sub indicators in the IMD ranking are also considering the efficiency of the business, both in terms of production, logistics, as well as the market. For ASEAN countries which are only five countries taken in this index, while other ASEAN countries have not been entered in the scope of the index calculation performed by the IMD. The rating of competitiveness for ASEAN5 countries based on several indicators can be shown in the following table:

Table 11
Competitiveness ranking for ASEAN5 Countries Based on International Management Development Indicators

Year	Indonesia	Malaysia	Philippine	Singapore	Thailand	Number of Countries
2010	35	10	39	1	26	58
2011	37	16	41	3	27	59
2012	42	14	43	4	30	59
2013	39	15	38	5	27	60
2014	37	12	42	3	29	60

Source: World Competitiveness Yearbook, 2014

From the table, it can be shown that based on the rating systems from the IMD, the World Bank, and the WEF show a different pattern. IMD ranking results are relatively more stable, which means that the ranking positions of the sample countries are relatively stable. Among the ASEAN countries, Singapore still ranked first, although among the overall countries which include in IMD ranking position, Singapore's ranking positions suffer the decline. In addition, ASEAN5 countries' patterns and fluctuations of improvement are still slightly in similar position. This also means that there is no a remarkable key improvement of IMD performance indicators relatively among ASEAN countries, thus there is no big leap of ups and downs of ASEAN countries' positions among the sample of IMD. It can be shown that indicator gap between ASEAN5 remains the case when the rating position is based on the IMD, in which the position of Indonesia only compete with the Philippine's position, for instance is the position of the bottom 4 and 5. The quite interesting thing is about the





ranking position of Malaysia where its rank is not too distinctive from Singapore such as in the rating of WEF and Doing Business.

Prospect of the AEC

Based on the ranking of competitiveness, along with WEF, Doing Business, and IMD, all of these ranking systems show potentially remarkable gap of competitiveness among ASEAN countries, even just based the observations on the ASEAN5 countries. Competitiveness level of Singapore has been always on the top position followed by Malaysia and Thailand, while Indonesia's position has been always at the bottom level along with the Philippine's position.

Within the framework of the AEC, the showing gap has possibility to widen. For example, there is a considering subject that Philippine's and Indonesia's position have been always in the bottom position according to Doing Business and IMD. As known before, Doing Business and IMD indicators measure more related how countries accommodate and facilitate the investment, thus it can be briefly conclude that when a country has poor economic performance, but if its competitiveness based on Doing Business and IMD are good enough, then it most likely to become a country with a lot of potential of incoming FDI, and there is more prospect for increasing economic performance in the next period, so that the gap will be reduced.

High gap of competitiveness indicates the potential that not all of ASEAN countries have equal capabilities in capturing the prospect of increasing trade and FDI as the benefits of AEC. There is possibility that countries with low level of competitiveness will submit the privilege from the various negotiated agreements. As an obtained learning from European experience which demonstrates that potential gap of competitiveness could breakdown the cooperation system. Therefore, if ASEAN want to maintain the sustainability of AEC, one of the most urgent preparations is how to conduct and develop the joint policy and programs to improve the competitiveness among country members, so that the resulting benefits of AEC can be distributed proportionally among the member countries.

For ASEAN10 which scheduled to join the AEC at the latest by the year of 2020, it is necessary to conduct the reform together swiftly and promptly to improve the competitiveness of each country, and so that there is no widening gap in the process. Especially for Vietnam, although the position of the WEF indicator show quite low level of competitiveness, but from the Doing Business indicators provide optimism that in the future, it will increasingly pursue the ranking of competitiveness of ASEAN5 and latter, its position can strengthen the AEC.

Besides the condition of current competitiveness gap between ASEAN countries member which are still quite wide, but there is still some hope for the better development. Moreover, there has been an increasing trend of competitiveness index in all ASEAN members, especially for the ASEAN5. In addition with Doing Business indicators, it can barely be observed that the position of Singapore and Malaysia in the infrastructure pillar indicates an overcapacity. If this can cause a spill-over effect to the AEC member countries, then it has the potential to strengthen the cooperation of AEC. However, according to the theory, a spillover effect will only be optimal if country members increase the capacity or improve its competitiveness. If they won't, then the potential spillover will become minimal or even will not occur.

Regardless of competitiveness indicators as pointed out earlier, such a quite doubtful prospects arise both in terms of sustainability and optimal utilization of AEC itself.





The existing gap between ASEAN countries seem not only related to competitiveness, but fundamentally rather on differences in the economic conditions of the country. In one of the observations conducted by ADB (2014), it was shown that despite the rapid development and progressive integration achieved over the past few decades, ASEAN economies remain extremely diverse which marked by a low degree of convergence. Currently, in a very dynamic global economy, ASEAN face risks that require a strategic response in order to optimize economic development in this region. Furthermore, ADB explained that defining ASEAN collective aspirations within such a highly diverse membership is extremely difficult where national goals invariably differ across countries. Besides, it is not easy to ensure that the aspirations espoused are "ambitious enough" for broad regional setting goals for 2030, or "pragmatic enough" for individual countries' economic development. Therefore, this study took a holistic approach in formulating individual aspirations and those fore, ASEAN as a unity itself.

CONCLUSION

Based on the analysis that has been conducted, some conclusions drawn from this study are:

- a. There are significant gaps of competitiveness among ASEAN countries, both at the level of the ASEAN5 and the ASEAN-10, either by using the indicators of the WEF, Doing Business, and IMD. Based on this conclusion, there is a potential that the cooperation of the ASEAN countries will be less than optimal in the future, and if this existing condition allowed, this even will conduct toward the susceptible to failure of cooperation form.
- b. The improvement of competitiveness based on Doing Business indicators gives some prospects hope that there is potential for narrowing the gap of competitiveness among ASEAN countries. Based on one of Doing Business indicator, which is CMLV (Cambodia, Myanmar, Lao, and Vietnam) the ASEAN country members, especially Vietnam, has excellent potential for improvement. Thus, the prospect to make ASEAN becomes more convergence and stable still exists.
- c. From these two conclusions, in order to optimize the AEC, ASEAN needs to conduct some breakthroughs and strategies aimed at reducing the competitiveness gap. There should be special programs to improve the competitiveness of countries outside Singapore, Malaysia, and Thailand.





REFERENCES

- Asian Development Bank (ADB) Institute, (2014), *ASEAN2030: Toward a Borderless Economic Community*
- Davies, H. and Ellis, P.D. (2000), "Porter's 'Competitive Advantage of Nations': Time for a final judgment?," *Journal of Management Studies*, 37(8): 1189-1213.
- Carpenter, Mason A. and Dunung, Sanjyot P. (2012) *Challenges and Opportunities in International Business* (Downloaded by Andy Schmitz, <http://lardbucket.org>).
- European Commission (2003), A Study on the Factors of Regional Competitiveness, *Research Report*.
- Indonesian Ministry of Foreign Affairs (2009) *Asean Economic Community Blue Print*
- Krugman, P. (1994), "Competitiveness: A Dangerous Obsession", *Foreign Affairs*, Vol. 73(2), pp. 28-44.
- Martin Ronald L. (2003), *A Study on the Factors of Regional Competitiveness*. A draft final report for The European Commission Directorate – General Regional Policy, University of Cambridge, Ecorys – Nei, Rotterdam.
- OECD. (2007), *Innovation and Growth: Rationale for an Innovation Strategy*
- OTF Group World Bank (2005), *Improving Competitiveness and Increasing Economic Growth in Tanzania: The Role of Information and Communication Technologies*. Washington, DC: infoDev / World Bank. Available at: <http://www.infodev.org/en/Publication.81.html>
- Porter, Michael E. (1990), The Competitive Advantage of Nations, *Harvard Business Review* March-April 90211
- Porter, Michael E. (2009), The Competitive Advantage of Nations, States and Region, *Advanced Management Program*, April
- Rucinska, Silvia and Rucinsky, Rastislav (2007), "Factors of Regional Competitiveness", *2nd Central European Conference in Regional Science – CERS*
- Salvatore, Dominick (2012) *International Economics*, Ninth Edition, John Wiley & Sons
- Smit, A.J. (2010), "The Competitive Advantage of Nations: is Porter's Diamond Framework a New Theory that Explains the International Competitiveness of Countries?" *Southern African Business Review* Volume 14 No.1.
- Uyar, Aysun (2005), An Approach to Promote Economic Regional Cooperation: Asymmetric Functional (AF) Model, *Working Paper*, Yamaguchi University,
- UNCTAD. (2012), *Regional Integration and Foreign Direct Investment in Developing and Transition Economies*

