Strengthening regional integration/cooperation with the Neighbourhood System of Innovation conceptual framework: the case of China and ASEAN

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Traditional neo-classical market approach to regional integration/cooperation mainly focuses on trade and investment. The paper proposes an innovation system approach to regional integration/cooperation as an alternative that focuses on knowledge, learning, innovation, and competence (KLIC) building without excluding trade and investment. The underlying argument is that while liberal trade and investment conceptual framework takes a narrow economic gain and loss approach, the system of innovation approach includes economic and non-economic variables by including KLIC, and broad economic and social gain. The paper presents the Neighbourhood System of Innovation (NeSI) conceptual framework which captures the reciprocal interactions between national innovation systems (NSI) of larger ‘regional economic pole’ (REP) and smaller economies (or among NSIs of the smaller economies) in the ‘Neighbourhood’ region. The case of China and Association of Southeast Asian Nations (REP and Neighbourhood, respectively) is used to demonstrate the usefulness of NeSI framework and its possible application to other similar cases. The aim of the paper is not to produce a path-breaking theory, but to present a different perspective through innovation systems approach as an alternative to enhance understanding of regional integration and cooperation dynamic processes.

Keywords: regional integration, neighbourhood innovation system, regional economic pole, ASEAN, China

1. Introduction

Over the years, there has been increasing regional monetary, trade and economic blocs in every part of the world from Asia to the Americas. For example, between 1990 and 1994, there were 50 regional integration arrangements outside Europe (Ugur 2003). The main reasons for the proliferation of these regional integration efforts are to combine strength to bolster state ambition, to attain effectiveness in international negotiation, to deal with an increasingly integrating and globalising world economy, and to enlarge markets and open trade diversification possibilities. What emerges in different regional groupings is the relative importance of one or two leading players (‘regional economic poles’; REP) with a larger national economy. For example, Brazil