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## Abstract

# How Has the Multilayered Structure of Mekong Region Development Cooperation Developed? An Explanation Based on Strategic Hedging

Maki Aoki

This paper examines the development of the multilayered structure of Mekong region development cooperation. Since the 1990s, Mekong region development has been a polestar of regional international relations, and a multitude of cooperation initiatives with similar activities has been established. Whereas studies focusing on individual country's policies consider that a "congestion" of cooperation initiatives was caused by independent pursuit of national interests by the member countries, I hypothesize that such multilayered frameworks are due to an international structure with large disparity and unpredictability among member nations. I use the concept of strategic hedging to explain the relations among regional initiatives among the Mekong countries, stressing that smaller countries' strategic adoption of bandwagoning and balancing against powerful parties and among themselves is to avoid being dominated by other parties. By including a threat in one group while excluding it from others, the country can hedge against the possibility of total dominance by that threat. I show that multilayered cooperation frameworks are the result of such risk-hedging by smaller countries, and that it provides them with increased freedom of action.

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Abstract

# The Development of Malaysian Palm Oil Industries as a Model of Resource-based Catching-up Industrialization

Hiroshi Oikawa

The palm oil and related industries have contributed significantly to Malaysia's economy. In 2009, palm oil-related industries produced a value-added of 52.7 billion ringgit, equivalent to approximately 8% of Malaysia's gross national income, making this the fourth largest contributor by sector after the energy, financial services, and wholesale and retail services sectors. More importantly, the country was the globally largest producer and exporter of palm oil for over forty years until the mid-2000s. The country initially started off supplying unrefined, crude palm oil to developed countries. However, thanks to development policies with respect to tariffs and foreign direct investment, the industry upgraded itself to become the largest exporter of processed palm oil. This study presents the history of the development of Malaysian palm oil industries, through which I examine the factors, environments, and policies that successfully made Malaysia into a global hub for palm oil-based products. I identify three factors behind this: Malaysian government policies, technological conditions particular to palm oil processing, and the global economic environment. Malaysia is a geographically lucky country, blessed with natural conditions well suited to oil palm cultivation. In this sense, Malaysian palm oil industrialization is largely resource-based. However, the Malaysian government played a decisive role in leveraging this advantage and establishing a virtuous cycle of sustainable palm oil industrial development.

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Abstract

## **Business Status of the China and Southern Bank: 1919-1945**

Ryoichi Hisasue

This research note chronicles the business status of the China and Southern Bank from 1919 to 1945. The bank was established as a joint financial venture with the Bank of Taiwan (the Japanese colonial bank in Taiwan) and Chinese businessmen in South China and Southeast Asia, in line with Japan's southward expansion in the Taisho era. However, the bank strayed from its original conception as a "greater overseas Chinese bank," instead transforming within a few years of establishment into a financial institution for providing funds to overseas Japanese businesses in Southeast Asia. The bank tried to expand business operations under this new vision and role, but was unsuccessful due to tough economic and political conditions in the Asian market, mismanagement of its business strategy and operation, and serious moral hazard in its management. The bank attempted business restructuring plans in 1924, 1927, and the early 1930s, but without a positive change in direction. Finally, the bank was transformed into a regional bank in Taiwan in 1944, and its historical role was ended when the Republic of China nationalized the bank in 1945.