INDUSTRIAL READJUSTMENT IN THE MEKONG RIVER BASIN COUNTRIES: TOWARD THE AEC

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## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preface</td>
<td>v</td>
</tr>
<tr>
<td>Authors</td>
<td>vi</td>
</tr>
</tbody>
</table>

### Chapter 1. Introduction

Yasushi Ueki, Mitsuhiro Kagami, and Teerana Bhongmakapat

1. Background and Objectives 1
2. Findings from the Project Papers 4
3. Tentative Summary and Policy Implications 9

### Chapter 2. Industrial Readjustment in Cambodia

Chap Sotharith

Introduction 14
1. Historical Background 17
2. Industrial Readjustment 21
3. Challenges in Industrial Readjustment 31
4. Conclusion 45
5. Recommendations 46

### Chapter 3. Industrial Readjustment in Lao PDR: Toward 2020

Syviengxay Oraboune

Introduction 52
1. Overview of Industrial Development Policy in the Lao PDR 53
2. Progress of Industrial Development in the Lao PDR toward AFTA, AEC, and Its Goal of 2020 71
3. Major Challenges/Barriers to Industrial Readjustment for the Lao PDR toward AFTA, AEC and the Goals of 2020 85
4. Conclusion and Policy Recommendations 90
**Chapter 4. Industrial Readjustment in Myanmar: Agro-industrial Preparedness for Integration with the AEC**  
San Thein  
Introduction  
1. Assessment of the Current Situation  
2. Review on the Industry Competitiveness  
3. Reform Measures for Inclusive Growth and Industrial Readjustment  
4. Conclusion  

**Chapter 5. Industrial Readjustment in Vietnam: Special Focus on the New 10 Year Socio-Economic Development Strategy for 2011-2020**  
Ha Thi Hong Van  
Introduction  
1. Review of Vietnam’s Industrial Development Strategies  
3. Industrial Readjustments  
4. Conclusion  

**Chapter 6. New Division of Labor between Thailand and CLMV Countries: The Case of Automotive Parts Industry**  
Kriengkrai Techakanont  
Introduction  
1. Integration of Thailand’s Automotive Industry with East Asia  
2. Regional Integration of Thailand and Vietnam Automotive Industry  
3. Case Studies – Thailand and Vietnam Automotive Parts Firms  
4. Concluding Remarks  

**Chapter 7. New Development Strategies for the MRBCs: A Possibility of Biomass Energy Development**  
Mitsuhiro Kagami  
Introduction  
1. Search for Alternative Energy Sources
Chapter 11. CLMV Export Performance in the Japanese Market after the Lehman Shock: A Constant Market Shares Analysis

Yasushi Ueki

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>381</td>
</tr>
<tr>
<td>1. Methodologies</td>
<td>383</td>
</tr>
<tr>
<td>2. Recent Trends in Japan Imports</td>
<td>386</td>
</tr>
<tr>
<td>3. Results of Constant Market Shares Analysis</td>
<td>395</td>
</tr>
<tr>
<td>4. Conclusion</td>
<td>404</td>
</tr>
</tbody>
</table>
In 2011, the Bangkok Research Center (BRC) organized a research project entitled “A Study on the Industrial Readjustment in the Mekong River Basin Countries: Toward the AEC by 2015.” The objectives of the research project were mainly four folds: (1) observe current situation of industrial activities in the Mekong River Basin Countries (MRBCs); (2) examine comparative advantages each country has and identify potential industries in MRBCs; (3) investigate structural impediments for industrial development; and (4) discuss the direction of policies for narrowing the gaps between forerunner and new ASEAN members through developing new industries toward the ASEAN Economic Community (AEC) in 2015.

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1. BACKGROUND AND OBJECTIVES

Previous studies conducted by the Bangkok Research Center (BRC) in 2008 and 2009 clarified the current state of economic relationships including trade, foreign direct investment (FDI), and official development assistance (ODA) between CLMV countries (Cambodia, Lao PDR, Myanmar, and Vietnam) and advanced East Asian countries, such as China, Japan, South Korea, and Thailand. These studies show active involvement by China and South Korea in the Mekong River Basin Countries (MRBCs), in particular CLMV (Kagami 2009, 2010). On the other hand, the CLMV countries have boosted economic development by deepening regional integration with the original members of ASEAN through the establishment of the ASEAN Economic Community (AEC) and by developing closer economic and diplomatic relationships with East Asian countries so as to be involved with production networks in East Asia and to promote infrastructure and industrial development. The increase in the importance of the intermediate goods trade in the MRBCs may reflect the current progress of the CLMV strategy for economic development (Kagami 2011).

The rapid economic growth in CLMV, stimulated by the integration process, has