

CHAPTER 6

Thailand's Trade Relations with GMS and CLMV

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INTRODUCTION: THAILAND AND GMS ECONOMIC COOPERATION

Exports from Thailand used to dominate the Greater Mekong Subregion (GMS) countries, particularly Myanmar, Cambodia and Lao PDR. Thai exports to Myanmar and Lao PDR used to be around 70-90% of the total imports of the aforementioned countries.

However, during the past half a decade, Thai exports to Thailand's neighboring countries have been proportionally declining as the competition of exports from China and Vietnam has been considerably increasing.

Important items imported by Thailand from its neighboring countries in the GMS areas, including the Yunnan Province of China, are consumer products, energy goods, electrical appliances, electronics, machinery and parts, iron and steel products, chemical products, mineral products, cloths, fertilizers and pesticides.

The top 10 Thai import items from the GMS countries from 2005 to 2008 are shown in Table 1.

Between 2005 and 2008, the import value of Thailand from the GMS countries increased from 567.16 billion baht to 850.86 billion baht, which is equivalent to an increase of about 50%.

During the same period, Thailand also increased its exports to the GMS countries from 558.34 billion baht in 2005 to 866.70 billion baht in 2008 or increased about 55.23%.

Important product items exported from Thailand to the GMS countries are computers and components, finished oil, natural rubber, plastic pellet, chemical products, iron and steel products (see table 2).

Due to space limitations, this paper will focus on Thailand's economic cooperation with the four new ASEAN members, Cambodia, Lao PDR, The Union of Myanmar, and Vietnam (CLMV).

Table 1: Thailand's imports from GMS countries, 2005-2008

		Value: Million Baht			
Rank	Import Items	2005	2006	2007	2008
1	Natural gas	60,088.6	76,448.8	71,922.4	103,880.6
2	Computers and parts	75,362.3	92,170.6	98,063.3	103,869.6
3	Electrical machinery and parts	89,226.4	101,973.2	76,254.1	82,517.1
4	Household electrical appliances	20,873.3	25,689.7	47,397.9	60,088.1
5	Machineries and parts	32,592.2	40,521.7	43,860.8	54,914.3
6	Iron and steel products	41,417.1	40,317.4	40,594.8	53,237.4
7	Chemical products	28,459.7	31,378.1	36,311.8	49,765.9
8	Mining, mineral products and scraps	21,791.2	31,174.2	34,969.9	36,014.9
9	Textiles	18,797.4	20,489.6	20,451.8	22,991.4
10	Chemical fertilizers and pesticides	5,576.4	7,981.3	14,788.1	22,862.4
Grand Total		567,156.8	665,796.1	701,235.8	850,863.6

Source: Department of Export Promotion, Ministry of Commerce, Thailand

Table 2: Thailand's exports to GMS countries 2005-2008

		Value: Million Baht			
Rank	Export Items	2005	2006	2007	2008
1	Computers and components	98,544.3	94,414.7	137,876.3	161,619.3
2	Finished oil	29,623.3	45,497.8	57,687.5	100,943.5
3	Natural rubber	34,055.6	56,061.9	57,220.1	67,819.8
4	Plastic pellet s	43,917.2	48,438.8	49,221.2	51,817.8
5	Chemical products	28,873.5	53,005.4	54,118.8	39,141.3
6	Iron, steel and steel products	21,033.0	18,254.2	22,437.8	27,198.0
7	Integrate circuits	16,930.3	24,928.4	30,222.7	26,169.4
8	Rubber products	9,339.2	15,984.8	18,568.4	24,233.0
9	Crude oil	22,004.7	21,405.8	18,788.1	18,438.0
10	Cars and auto parts	7,741.0	10,044.8	12,690.2	17,068.4
Grand Total		558,335.0	677,457.4	766,917.6	866,704.9

Source: Department of Export Promotion, Ministry of Commerce, Thailand

1 THAILAND'S ECONOMIC COOPERATION WITH CAMBODIA

1.1. Trade cooperation

1.1.1. *Thailand's imports from Cambodia*

From 2005 to 2008, Thailand's imports from Cambodia increased from 1,269.70 million baht to 2,999.20 million baht (US\$ 38,259 to 89,976), or an increase of about 136.21% (or an average of 34.05% per annum). In recent years, particularly from 2007 to 2008, imports of Thailand from Cambodia jumped from 1,688.6 million baht to 2,999.2 million baht or increased about 77.61%.

Thailand's major import items from Cambodia are agricultural items, mineral products and scraps, iron and steel and steel products, paper pulp, animals and animal products, clothes, lumber and processed wood products, plastic products, fishery products, etc. (see Table 3)

1.1.2. *Thailand's exports to Cambodia*

During 2005-2008, Thai exports to Cambodia had increased from 36,801.7 million baht to 67,025.6 million baht, translating to an increase of about 82.13% (about 20.53% per annum). From 2007 to 2008, exports from Thailand to Cambodia rose by about 43.50%.

In 2008 Thailand's major export item to Cambodia was finished oil, with a total value of 13,284.7 million baht or about 19.82% of Thailand's total export value to Cambodia.

Table 3: Thailand's imports from Cambodia, 2005-2008

		Value: Million Baht			
Rank	Import Items	2005	2006	2007	2008
1	Plants and plant products	370.1	285.5	515.9	1,335.6
2	Mining mineral products and scraps	26.0	192.2	193.3	564.2
3	Iron steel and steel products	169.7	273.3	334.4	490.1
4	Paper pulp and paper	24.5	61.9	86.1	132.1
5	Animals and animal products	38.6	41.4	18.5	27.7
6	Cloths	4.5	6.7	7.4	19.6
7	Lumber, processed woods	139.3	25.2	22.0	16.1
8	Plastic products	1.8	2.9	6.3	5.7
9	Fishery products	5.7	21.7	5.4	3.9
Grand Total		1,269.7	1,322.6	1,688.6	2,999.2

Source: Department of Export Promotion, Ministry of Commerce, Thailand

In addition to finished oil, other important export items from Thailand to Cambodia in 2008 are iron and steel and steel products (6.01% of total exports) motorcycles and parts (5.69%), sugar (4.91%), cars and auto parts (4.82%), beverage (4.55%), cement (4.46%), chemical products (3.85%), etc. (see Table 4)

Table 4: Thailand's exports to Cambodia, 2005-2008

		Value: Million Baht			
Rank	Export Items	2005	2006	2007	2008
1	Finished oil	5,176.1	5,529.1	7,388.9	13,284.7
2	Iron, steel and steel products	1,275.5	1,616.3	1,475.80	4,031.1
3	Motorcycles and parts	1,511.1	2,460.7	2,834.9	3,814.4
4	Refined sugar	2,578.9	3,375.7	2,088.5	3,292.1
5	Cars and auto parts	1,035.5	1,534.2	1,718.0	3,227.4
6	Beverages	2,099.9	2,643.9	2,564.5	3,049.8
7	Cement	2,303.8	2,745.0	2,972.2	2,991.7
8	Chemical products	1,750.3	1,940.4	1,876.8	2,578.2
9	Machineries and parts	860.9	1,131.8	1,597.7	2,387.7
10	Rubber products	1,065.7	1,219.8	1,456.7	1,861.1
Grand Total		36,801.7	47,003.0	46,709.1	67,025.6

Source: Department of Export Promotion, Ministry of Commerce, Thailand

The above figures show that Thailand has been gaining considerably from trading with Cambodia. In 2008 alone, the value of Thai exports to Cambodia was about 12 times more than Cambodia's exports to Thailand.

1.1.3. Border trade

Thailand and Cambodia share almost 800 kilometres of common border. There are six permanent border trade routes between the two countries. The total border trade value of Thailand and Cambodia is more than half of the total foreign trade value of the two countries, and has been increasing impressively.

There are several provinces of Thailand connected with Cambodia, namely, Ubolrachathani, Srisakes, Surin, Burirum, Srakaew, Chantaburi and Trad.

Among the six border-trade posts of Thailand and Cambodia, Rongkrue Market at Ban Klongluek, Aranyaprades District in Srakaew Province is the most important post.

Border trade between Thailand and Cambodia increased from 29,474 million baht in 2005 to 34,597 million baht in 2006; 34,930 million baht in 2007; and 50,299 million baht in 2008. During this period, the proportion of border trade to total trade value of the two countries was about 71.6-79.5% (see Table 5).

In 2008, the border-trade value of Thailand and Cambodia increased by about 44% from the year 2007.

Table 5: Border trade of Thailand and Cambodia, 2005-2008

	2005	2006	2007	2008
Total Trade Value	38,071	48,326	48,398	70,033
Border Trade Value	29,474	34,597	34,930	50,299
Percentage Changes of Total Trade		26.9	0.1	44.7
Percentage Changes of Border Trade		17.4	0.1	44.0
Ratios of Border Trade and Total Trade (%)	79.5	71.6	72.2	71.8

Source: Department of Foreign Trade, Ministry of Commerce, Thailand

1.2. Thailand's investment in Cambodia

From 1994 to 2005, the Cambodian Investment Board (**CIB**) had approved about 1,262 foreign investment projects with a total registered capital of 7.2 billion US\$.

The major investment countries in Cambodia are Malaysia, the Republic of Korea, China, Taiwan and Thailand.

Based on data from the Office of Foreign Trade Promotion of Thailand in Phnom Penh, from 2003 to 2006, major investment projects from Thailand in Cambodia were tourism (48% of total investment), infrastructure (22%), industry (15%) and agriculture (15%).

Up to mid-2009, there were 81 investment projects from Thailand (promoted by the Board of Investment of Thailand), valued at about US\$362.35 million, in Cambodia. The capital from the Thai side was US\$226.59 million or about 62.53% of the total investment capital.

Major Thai investment projects were in hotel business (US\$138.4 million or about 38.20% of the total investment), agro-industry (US\$75.7 million, equivalent to about 20.89%).

Between 1994 and mid-2009, there were other Thai investment projects in Cambodia, as shown in Table 6.

1.3. Thailand's ODA to Cambodia

There were several construction projects in Cambodia funded by the Thai government:

Table 6: Thai investment in Cambodia (Aug 1984 - June 2009),

Classified by types of Businesses			
Types	No. of Projects	Total Value (Million US\$)	Investment from the Thai Side (Million US\$)
Hotel	9	138.40	63.15
Agro industry	11	75.70	40.44
Wood processing	2	27.50	23.62
Food processing	9	20.56	17.54
Telecom	2	17.60	16.40
Industry	14	18.75	13.65
Services	4	18.50	13.55
Medical	1	10.00	10.00
Electrical plants	2	11.20	8.00
Mining	6	7.36	5.98
Garment	6	5.65	5.65
Assembly plants	1	2.00	2.00
Shoes	2	2.00	1.50
Construction	1	1.33	1.33
Media	2	1.16	1.07
Chemical	2	1.40	0.89
Textiles	2	1.50	0.74
Gas	2	1.00	0.54
Petroleum	2	1.05	0.30

Thailand

Hospital	1	0.49	0.24
Total	81	362.35	226.59

Source: Department of Export Promotion, Ministry of Commerce, Thailand

- a. The rehabilitation of road number 48 connecting Trad province of Thailand and Kohgong province of Cambodia (153 km) and construction of bridges crossing 4 rivers.
- b. The rehabilitation of road number 67 from Siamreap to the north approaching the Thai border in Sirasakes province.
- c. The construction of road connecting Surin province and Siamreap.
- d. The Thai Department of Highways supports about 600 million baht to rehabilitate road number 318 which is a part of the road networks connecting Eastern Thailand with Indo-China approaching Southern Vietnam to Hochiminh City.

2 THAILAND'S ECONOMIC COOPERATION WITH LAO PDR

2.1. Trade cooperation

2.1.1. *Thailand's Imports from Lao PDR.*

During 2005-2008, the import value of Thailand from Lao PDR increased from 9,125.1 million baht to 20,437.0 million baht, translating to an increase of about 123.96% (or 30.99% per year).

From 2007 and 2008, Thailand's imports from Lao PDR increased by about 25.42% (Table 7). Significant import items are mineral products and scraps, energy products, lumber and processed woods, etc.

Table 7: Thailand's imports from Lao PDR, 2005-2008

		Value: Million Baht			
Rank	Import Items	2005	2006	2007	2008
1	Mining, mineral products and scraps	2,016.4	8,221.6	9,898.0	11,792.9
2	Energy products	2,527.5	6,604.0	2,634.6	3,684.3
3	Lumber and processed woods	3,235.0	3,141.4	2,097.0	2,105.6
4	Plants and plant products	426.1	656.5	335.7	617.9
5	Wires and cable wires	11.7	3.9	182.1	307.5
6	Fresh and processed vegetables and fruits	122.8	118.8	86.0	292.7
7	Machineries and parts	6.2	13.9	159.6	292.5
8	Coal	159.8	155.1	231.2	273.7
9	Passenger cars	0	4.5	11.5	215.7
10	Electrical machinery and parts	70.3	159.0	161.7	162.2
Grand Total		9,125.1	19,752.7	16,295.0	20,437.0

Source: Department of Export Promotion, Ministry of Commerce, Thailand

In 2008, Thailand imported about 11,792.9 million baht of mineral products and scraps from Lao PDR, equivalent to 57.70% of the total import value, followed by energy products (18.03%) and lumber and processed woods (10.30%).

2.1.2. Thailand's exports to Lao PDR

Thailand's exports to Lao PDR had increased from 30,965.5 million baht in 2005 to 58,391.3 million baht in 2008, which was equivalent to a rise of 88.57% (or an average of 22.14% per year).

The main export item from Thailand to Lao PDR is finished oil, valued at 12,961.8 million baht or 22.20% of Thailand's total exports to Lao PDR in 2008. The next big export items are cars and automobile parts (6,184.2 million baht or 10.59% of the total), iron and steel products (5,208.7 million baht or 8.92%), machinery and parts (3,452.4 million baht or 5.92%), textiles (2,293.2 million baht or 3.93%) and chemical products (1,954.3 million baht or 3.35%). (See Table 8)

Based on the foregoing data, Thailand gained from its trade with Lao PDR, with a trade surplus of 21,840.4 million baht in 2005 and 37,954.3 million baht in 2008.

2.1.3. Border Trade

There are eight major border trade custom posts for Thailand and Lao PDR (see Table 9). These help facilitate the two countries' conduct of border trade – which is the main form of trade between the two, especially since Lao PDR is a land-locked country.

The most important border trade posts are Nongkhai and Mukdaharn Provinces, where the border trade values in 2008 were pegged at 31,124.5 million baht (41.39% of the total border trade value of the two countries) and 24,036.6 million baht (31.96%), respectively.

Table 8: Thailand's exports to Lao PDR, 2005-2008

Rank	Export Items	Value: Million Baht			
		2005	2006	2007	2008
1	Finished oil	6,584.0	8,508.9	9,515.6	12,961.8
2	Cars and auto parts	2,479.6	3,750.9	4,770.4	6,184.2
3	Iron, steel and steel products	1,823.1	2,682.8	3,473.6	5,208.7
4	Machineries and parts	1,234.7	1,759.0	2,822.3	3,457.4
5	Textiles	2,308.8	2,095.8	1,925.9	2,293.2
6	Chemical products	1,321.6	1,345.9	1,373.8	1,954.3
7	Other vehicles and parts	843.7	950.2	1,387.3	1,533.1
8	Beverages	660.0	692.1	1,064.0	1,361.7
9	Cosmetics	738.2	773.6	995.1	1,221.4
10	Plastic products	473.5	560.0	793.4	1,038.9
Grand Total		30,965.5	38,720.5	45,185.3	58,391.3

Source: Department of Export Promotion, Ministry of Commerce, Thailand

Table 9: Border trade of Thailand and Lao PDR, classified by Customs Posts

Customs Post	Value: Million Baht	
	2007	2008
Nongkhai	25,290.2	31,124.5
Buengkarn	5,312.5	5,116.7
Mukdhaharn	19,000.9	24,036.6
Nakornphanom	4,451.0	5,375.5
Phibulmungsaharn	3,990.9	5,899.4
Thali	1,773.8	2,311.3
Chiengkarn	490.4	623.9
Khemaraj	405.6	717.6
Total	60,715.5	75,205.6

Source: Customs Posts, Northeast Thailand

The total border-trade value of the two countries rose from 60,715.5 million baht in 2007 to 75,205.6 million baht in 2008, or an increase of about 23.87%.

2.2. Thailand's investment in Lao PDR

Thailand is one of the major foreign investors in Lao PDR. In 2006, there were about 30 investment projects from Thailand in Lao PDR, valued at about 655 million US\$ (or 27.3% of the total foreign investments in Lao PDR) (see Table 10). In the same year, the People's Republic of China (PRC) invested 55 projects with the accumulated investment capital of 423 million US dollar (17.64%), followed by Japan (16.73%), India (14.59%) and Vietnam (12.85%).

However, in 2007, China became the biggest foreign investor in Lao PDR (43.63%) of total foreign investment in Lao PDR), followed by Vietnam (13.71%) Thailand (8.16%), Republic of Korea (7.23%) Malaysia (4.68%) etc.

Examples of Thailand's investment projects in Lao PDR, are feeds and live stocks, rubber plantation, woods and processed woods, mining, hydropower energy, hotel businesses, textile and garments, etc.

2.3. Thailand's ODA to Lao PDR

There are several projects in Lao PDR, which are under the Thai government' ODA.

2.3.1) The construction of railway connecting Nongkhai province of Thailand and Thanalaeng of Lao PDR

2.3.2) The Internet Connection Program of Thailand and Lao PDR to facilitate trade, investment, logistics system and tourism, etc.

2.3.3) The rehabilitation of Pakse Airport. The Thai government provided 320 million baht of soft loan and grant to Lao PDR for this project.

2.3.4) The Thai government, in 2008, provided 45 scholarships more for the Lao students and officials to study in Thailand. Formerly, Thailand had already given 133 scholarships of graduate studies and 274 grants of training programs to Lao PDR.

2.3.5) in 2009. Under the Human Resource Development Program, the Thai government provided another 30 scholarships of master –degree studies and 140 grants for training programs to Lao PDR.

Table 10: Foreign Direct Investment in Lao PDR, classified by countries, 2007-2008

Countries	No. of Projects	Total Investment Value (Million US\$)	Ratio of Foreign Investment (%)
Year 2007			
1) Thailand	30	655	27.31
2) China	55	423	17.64
3) Japan	2	402	16.73
4) India	1	350	14.59
5) Vietnam	22	261	10.89
6) Other	61	308	12.85
Total	171	2,399	100.00
Year 2008			
1) China	47	496	43.63
2) Vietnam	35	156	13.71
3) Thailand	31	93	8.16
4) Republic of Korea	24	82	7.23
5) Malaysia	3	53	4.68
6) Others	51	257	22.59
Total	191	1,137	100.00

Source: Board of Investment, Ministry of Industries, Thailand

2.3.6) The Thai government has assisted Lao PDR to up-grade the staffers of National University of Lao to finish at least bachelor degree.

2.3.7) The Thai government, during 2005-2006, helped Lao PDR to improve the National Agricultural Research Center (2,529,945 baht).

2.3.8) In 2009, The Thai government supports to develop the Bokaew Hospital by constructing one OPD building to Lao PDR.

3 THAILAND'S ECONOMIC COOPERATION WITH MYANMAR

3.1. Trade cooperation

3.1.1. Thailand's imports from Myanmar

During the past four years, from 2005 to 2008, Thailand's imports from Myanmar increased from 71,913.4 million baht to 112,369.5 million baht, or increased about 56.26% (averaged about 14.06% per year). In the recent year, 2007 and 2008, import value from Myanmar to Thailand rose from 80,030.6 million baht to 112,369.5 million

baht, which increased about 40.41%. (See Table 11)

The main import item from Myanmar to Thailand is natural gas. In 2005, its import value was 60,085.6 million baht (83.55% of total imports from Myanmar to Thailand), increasing to 103,880.6 million baht in 2008 (92.45% of the total imports of Thailand from Myanmar).

In addition to natural gas, other major items exported from Myanmar to Thailand were lumber and processed woods (3.55% of total imports of Thailand from Myanmar in 2008) and meat (1.94%) (see Table 11).

Table 11: Thailand's imports from the Union of Myanmar, 2005-2008

Rank	Import Items	Value: Million Baht			
		2005	2006	2007	2008
1	Natural gas	60,085.6	76,446.2	71,922.4	103,880.6
2	Lumber and processed woods	3,899.7	3,945.8	2,979.2	3,986.1
3	Edible meat	1,960.0	1,709.3	1,419.9	2,179.4
4	Fresh and processed vegetables and fruits	283.8	172.6	261.9	576.0
5	Mining and mineral products and scraps	3,460.9	3,308.1	1,202.9	370.4
6	Fishery products	419.4	535.4	277.2	357.2
7	Plants and plant products	233.5	72.8	117.7	182.8
8	Live animals	567.4	303.6	113.2	138.8
9	Coal	314.2	271.7	174.4	110.0
10	Furniture	117.1	205.4	114.7	96.1
Grand Total		71,913.4	88,707.9	80,030.6	112,369.5

Source: Department of Export Promotion, Ministry of Commerce, Thailand

3.1.2. Thailand's exports to Myanmar

Thailand's export value to Myanmar was estimated at 28,382.2 million baht in 2005, which increased to 43,859.0 million baht, or by about 54.53% (averaged 13.63% per annum).

Major export items from Thailand to Myanmar are finished oil, fat and edible oils from plants and animals, beverages, iron and steel products, chemical products, plastic pellet, cosmetics, wheat products and processed foods, textiles, among others (see Table 12).

Table 12: Thailand's exports to the Union of Myanmar, 2005-2008

		Value: Million Baht			
Rank	Export Items	2005	2006	2007	2008
1	Finished oil	2,776.3	4,225.0	4,249.4	7,012.8
2	Animal and vegetable oil	2,013.2	632.5	1,670.0	3,374.6
3	Beverages	1,582.9	1,557.2	1,563.0	2,529.6
4	Iron, steel and steel products	1,438.4	1,629.3	2,179.2	2,393.7
5	Chemical products	1,958.3	1,973.5	2,143.0	2,350.2
6	Plastic Pellet	2,246.6	1,778.8	2,040.9	2,008.6
7	Cosmetics	684.5	801.5	971.7	1,343.9
8	Wheat products and processed foods	362.0	726.7	937.9	1,338.2
9	Textiles	1,095.9	1,087.0	1,093.7	1,315.1
10	Pharmaceutical products	691.8	737.3	868.4	1,067.4
11	Motorcycles and parts	319.5	445.9	740.4	1,093.1
12	Rubber products	806.1	898.4	994.8	1,030.7
13	Cement	368.0	773.6	894.2	1,021.0
14	Cars and auto parts	343.9	371.8	624.0	896.6
15	Battery and components	581.2	714.0	987.9	757.5
Grand Total		28,382.2	28,849.0	33,043.1	43,859.0

Source: Department of Export Promotion, Ministry of Commerce, Thailand

Finished oil exports were valued at 7,012.8 million baht in 2008 (15.99% of the total export value from Thailand to Myanmar), followed by fat and edible oils (7.69%), beverage (5.77%).

Myanmar, with its huge natural gas export to Thailand, has been considerably gaining in trade with Thailand. Thailand's trade deficit with Myanmar increased from 43,531.2 million baht in 2005 to 68,510.5 million baht in 2008.

However, if natural gas is excluded, Thailand will gain significantly from trading with Myanmar during the aforementioned period.

3.1.3. Border trade

Thailand and Myanmar have already opened three major custom posts for the two countries' border-trade operations at Maesai, Chiangrai province, Maesawd, Tak province, and Ranong province.

Border trade between Thailand and Myanmar has been expanding impressively year by year. During the past decade, the value of border trade of the two countries has more than doubled.

3.2. Thailand's investments in Myanmar

From 1987 to early 2009 (February), there were 418 investment projects from 28 countries in Myanmar. The total accumulated investment value was 14.74 billion U.S. dollars, based on data from the Myanmar Investment Commission.

Singapore had the most number of investments in Myanmar, totaling 71, followed by Thailand, with 58 projects, and UK with 50. However, in terms of capital value, Thailand was the biggest investor in Myanmar, with an accumulated capital of 7,391.8 million U.S. dollars or about 50.14% of total investment in Myanmar (Table 13).

Energy development is the most important foreign investment in Myanmar. As of February 2009, there were 87 energy development projects valued at 9,554.7 million U.S. dollars, or equivalent to 64.81% of the total foreign investments in Myanmar. This was followed by industry (11.05%), real estate (7.17%) and hotels and tourism (7.02%) (see Table 13).

To facilitate the economic and business activities of Thailand and Myanmar, commercial banks from Thailand opened their representative offices in Myanmar.

Currently, there are several Thai commercial banks in Myanmar. Under the Central Bank of Myanmar Law and the Financial Institutions of Myanmar Law, foreign banks can only open representative or liaison offices in Myanmar. Thai commercial banks with their representative offices in Myanmar are the Bangkok Bank Ltd., Kasikorn Bank Ltd. Krungthai Bank, Thai Military Bank, Thai Metropolitan Bank, and Krungsri-Ayadhaya Bank, all which cater to Thai businesses operating in Myanmar.

Other banks which have already opened representative offices in Myanmar are the Banque Indosuez, United Overseas Bank Singapore, Overseas Chinese Bank Corporation and Kepple Bank of Singapore.

Table 13: Foreign Direct Investment in the Union of Myanmar (as of February 2009)

Rank	Countries	No. of Projects	Registered Capital (Million US\$)	Ratio of Foreign Investment (%)
1	Thailand	58	7,391.8	50.14
2	UK	50	1,861.0	12.62
3	Singapore	71	1,520.2	10.31
4	Malaysia	33	660.7	4.48
5	Hong Kong	31	504.2	3.42
6	China	27	475.4	3.23
7	France	2	469.0	3.18
8	USA	15	243.6	1.65
9	Republic of Korea	37	243.3	1.65
10	Indonesia	12	241.5	1.64
11	Netherlands	5	238.8	1.62
12	India	7	219.6	1.49
13	Japan	23	213.0	1.44
14	Philippines	2	146.7	0.99
15	Australia	14	82.1	0.56
16	Austria	2	72.5	0.49
17	Canada	14	39.8	0.27
18	Syprus	2	38.3	0.26
19	Panama	1	29.1	0.20
20	Germany	2	17.5	0.12
21	Denmark	1	13.4	0.09
22	Macao	2	4.4	0.03
23	Vietnam	1	3.6	0.02
24	Switzerland	1	3.4	0.02
25	Bangladesh	2	3.0	0.02
26	Israel	1	2.4	0.02
27	Brunei	1	2.0	0.01
28	Sri Lanka	1	1.0	0.01
Total		418	14,741	100

Source: Myanmar Investment Commission

Myanmar also has its own banks run by both the public and private sectors as follows:

(1) Public banks

These are mostly specialized banks run by the government:

(1.1) The Myanmar Economic Bank

(1.2) The Myanmar Foreign Trade Bank

(1.3) The Myanmar Agriculture and Rural Development Bank

(1.4) The Myanmar Investment and Commercial Bank

(2) Private banks

These are allowed by the government to operate only local, not foreign, businesses. These are as follows:

(2.1) The Myanmar Citizen Bank

(2.2) The Yangon City Bank

(2.3) The First Private Bank

(2.4) The Myawaddy Bank

(2.5) The Cooperative Bank

(2.6) The Yoma Bank

(2.7) The Yadanarbon Bank

(2.8) The East Oriental Bank

Table 14 shows the lists of Thai investors in the Union of Myanmar.

Table 14: Lists and types of Thai investment in the Union of Myanmar

Types	Companies
1) Agriculture fishery and processed foods	
- Foods	C.P Yangon
- Fishing nets	Decha Panich
- Foods	Myanmar Intergood
- Instant noodles	Ayeyawaddy Food Ind, Co., Ltd. Ma Ma Noodles Factory
- Marine products	K. Marine Corp. & Myanmar Modtech
- Sugar manufacturing	Myanmar Sutech
2) Industry	
- Gems, jade	Gold-Uni Jewellery
- Cosmetics	Mistine Cosmetics
	Myanmar Ahla Gon Co., Ltd.
	Myanmar Lay Nymt Co., Ltd.
	Pias Myanmar
- Construction	Italian - Thai Yangon
- Construction materials	Siam Cement Myanmar Trading

Thailand

- Steel roofing	Myanmar Nouveau Steel
- Cement	CPAC
3) Service	
- Airlines	Thai International Airways Bangkok Airways
- Advertising	Prakit Ad
- Beverages	Osotsapa
- Can factory	Machanic Can Ltd.
- Hotel	Kandawkyi Palace Hotel
- Water	Loi Seng Kham Co. Ltd.
- Imports and exports	Green Line Myanmar Group
- Logistics	Baby Joy
- Restaurant and travel	Schenker Co., Ltd.
- Restaurant	Sabai-Sabai Restaurant Reflections Restaurant
	Krua Chamchuri
	Rabiangthai
	Legacy Thai Restaurant
- Trading	Nestle
	Beri Juker
- Telecommunications	Skuve Zin Yaw

3.2.1. *Thailand and Myanmar Economic Cooperation Agreement*

To facilitate economic cooperation between Thailand and Myanmar, the two countries have forged several agreements, namely:

- 1) Agreement on Trade Cooperation between Thailand and Myanmar, signed on April 12, 1989 in Yangon
- 2) Agreement on setting up the Trade Commission between Thailand and Myanmar, signed on January 21, 1993 in Bangkok
- 3) Agreement on border trade between Thailand and Myanmar signed on March 17, 1996, in Yangon
- 4) The Meeting of Common Committee Members of Thailand and Myanmar, December 8-9, 1997, in Yangon
- 5) Written records of the consultation between the Minister of Commerce of Thailand and the Minister for Commerce of Myanmar, Bangkok, August 21, 2001
- 6) Agreement of cooperation between the Chamber of Commerce of Thailand and the Chamber of Commerce and Industrial Federation of Myanmar, Yangon, February 22, 1995

7) Under the ACMECS (Ayeyawady, Chao Phraya-Mekong Economic Cooperation Strategy), several MOUs were signed by Thailand and Myanmar as follows:

7.1) Cooperation on Tourism Promotion between Southern Thailand and Tavoy of Myanmar

7.2) Cooperation on Industrial Development in Myawaddy and Pa-an.

7.3) Cooperation on Energy Development, including the Alternative Energy Development Project and Dam Construction.

7.4) Cooperation on Agricultural Development, i.e. the promotion of contract farming in Myanmar by the Thai investors.

3.3. Thailand's ODA to the Union of Myanmar

Following are examples of projects in Myanmar supported by Thailand's official development assistance (ODA):

3.3.1) Construction of second bridge crossing Sai River and building a road connecting the Thachilek-Kentung road (valued at 38 million baht)

3.3.2) Construction of road connecting Maesawd district of Thailand to Myawaddy and Pa-an in Myanmar (valued at 300 million baht)

3.3.3) Construction of road from Maesawd-Myawaddy to Yangon, approaching India. The Thai government has extended a grant of 122.9 million baht for road engineering design and work control for the road construction

3.3.4) Construction of Friendship Bridge crossing Sai River at Mae-Sai District and Thachilek

3.3.5) Construction of road from Tanessarem Mountain near the Thai border to Moulmein and Thaton (spanning 236 km). The Thai government will provide 2,150 million baht in soft loans for the construction of this road. This project was proposed by the government of Myanmar.

3.3.6) The Thai government set up 4,000 million baht of credit line to Myanmar to purchase machinery and equipment for economic development

- 3.3.7) *In 2005 the Thai government provided the “ASEAN Integration System of Preferences” with one-way free trade of importing 850 product items exported by Myanmar to Thailand.*
- 3.3.8) *The Thai government sent experts in the fields of agricultural development, education and healthcare, among others, to assist Myanmar (during the period 1997-2004). This initiative cost about 92.45 million baht.*
- 3.3.9) *The Thai government, in 2005, provided study and training grants to support 164 students and officials from Myanmar to study in Thailand.*
- 3.3.10) *The Thai government assisted Myanmar in drug suppression by supporting alternative development programs through the provision of 50 million baht worth of grants to the latter’s government.*
- 3.3.11) *The Thai government, on March 8, 2005, donated 1,000 tons of rice (valued at 10.54 million baht) to Myanmar under the Food and Agriculture Organization’s World Food Program to encourage the ethnic minority groups in Shan state to give up opium production.*

4 THAILAND’S ECONOMIC COOPERATION WITH VIETNAM

4.1. Trade cooperation

4.1.1. Thailand’s imports from Vietnam

During the period 2005-2008, the total value Thailand’s imports from Vietnam increased 33.51% (8.38% per year on average) from 35,931.4 million baht to 47,973.4 million baht . In recent years, from 2007 to 2008, imports of Thailand from Vietnam rose from 38,655.4 million baht to 47,973.4 million baht, which meant an increase of about 23.28% (see Table 15).

Computers and computer parts and components are Thailand’s most important export items from Vietnam. In 2008, Vietnam’s total import value to Thailand was 11,765.8 million baht, equivalent to 24.53% of total imports. The next major import items are crude oil (15.01% of total imports of Thailand from Vietnam), iron-steel and steel products (8.25%), electrical machinery and parts (7.35%), etc. (Table 15)

4.1.2. Thailand's exports to Vietnam

Between the year 2005 and 2008, Thailand's export to Vietnam increased from 94,780.6 million baht to 165,100 million baht, or rose about 74.19% (18.55% per annum in average). In the last couple of years, from 2007 to 2008, exports from Thailand to Vietnam rose about 26.16%. (See Table 16)

The biggest export item from Thailand to Vietnam in finished oil, the value of which in 2008 was 28,757.3 million baht (about 17.42% of total exports from Thailand to Vietnam). The second important export item is plastic pellet (8.04%), followed by iron and steel products (6.49%), chemical products (3.26%), auto machineries and parts (3.13%), machinery and parts (3.13%), paper and products (2.92%), cars and automobile parts (2.84%), rubber products (2.81%) motorcycles and parts (2.65%) and cement (see Table 16).

Table 15: Thailand's imports from Vietnam, 2005-2008

		Value: Million Baht			
Rank	Import Items	2005	2006	2007	2008
1	Computers and components	4,591.3	10,793.4	10,232.8	11,765.8
2	Crude oil	11,309.2	8,330.8	9,184.8	7,201.8
3	Iron, steel and steel products	220.6	342.9	445.9	3,958.0
4	Electrical machines	8,020.7	1,891.7	2,499.1	3,524.6
5	Thread	985.3	1,415.0	1,674.4	2,170.6
6	Medical and scientific instruments	176.9	797.8	1,613.7	1,988.2
7	Fishery products	1,130.1	1,045.2	1,205.6	1,538.5
8	Chemical products	362.3	647.4	1,006.5	1,253.6
9	Coffee, tea and spices	11.2	11.6	29.4	1,107.0
10	Coal	1,401.0	1,214.3	914.0	1,070.2
Grand Total		35,931.4	34,488.8	38,655.4	47,973.4

Source: Department of Export Promotion, Ministry of Commerce, Thailand.

Table 16: Thailand's exports to Vietnam, 2005-2008

		Value: Million Baht			
Rank	Export Items	2005	2006	2007	2008
1	Finished oil	11,783.6	13,838.5	13,572.3	28,757.3
2	Plastic pellets	10,262.1	11,207.4	11,787.8	13,276.0
3	Iron, steel and steel products	6,580.1	9,347.5	11,016.2	10,714.4
4	Chemical products	2,911.5	3,067.6	4,082.4	5,376.1
5	Engines and parts	3,615.1	4,594.9	4,434.6	5,169.5
6	Machineries and parts	2,059.2	2,573.1	4,439.1	5,159.5
7	Paper and paper products	1,925.4	3,224.2	3,744.2	4,819.4
8	Cars and auto parts	1,659.6	1,817.7	3,128.7	4,683.7
9	Rubber products	1,865.5	2,477.2	3,361.6	4,635.0
10	Motorcycles and parts	2,994.5	2,366.7	2,897.0	4,370.5
11	Cement	4,157.2	3,227.9	3,680.3	4,108.7
12	Plastic products	2,264.4	2,698.6	3,112.7	3,777.5
13	Natural rubber	1,167.7	4,661.0	2,503.2	3,747.8
14	Air conditions and parts	1,176.2	1,734.6	2,858.9	3,332.4
15	Leather and leather products	2,715.5	1,974.0	2,305.1	2,984.4
Grand Total		94,780.6	116,906.9	130,870.5	165,100.1

Source: Department of Export Promotion, Ministry of Commerce, Thailand

The figures above indicate that Thailand has been significantly gaining from trading with Vietnam. The trade surplus value increased from 58,849.2 million baht in 2005 to 117,126.70 million baht in 2008, or increased about 99.05%.

4.2. Thailand's investment in Vietnam

Thai investors began their investment in Vietnam in 1988. By the end of 2008, there were 192 projects invested by the Thai investors in Vietnam. The total value of investment was about 5.6 billion U.S. dollars. Thailand ranks 12th among foreign countries investing in Vietnam.

In 2008 alone, there were 32 Thai investment projects in Vietnam, with a total value of 1.56 billion U.S. dollars. The major investment projects of the Thai investors in Vietnam are in agri-business and agro-industry, including feed mills and livestock production and aquaculture. In addition to the agriculture and fishery projects, Thai investments in Vietnam are cover construction, hotels and restaurants, construction material production, auto parts, motorcycles, paper and processed foods.

Among the major Thai investors in Vietnam are Charoen Phokphand Group, Betagro, Nestle, Pranda Group, C.K Shoes, Star Print, Thai Nakhon Pattana, TOA,

Thaiwa, Srithai Supperwar, Red Gore Group, Hi-tech Group, Liberty Group, Nice Apparel Group and Karat.

4.3. Thailand-Vietnam Technical Cooperation

The governments of the two countries have been cooperating in several fields, examples of which are as follows:

4.3.1) Cooperation in technical expert exchanges in various fields, i.e., education, information technology, computer science, mathematics and sciences

4.3.2) Student and instructor exchange programs are also encouraged by the two countries.

4.3.3) Cooperation in sports activities, which take the form of exchanges of coaches and athletes

5 SUMMARIES AND CONCLUSIONS

Thailand and its neighboring countries along the Mekong River, the CLMV, have different levels of economic development. Thailand, as a much longer time implementing the open-market oriented economic system, has bigger size of economy. In 2008, the size of Thailand's gross domestic product was about 250 billion U.S. dollars, compared to Vietnam's almost 100 billion U.S. dollars, Cambodia's 10 billion U.S. dollars.

The CLMV countries were under relatively closed economies and hard hit by the revolutionary wars when Thailand began to open up its economy more widely from the early 1960s onwards.

From around 1960, under the government led by Marshall Sarit Thanarat, Thailand established the National Economic and Social Development Board and the Board of Investments to encourage the opening up of the economy. Since then, the GDP of the country had been growing at an average rate of at least more than 7% per year till the year 1996, before was Thailand faced with a serious financial crisis in 1997 causing a significantly lower GDP growth until the recent years.

Owing to the advantages of geographic proximity and different levels of economic development, Thailand has closed economic relationships with its neighboring countries mentioned above, indicated by the expansion of trade, investment and service-sector cooperation.

In recent years, Thailand's foreign trade with GMS countries, including Yunnan, has been expanding impressively. In 2005 and 2008, the total import value of Thailand from the GMS countries increased from 567.16 billion baht to 850.86 billion baht or increased about 12.5% per year.

During the same duration, Thailand also increased its exports to the GMS countries from 558.34 billion baht in 2005 to 866.70 billion baht in 2008, or an increase of about 13.81% per annum.

Border trade between Thailand and its neighboring countries, Cambodia, Lao PDR and Myanmar is also flourishing owing to their geographical advantages.

Focusing their foreign investments in CLMV, Thailand's investment projects in CLMV largely consist of natural resource-related projects, agricultural production and agro-industries, and service-based investments, such as those in hotels, tourism businesses and restaurant.

As a more economically advanced countries, owing to the much earlier implementation of an open economic system, Thailand has also been extending ODA to its neighboring countries situated along the Mekong River. Major ODA projects of Thailand in CLMV include infrastructure development such as road and bridge construction and rehabilitation, providing scholarships and training grants to CLMV students and government officials, sending experts to assist in some technical development projects of its neighboring countries, among others.

However, owing to the opening up and market-driven economies of CLMV, foreign trade, investment and ODA from the countries outside the ASEAN region such as China, Japan, and the Republic of Korea, have been expanding more and more in CLMV. Proportionally, Thailand's economic relationships with its neighboring countries have been declining, relative to the countries coming from the ex-ASEAN areas.