

BRC RESEARCH REPORT No. 4

**INVESTMENT CLIMATE OF MAJOR CITIES
IN CLMV COUNTRIES**

2010

EDITED BY MASAMI ISHIDA

**Bangkok Research Center
IDE-JETRO
Bangkok, Thailand**

PROJECT MEMBERS

MASAMI ISHIDA: Senior Research Fellow, Bangkok Research Center, IDE-JETRO, Thailand

SAU SISOVANNA: Senior Research Fellow, Cambodian Institute for Cooperation and Peace

SYVIENGXAY ORABOUNE: Deputy Director General, National Economic Research Institute, Lao PDR

MOE KYAW: Managing Director, Myanmar Marketing Research and Development Ltd

DINH HIEN MINH: Deputy Director, Department for Trade Policy & International Integration, Central Institute for Economic Management, Vietnam

AKIFUMI KUCHIKI: Professor, College of Bioresource Sciences, Nihon University, Japan

IKUO KUROIWA: Director General, Development Study Center, Institute of Developing Economies, Japan External Trade Organization

TOSHIHIRO KUDO: Director, Southeast Asian Studies Group, Area Study Center, Institute of Developing Economies, Japan External Trade Organization

IKUMO ISONO: Research Fellow, Bangkok Research Center, IDE-JETRO, Thailand

CONTENTS

	Page
1. COMPARING INVESTMENT CLIMATES AMONG MAJOR CITIES IN CLMV COUNTRIES	1
Masami Ishida	
INTRODUCTION	1
1. INVEST CLIMATES IN GENERAL	4
2. LABOR FORCE AND INFRASTRUCTURE	17
3. OBJECTIVE DATA COMPARED WITH THAILAND AND INDONESIA	25
CONCLUDING REMARKS	30
 2. INVESTMENT CLIMATE IN CAMBODIAN CITY AND TOWNS	 35
Sau Sisovanna	
INTRODUCTION	35
1. NATIONAL LEVEL SURVEY	36
2. THE SPECIAL ECONOMIC ZONES	69
3. THE MAJOR CITY AND TOWNS IN CAMBODIA	72
4. PORTS AND AIRPORTS	87
CONCLUSION	97
 3. INVESTMENT CLIMATE IN LAO PDR	 101
Syviengxay Oraboune	
INTRODUCTION	101
1. FLOW CHART APPROACH ASSESSMENT OF INDUSTRIALIZATION IN LAO PDR	102
2. INVESTMENT CLIMATE IN LAO PDR	107
CONCLUSION AND RECOMMENDATION	122
 4. INVESTMENT CLIMATE AND BUSINESS COST OF MAJOR CITIES IN MYANMAR	 128
Moe Kyaw	
INTRODUCTION	128
1. INVEST CLIMATES IN NATIONAL LEVEL	129
2. CHALLENGES	155

3. INFRASTRUCTURE	161
4. INTRODUCTION OF FOUR MAJOR CITIES	169
5. SURVEY ON BUSINESS COST IN MAJOR CITIES CLMV COUNTRIES: CASES OF HANOI, HO CHI MINH AND DANANG CITY	174
Dinh Hien Minh	
INTRODUCTION	174
1. INVESTMENT CLIMATE SURVEY AT NATIONAL LEVEL	175
2. INVESTMENT CLIMATE AT CITY LEVEL	196
3. INDUSTRIAL PARKS AND SEZ	206
COCLUDING REMARKS	210
6. POLICY RECOMMENDATIONS FOR REGIONAL INTEGRATION IN EAST ASIA	212
Akifumi Kuchiki	
INTRODUCTION	212
1. RE-EXAMINATION OF DEVELOPMENT STRATEGY	215
2. FLOWCHART APPROACH TO INDUSTRIAL CLUSTER POLICY	219
3. FLOWCHART APPROACH TO EASTERN SEABOARD DEVELOPMENT PROGRAM OF THAILAND	230
4. AN APPLICATION OF THE FLOWCHART APPROACH TO CLMV	245
5. POLICY RECOMMENDATIONS	253
7. ECONOMIC INTEGRATION AND INTERNAL GEOGRAPHY IN CAMBODIA: EVIDENCES FROM THE ERIA FIRM SURVEY	268
Ikuo Kuroiwa	
INTRODUCTION	268
1. NEG MODELS	270
2. THE ERIA FIRM SURVEY	275
SUMMARY AND CONCLUSION	288
8. INVESTMENT CLIMATE IN MYANMAR:THE CASE OF GARMENT INDUSTRY	296
Toshihiro Kudo	
INTRODUCTION	296

1. FRAGMENTATION	298
2. BRIEF HISTORY OF THE GARMENT INDUSTRY IN MYANMAR	300
3. PRODUCTION COSTS OF GARMENT FIRMS IN MYANMAR	303
4. LOCATION ADVANTAGES	313
CONCLUDING REMARKS	322
 9. ECONOMIC IMPACTS OF THE ECONOMIC CORRIDOR DEVELOPMENT IN MEKONG REGION	 330
Ikumo Isono	
INTRODUCTION	330
1. GEOGRAPHICAL SIMULATION MODEL	334
2. IMPACT OF THE MEKONG-INDIA ECONOMIC CORRIDOR	338
3. IMPACT OF THE EAST WEST ECONOMIC CORRIDOR AND THE THIRD INTERNATIONAL MEKONG BRIDGE	343
4. CONCLUDING REMARKS AND POLICY IMPLICATIONS	350