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

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PREFACE

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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CHAPTER 1

INTRODUCTION

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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