

Mekong Forum 2017

Re-adjusting Trade & Foreign Direct Investment Strategies for the GMS

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About ITD

Background

During the Tenth Session of the United Nations Conference on Trade and Development (UNCTAD X) held in Bangkok between 12-19 February 2000, the meeting resolved to establish a **center of research and training in the region**, and **to enhance the potential for trade and development in developing countries** in the region and world.

The **Royal Thai Government** and **UNCTAD** signed a Cooperation Agreement establishing the International Institute for Trade and Development (ITD) on 17 February 2000. The Institute was officially inaugurated on 1 May 2002 during the Mid-Term Review Conference of UNCTAD X, hosted by the Thai Government.

ITD is a **government entity** as a **public organization** established under the Royal Decree on the Establishment of the International Institute for Trade and Development (Public Organization), B.E.2544 (2001), which aims to provide **academic services for training and research** in the fields of trade and development. ITD is governed by Board of Directors and has Executive Director as its chief administrator.

About ITD

Our Mission

- To be a center of excellence in **training and research** in the field of international trade, finance, investment and development in order to serve the needs of public and private sectors in the region and sub-region;
- To enhance the analytical capability of developing countries in formulating trade and development policies, as well as, determining appropriate measures corresponding with the globalization in the region and sub-region;
- To foster the **cooperation** on trade, finance, investment and development between countries in the region and sub-region through collaborative research projects;
- To collaborate with **UNCTAD** and other **international organizations** to disseminate knowledge gained to developing countries in the region and sub-region



IN SUPPORT OF 5 AREAS OF WORK
: ITD tool & itd research and analysis

การพัฒนากรอบความร่วมมือเพื่อส่งเสริมการค้าและการลงทุนในระยะเบียงเศรษฐกิจอนุภูมิภาคลุ่มน้ำโขง (GMS Economic Corridors) เพื่อรองรับการเข้าสู่ประชาคมเศรษฐกิจอาเซียน (AEC)

Author: ดร.ณรงค์ชัย อัครเศรณี และคณะ

การบรรลุวัตถุประสงค์ตามวิสัยทัศน์อาเซียน ปีค.ศ. 2020 สู่การเป็นหุ้นส่วนร่วมกันในการพัฒนาอย่างมีพลวัต เพื่อให้ภูมิภาคเอเชียตะวันออกเฉียงใต้มีความมั่นคง มั่งคั่ง และสามารถแข่งขันกับภูมิภาคอื่น ๆ ได้มุ่งให้เกิดการไหลเวียนอย่างเสรีของสินค้า การบริการ เงินทุน การพัฒนาทางเศรษฐกิจและการพัฒนาความยากจนและความเหลื่อมล้ำ บนพื้นฐานผลประโยชน์ร่วมกันของประเทศสมาชิก จำเป็นอย่างยิ่งที่ต้องมีระบบการเชื่อมโยงที่เหมาะสมกับบริบทที่เปลี่ยนแปลงไปอย่างรวดเร็ว ซึ่งปัจจุบันระบบการเชื่อมโยงที่เอื้อประโยชน์ต่อประเทศสมาชิกอาเซียนมากที่สุด คือระบบเครือข่ายเส้นทางคมนาคมเชื่อมต่อระหว่างเมืองสำคัญในกลุ่มอนุภูมิภาคลุ่มน้ำโขงหรือ Greater Mekong Subregion (GMS)ซึ่งประกอบด้วย 6 ประเทศคือ ไทย เมียนมาร์ สปป.ลาว กัมพูชา เวียดนาม และจีน (เฉพาะมณฑลยูนนานและเขตปกครองตนเองกว่างซี) :

ปีที่พิมพ์ : 2557/ 2014



Dynamics of China in the Great Mekong Subregion and Their Implication for Thailand

Author: ITD

Published : 2015

The research project of "The dynamics of China in the Greater Mekong Sub-region and their implications for Thailand" aims to analyze and evaluate economics and international relation policies and strategies of China on the GMS countries when comparing with those of Thailand, as well as to study the roles and strategies of both Thai and Chinese public and private sectors on the trade, investment and Aids in CLMV countries, on the basis of current situations and policies, the attitudes of the local communities, the reaction of local rivals and competitors from overseas. Recommendations for the public and private sectors in Thailand were provided, in order to determine the policies related to economic, trade, international relations and cooperation between Thailand and China.



Research Findings:

- The research finds **China and The GMS countries has mutual benefits**, i.e. for China, to develop GMS contributes directly to the development of Yunnan and Guangxi, and to link with The GMS countries can guarantee the **supply of natural resources**, provide new energy sources and provide an **west ocean exit to China**. While The GMS countries can expand their markets to Southern China.
- The **advantage for Thailand** is to let Thailand become a regional transport hub connecting with other The GMS countries, but the **disadvantages** are Thai products will be more difficult to compete in The GMS countries and Thai enterprises will also face with the competition over natural resources in this sub-region with Chinese

Strategies for Thailand

Policy recommendations to the **government sectors**

1. To expand the **investment of Thai state enterprises** in this sub-region, especially in the energy sector,
2. To encourage the **participation of local/border provinces**, e.g. promote and develop **Special Economic Zone** in the border areas; connect to GMS through the **Economic Corridor**,
3. To support the **financial sector** investing in this sub-region, e.g. increase the role of state-owned bank to provide funding/credits for investing in abroad, encourage using RMB as the clearing currency among GMS countries, set up funds for Thai investor investing in GMS and development financial system to support Thai businesses expanding business networks in GMS.
4. To establish **state to state partnership** with Chinese government in order to invest together in this sub-region, eg. develop strategic partnership on the basis of Thai-Chinese Joint Committee, in order to have joint investment in GMS.
5. To integrate the missions of Aids providing, investment promotion and financial support together, so the Aids providing by Thai government to CLMV countries will lead to trade and investment opportunities for Thai enterprise in CLMV markets

Strategies for Thailand (cont.)

Strategic recommendations to the **private sectors**

1. To improve their **competitive capability** in order to cope with more competitive products from China. For those enterprises who have enough resources might invest in neighboring countries or in special economic zones along the border, as well as confront with the competition from China by offering quality products.
2. **Industries and sectors** that are appropriate for Thai private sectors to expand their businesses in the GMS include the **service sector, the consumer product sector, the manufacturing sector, the energy sector and the construction sector.**
3. To change their the **attitude to China from competitors to partners**, so they may become partners investing together in CLMV, such as in the **consumer product sector, food processing sector, hotel sector, and industrial zone development sector.**



Total GDP for GMS Countries

Unit : Mil.US\$						
Year	Cambodia	Lao PDR	Myanmar	Vietnam	Thailand	China
2012	14,118	9,169	55,759	155,565	365,966	8,229,381
2013	15,659	10,002	56,408	170,565	387,156	9,181,377
2014 ^e	16,927	10,814	60,294	187,837	373,627	10,027,558
2015 ^e	18,502	11,944	64,802	204,601	392,817	10,940,377
2016 ^e	20,208	13,277	70,818	217,577	416,684	11,878,659

Source : IMF (2014).

*Remarks: Estimation

GDP Per Head for GMS Countries

						Unit : US\$
Year	Cambodia	Lao PDR	Myanmar	Vietnam	Thailand	China
2012	926	1,380	870	1,753	5,390	6,078
2013	950	1,460	876	1,902	5,674	6,747
2014 ^e	1,088	1,567	910	2,073	5,450	7,333
2015 ^e	1,177	1,699	959	2,234	5,704	7,961
2016 ^e	1,273	1,853	1,028	2,351	6,024	8,601

Source : IMF (2014).

*Remarks: Estimation

GDP (%) Growth for GMS Countries

Unit : %						
Year	Cambodia	Lao PDR	Myanmar	Vietnam	Thailand	China
2013	10.92	9.08	1.16	9.64	5.79	11.57
2014 ^e	8.10	8.12	6.89	10.13	-3.49	9.22
2015 ^e	9.30	10.45	7.48	8.92	5.14	9.10
2016 ^e	9.22	11.16	9.28	6.34	6.08	8.58

Source : IMF (2014).

*Remarks: Estimation

Future Trends

- According to **UNCTAD's business survey**, the economic situation in developing Asia is ranked at the top macroeconomic factor influencing FDI ahead of the situation in the United States. Top executives keep a a strong level of confidence in economic performance and investment outlook in **Southeast Asia**.
- The recent WIR 2017 by UNCTAD emphasizes **technological change** and the **digital economy** as major drivers for cross border investment.
- One may say that the development of the digital economy and related opportunities notably for MSMEs and entrepreneurs are more or less independent from **superpowers' actions**.
- **Trade facilitation** is key trade strategy to stimulate trade growth despite the rise of mercantilism because it may reduce the trade cost to an extent that may offset the cost of mercantile measures.

Contact Us

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The End

Thank You