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# THAILAND AND CLMV

Faculty of Economics, Thammasat University

Semester 2 2022

EE361 Economies of CLMV

# Outline



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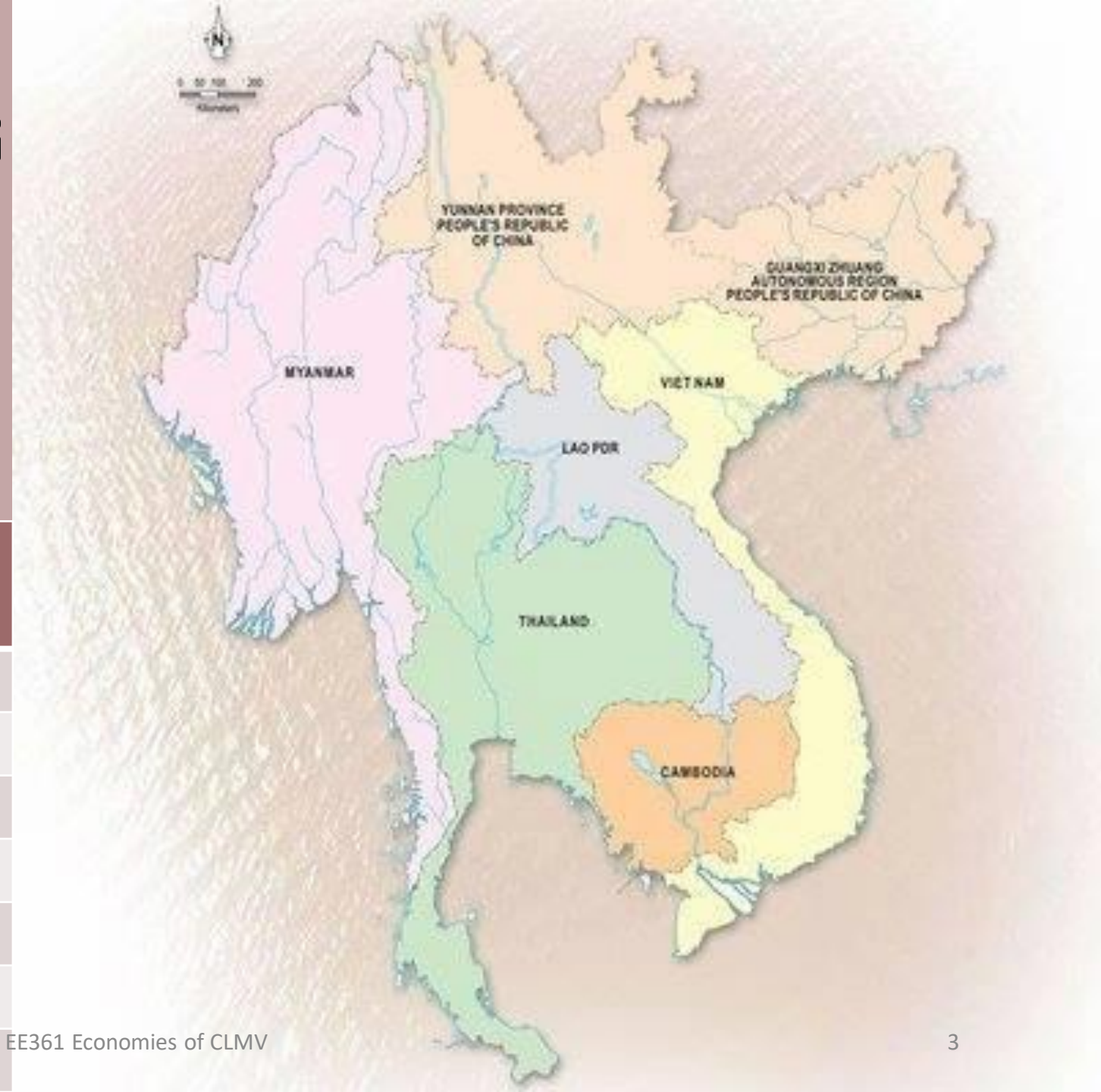
- 01** Thailand within GMS
- 02** Imports and Exports
- 03** Thai-CLMV Economic Relations

- 04** Developments within CLMV
- 05** Future of Thai-CLMV Relationships
- 06** Conclusion

# THE GREATER MEKONG SUBREGION

Thailand is a part of the GMS—a region of commonalities and contrast

	Land area (km <sup>2</sup> )	Population (million)
Cambodia	176.2	16.5
Lao PDR	230.8	7.2
Myanmar	653.1	54.0
Vietnam	310.0	96.5
Thailand	510.9	69.6
Yunnan PRC	394.0	48.6
Guangxi PRC	237.6	48.4



# COMPARISON OF SOCIOECONOMIC INDICATORS

	Cambodia	Lao PDR	Myanmar	Vietnam	Thailand
Population (in million)	16.5 million	7.2 million	54.0 million	96.5 million	69.6 million
Urban population (% of total)	23.8	35.6	30.8	36.6	50.6
Gross Domestic Product (2019)	\$27.1 billion	\$17.9 billion	\$76.1 billion	\$261.9 billion	\$543.5 billion
GNI/capita (current)	\$1,530	\$2,570	\$1,390	\$2,590	\$7,260
Under-5 mortality (/100,000 births)	26.6	45.5	44.7	19.9	9.0
Life expectancy at birth	69.8 years	67.9 years	67.1 years	75.4 years	77.15
Poverty rate (% of population)	17.7%	18.3%	24.8%	6.7%	9.9%



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# IMPORTS AND EXPORTS

# THAI-CLMV TRADE

- Before 2010, between 70-90% of imports of CLM (except Vietnam) come from Thailand
- Since 2010, Thai exports to CLMV declined due to competition from PR China
- Thai imports from CLMV: consumer products energy goods, electrical appliances, electronics, machinery parts
- Thai exports: computers and components, finished oil, natural rubber and plastic pellets

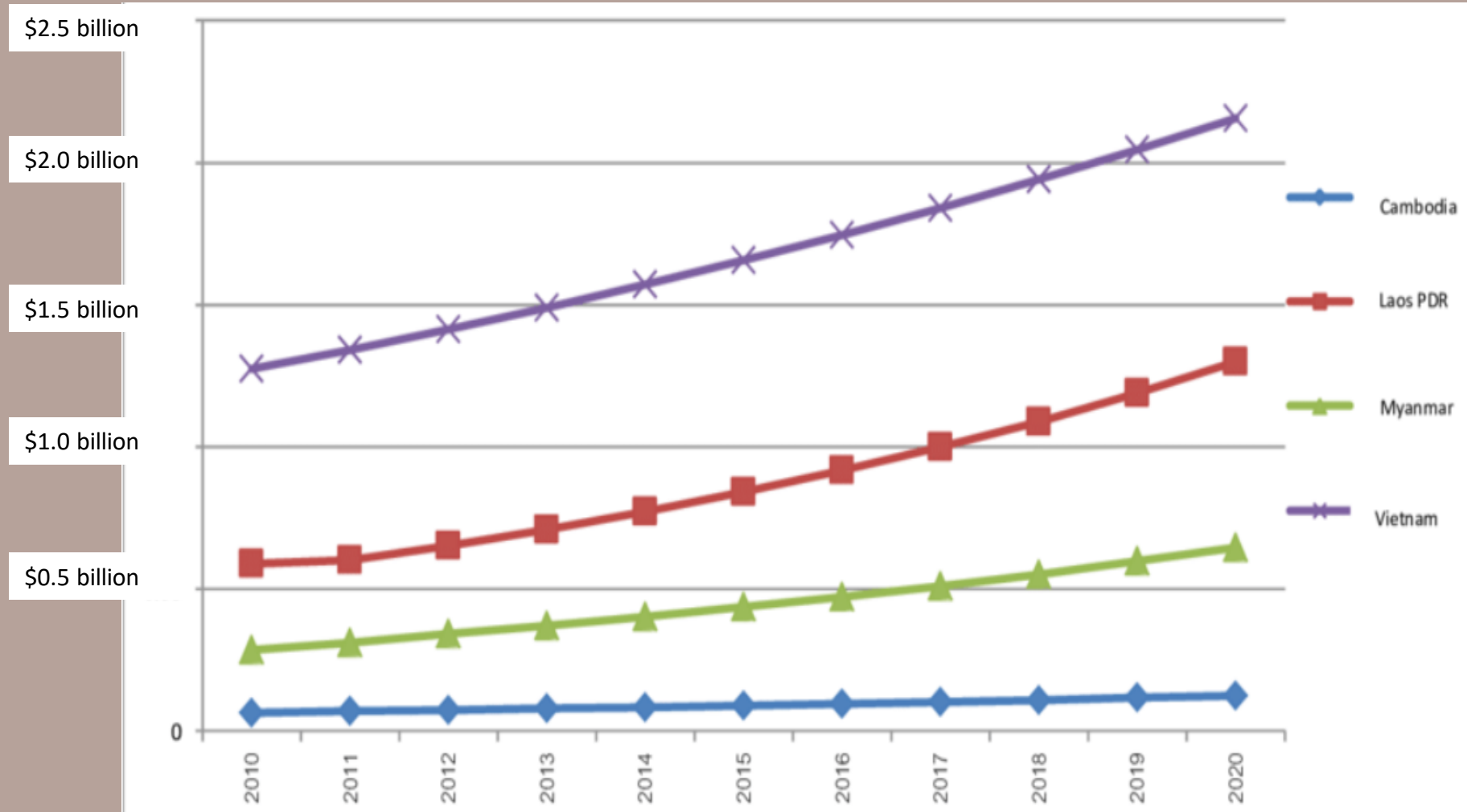


# VALUE OF THAI TRADE WITH CLMV

- Between 2005 and 2008, Thai imports from CLMV increased from Baht 568 billion to Baht 851 billion (increase of 50%)
- During the same time Thai exports increased from Baht 558 billion to 867 billion (increase of 55%)



# VOLUME OF THAI IMPORTS FROM CLMV, 2010-2020



# THAI IMPORTS FROM CLMV, ITEMIZED 2005-2008

**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

# THAI EXPORTS TO CLMV, ITEMIZED 2005-2008

**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	36,061.9	37,220.1	67,819.8
4	Plastic pellets	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



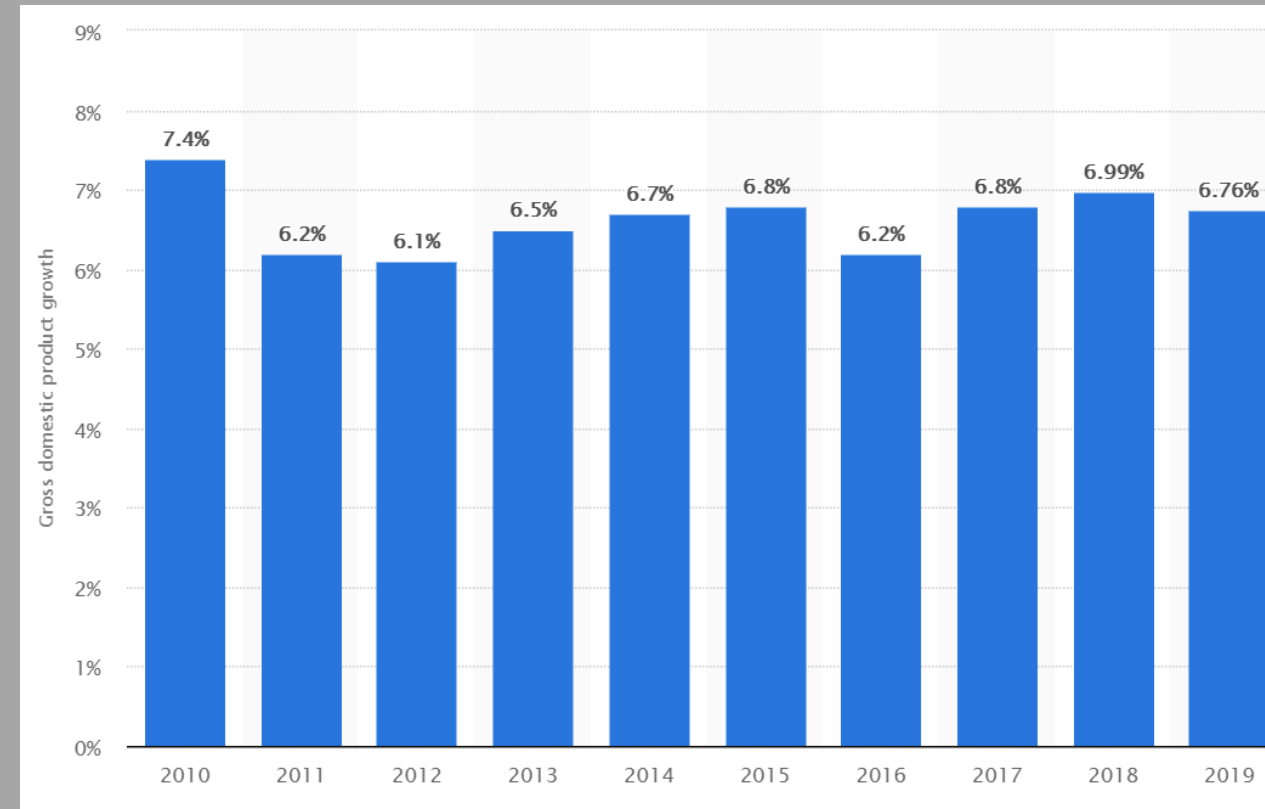
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# THAI-CLMV ECONOMIC RELATIONS

# VARIATIONS IN LEVELS OF DEVELOPMENT

- Thailand and CLMV have different levels of economic development
- Thailand had been implementing a market-based economic system since the 1960s
- CLMV experienced war and social conflicts, only opening up their economies since the late 1980s
- In 2008, Thailand's GDP was \$250 billion compared to Vietnam's (\$100 billion) and Cambodia's (\$10 billion)



Annual GDP growth of CLMV Countries, 2010-2019

# THAI ODA AND DIRECT INVESTMENTS

- Thai direct investments in CLMV: natural resource-related projects, agricultural production and agro-industries and service-based investments and tourism
- Thailand has provided ODA to CLMV mostly in transportation, education scholarships and training, and technical assistance



# THAI-CLMV TRADE

- Border trade between Thailand and CLMV have increased due to their geographical advantages
- Economic liberalization in CLMV and increased FDI and ODA has also increase trade between Thailand and CLMV
- However Thailand's economic relationships with CLMV has proportionally been declining as PR China has been expanding its economic relationships with CLMV



# SUMMARY OF THAI–CLMV IMPORTS AND EXPORTS

	Cambodia	Lao PDR	Myanmar	Vietnam
<b>Thai imports from</b>	<ul style="list-style-type: none"> <li>Plants and plant products</li> <li>Iron and steel products</li> <li>Lumber and processed wood</li> </ul>	<ul style="list-style-type: none"> <li>Lumber and processed woods</li> <li>Mining products and minerals</li> <li>Energy</li> </ul>	<ul style="list-style-type: none"> <li>Natural gas</li> <li>Lumber and processed wood</li> <li>Mining products and minerals</li> </ul>	<ul style="list-style-type: none"> <li>Crude oil</li> <li>Electronic products and machines</li> <li>Computers and parts</li> <li>Fisheries</li> </ul>
<b>Thai exports to</b>	<ul style="list-style-type: none"> <li>Finished oil</li> <li>Beverages</li> <li>Cement</li> <li>Refined sugar</li> </ul>	<ul style="list-style-type: none"> <li>Finished oil</li> <li>Cars and parts</li> <li>Textiles</li> <li>Iron and steel products</li> </ul>	<ul style="list-style-type: none"> <li>Finished oil</li> <li>Plant and animal products</li> <li>Plastic pellets</li> <li>Chemical products</li> </ul>	<ul style="list-style-type: none"> <li>Finished oil</li> <li>Plastic pellets</li> <li>Iron and steel</li> </ul>
<b>Thai Foreign investments</b>	<ul style="list-style-type: none"> <li>Hotel businesses</li> <li>Agro-industry</li> </ul>	<ul style="list-style-type: none"> <li>Livestock feed</li> <li>Rubber plantations</li> <li>Wood processing</li> <li>Hydropower</li> </ul>	<ul style="list-style-type: none"> <li>Agricultural processing</li> <li>Industry (gems)</li> </ul>	<ul style="list-style-type: none"> <li>Agribusiness and agro-industry</li> <li>Beverages</li> </ul>
<b>Thai ODA</b>	<ul style="list-style-type: none"> <li>Roads and bridge construction and maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Railway</li> <li>Internet technology</li> <li>Scholarships</li> </ul>	<ul style="list-style-type: none"> <li>Road and bridge construction</li> </ul>	
<b>Main investors</b>	<ul style="list-style-type: none"> <li>Malaysia</li> <li>Republic of Korea</li> <li>PR China</li> <li>Thailand</li> </ul>	<ul style="list-style-type: none"> <li>PR China</li> <li>Vietnam</li> <li>Thailand</li> </ul>	<ul style="list-style-type: none"> <li>Singapore</li> <li>Thailand</li> <li>United Kingdom</li> </ul>	<ul style="list-style-type: none"> <li>Japan</li> <li>PR China</li> <li>Republic of Korea</li> </ul>



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# DEVELOPMENTS WITHIN CLMV

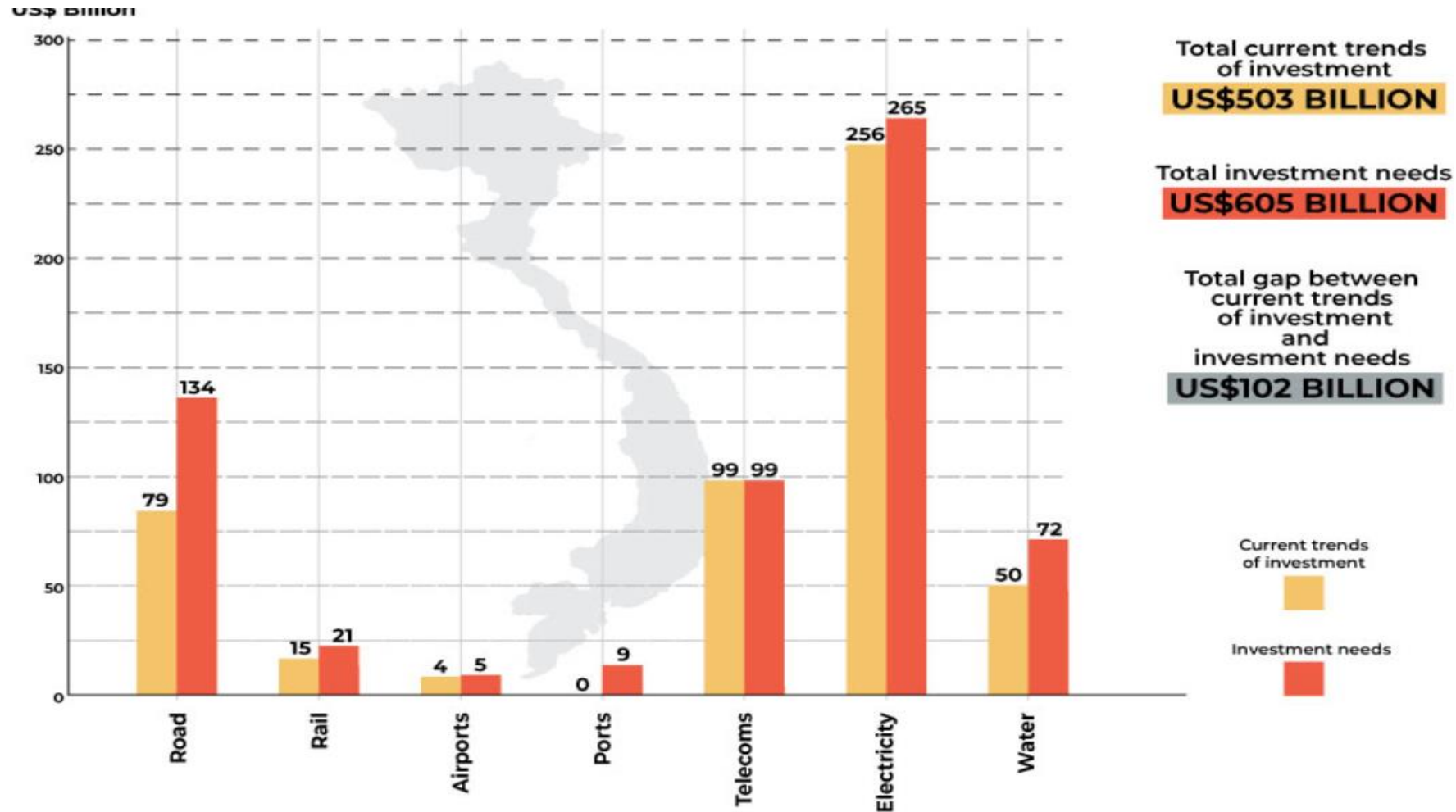
Design Option #6

# CLMV THEN AND NOW

- During 1980-2000 Thailand was already a middle income country while CLMV countries were poor and undeveloped and poor; with average annual GDP growth of 7%, the countries are narrowing the gap
- Vietnam is currently a leading ASEAN nation in establishing 17 free-trade agreements with foreign partners; it is receiving less foreign aid but more foreign direct investments



# CLMV THEN AND NOW



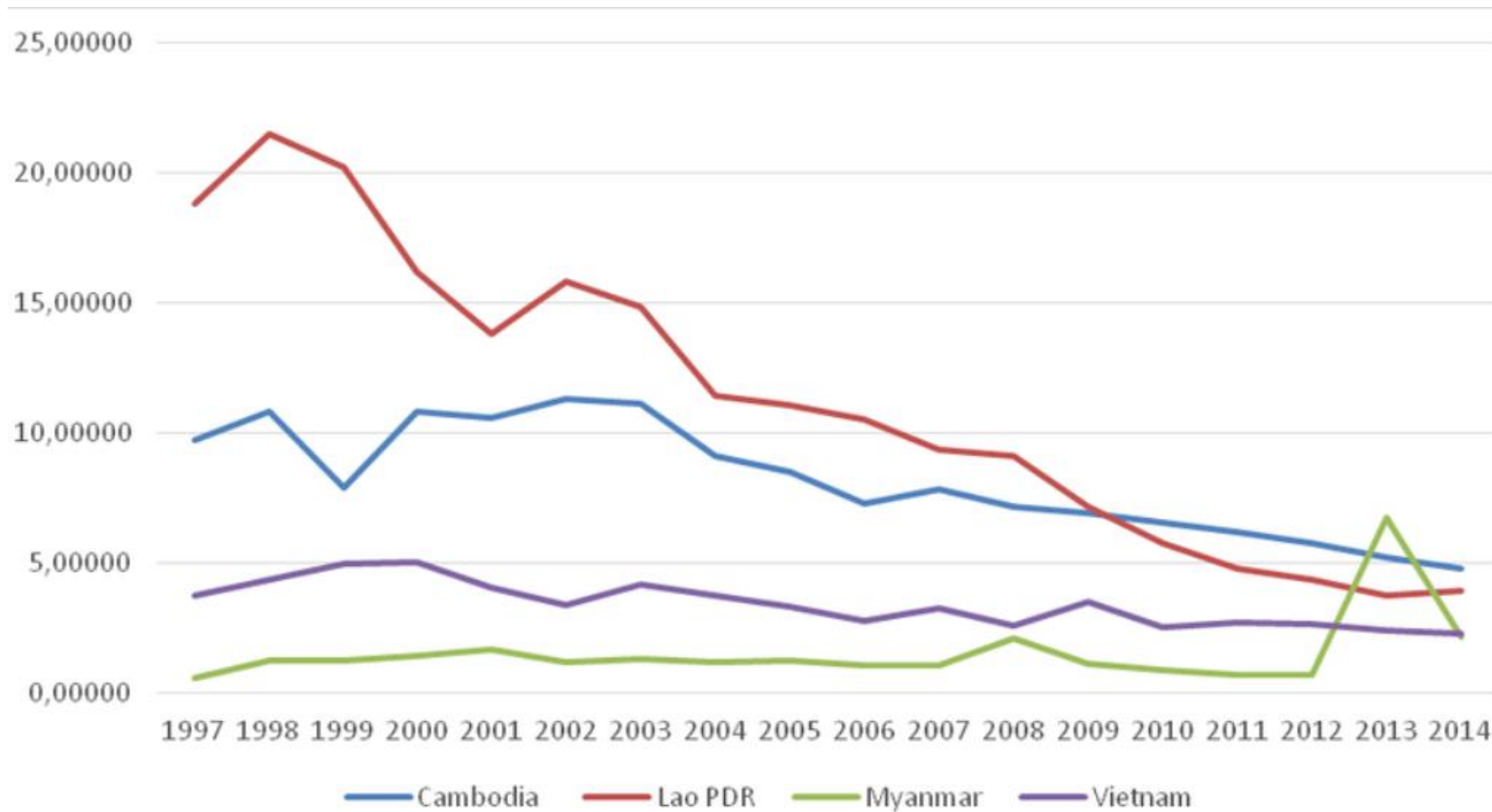
Vietnam's infrastructure investment plan, 2016-2040

# CLMV THEN AND NOW

- From 2000-2015 Cambodia and Lao PDR have received large amounts of foreign aid
- In addition they are receiving large amounts of foreign investments, for new and rehabilitation of infrastructure, particularly from PR China
- Myanmar has resumed its foreign borrowings since 2012 after period of isolation; foreign direct investment remains in the extractive and primary industries
- CLMV countries(except Myanmar) have graduated from low-income to lower middle income country status



# FOREIGN AID AS PERCENTAGE OF GDP IN CLMV





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# FUTURE OF THAI-CLMV COLLABORATION

Design Option #9

# THAI COLLABORATION WITH CLMV

- Since the end of the Vietnam war and with CLMV rapid economic growth since the 1980s, the Thai government has proposed strategies and plans to support CLMV development
- Effectiveness of these efforts have been rather mixed and circumstances have changed



# FORMS OF FUTURE COOPERATION

Apart from huge infrastructure projects, Thailand could assist CLMV to realize smaller and deliverable projects in the agriculture and energy sectors.

Examples:

- Agricultural production and processing
- Renewable energy
- Sustainable hydropower development Joint research in agriculture, fisheries, forestry, livestock, aquaculture and energy



# STRATEGIC POSITIONING

Thailand has the potential to continue to be a major economic force in the GMS

However it will need to understand, absorb, respond to the needs of CLMV and become a part of the existing atmosphere of cooperation

Thailand should intensify its cooperation with Japan, PR China and the Republic of Korea, ASEAN as well as key bilateral and multilateral partners



**T**HANK **Y**OU!