

22 July: CLMVT Strategy

CLMVT is called region of growth due to high annual growth rate of GDP. It is a result of being manufacturing hub for foreign countries. CLMVT's economic structure still depends a lot on agriculture, but the size of domestic markets expand from higher purchasing power.

There are many Foreign Direct Investments in CLMVT countries because each different country has distinctive characteristics. Firstly, Vietnam has its strength on large number of population and labor force. Its main FDI investors are from Japan and Korea. ASEAN countries and China has made investments highly in Cambodia for financial sector. China is also accounted for 78% of FDI in Lao PDR. China mainly focuses on construction project. Next, Myanmar's attractiveness is definitely its rich raw material from nature source. Moving to Thailand, the highest proportion of FDI in the country are from Japan and China. Thailand has great trade relationship between countries that there are Japanese and Korean Chamber of Commerce operated in Thailand. However, domestic market in Thailand is not really expanding so Korean companies shifts their production base to another countries. Recently, trend in FDI moves to investing in mergers and acquisitions because joint venture still has some limitations such as law and regulations. To illustrate, Thai law has stated that more than 50% of share must be owned by Thais. Hence, foreign administrators have no control over the organization.

From my point of view, CLMVT countries could attract more FDI by launching glamorous policies like investment protection and tax exemption. Key forums such as GMS and ACMES also have strong impact resulting on negotiation power between countries. Foreign investors should be aware of future challenges too when many countries are becoming ageing society.

23 July: Contemporary Myanmar

Myanmar is in the need of economic prosperity for the sake of its unstable GDP growth rate. Myanmar has experienced internal conflict for years long, even between military-ruled government and democracy or ethnic minorities.

Myanmar's prominent point, richness in natural resources, draw in foreign trade. The value of gas exports is relatively high compared to the value of Foreign Direct Investment. Its top trade partners are China and Thailand. Most electricity produced by Myanmar went to China. Nevertheless, Myanmar receives low score for Human Development Indicators by UNDP. Myanmar has been under military-ruled government for many decades, it eventually transition the country to a democracy. High tension happens continuously in the country, especially the Rohingya crisis. A big number of the Rohingya genocide was killed, it forces over half a million Rohingyas to migrate to neighboring countries like Bangladesh and India. Foreign investors coming to Myanmar might be because of large size of young generations along with having highest purchasing power of middle class, so the domestic market is greatly expanding. Moreover than FDIs, many international tourists have destined to Myanmar for the past ten years. The number drastically increase since 2012 after having stable trend in number of tourists from 2004.

From my perception, Myanmar is a newly-opened country appropriate for making an investment. Caused by its existing nourishment in natural resources, it is satisfying to start a production base in Myanmar. However, Myanmar may need to implement human resource development plan when a skilled workforce is highly needed in China.

25 July Morning: ASEAN Integration

ASEAN Economic Community launched its first economic agreement in 1981. The goal of its establishment is to solve the problem of gap between richest and poorest countries of 60 times. The AEC is working on a flexible integration because of diversity.

ASEAN Integration is consisted of five areas: goods, services, investment, labor, and capital. Firstly, the goods produced by ASEAN countries mostly go to China. In contrast, there is a slow progress in service sectors. Tariffs on goods are exempted for ASEAN5 and CLMV countries, but non-tariff barriers occur. Thailand and Philippines have less than 50% in every sectors. Most of investment in ASEAN countries comes from abroad even though liberalization in each country's domestic laws, for example, Thailand's Foreign Business Act limits foreigners to an investment in land acquisition. Other countries yet reserve their own sensitive sectors such as oil or gas production in Malaysia, Brunei, and Indonesia. ASEAN has Mutual Recognition Arrangements signed for professional careers, but most of labor movements are non-skilled or semi-skilled. Lastly, ASEAN countries has no plan for using a single currency for now.

ASEAN Integration is still not fully merged in my opinion. Good logistics networks should be provided to facilitate trade advantages. For example, island countries suffer high cost on logistics. The agreement on professional careers is not just restricted by domestic laws and regulations of the host country, but it requires domestic license which the exam is in the local language. It is harder for foreign professionals to move. Whereas most labor movements are unskilled or semi-skilled, we should work on building up labor skill to respond the future trend.

25 July Afternoon: China in CLMV

For the afternoon section, we have studied about impact of China in CLMV. China work on becoming great again during the Great Leap Forward. The strategy is catching up industrialization. Likewise, it used to publish propaganda in the country.

China has faced failure like the model in Animal Farm. Investment in infrastructure did not distribute efficiency in resources. The steel industry had low quality due to lack of production technology. Every consequences happened in China let us learn a lesson. China finally step on economic success after the 1970s Economic Reformation. It restored education to increase enrollment rate. The publishment of one-child policy helps reduce the number of population, but also leads to decline in working-age population. Many labors move to work in private sector after the Economic Reformation. Chinese government pushes competent cashless payment service through prohibition of having monopoly or oligopoly. We can see the success from the increasing rate of transaction volume of mobile payment market during 2013 to 2018. The mobile payment directs e-commerce industry to boom. China has made some investments in infrastructure development project like high-speed railway to connect with ASEAN countries.

The soft power of China influences many countries around the world. China and the United States have begun since 2018 through an increase in tariff. I believe that China transfers the manufacturing base to CLMV countries because of cheap labor cost and strategic location of one belt one road project.

26 July: Urbanization in CLMV

Dr. Hakim conducted the lecture about challenges and opportunities in CLMV countries. Even though the rate of urbanization in this area is increasing, it is considered one of the least urbanized areas in the world. The countries are trying to respond regional trends of connectivity by focusing more on infrastructure development and cross-border movement.

The Greater Mekong Subregion consists of countries bound by Mekong river including Cambodia, Thailand, Lao PDR, Myanmar, Vietnam, Yunnan Province and Guangxi Special Autonomous Region of China. The countries started the GMS Programme in 1992. Cambodia has strong performance in garment manufacture, construction, and tourism. It is facing limitation of investment in limited sectors. Afterwards, Laos has opened up its economy in the late 1990s and aims to transform itself from land-locked to land-linked country. Although the country is resource-rich, there are small infrastructure investments and low number of human resource. Myanmar is stepping to greater urbanization by moving from military rule to a democracy government. Nevertheless, conflicts between ethnic and minority groups is currently ongoing in Myanmar. The last country in CLMV, Vietnam, now has the fastest rate of economic growth overwhelmed by foreign investments. It just achieved the status of being middle-income country in 2012.

The basic key driver of urban growth is government policies and strategies when development plans enable good environment. The regional cooperation, GMS itself, contribute overall growth upon the region. Trade agreements and joint activities allow trade flow and tourism within four countries, later followed by employment opportunities from foreign investment. Therefore, living standards of people in both rural and urban area are raising up from employment.