YOUR LOGO

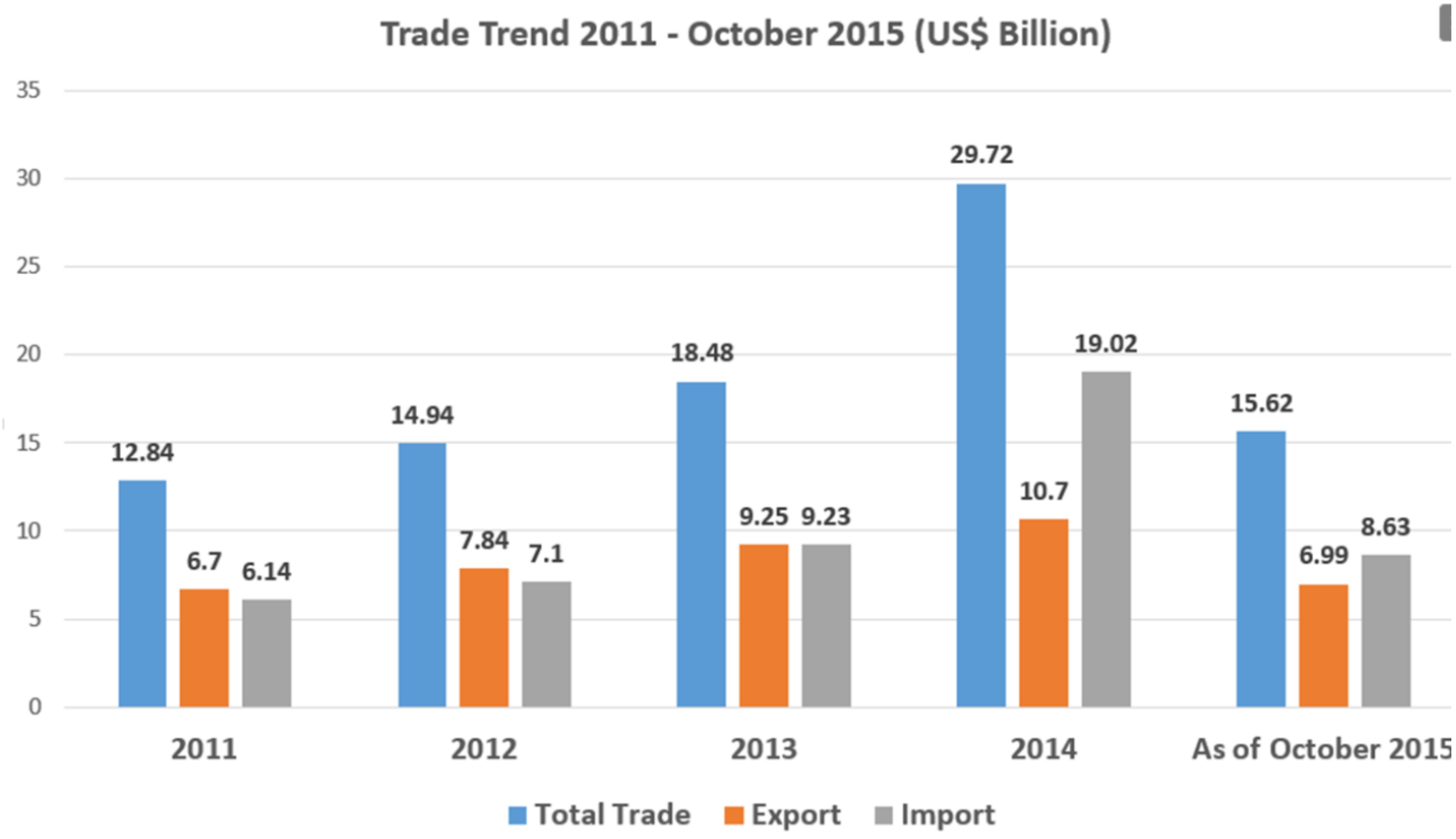
Trade in CLMV

Faculty of Economics, Thammasat University

Trade and CLMV economic growth

- Impressive economic growth during 2000-2008, averaged 6.1%
- During the 2008 global economic crisis, GDP growth slowed to 0.6%, but increased to 7.3% thereafter
- CLMV trade policies have contributed to overall economic growth

Exports and Imports - Cambodia



Exports and Imports - Vietnam

CLMV trade policies

- **Greater outward orientation** and increased economic integration was key pillar of Cambodia, Lao PDR, and Viet Nam development plans

- **Easing FDI restrictions led to increased trade and growth:** relocation of garment factories from Korea, Taiwan, and China to Cambodia; FDI in agriculture, forestry and mining in Lao PDR

CLMV trade policies

- **Location of production processes across borders and transportation improvements** has increased intra-regional trade with GMS

- Viet Nam benefited from setting up of regional production networks, enabling easy access to finance for trade and consumption

CLMV trade policies

- **Cross-border trade facilitation:** ratification of cross border trade agreement (CBTA) in GMS countries
- CBTA: a comprehensive legal instrument that includes non-physical measures for cross-border land transport; allows vehicles, goods and people to cross national borders through the GMS road transport system.

All GMS countries have ratified CBTA: Lao PDR, Thailand and Viet Nam – 1999; Cambodia – 2001; PR China – 2002; Myanmar – 2003

CLMV trade policies

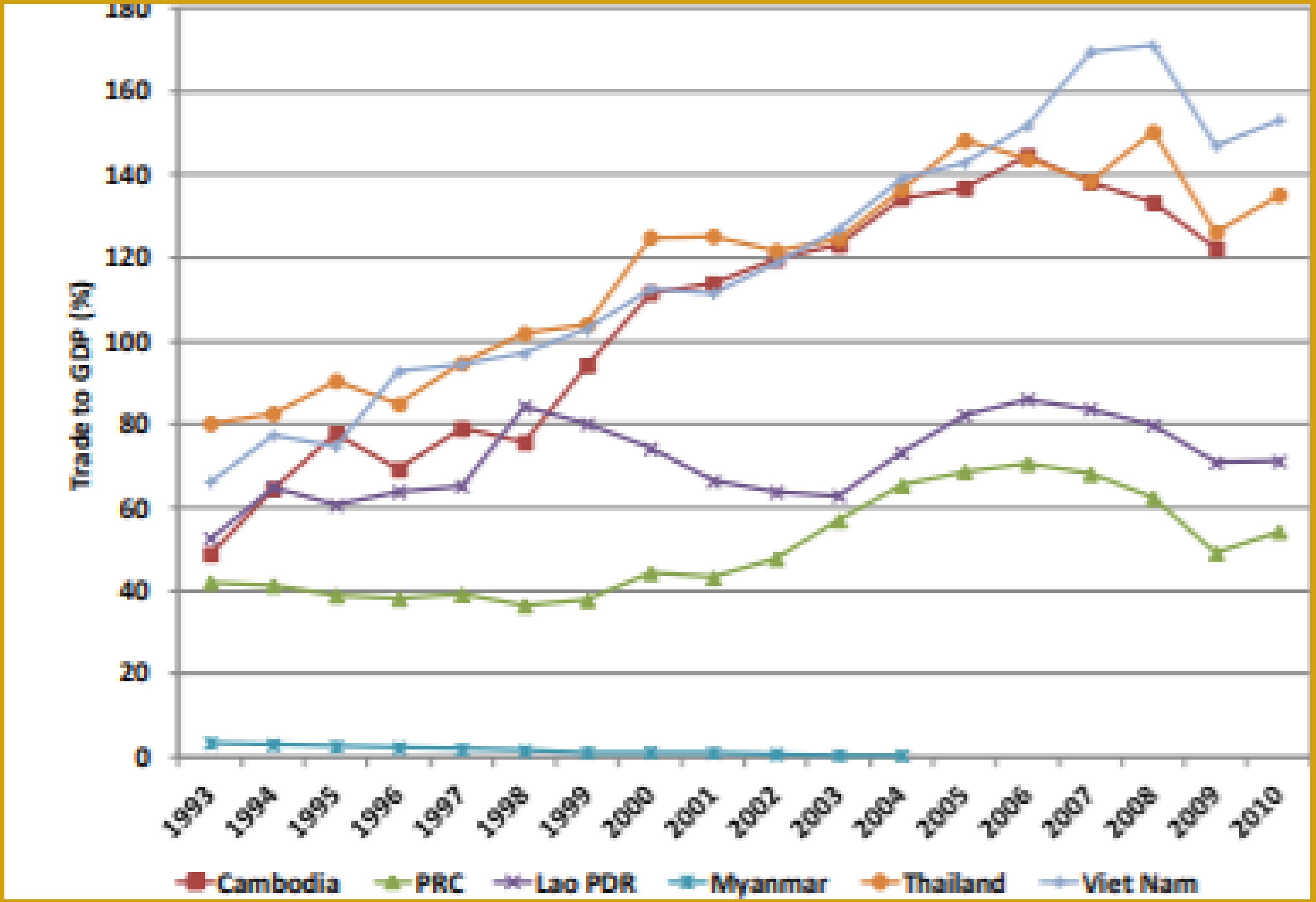
Development of special economic zones

SEZ: an area in which business and trade laws are different from the rest of the country

Purpose: to attract foreign investment, generate employment and increase trade balance and generate foreign currency through exports

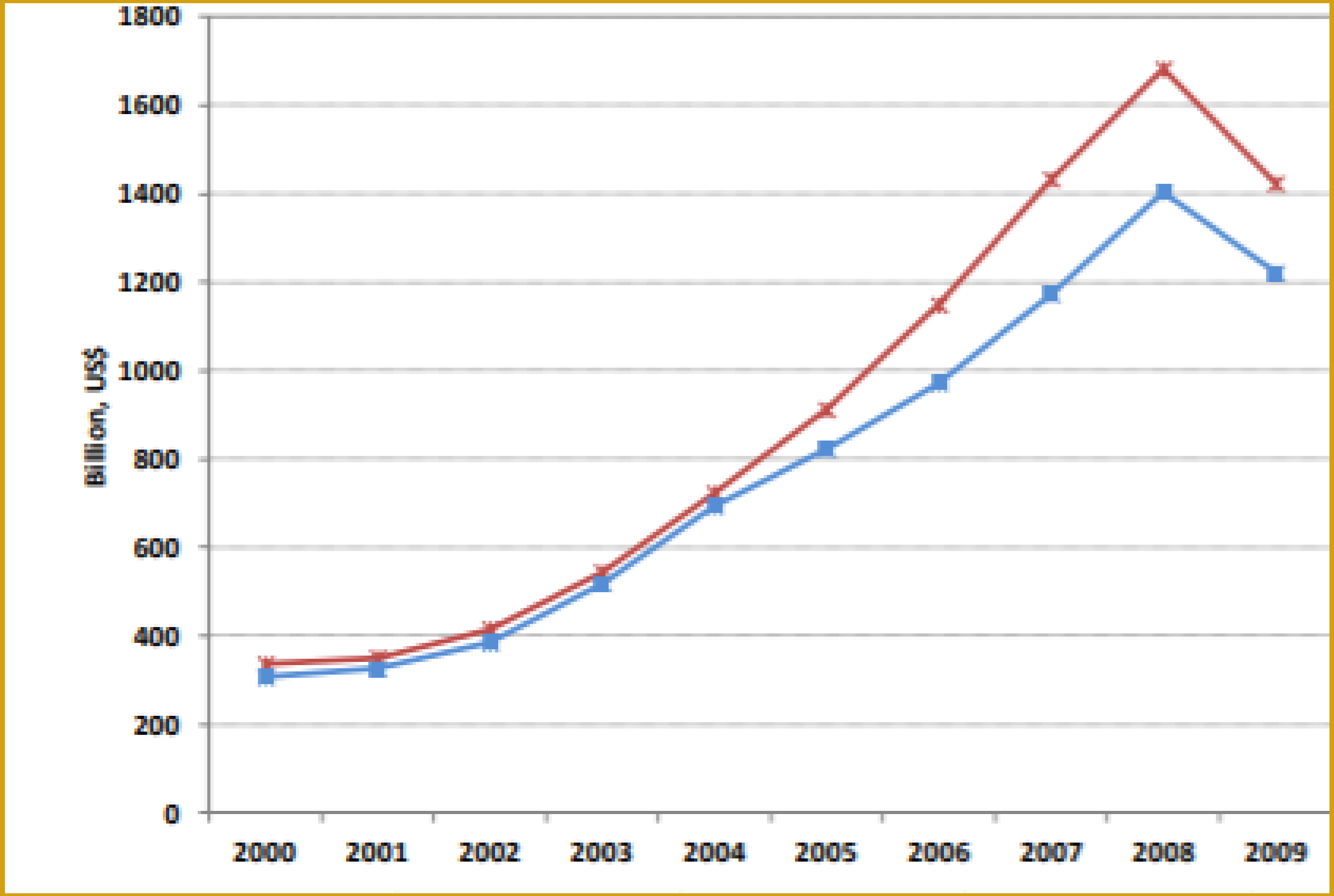
Outcomes of increased trade

- Increased trade-to-GDP ratio*
- Increased integration with the global economy through trade (CLV)
- Myanmar: less integration with global economy



Outcomes of increased trade

- Intra-regional exports of CLMV increased from $336 billion in 2000 to $1,423 billion in 2009 (average annual rate of 7.4%)
- Total imports increased from $307 billion to $1,223 billion with (average annual growth rate of 16.6%)



PR China – CLMV trade

- From PRC exports to GMS were mostly machinery and transport equipment; chemicals; non-metallic minerals; and textiles, apparels, and travel goods
- Export baskets of Lao PDR and Myanmar comprise largely of primary products

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

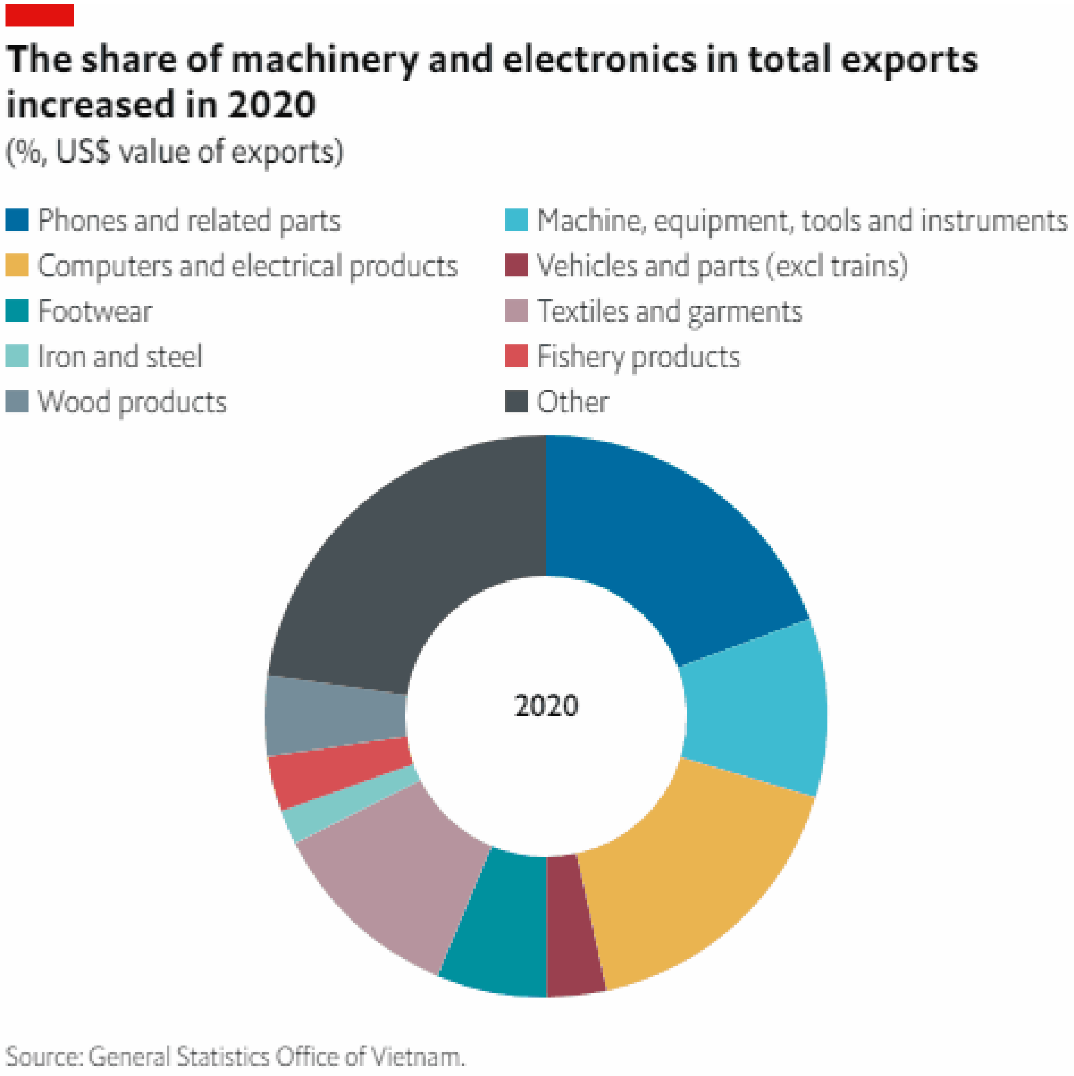
Thai-CLMV trade

	Cambodia	Lao PDR	Myanmar	Vietnam
Thai imports from	• Plants and plant products • Iron and steel products • Lumber and processed wood	• Lumber and processed woods • Mining products and minerals • Energy	• Natural gas • Lumber and processed wood • Mining products and minerals	• Crude oil • Electronic products and machines • Computers and parts • Fisheries
Thai exports to	• Finished oil • Beverages • Cement • Refined sugar	• Finished oil • Cars and parts • Textiles • Iron and steel products	• Finished oil • Plant and animal products • Plastic pellets • Chemical products	• Finished oil • Plastic pellets • Iron and steel
Thai Foreign investments	• Hotel businesses • Agro-industry	• Livestock feed • Rubber plantations • Wood processing • Hydropower	• Agricultural processing • Industry (gems)	• Agribusiness and agro-industry • Beverages
Thai ODA	• Roads and bridge construction and maintenance	• Railway • Internet technology • Scholarships	• Road and bridge construction	
Main investors	• Malaysia • Republic of Korea • PR China • Thailand	• PR China • Vietnam • Thailand	• Singapore • Thailand • United Kingdom	• Japan • PR China • Republic of Korea

Vietnam exports

- The composition of Viet Nam's export basket has changed
- Its export basket consisted of 60% primary products in 2000, but that share declined to 34% by 2009 due to increased manufacturing and services

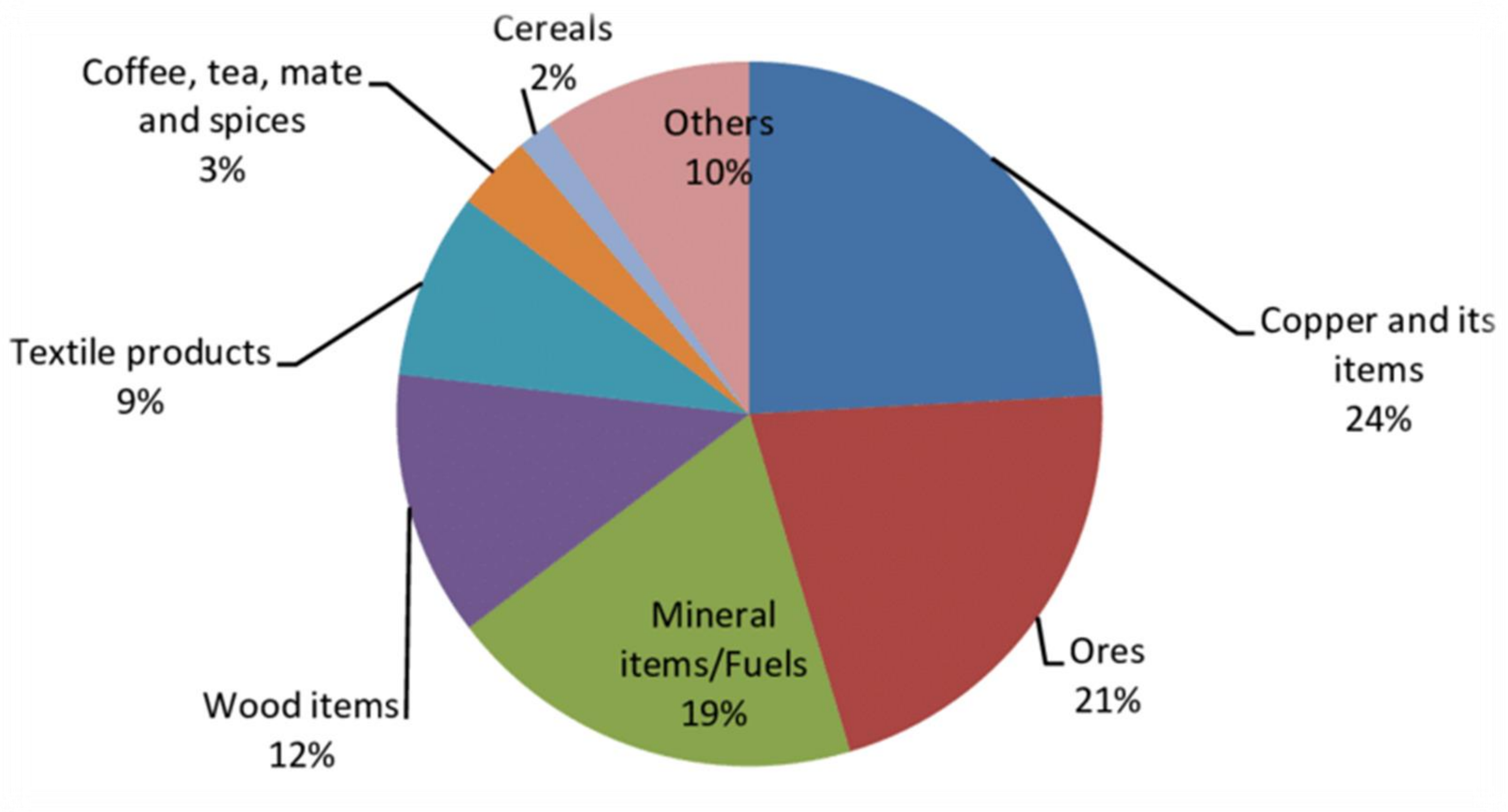
Machinery and electronics exports



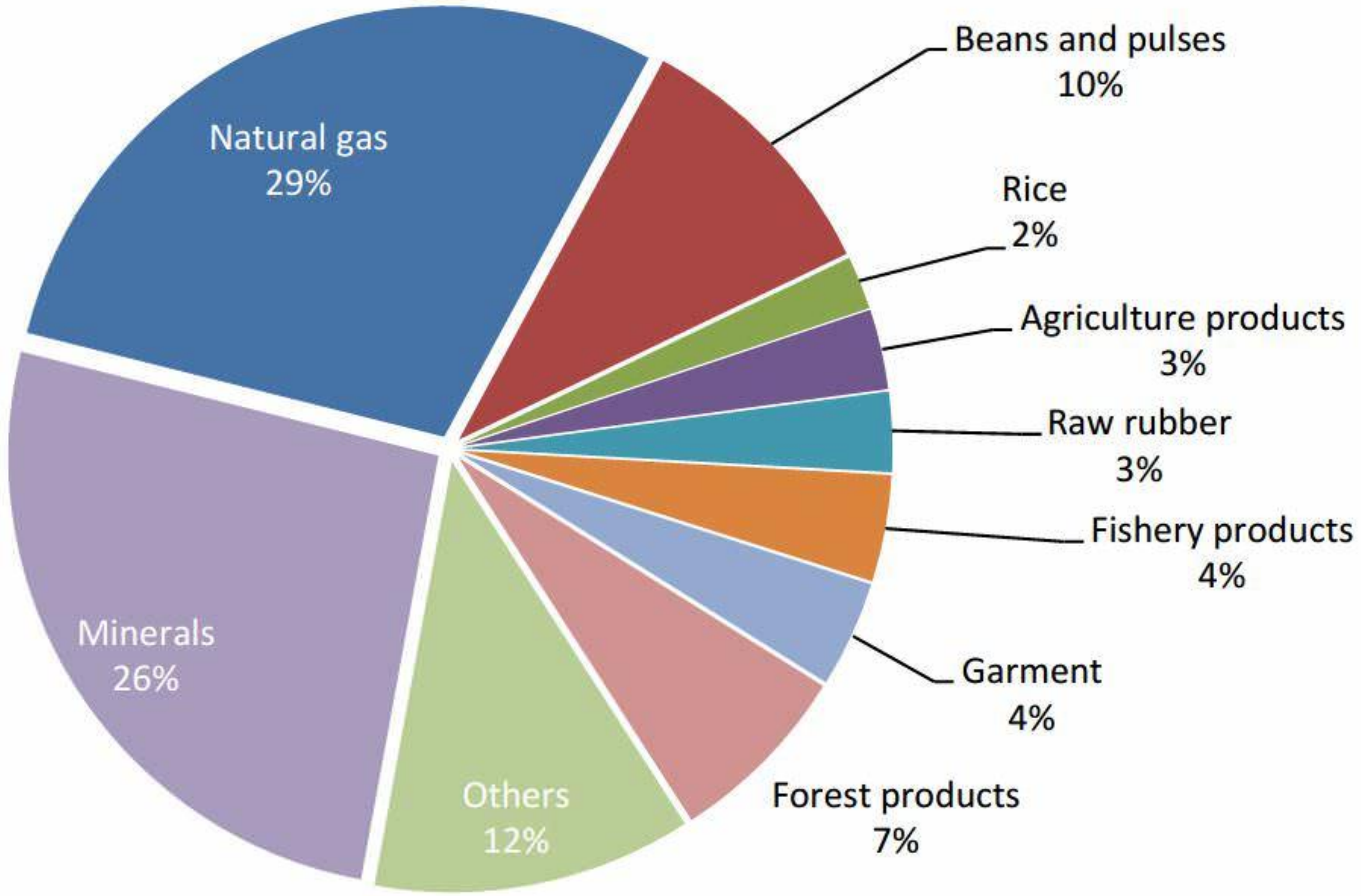
Cambodia exports

- Cambodia’s overall export basket is dominated by manufacturing products, mainly garments
- Relocation of garment factories from Korea, Taiwan, and PR China helped stimulate garment exports
- Composition of export basket differs by destination; in 2009 exports to GMS comprised largely of primary products (90%); exports to rest of the world accounted for only 10%

Lao exports


Cereals
2%
Coffee, tea, mate
and spices
3%
Others
10%
Copper and its
items
24%
Textile products
9%
Mineral
items/Fuels
19%
Ores
21%
Wood items
12%

Myanmar exports



Conclusion

- Total GMS trade has grown rapidly during 2000-2009; intra-regional trade (including with PR China) has grown faster than its countries' overall global trade.
- The composition of exports varies across the GMS countries; high value added manufacturing products are largely from Thailand followed by Viet Nam.
- Exports of Cambodia, Lao PDR, and Myanmar to the world consists largely of low value added goods such as textiles, apparels, and of primary products; this indicates that these countries are not yet a part of the regional production networks

Conclusion

- In general, greater outward orientation in the CLMV countries, through both the trade and investment channels, has fueled integration with the global economy

THANK YOU!

Made with ❤ by showeet