Trade in CLMV

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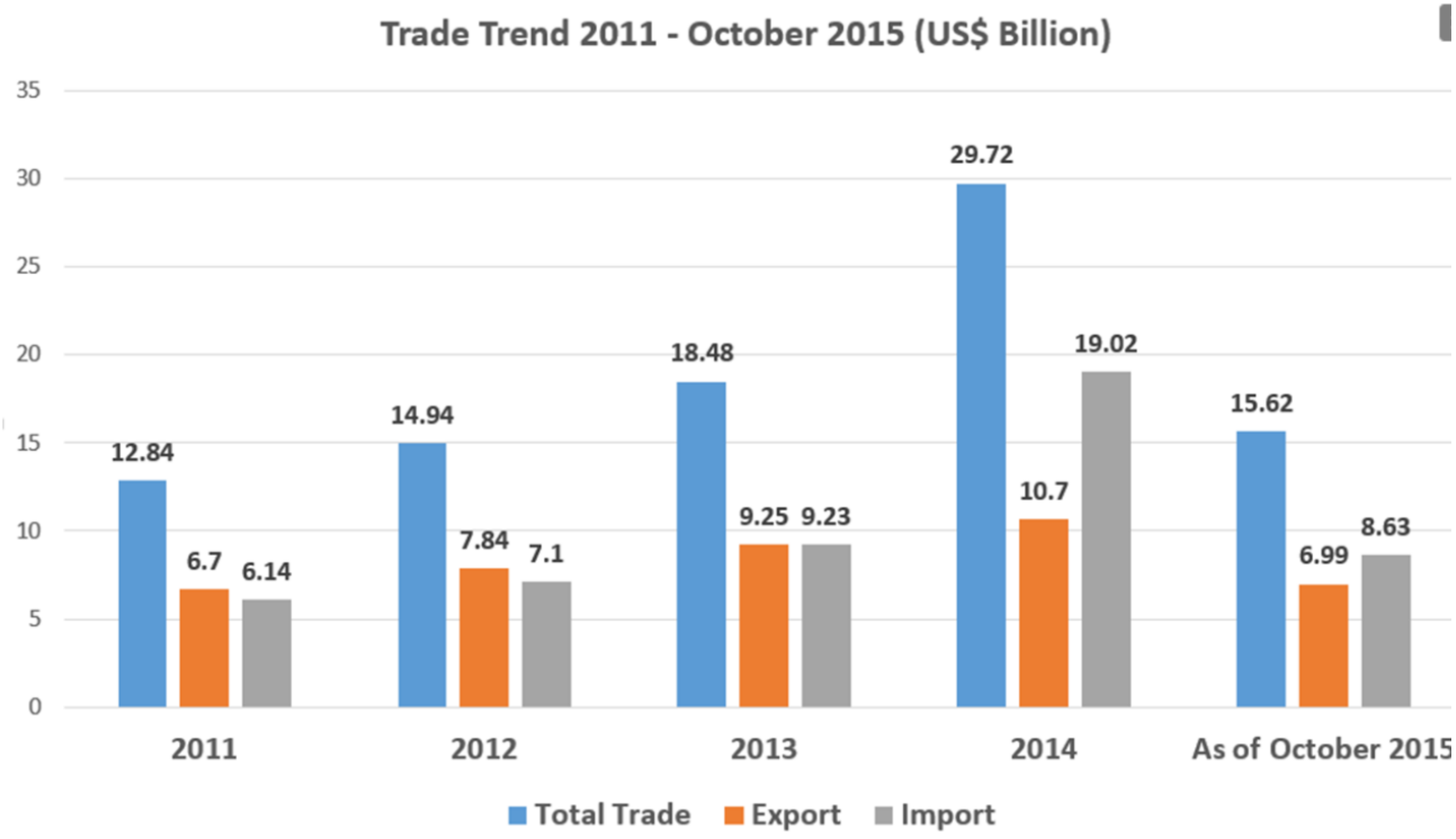
Trade and CLMV economic growth

- 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

Trade policies in CLMV

Easing trade restrictions

- **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

Cross-border trade facilitation

- **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

Capital locational advantage

- **Location of production processes** across borders brings benefits in terms of lower taxes and wages
- **Transportation improvements** has improved flow of goods, thereby increasing intra-regional trade with GMS

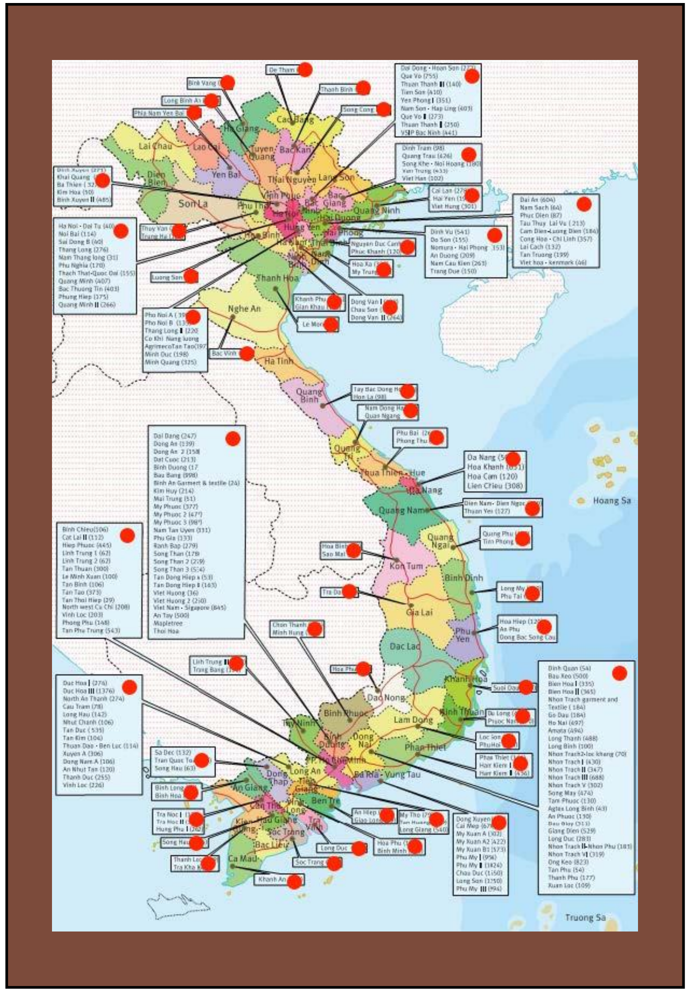
Viet Nam benefited from setting up of regional production networks, enabling easy access to finance for trade and consumption

Develop special economic zones

Development of special economic zones to attract foreign investment, generate employment and increase trade balance and generate foreign currency through exports

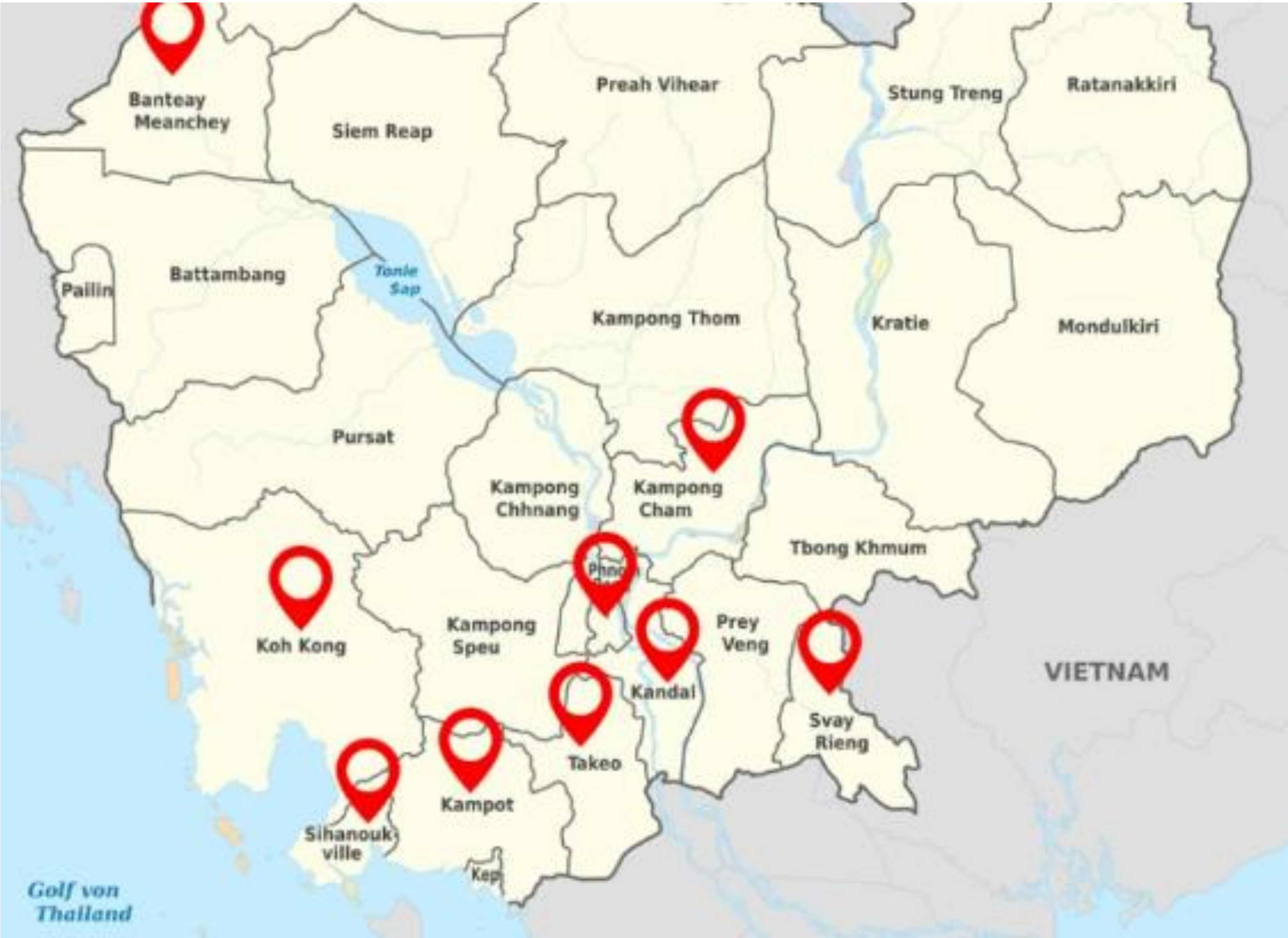
SEZ: an area in which business and trade laws are different from the rest of the country

Location of special economic zones



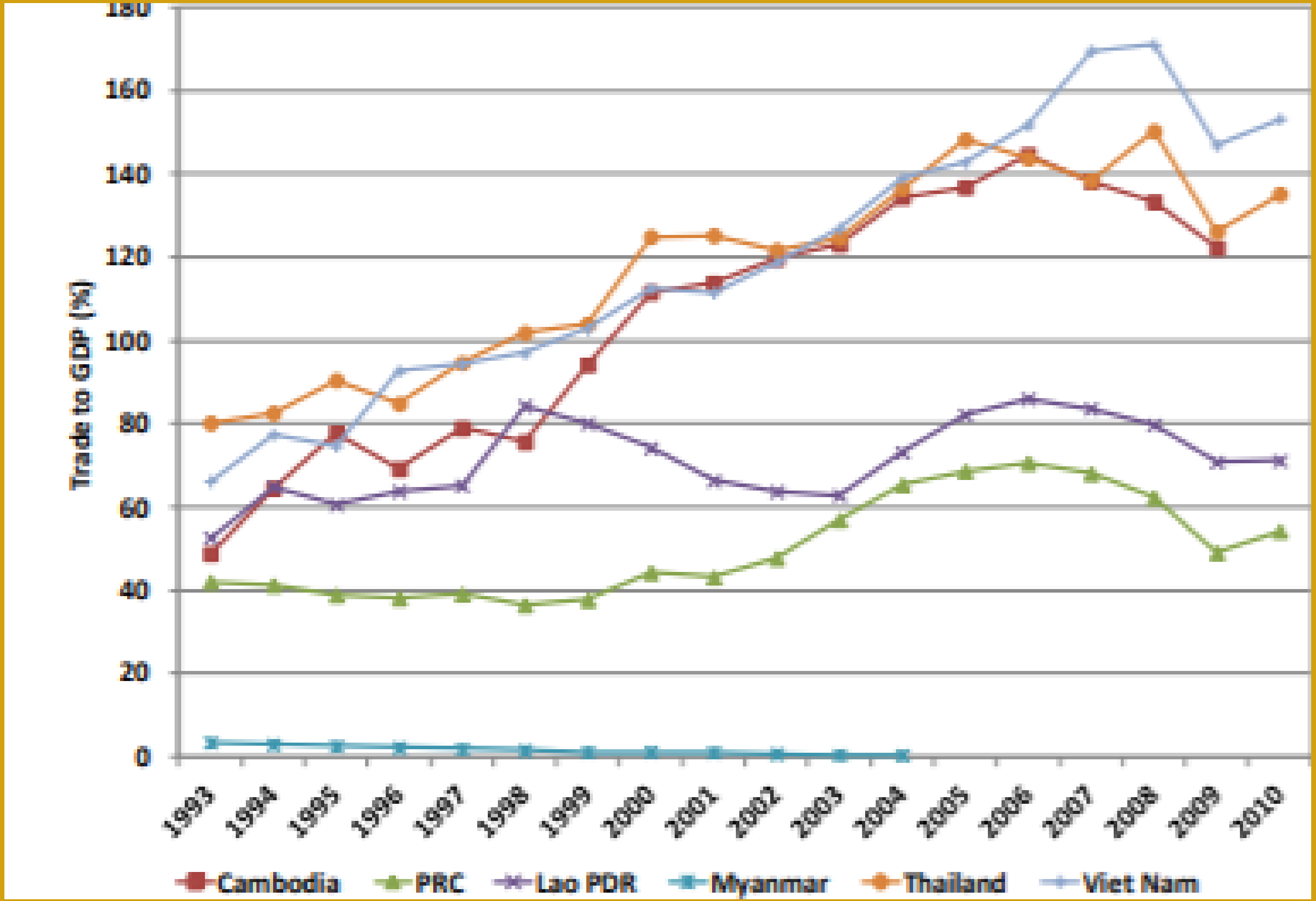
Location of SEZs Cambodia

- Phnom Penh
- Sihanoukville
- Poipet
- Bavet



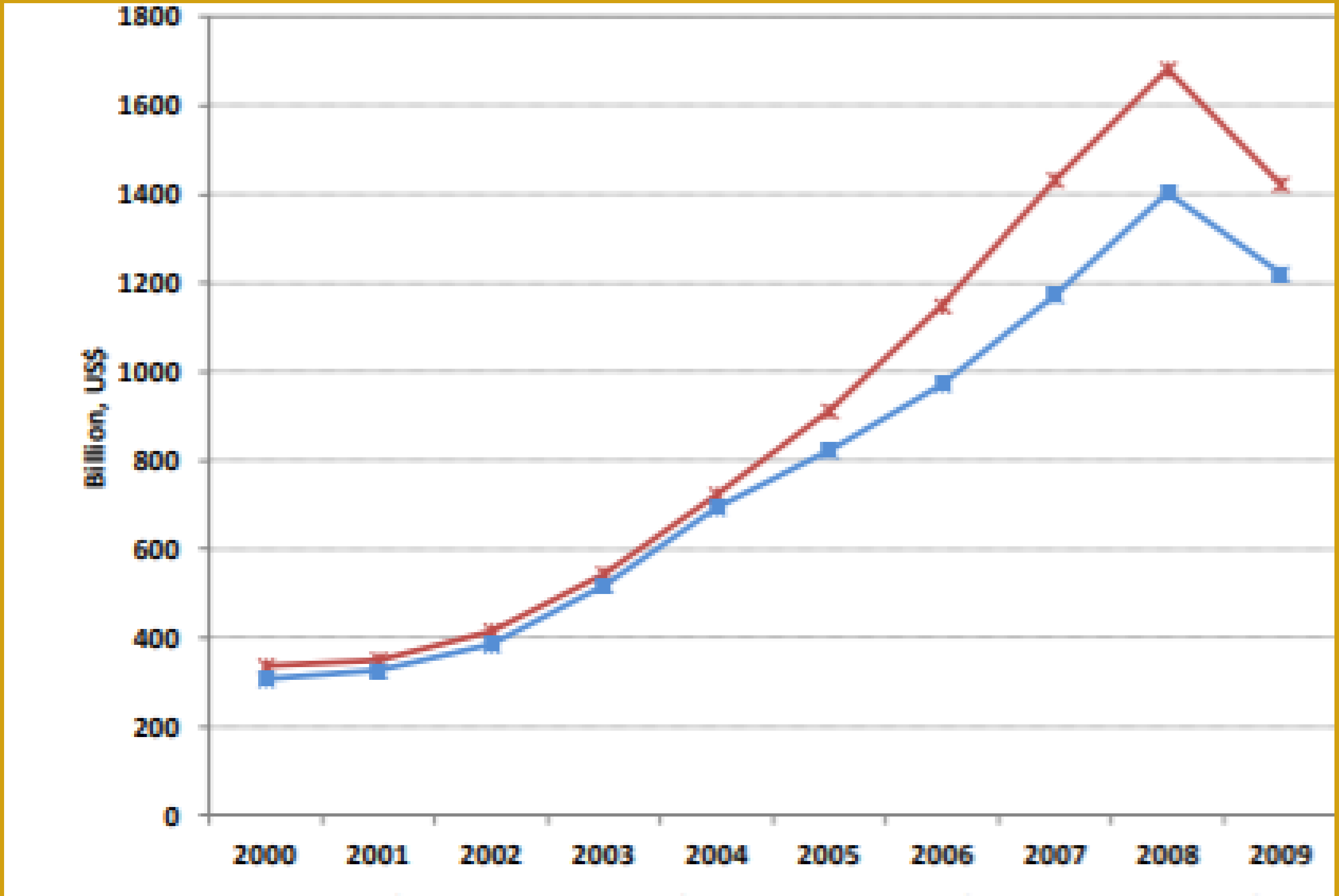
Outcomes of increased trade

- 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

- PR China exports to CLMV are mostly machinery and transport equipment; chemicals; non-metallic minerals; and textile and apparels
- Lao PDR and Myanmar exports to PR China comprise largely of primary products

Thai-CLMV trade

- Before 2010: 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 to CLMV: computers and components, finished oil, natural rubber and plastic pellets

Thai-CLMV trade

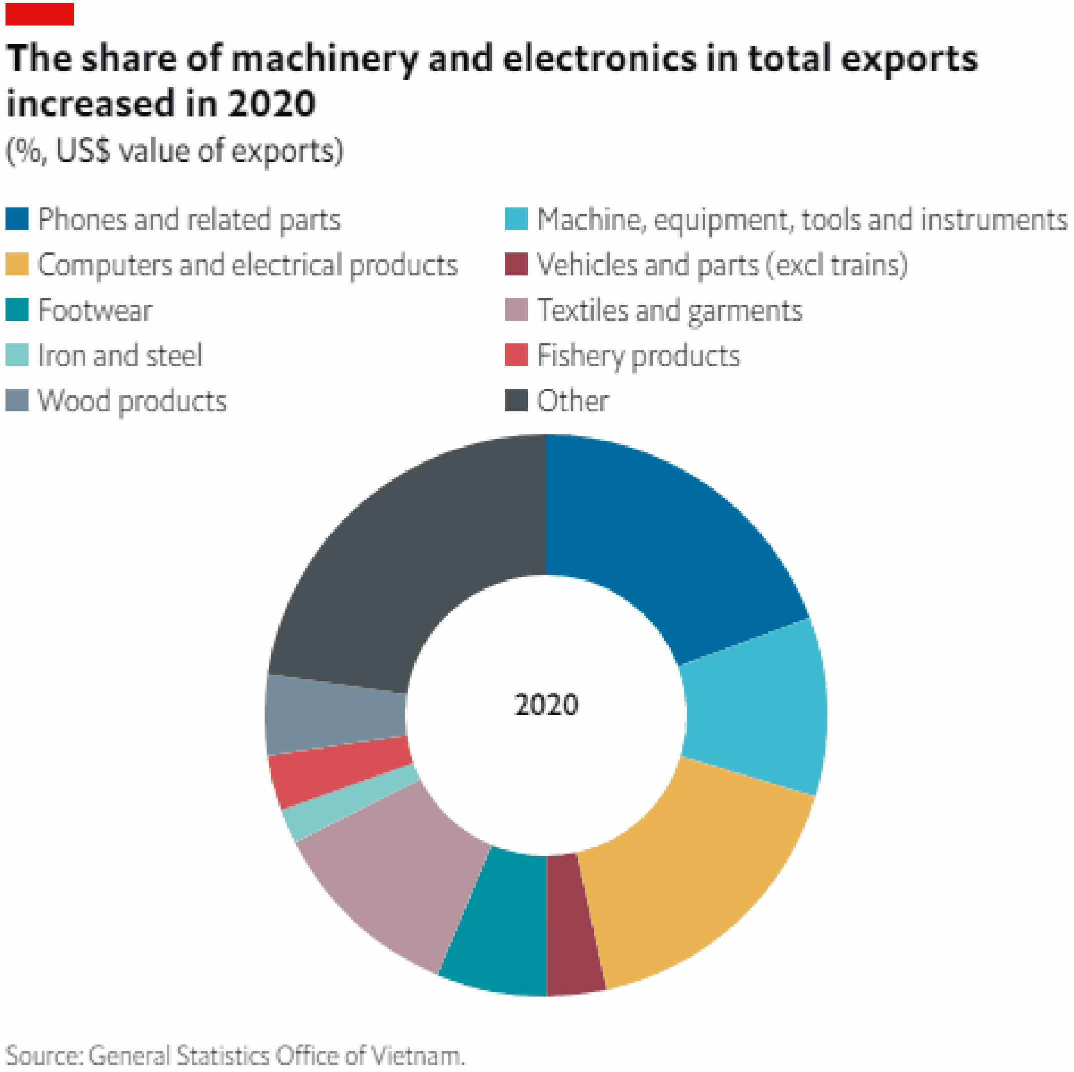
	Cambodia	Lao PDR	Myanmar	Vietnam
Thai imports from	• Plants and plant products • Iron and steel products • Lumber and processed wood	• Lumber and processed woods • Mining products and minerals • Energy	• Natural gas • Lumber and processed wood • Mining products and minerals	• Crude oil • Electronic products 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
- Vietnam is moving from primary commodity exports to higher value manufacturing

- 2000: exports consisted of 60% primary products
- 2009: share of primary exports declined to 34% due to increased manufacturing and services

Machinery and electronics exports



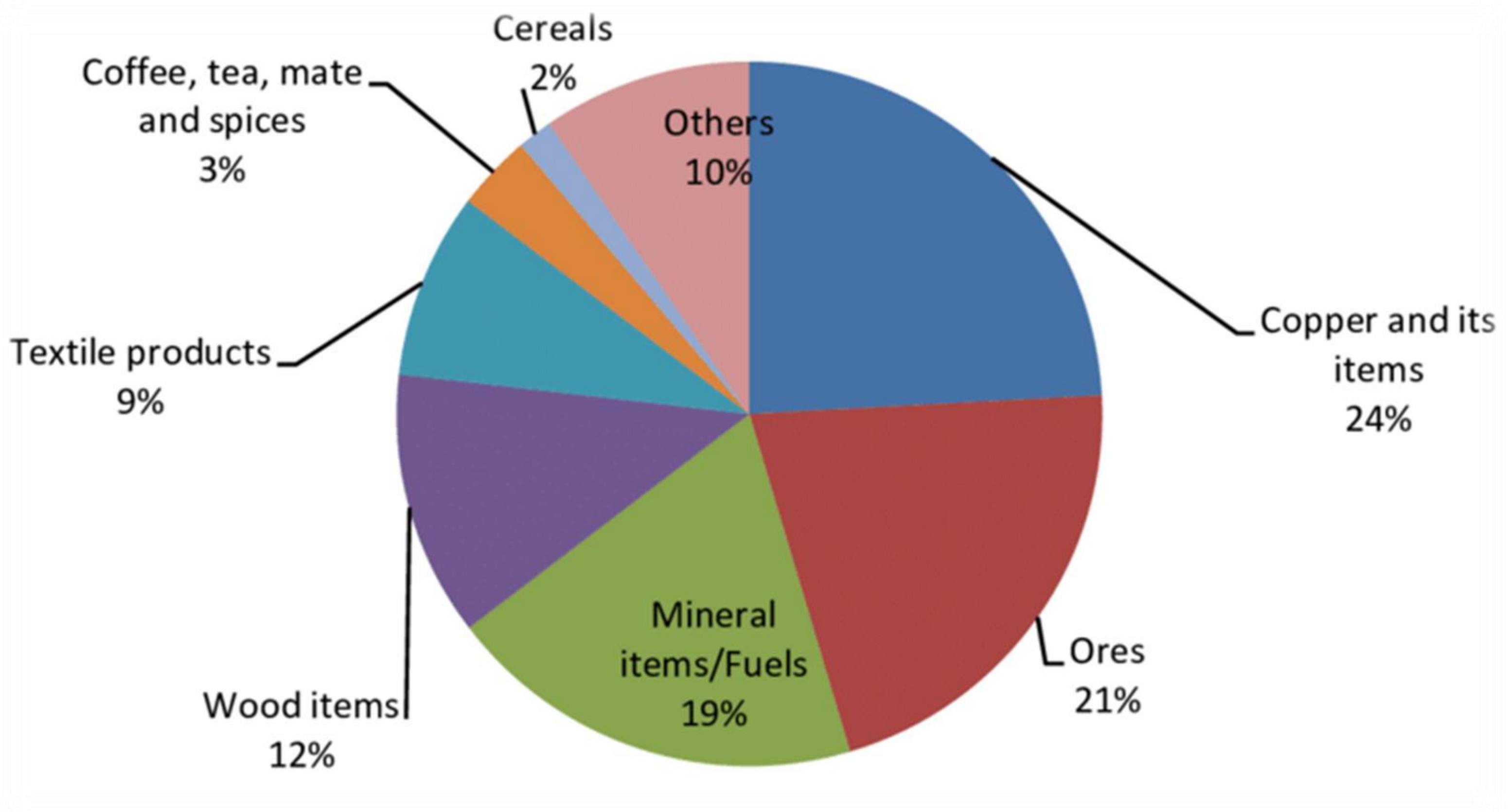
Cambodia exports

- Cambodia's exports: dominated by manufacturing products, mainly garments
- Relocation of garment factories from Korea, Taiwan, and PR China helped stimulate garment exports

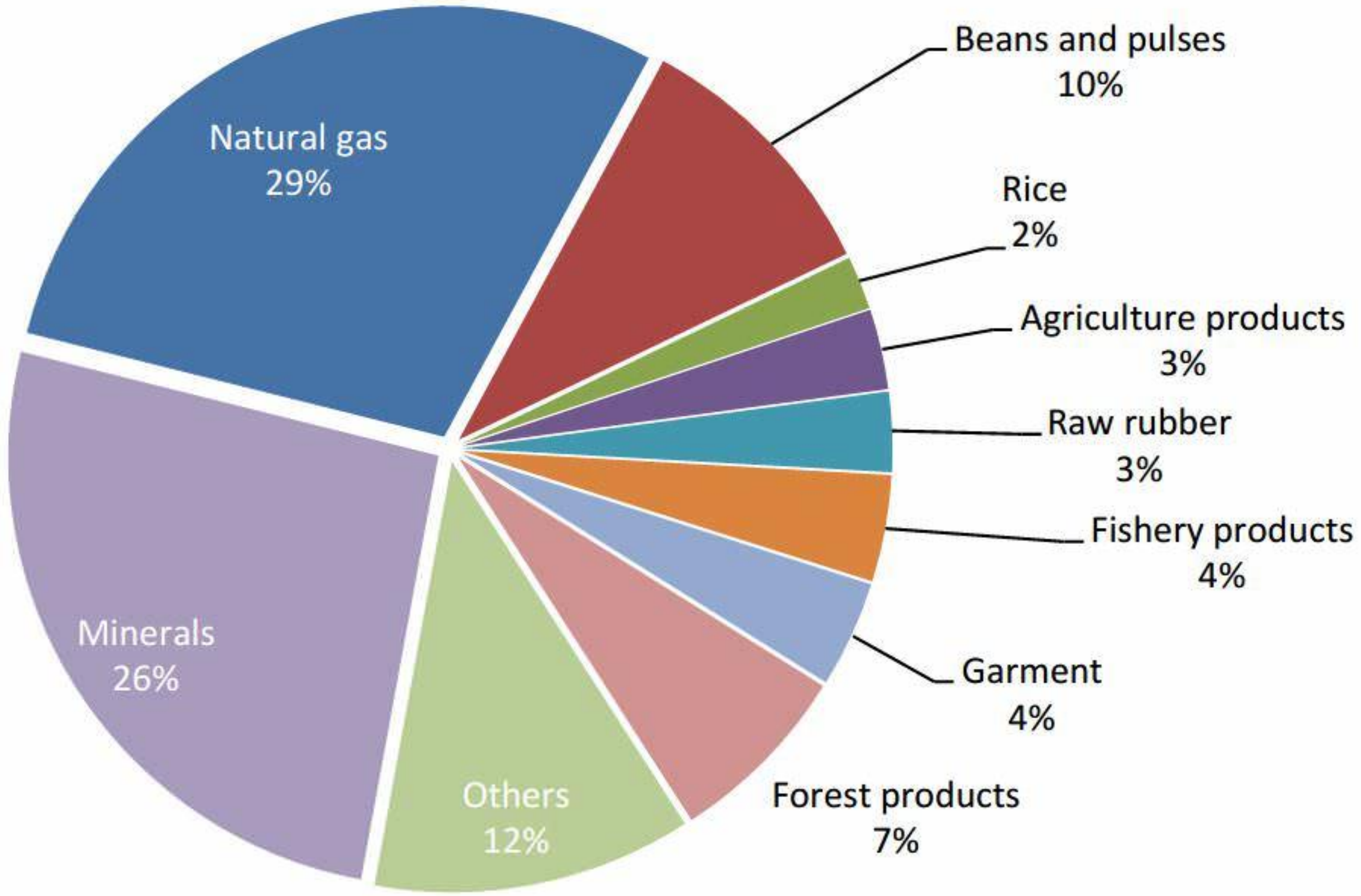
Composition of exports differ by destination:

- Exports GMS: mostly primary products (90%)
- Exports to rest of the world: mostly garments; primary commodities comprise only 10%

Lao exports


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

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. Thailand is still an important trading partner, but its share of trade with CLMV is declining.
- The composition of exports varies across the GMS countries; high value added manufacturing products are largely from Thailand followed by Viet Nam.

Conclusion

- 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

- 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!