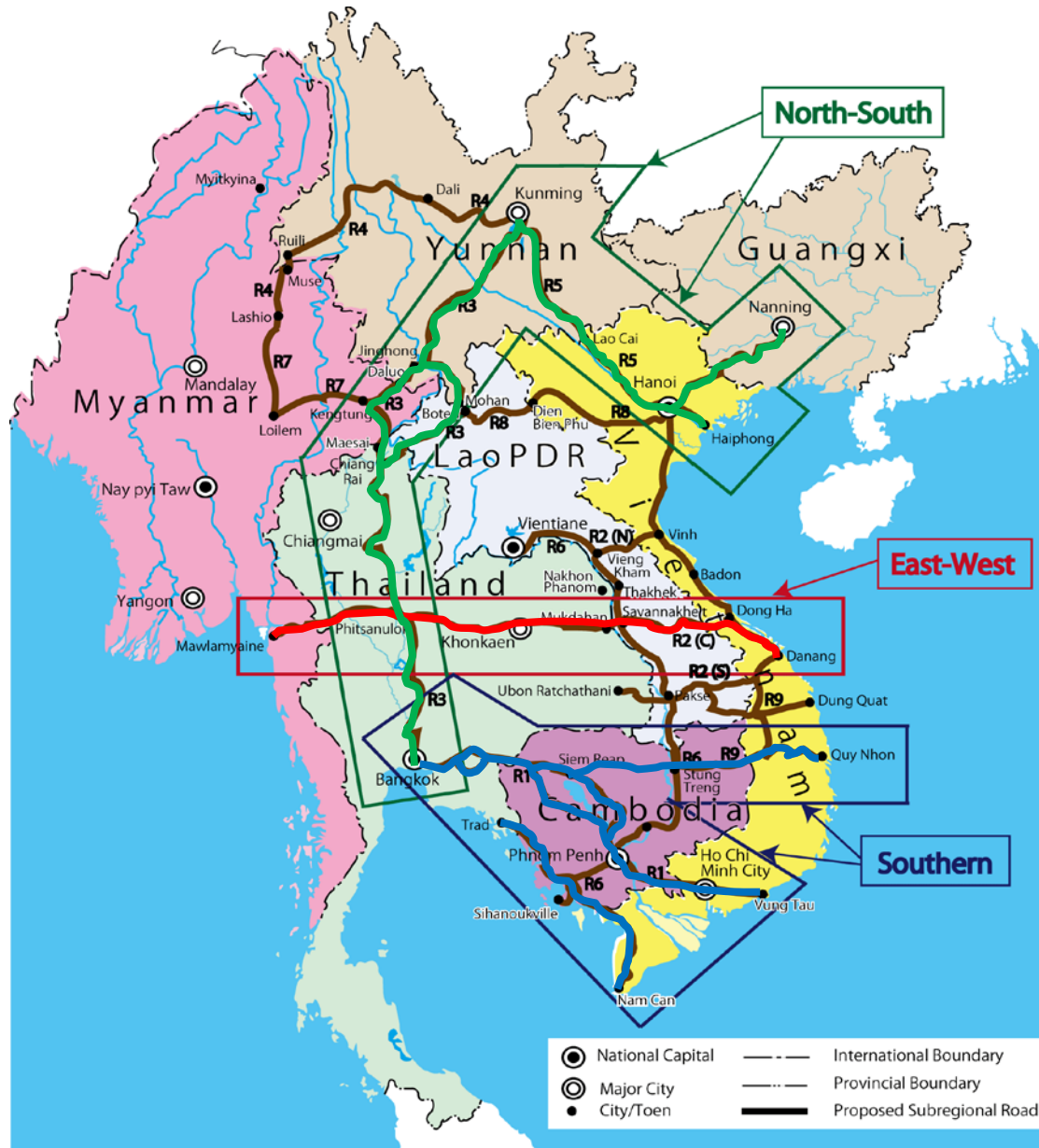


Background of Presentations: Development of the Mekong Region : Viewpoints from CLM Countries

Masami Ishida

Institute of Developing Economies

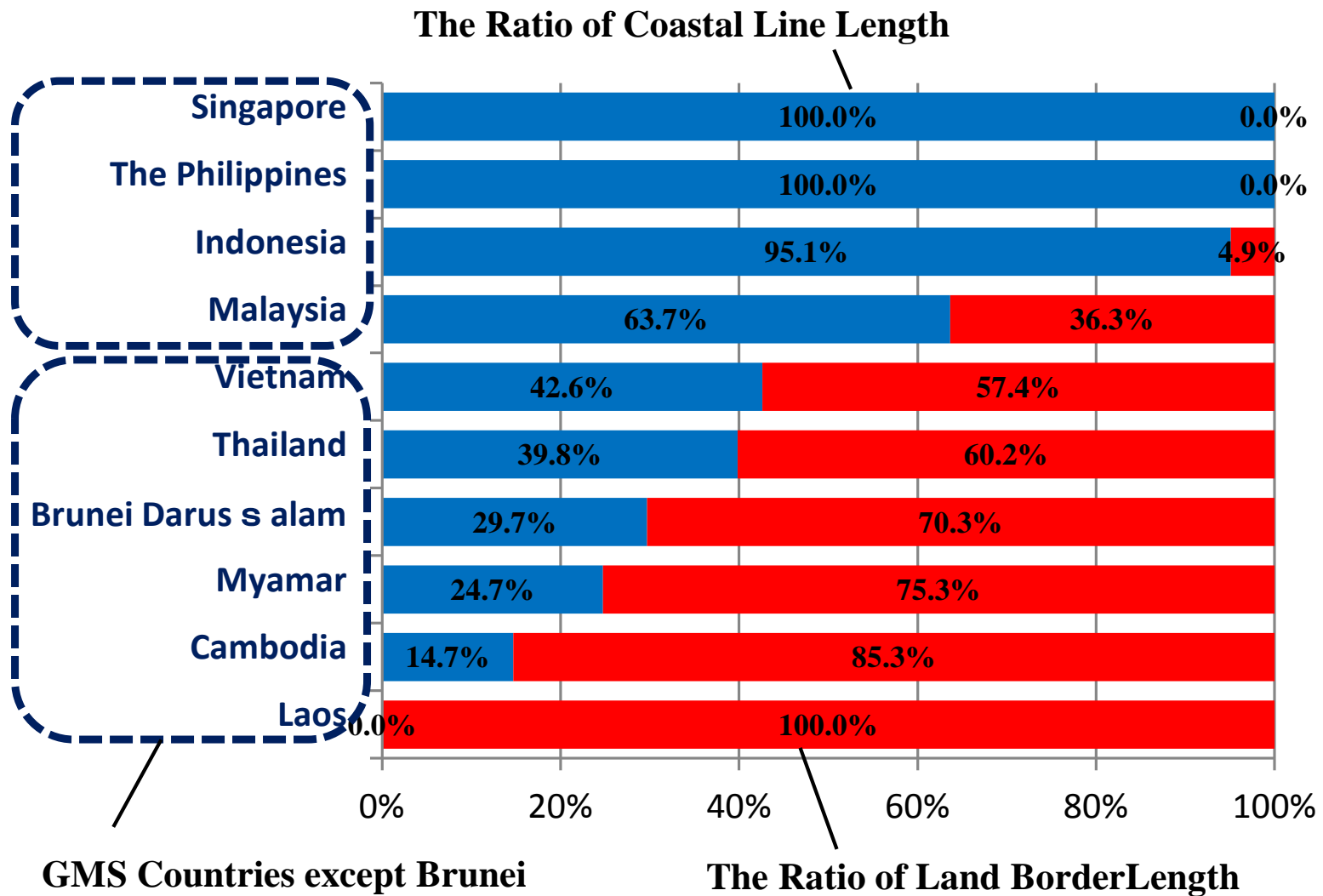
Three Economic Corridors



Main components
Economic
corridors are
cross-border
transport
Infrastructures !

Source: Created by the presenter in accordance with website of ADB in the past.

Features of ASEAN-GMS Countries



Source: Created by the presenter in accordance with the website of CIA.

GMS new corridors connect big cities



Big cities are connected by economic corridors !

Border areas are also developed !

Source: Created by the presenter in accordance with website of ADB in the past.

Manufacturing Industries at Border Areas

- Advantages of Lower Income Countries
 - ➔ Lower wage of labor
 - ➔ Generalize system of preferential tax
 - Advantages of Higher Income Countries
 - ➔ Better Electricity Infrastructure
 - ➔ Better Transport Infrastructure
 - Supporting Soft Policies
 - ➔ One Stop Service
 - ➔ Bonded cross-border customs clearance
 - ➔ Working visas of both countries for foreign managers
- Double Advantages**



These policies are effective for remote areas along corridors

Development of CLM countries

- Recovery Processes

Civil war in Laos (until 1975), Civil war in Cambodia (until 1991)

Myanmar has become free from economic sanctions after 2011

- Adoption of market economies

Lao PDR in 1986, Myanmar in 1988, Cambodia in 1993

- Improvements of infrastructure

- Improvements of institutions by introduced presenters

- Wage increase in China

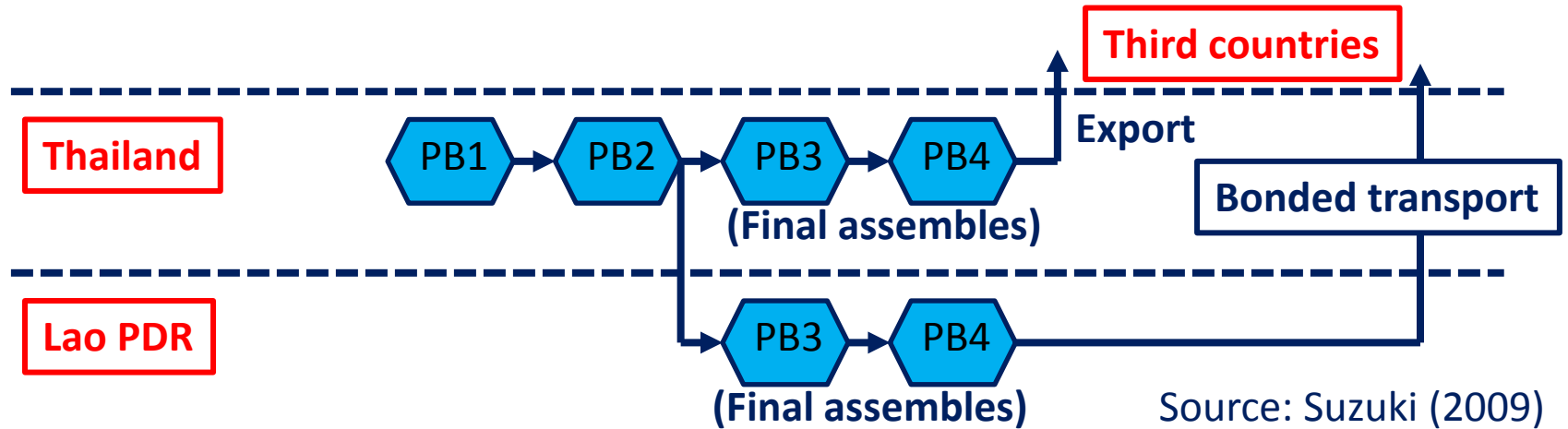
→ China Plus One

- 300 Baht minimum wage policy

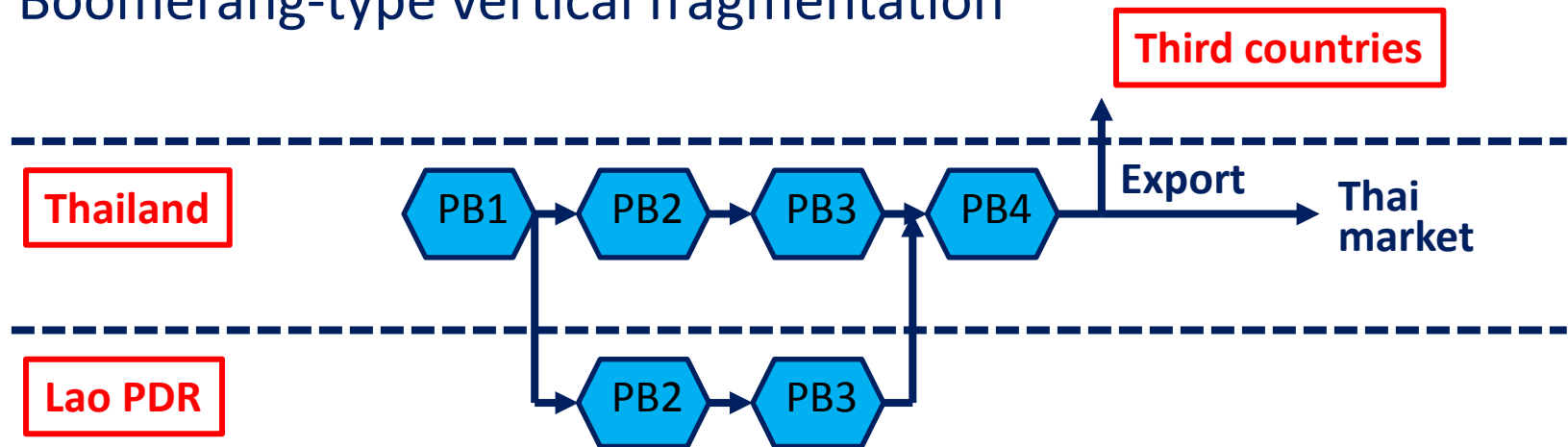
→ Thai Plus One

Examples of “Thai Plus One”

1. Vertical fragmentation between pre-and final- assemblies



2. Boomerang-type vertical fragmentation



Connecting mother plant & subsidiaries



Source: Created by the presenter in accordance with website of ADB in the past.

Comments & Questions

Comments & Questions

- Presentation by Dr. Pattama Teanravisitsagool

The presentation is very comprehensive. It introduces recent developments not only of Thailand and but also of CLMV countries including fundamental statistics, transport and SEZ projects. Multinational companies (MNCs) including Japan located in Thailand have move some production blocks to neighboring countries.

Q1. Asking about recent trend of Thai local companies. Do they also invest in neighboring countries? Some local Thai companies are faced with the increase in wage. Or other companies seek opportunities of new markets and of good access to natural resources.

Q2. Asking about strategies of regional development in Thailand which make use of such increasing trends of outward investment from Thailand including development of borderlands.

Comments & Questions

- Presentation by Ms. Saran Sopha

The presentation well conveys much information on Phnom Penh SEZ including the companies inside and also the facilities.

Q1. In Cambodia, there are other SEZ in border areas such as Bavet and Koh Kong and also in a port city, Sihanoukville. What are the advantages of PPSEZ compared with other locations?

Q2. The minimum wage is scheduled to increase US\$ 160 by 2018. What is your evaluation on the policy and what are the strategies to attract more investment for PPSEZ continuously?

Comments & Questions

- Presentation by Dr. Phouphet Kyophilavong

The macro-econometric analysis which shows the shock case that foreign capital inflow in mining is assumed to be zero is very interesting because the government of Lao PDR recently stop the investment of concession including mining and rubber temporally.

Q1. The first question is about the contents and backgrounds of the policy.

Q2. The second question is about the differences between Special Economic Zone and Specific Economic Zone.

Comments & Questions

- Presentation by Dr. Ni Lar

The presentation can be valued as being composed of several academic papers. The expression of industrial upgrading using the domestic value added and the prospects that the exports will become larger than imports after 2022 are very interesting.

Q1. Currently investment into Myanmar has been increased. Which types of investment have increased especially among export-oriented, domestic-market-oriented or natural resource-oriented?

Q2. The population of Myanmar has been downwardly revised to 51.4 million. Can this change affect on the national master-plan?

Thank you very much.

References

- Suzuki, Motoyoshi (2009) *Fundamental Knowledge on Lao Economy* (in Japanese, *Laosu Keizai no Kiso Chisiki*), Tokyo: JETRO.
- Suzuki, Motoyoshi (2014), “Update Information on Economy and Investment Situations in Laos, China Plus One and Thai Plus One (in Japanese, *Laosu Keizai to Taipulasuwan Chainapulasuwan no Saishin Joho*),” Power point sheet presented at Bangrak Kindergarden on August 20, 2014.