

Foreign Direct Investment in Mekong Countries: Opportunities and Challenges

The Mekong countries comprising Cambodia, Lao People's Democratic Republic (Lao PDR), Myanmar, Thailand and Vietnam grew rapidly during the last decade. With the exception of the years of global financial crisis, growth rates of this magnitude and duration are remarkable in Mekong history. Output in the region increased by 7.82 per cent in the last decade. Cambodia witnessed the strongest GDP growth of 8.1 per cent, followed by Vietnam (7.3 per cent), Lao PDR (6.7 per cent) and Thailand (4.1 per cent).¹ It has been observed that higher investment is pivotal to growth of some of the Mekong countries, and, therefore, attracting foreign direct investment (FDI) has been the major focus of policy reforms in the region. FDI can also have important positive effects on a host country's development effort. In addition to the direct capital financing it supplies, FDI can be a source of valuable technology and know-how while fostering linkages with local firms, which can help improve an economy's health. Based on these arguments, developing countries have offered incentives to encourage foreign direct investments in their economies, and subsequently carried reforms in order to sharpen the FDI policy.

FDI Policy Reforms in Mekong Countries

Cambodia

The Government of Cambodia began its free-market reform process in the mid-1980s. Cambodian Government passed a liberal foreign investment code in 1989 and subsequently set up a National Investment Council in 1991. Cambodia national assembly passed the new Laws and Regulations on Investments in the Kingdom of Cambodia and established a liberalised investment regime. The Government set up the Cambodian Investment Board (CIB) under the Council for Development of

Cambodia (CDC), its foreign investment approval body. The Government changed the foreign investment regime by revising the Law on Investment in early 2003. There is no limit on foreign equity participation as 100 per cent foreign ownership is allowed in almost all the sectors and industries. But Cambodia follows restrictive investment policies in its infrastructure sector. For example, electricity transmission and port operations are closed to foreign capital participation and the foreign participation in airports is limited to less than 50 per cent.²

Lao PDR

Lao PDR implemented the open-door policy under its New Economic Mechanism in 1986, passed the Foreign Investment Code in 1998, and set up Foreign Investment Management Committee (FIMC) for the promotion of FDI. Lao PDR implemented the Investment Code in mid-1994 and revised it in end-2004. The Code allows foreign investment in all sectors with 100 per cent ownership except in mining and energy projects. In the case of joint ventures, foreign equity participation is allowed to be at least 30 per cent of total invested capital. In 2009, the National Assembly of Lao PDR passed the promotion of Investment Law. Under the new Law, incentives will be provided to investors who are investing in hospitals, schools, colleges, universities and skill development centres. Lao PDR allows 100 per cent repatriation of capital, profits and dividends after deduction of 10 per cent withholding tax that is creditable against corporate tax.³

Vietnam

Vietnam initiated economic reforms (called *Doi Moi* i.e. "renovation") in 1986, with an aim of creating a market-oriented economy. The country's first FDI law, passed on 9 December 1987, aimed at facilitating new investments and providing international market access for the country's exports. In 1990, the FDI Law was amended to facilitate private sector to engage in joint

venture (JV) with foreign firms. Following the Asian financial crisis of 1997, the FDI Law was further amended in mid-2000 in which foreign invested enterprises (FIEs) were allowed to indulge in mergers and acquisitions (M&As). Though Vietnam invites FDI in many sectors, there are limits on foreign equity participation in Vietnam. For example, private participation is not allowed in mining and telecommunications and a minimum 30 per cent foreign capital is required in JVs.⁴

Thailand

Thailand maintains a relatively liberal investment regime. Thailand's Investment Promotion Act of 1977 focused at promoting investment in agriculture and manufacturing sector, and Thailand later passed the revised investment foreign investment legislation on November 1999. FDI in Thailand is allowed in almost all sectors including financial services like banking and insurance, and in services like aviation and transportation. Initial foreign investment is subject to a minimum capital requirement of Thai Bhat 2 million. Thailand's latest investment promotion measures are aimed at attracting FDI in eco-friendly chemicals, high-tech equipment and energy savings and alternate energy business.⁵

Myanmar

Myanmar implemented open economic policy in the year 1988. Myanmar's first investment-related law was implemented in the form of Myanmar Foreign Investment Law (FIL) in order to facilitate investment in private sector. Foreign investors in Myanmar have options to start business either in the form of wholly foreign-owned or a JV with local partner (where the minimum share of foreign entity is 35 per cent of total equity capital). FDI in Myanmar is permitted in almost all sectors except in 12 sectors specified by the Government. Foreign investment is exempted from income tax for three years.⁶

India-Mekong Investment Trends

India and the Mekong region have many commonalities in historical, cultural and political aspects. India is one of the fastest growing economies in the world with a growing share of foreign investment abroad. India launched "Look East Policy" in 1991 to intensify its engagement with Association of South East Asian Nations (ASEAN) through deeper economic, political and strategic cooperation. FDI flows from India to ASEAN members were US\$ 591 million in 2008, accounting for 1.2 per cent of total FDI in the region. In 2009, the FDI inflows from India to ASEAN grew to US\$ 984 million, accounting for 2.5 per cent of total FDI in the region.⁷

On the other hand, India received US\$ 105.98 billion cumulative FDI equity inflows during January 2000 to December 2009. However, the FDI inflows from the Greater Mekong Sub-region (GMS) countries⁸ to India were US\$ 75.53 million, representing only 0.08 per cent of the cumulative FDI inflows in India. A scrutiny of sectoral FDI equity inflows from GMS to India during the same period reveals that highest FDI inflows have been in the telecommunications sector (23 per cent of FDI inflows), followed by construction (15 per cent), housing and real estate (14 per cent), chemicals other than fertilizers (12 per cent) and hotel and tourism (5 per cent).⁹

India invested in 52 FDI projects in Vietnam with a total registered capital of US\$ 211 million during 1988-2010.¹⁰ Indian FDI has occurred mainly in sectors such as oil and gas exploration, mineral exploration and processing, sugar manufacturing, agro-chemicals, informational technology (IT), and agricultural processing. Tata Group of India is expected to invest more than US\$ 4.5 billion in next few years in production of steel and exploration of iron ore. Reliance, Essar, RPG, and ONGC are major Indian companies that have invested in Vietnam.¹¹ From Vietnam, an IT firm has invested about US\$ 0.15 million in India in information technology development project.¹²

India and Thailand are important regional partners and are active members of regional groupings such as East Asia Summit (EAS), Mekong-Ganga Cooperation (MGC) and Asia Cooperation Dialogue (ACD). Bilateral investments between these two growing economies have grown rapidly in the last decade. Cumulative Indian FDI into Thailand was around US\$ 1.5 billion during 1970 and 2008. Thailand, in turn, has invested over US\$ 65 million in India from April 2000 to December 2009. Major Indian firms investing in Thailand are as follows: Tata Group (automobiles, IT, steel), Aditya Birla Group (chemicals, textiles), Indo Rama Group (chemicals), Ranbaxy,

Dabur and Lupin (pharmaceuticals) and Bharti Airtel (telecommunications). While the major Thai firms investing in India are C P Aquaculture (India), Italy-Thai Development, Krung Thai Bank, Charoen Pokphand (India) (banking services), Stanley Electric Engineering (electronics), Thai Summit Neel Auto (automobile), Thai Airways (airlines), Precious Shipping (shipping), Preuksa Real Estate, Dusit and Amari group of hotels (recreational activities), to mention a few.

Currently, investment flows from India to Cambodia are negligible. But the Government of India has identified sectors such as IT, water resource management and electricity where India can potentially invest in Cambodia. As a step towards enhancing bilateral investment, the first India-Cambodia Trade and Investment Business Forum, Exhibition and Buyer Seller Meet was held in Phnom Penh on 11-12 November, 2009. In a latest development, Cambodian Trade Ministry attended the India-ASEAN business fair in New Delhi, held during 5-6 March 2011, in order to boost investment between the two countries.

India and Myanmar signed a Bilateral Investment Promotion Agreement (BIPA) and Double Taxation Treaty (DTT) in 2008. Both countries plan to enhance cooperation in the fields of energy, oil and natural gas, power, IT, infrastructure development, telecommunications and agriculture. According to the *World Investment Report 2010*, the cumulative FDI inflows during 2000 to 2008 in Myanmar were over US\$ 2.3 billion. The same report mentions that the total FDI flows from the world to Lao PDR increased from an annual average of US\$ 24 million in 2001 to over US\$ 156 million in 2009. India has identified factors such as effective transport connectivity, cheap labour, and availability of natural resources as important determinants of FDI in Lao PDR.

While India has the advantage in IT and telecommunication sector, the Mekong countries are blessed with abundant natural resources and educated labour force. Wage advantage, vast and growing market and ASEAN free trade region are some of its advantages over other regions in the world. Moreover, India and Mekong countries share similar culture. Thus, there is vast untapped potential for further enhancement in bilateral investment between India and Mekong countries.

Barriers to FDI

FDI from India to Vietnam is low despite Vietnam possessing a large market and abundant labour force with relatively lower wages. According to the Vietnamese Ministry of Planning and Investment

(MPI), FDI is inhibited in Vietnam due to poor infrastructure and low-quality work force, for example, out of 2 million employees working in the FDI sector, only 0.4 million (40 per cent) are trained at vocational schools. Infrastructure systems like electricity, water, traffic and seaport in Vietnam are also very weak. Also, Vietnam does not have clear instructions on conditional investment sector (businesses need a license to operate in this sector). For example, there are about 70 conditional investment areas for which there are no clear-cut instructions.¹³ Although the Vietnamese economy is dependent on agriculture to a large extent, it has not been able to attract FDI in this sector, mainly due to implementation of old techniques that act as barriers to investment in this sector. Vietnam has not devoted enough money to make agriculture as an attractive sector for foreign investment. Vietnam ranked 78 (out of 183) in Doing Business Index 2011, prepared by the World Bank and International Financial Corporation (IFC). According to the Index, investor protection against self-dealing is very low in Vietnam (it ranks 173 out of 183). At the same time, Cambodia ranks 147, Lao PDR 171, and Thailand 19 in Ease of Doing Business Index of the World Bank.

Concluding Remarks

The economies of Mekong region grew at 6.7 per cent in 2010, which is a commendable performance considering the fact that many economies in the world are still suffering from economic slowdown in the aftermath of global financial crisis. There is no doubt that the Mekong countries require large amount of FDI as it has positive spillovers in the form of dispersion of knowledge, managerial expertise, and dissemination of marketing techniques.

Cambodia is continuing its free-market reforms that were initiated in the mid-1980s. Though FDI from India to Cambodia has been negligible in the past, India has identified various sectors that are perceived to have potential in the near future such as IT and infrastructure development.

Lao PDR has also followed an open-door policy since the mid-1980s and actively seeks FDI in areas like education and skill-development. India can be a major source of FDI in this area as it has a strong services sector.

Vietnam began its economic reforms programme in the mid-1980s and seeks to attract FDI in various sectors. Indian MNCs are investing in various sectors in Vietnam like agriculture, mineral exploration and information technology. As both countries

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Prospects for India-Vietnam Cooperation in Biotechnology

Modern biotechnology provides breakthroughs in healthcare, agriculture, processing industry and environmental protection. The global biotech market in 2009 reached a value of US\$ 201 billion and is forecast to reach US\$ 318 billion in 2014.¹ In Asia and the Pacific region, the biotech market has been growing at a rate of around 16 per cent per year. Higher growth rates have been witnessed in emerging markets like India, Malaysia, and Singapore. These countries are anticipated to dominate the market in future with combined share of around 70 per cent of overall market size.²

Biotech is one of the fastest growing knowledge-based sectors in India. It is expected to play a key role reshaping India's rapidly growing economy. During 2005-2009, the industry witnessed an impressive growth of around 26.5 per cent per year and generated total revenue of US\$ 2.4 billion in 2009.³ India is looking forward to achieve US\$ 5 billion in biotech revenue in 2011 and US\$ 10 billion in 2015.⁴ India is recognized as a manufacturer of economical high-quality bulk drugs and formulations. Biopharma contributed 62 per cent of Indian biotech revenue, followed by bio-service (19 per cent), bio-agri (14 per cent), bio-industrials (4 per cent), and bioinformatics (2 per cent).⁴ With a large pool of scientific talents, advanced research and development facilities, world class information technology, and cost effectiveness, the biotechnology industry in India is emerging as a global key sector.

Biotechnology in Vietnam

With a population of over 86 million, Vietnam is the 13th most populous country in the world. Currently the country is implementing reform process toward modernizing the economy and competitive export-driven industries. Vietnam achieved a strong growth rate of 7.5 per cent in the last two decades. Despite the global recession, GDP of Vietnam increased by 6.8 per cent in 2010 over the previous year.

Biotechnology in Vietnam is historically grounded in agriculture. Biotechnology

was identified by Vietnamese government as one of the six key technological directions for the country's socio-economic development. The first national law supporting biotechnology development was issued in 1994. In 2008, the government approved the "Master Plan for Development and Application of Biotechnology to the Year 2020." With the Master Plan, Vietnamese government is aiming at boosting biotech research and application in order to build a new high-tech industry supplying key products, thus contributing to the growth. The government is showing its commitment in consolidating resources, calling for diverse forms of investments, improving legislations in order to increase biotech investment efficiency facilitating the formation and development of biotech market in Vietnam. The target was set that by the year 2020, biotechnology of Vietnam will reach regional advanced level and international standard at strategic fields.

Vietnam is taking steps in preparation of technical infrastructure for biotech development. It is expected that the heart of biotech innovation will be a network of national key laboratories. Five laboratories have been established with an investment of US\$ 3 to 5 million each.⁵ A special funding is given to facilitate international research collaboration and technology transfer. Two hi-tech parks are in schedule to host hi-tech enterprises including biotechnology. Investment in biotech R&D has increased from US\$ 300,000 in 1991 to US\$ 10 million in 2010^{5, 6} over the last two decades. In 2000, the government approved post-graduate overseas training programme with funding of US\$ 15 million per year. It was targeted to have 4500 technicians, 12000 bachelors, 1200 masters, and 300 PhDs trained in biotechnology in Vietnam during the period 2011-2015.⁶

In 2010, the government issued biosafety decree creating the framework for commercialization and utilization of genetically modified organisms (GMOs) and genetically modified (GM) products. Under the decree, products containing more than 5 per cent GM materials

would need to be labelled, and the release of GMOs should be approved by biosafety committee. In 2010, large scale field trials for GM corn, soy bean and cotton were launched, there by paving the way for commercialization of GM crops in 2012. Integrating with the world economy, Vietnam's government recognizes the importance of protecting Intellectual Property Rights (IPR). Vietnam is a member of World Intellectual Property Organization (WIPO), and a party to Paris Convention for the Protection of Industrial Property, World Trade Organization (WTO) Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).

Vietnam has achieved reasonable progress in biotechnology. The role and position of biotechnology is recognized by the government and the society. The level of research and technological development has been improved markedly. Biotechnology has penetrated into various aspects of life and contributed to Vietnam's successful story of moving from a food importing country to the world's second largest rice exporter.

India-Vietnam Relations

India and Vietnam have a long history of friendly relationship and cooperation. These two countries established official diplomatic relations in 1972. Vietnam and India signed a bilateral trade agreement in 1978 and bilateral investment promotion and protection agreement in 1997. Direct air links, visa exemption agreement, etc. have been established to bolster businesses and tourism. The two countries established strategic partnership in July 2007. Vietnam and India are members of the Mekong-Ganga Cooperation (MGC) and ASEAN-India Free Trade Agreement (FTA).

Bilateral trade between Vietnam and India has increased rapidly over the last two decades, from US\$ 75 million in 1990 to US\$ 2754 million in 2010. India currently is the 11th largest exporter to Vietnam. In 2009, Vietnam imported from India US\$ 170 million of biotech related products, mainly medicaments

(US\$ 123 million) and GM cotton (US\$ 47 million). In 2010, India invested in 50 projects with total inward FDI of US\$ 212 million in Vietnam.

In education and training, India offers Vietnam more than 100 long-term and short-term scholarships every year. During 2001 to 2008, India offered Vietnam a US\$ 2.5 million project on human capacity building in software industry. Vietnam and India have signed science and technology cooperation agreement in 1976. A subcommittee for science and technology cooperation was established in 1997. The 8th session of the subcommittee was held in New Delhi in December 2010. Till date, four collaboration projects have been signed.

Prospects for India-Vietnam Biotech Cooperation

Although biotechnology has already contributed significantly to the country's socio-economic development, biotech market in Vietnam is still in early stage of formation. The market lacks leading players and this opens vast opportunity for biotech direct investment and joint ventures. Several Indian biotech companies already have their presence in Vietnam, including Ranbaxy, Venky, Vinh Thinh - BIOSTADT JSC, etc. Taken into consideration the specificities of biotech development in Vietnam and India as well as trends in biotech development and technology transfer, following fields of collaboration would be of mutual interest:

Education and training

During the past few years India has undergone a rapid technological change, especially in the field of biotechnology. With world standard in education, R&D, technological knowledge, English language, India is an appropriate partner for Vietnam in human resource capacity building. Besides offering fellowships as happened in the past, Indian universities could consider to open its branches in Vietnam. Knowledge transfer would establish the presence of India and open up the market and business.

Antibiotic production

Vietnam is a developing country in the tropics where infectious diseases are common. With a large population, the country's demand in antibiotics is high. According to Vietnam customs statistics,

in 2010 the country spent US\$ 290 million on import of antibiotics. The increasing demand for antibiotics during the last few years causes concern in the country, and the government is actively acquiring the technology for domestic production. With vast experience in antibiotic production, Indian companies would be the best partners.

Environment protection

With rapid pace of urbanization and industrialization, pollution in Vietnam is growing at an alarming rate. The government is now tightening regulations on environmental protection. Several large factories were forced to close down due to non-compliance of rules and regulations. The market for waste treatment is large. Indian technology is often regarded as cost effective and suitable in Vietnamese condition.

Agriculture

As true home of Green Revolution, India has vast experience in agricultural biotechnology. With over 800 GM cotton varieties approved and more than 20 domestically developed GM food crops under field trial, India could offer the region with alternative choice alongside with traditional GM suppliers. Since India is relatively late with GM food approval for domestic use, steps should be taken to build up mutual trust and recognition in commercialization of GM products. Collaborative development and trial of GMOs could also be considered.

Biofuel research

Both India and Vietnam are deficient in fossil energy resource. India produces only 30 per cent of its oil requirement and has to import the rest from other countries. Vietnam has to import more than half of its petroleum requirement. Vietnam has to diversify energy supply and renewable biofuel is one of the options. Three large bioethanol factories are expected to enter in operation in 2011. Current technology is problematic since it utilizes food stuffs for ethanol production. Vietnam is launching research on 2nd generation of bioethanol, that is, bioethanol based on lignocellulose derived from agricultural waste and forestry residue. With ample supply of rice straw, corn cobs, sugarcane bagasse, etc. second generation of bioethanol is promising for both Vietnam and India.

Biotech promotion

Cultural differences and the lack of information are the major barriers affecting India-Vietnam cooperation. For bolstering biotech collaboration, the establishment of a center for collaborative research and technology transfer could be considered. The center will be responsible for biotech market research, introduction of Indian technology, collaborative R&D, and monitoring the pace of cooperation.

Concluding Remarks

Biotechnology has become an integrated part of the world economy. With the growth rate of 16 per cent per year, biotech market in Asia and the Pacific region holds vast potential for development and collaboration. Although in early stage of development, biotechnology in Vietnam has received special attention from the policy makers. A legislative framework has been established and measures have been taken to ensure that by the year 2020 biotechnology of Vietnam shall reach regional advanced level. India and Vietnam have long history of friendly relations and cooperation. Biotech joint ventures, collaboration in biotechnology education, environment protection, production of antibiotics and biofuel, commercialization of GM crops are promising fields for deepening that relationship.

Notes and References

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Shift of Power to Asia

Mr. S.M. Krishna

External Affairs Minister of India

I especially welcome my colleagues from ASEAN countries and their delegations, who have honoured us with their presence not only for this event but also for other activities that we in India are privileged to host this week to focus on our relations with these countries. I express my gratitude to the Secretary General of ASEAN, H. E. Dr Surin Pitsuwan for accepting my invitation.

We stand at the threshold of twenty years of the launch of the formal Dialogue partnership between India and ASEAN, which started in 1992. We look forward to holding the Commemorative Summit in 2012 in India.

It is a happy coincidence, that this two decade period has been transformational for India, as also for its engagement with South East Asia.

It has been a gratifying engagement for us – an engagement which has drawn strength from India's rapidly developing bilateral ties with individual ASEAN countries, and from our millennia-old bonds with the countries and civilizations of the region.

The words 'Look East' encapsulate our renewed focus on these ties. I wonder if we have a phrase that can capture the age old roots, cordiality and partnership that are at the heart of our Look East Policy.

Historical ties of India with Myanmar, Thailand, the Malay Peninsula, Cambodia, Laos and with what was known as the East Indies – Sumatra, Java, Bali and Borneo - are well known. These ties are rooted in geographical contiguity and commonality of a multitude of other factors.

It is both a contemporary need and a responsibility to nurture these natural relationships. We are committed to deepening our all round engagement with ASEAN.

India's first FTA was signed with ASEAN. This Agreement will provide a further thrust to the almost twenty-fold increase in our trade with ASEAN which has been witnessed in nearly twenty years since 1990.

India has undertaken a number of initiatives in line with its commitment to the 'Initiative for ASEAN Integration' which is intended to bridge the developmental gap between the older and the newer,

less developed, members of ASEAN, i.e. Cambodia, Lao PDR, Myanmar and Vietnam.

The shift of power to Asia in this century is almost a cliché now. While such a shift may indeed be taking place, the processes involved are far more complex than what would appear at first glance. A number of new initiatives and institutions in South East Asia are coterminous with and contribute to this shift.

On the strategic side, there is the ASEAN Defence Ministers Meeting Plus Eight process. India's participation in this is part of the wider paradigm shift which characterises our Look East Policy.

The second big institutional change is the continued evolution of the EAS process. Our Look East Policy has evolved with the process, which was born in 2005. This policy has, therefore, evolved to include the Far Eastern and Pacific regions and facilitated greater links with Japan, Republic of Korea, Australia and New Zealand.

EAS further expanded at its 5th Meeting in October last year to include US and Russia into its ambit. India welcomed the expansion, which we believe, will add to regional pace and security.

With this backdrop of historical and contemporary wide ranging associations, how does India look beyond the first two decades of our engagement with ASEAN? There are few vectors which suggest themselves for the future.

Firstly, I think we need to focus on a vision for our region which is inclusive. As many of you know in India we have sought to embed in our developmental experience the principle of inclusivity. These principles need to form part of international efforts as that in the end is the strongest factor for the maintenance of peace and security.

Secondly, we feel that the principles of State sovereignty and non-interference in internal affairs of others must be the bedrock of our cooperative endeavors.

Thirdly, diversity comes naturally to us in Asia. Respecting diversity and developing tolerance must, therefore, form the third prong of our approach.

Within this framework I believe, we must focus even more sharply in our efforts to construct an interconnected economic block.

I believe that India and ASEAN can do so by concentrating even greater efforts on physical connectivity. This aspect fits very well with our own domestic priority of upgrading infrastructure. If the two can proceed in tandem, it is possible that in the space of next five to seven years we will see a dramatic flowering of India-ASEAN relations. Connectivity will enhance the potential of Merchandise Trade and Investment Agreements that have been already put into effect or are on the anvil.

Greater physical connectivity will reinforce intellectual inter-linkages that we have or will foster.

In this context, I would like to mention our joint initiative for the revival of the Nalanda University.

Similarly the Mekong-Ganga Cooperation (MGC) launched in the year 2000, is a sub regional initiative comprising India and five ASEAN countries. Both the Ganga and the Mekong are not mere rivers but symbols of civilizations. Members of MGC are working to promote cooperation in the sectors of tourism, culture, education and transport and communications.

Our enterprising ancestors created through the passage of time a most wonderful matrix of mutually enriching cultures, and mutually reinforcing bonds. As we look to India-ASEAN engagement beyond 2012, we need to assiduously promote people-to-people relations. It is on the wings of these ties that the future of our relationship will soar.

Before I conclude, I would like to congratulate the Indian Council of World Affairs, the Federation of Indian Chambers of Commerce and Industry, the Institute of Southeast Asian Studies and the SAEA Research Group of Singapore, as well as the Economic Research Institute in Jakarta, for their fruitful partnership in restructuring the Delhi dialogue. I also compliment all the think tanks, scholars and experts involved who have worked so hard to bring this Dialogue to fruition.

(Excerpted from the Speech delivered at India-ASEAN Delhi Dialogue-III, New Delhi, 3 March 2011).

ASEAN-India Economic Relations

Mr. Sundram Pushpanathan

Deputy Secretary General of ASEAN for ASEAN Economic Community

At present ASEAN and India is experiencing steady economic growth despite the global economic situation as well as robust trade spurred by the ASEAN-India Trade in Goods Agreement that came into force last year.

The India-ASEAN Business Fair and Business Conclave today represent another milestone in the history of ASEAN-India dialogue relations that began in December 1995. The two events are the brainchild of H.E. Dr. Manmohan Singh, the Prime Minister of India, at the 7th ASEAN-India Summit in October 2009. I am happy to note that the proposals have materialised so speedily underscoring the resolve of both sides to leverage on the economic strengths of each other and together on the economic opportunities from rising Asia.

In essence, the government-to-government cooperation that we started through the ASEAN-India Trade in Goods Agreement under the ASEAN-India FTA is now transforming into business-to-business cooperation through the two events. Certainly, the high level of participation of ministers and business leaders, and the overall enthusiasm shown in today's fair augurs well for the future of ASEAN-India economic relations especially with the establishment of the ASEAN India Business Council, which should also promote greater business-to-government cooperation so that we can improve the climate for trade and investment under the ASEAN-India FTA for our businesses.

Let me take this opportunity to briefly update you on the key progress achieved in building the ASEAN Economic Community (AEC) that will be established in the year 2015. Since the adoption of the AEC Blueprint in November 2007, ASEAN has been making steady progress towards the realisation of the AEC.

Indeed, January 2010 is seen as a key milestone in the history of ASEAN as we realised the ASEAN FTA where the ASEAN-6 countries of Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand collectively have achieved almost a zero tariff regime as well as all our FTAs with China, Japan, South Korea, Australia and New Zealand

and the ASEAN-India Trade in Goods Agreement have been realised. We are also making good progress in the liberalisation of trade in services within ASEAN as well as opening up our region for investments through the ASEAN Comprehensive Investment Agreement. Moreover, we are promoting movement of skilled labour through mutual recognition arrangements of skills and professions as well as freer flow of capital through the development of our capital markets.

We have started to focus on the second pillar of the AEC on developing a competitive economic region through greater cooperation in the critical areas of competition policy, intellectual property rights, and consumer protection. At the same time, we are strengthening our cooperation in the third pillar of the AEC on narrowing the development gap by assisting our lesser developed ASEAN countries to come fully on board economic integration while supporting our SMEs to grow and eventually venture across borders in ASEAN. The work ahead is challenging but ASEAN has shown it is ready and has the grit to make things work for the region, our partners and businesses.

I am pleased to note that, despite the continued impact of the global economic crisis, India remained the 7th largest trading partner of ASEAN, with total trade of US\$ 39.1 billion in 2009. It is equally important to note that ASEAN is India's 4th largest trade partner after the EU, the US and China. On FDI, India has remained the 6th largest investor in ASEAN, with investment valued at US\$ 970 million in 2009. FDI inflows from India accounted for 2.5 per cent of total FDI into the region. Cumulative FDI from India in ASEAN from 2000 to 2009 was about US\$ 3.67 billion.

Certainly, the ASEAN-India FTA will be the cornerstone of our growing and prospering economic partnership. Once fully implemented, after we conclude our services and investment agreements, it will pave the way for the creation of one of the world's largest free trade areas with a market of almost 1.8 billion people and a combined GDP of US\$ 2.8 trillion.

The ASEAN-India Trade in Goods Agreement, in particular, will see tariff

liberalisation over 90 per cent of products traded, including the so-called "special products," such as palm oil (crude and refined), coffee, black tea and pepper. It will open the way for over 4,000 items to be traded duty-free between ASEAN Member States and India. The services and investment agreements will provide greater market access for Indian professionals, services providers as well as investors to the ASEAN region and vice-versa.

Beyond our bilateral free trade area, ASEAN and India are exploring an East-Asia wide trade arrangement together with the other countries under the EAS. This will create the world's largest economic space for our businesses to operate and prosper.

ASEAN has just launched its Master Plan on ASEAN Connectivity covering physical, institutional and people-to-people connectivity both within ASEAN and ASEAN with its partners. India can actively participate in this connectivity to reap mutual benefits. This would include further strengthening infrastructure connectivity between India and ASEAN through the Mekong countries; concluding speedily the ASEAN-India Air Transport Agreement; and advancing further India's cooperation with ASEAN in the areas of education, energy, agriculture and forestry, science and technology, information communication technology, tourism, small and medium enterprises, and others.

In closing, I wish to underscore that ASEAN and India have developed a strong foundation for cooperation and collaboration in the last 15 years. It is the time that our business communities build their networking and partnerships leveraging on this firm foundation and their inherent strengths, so as to take leadership in driving the economic dynamism between the two growth poles in East Asia. We need to alleviate the business dimension of our cooperation to a higher level and we should start now with this India-ASEAN Business Fair and Business Conclave.

(Excerpted from the Speech delivered at the India-ASEAN Business Fair and Business Conclave, New Delhi, 2 March 2011).

India-Mekong Cooperation Activities

ACC Delegation Visits Laos

A group of five members of the Assam Chamber of Commerce (ACC) recently represented Assam at a special conference held in Laos celebrating 55 years of completion of diplomatic relations between Laos and India.

In the conference, the business infrastructure and investment possibilities at different spheres, particularly in Assam and North-east India, were broadly discussed by the group, led by Rupam Goswami, State convener of the ACC.

It needs a mention here that the conference was organised by the Indian Embassy at Laos in collaboration with the Lao Indian Chamber of Commerce. At least

20 representatives of different business organizations and noted businessmen from different states of India took part in the discussions.

According to a press statement, Dr Nam Vialut, Minister for Industry and Commerce, Government of Laos, Indian Ambassador Dr. Jitendra Nath Mishra, Habib Mahammad Chaudhury, president of Lao Indian Chamber of Commerce, Khantavons Dalavons, Principal Secretary of Laos and the members from the business delegation of Assam, led by Goswami, took active part in discussion.

(Excerpted from the *Assam Tribune*, 5 May 2011).

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Vietnam Expo 2011 on Business Cooperation Opens in Hanoi

Vietnam Expo 2011, the 21st international trade fair, organised by the Ministry of Industry and Trade (MoIT) and the Vietnam Exhibition and Advertisement Joint Stock Company

Under the theme "Vietnam -- Integration and Development", Vietnam Expo 2011 displays agricultural, food processing products, wood-based products, decoration furniture, handicraft articles, fashion ware, IT products, manufacturing machines and equipments, among others.

The Expo attracted almost 600 domestic and foreign companies from 20 countries and territories including Czech Republic, China, Cuba, India, Indonesia, Laos, Malaysia, Nigeria, Pakistan, Russia, Slovakia, South Korea, Thailand, the United Arab Emirates, the United States and Vietnam, etc.

The expo also sees the first time of Indian enterprises participating with a large-scale national pavilion of 70 companies, providing a great opportunity for Vietnamese enterprises to seek investment and establish trade relations with this huge market.

(Excerpted from the *People's Daily Online*, 7 April 2011).

© *People's Daily Online*. ■

Free Trade with ASEAN to Open Up Prospects

According to a joint study, the India-ASEAN FTA will open up a host of business opportunities for Indian industry, especially in the construction sector.

Indian companies could seriously look at the current open project tenders in the ASEAN region in construction-related activities such as construction of agricultural buildings, bridges, canal, roads and highways, sports facilities and water-treatment plants.

According to the study, ASEAN countries would also provide opportunities

in service categories such as machinery, computers and supplies, industrial process control equipment, optical instruments, horological instruments to name a few.

The FTA, which was signed with Malaysia, Thailand and Singapore and came into effect from January 1, 2011, is expected to be in place with all the member countries by 2016.

(Excerpted from the *Hindustan Times*, 15 May 2011).

© *Hindustan Times*. ■

Investors Meet as Part of North East Business Summit

As part of the 6th North East Business Summit, the Indian Chamber of Commerce (ICC) organised a one day Investors' meet at Imphal. Seven ICC officials and 26 private investors from different parts of the country with proposals of 39 projects interacted with private organisations, entrepreneurs and officials of various government departments during the meet.

At the Summit, Commerce and Industries Minister Y Erabot said that various projects are currently being

implemented under the Look East Policy of the Indian government.

The construction of an Integrated Check Post at Moreh is ongoing. The government will be building a five storey building at Moreh to be utilized as a market.

Drawing the attention of the investors, Erabot said that Manipur is a place with rich natural resources and a fresh and clean environment. There are many varieties of fruits, medicinal plants and aromatic plants available in the state, he

said. The Food Park construction is almost complete at Nilakuthi. It will have 55 fruit processing units. Moreover, the state has one of the finest silk cocoons of the world, he said.

Tourism Minister, TN Haokip said that Manipur is a state with rich tourist spots. He emphasised that the state government is planning to introduce a Imphal to Mandalay bus service which will give a new boost to the tourism business in the state.

(Excerpted from *www.e.pao.net*, 27 April 2011).

© *www.e.pao.net*. ■

India, Thailand Agree to Double Trade by 2014

India and Thailand agreed to double their bilateral trade by 2014, which stood at US\$ 6 billion at present, and also to expedite their negotiations on a free trade agreement on goods, services and investments.

The agreements came about at the meeting of Prime Minister Manmohan Singh with his Thai counterpart Abhisit Vejjajiva.

"Our bilateral trade turnover has reached about US\$ 6 billion. We have agreed to aim towards doubling of our trade by 2014," Indian Prime Minister said in a statement after his delegation level talks with Vejjajiva.

"We have agreed to expedite the conclusion of negotiations on bilateral free trade agreement that will include goods, services and investments," the Indian Prime Minister said, adding that the ministerial level joint commission would meet this year to follow up on the range of bilateral initiatives.

Welcoming Thai investments in India, he said: "We see Thailand as playing a positive role in our efforts to catalyse development and improve connectivity of our north-eastern states with the ASEAN region."

He further said Thailand is "a close friend and a valued regional partner" for India and that the two countries shared civilisational links, apart from being maritime neighbours.

The two countries, he said, had also agreed during the meeting to intensify

cooperation in education, tourism and culture, apart from identifying space technology, disaster management and science and technology as other areas of cooperation.

Noting that the two nations enjoyed "active exchanges" in defence, counter-terrorism and security, the Indian Prime Minister said that they have agreed to further strengthen cooperation and to initiate senior-level dialogue between the two defence ministries.

Both the leaders expressed their desire to cooperate "to secure" the vital sea lanes of communication, which pass through the Indian Ocean region.

"Developing close relations with Thailand is an important component of our Look East policy. We work together in a number of regional mechanisms such as BIMSTEC, the ASEAN Regional Forum, the East Asia Summit, and the Mekong Ganga Cooperation Initiative," Prime Minister said.

The two Prime Ministers are of the unanimous view that a strong India-Thailand partnership is a factor of peace and stability in the Asia-Pacific region.

Thai Prime Minister said India's Look East policy complimented Thailand's Look West policy, adding that his country was looking to participate in a number of projects in India, especially in infrastructure.

(Excerpted from the www.twocircles.net, 5 April 2011).
© www.twocircles.net.

FTA with Thailand to be Concluded by 2011

The Prime Minister of Thailand, Abhisit Vejjajiva urged India Inc to be a part of the Thai growth story by lining up investments in the country known primarily for its tourism. He said in a series of investor-friendly steps the Thai government is going to reduce the corporate tax.

He said the Thailand Board of Investment, which is the high-level government body that charts the road map for FDI inflows into the country, has been progressively supporting investors with various incentives from reduction in corporate tax to an eight-period long tax holiday to allowing companies to bring in

foreign experts and repatriate profits back to their homeland.

"Last year alone, investment applications from India received at Thailand's Board of Investment were valued at US\$ 60 million. And this is the first step towards more applications," he said. "There has been 46.2 per cent surge in the number of tourists arriving in Thailand from India in 2010, at almost 800,000, is a telling sign of the confidence and friendship between our peoples," he added.

(Excerpted from *The Financial Express*, 6 April 2011).
© *The Financial Express*.

Thailand Invites Indian Investment

Prime Minister of Thailand, Mr. Abhisit Vejjajiva made an impassioned plea to Indian business leaders to choose Thailand as their destination for investment.

Addressing a luncheon meeting with captains of industry from India and Thailand, Mr. Vejjajiva called upon them to cash in on the economic complementarities offered by the two countries to raise bilateral trade to US\$ 10 billion in the next two years.

To increase the attractiveness of his country as an investment destination, Mr. Vejjajiva proposed to significantly cut corporate income-tax rates and sought Indian participation in sectors such as pharmaceuticals, auto parts, chemicals, software and ICT. Emphasising that the Thailand market for medical equipment was around US\$ 800 million, the Thailand Prime Minister hoped that being a world leader in manufacture of drugs and in modern healthcare, India would cash in on the opportunity.

(Excerpted from *The Hindu*, 6 April 2011).

© *The Hindu*.

RIS International Conference on Mekong-India Cooperation

Research and Information System for Developing Countries (RIS), New Delhi, in collaboration with the Institute of Foreign Policy Studies (IFPS), Calcutta University, Kolkata, is organizing an international conference on 'Mekong-India Cooperation: Linking Markets, Fostering Trade' at Kolkata, on 23-24 June 2011.

The overall objective of this conference is to draw policy lessons toward building capacity through South-South cooperation. Several eminent international and national scholars, policy analysts, academicians and industry people are expected to attend this international conference.

India-Myanmar-Thailand Agree to Boost Trade and Commerce at Moreh, India

In a landmark event and a big boost towards enhancing cross-border trade between India, Myanmar and Thailand, a trilateral trade conference was recently held at Tamu town, near Moreh.

The Thai team was led by the Thai-Myanmar Border Trade in-charge Tharodol Thongruang. The Myanmar team was led by Trade Chamber of Commerce Vice-President U Myin Swe.

The main agenda of discussion among the three sides was about improving trade between India and Thailand with mutual cooperation from Myanmar. The three countries are already working on a 1400 km long road corridor from Imphal to Mae Sot in Thailand via Bagan in Myanmar. The road will play a key role in growth of trade and tourism.

Addressing the conference, Thongruang said: "In the near future I

am sure that we will have no borders between the three countries and people can connect with each other and trade can improve. Tourism will also get a boost."

At the meeting, an accord on five points was reached. It included boosting people to people contact, promotion of cross border trade to conduct the second motor car rally from Imphal to Thailand, the exchange of sports and exchange of cultures. A memorandum for understanding between Manipur and Thailand University for a student exchange programme was also reached to provide exposure to students.

Visiting dignitaries also urged the centre to hold more such discussions in Thailand so that better knowledge about working in India could be disseminated.

"I think we need to improve our relations so that we can cooperate in

terms of trade and investment. It will be of mutual benefit to both sides. Investors and traders from Thailand want to send their exports to India," Aat Aat Pisanwanich, Director, Centre for International Trade Studies, Bangkok, said. It is a positive step and we should try to use it for the strengthening our cultural and economic relationship because that is the only way we can move forward," Amar Yumnam, Professor, Manipur University, added.

Manipur will play an extremely important role as far as trade with Southeast Asian Nations is concerned. The policymakers understood this and are working towards the rapid development of the state.

(Excerpted from the *Sify.com*, 3 April 2011).

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Lao-India Cooperation on Human Resource Development

Lao's Minister of Industry and Commerce, Dr Nam Viyaket has reiterated India's continued interest and commitment to support development objectives through capacity building and human resource development between Laos and India.

The commitment was made at the India-ASEAN Business Fair and Business Conclave (IABF) Business Session IV Investment Opportunities in India, on 3 March 2011, Pragati Maidan, New Delhi.

Dr Nam touched upon in general the economic and socio-cultural situation of the Lao PDR that has continuously improved. Strengthening the economic structure on the basis of linking agro-forestry development with industry and services has been well conducted in every part of the country and has been more realistic than ever.

In the trade sector, the main policy is to promote both external and internal trade through progressive trade liberalisation, trade facilitation, maintaining existing markets, expanding market access, and promoting foreign and domestic investments. Overall, the Lao government has made significant efforts to improve investment climate and facilitate cross border trade.

The trade between Laos and India has been increasing gradually since year 2000 but the last two years have witnessed significant growth. According to the statistical information obtained from the Ministry of Industry and Commerce of Laos, the trade volume between the two countries during the years 2008-09 was to the tune of US\$ 6.8 million. During the years 2009-2010 the volume of trade between the two countries shot up to US\$ 37 million, an almost 450 per cent growth over the previous year. Metal ores, machineries and electronic goods were the major trade products.

Indian entrepreneurs have committed quite a sum in foreign direct investment. The major areas of Indian investments are plantation-cum-pulp project (total commitment US\$ 350 million at current prices, almost US\$ 600 million); iron ore and agar-wood. The investment in plantation cum-pulp project alone is expected to raise the position of India from 22nd to 6th in FDI.

India and Laos have worked together constructively in terms of the economic cooperation and India is already engaged in a number of projects in Laos in the areas of hydropower, IT, human resource development, agriculture and mining.

The Secretary-General of ASEAN, Dr Surin Pitsuwan, said ASEAN, being a new locomotive of growth in the global economy, together with India, could become a transmission belt of economic prosperity, political transformation and cooperation.

(Excerpted from *KPL Lao News Agency*).

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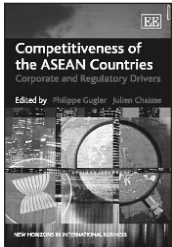
Competitiveness of the ASEAN Countries: Corporate and Regulatory Drivers

Editors : Philippe Gugler and Julien Chaisse

Edward Elgar Publishers, 2010

ISBN-10: 184980124X

ISBN-13: 978-1849801249



The present study focuses on the role of FDI in advancing the performance of ASEAN and the competitiveness of its firms, whereas other studies typically focus solely on the role of trade. The book presents a comprehensive

view of ASEAN's experiences over the past decade, addressing the industrial competitiveness of ASEAN and analysing the role of MNEs against the background of the challenges of integration. They illustrate that regional integration will only be a success, if ASEAN's linkages are broadened with global partners through negotiations of FTAs.

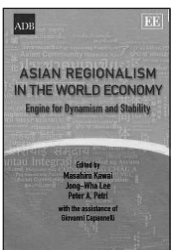
Asian Regionalism in the World Economy: Engine for Dynamism and Stability

Masahiro Kawai, Jong-wha Lee and Peter Petri

Edward Elgar Publishers, 2010

ISBN-10: 1848448546

ISBN-13: 978-1848448544



This book examines the dramatic transformation of the Asian economy, the challenges it faces, emerging regional solutions, and how Asia can play a more constructive role in the global economy.

Asia is becoming not just the world's factory, but also its leading creditor, and one of its key sources of dynamism and stability. Key questions are identified and addressed in three areas: Asia's growth and productivity, financial stability, and regional economic integration. In each of these areas, the contributing authors evaluate current trends and the forces shaping the future. They consider whether the region's progress is sustainable and what it will take to make it so. How is Asia reshaping its economy in response to the changing

global landscape? More urgently, how can Asia weather the severe, global financial and economic storm originating from the global credit crisis? How will it extend its gains to people left behind?

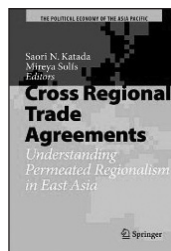
Cross Regional Trade Agreements: Understanding Permeated Regionalism in East Asia

Editors: Saori N. Katada and Mireya Solis

Springer, 2010

ISBN-10: 3642098193

ISBN-13: 978-3642098192



An unacknowledged key feature of East Asian FTA diplomacy is the region's active cross-regional preferential trading relations. In sharp contrast to the Americas and Europe, where cross-regional initiatives gained strength after the

consolidation of regional trade integration, East Asian governments negotiate trade deals with partners outside of their region at an early stage in their FTA policies. The book asks three main questions: Are there regional factors in East Asia encouraging countries to explore cross-regionalism early on? What are the most important criteria behind the cross-regional partner selection? How do cross-regional FTAs (CRTAs) influence their intra-regional trade initiatives?

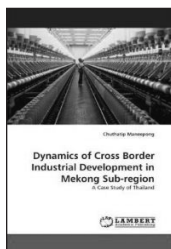
Dynamics of Cross Border Industrial Development in Mekong Sub-region: A Case Study of Thailand

Chuthatip Manepong

LAP LAMBERT Academic Publishing, 2010

ISBN-10: 3838319109

ISBN-13: 978-3838319100



An important strategy for turning the periphery of border area into centre of growth, and for accelerating economic concentration away from capital cities is maximizing the value of border locational. Large-scale industry located

in border areas and relocated to border towns has a growth potential by exploiting

the locational advantages of the abundant and cheap labour force in peripheral area, as well as cross border infrastructure services with the support of ethnic ties between two adjoining countries.

This book raises the question of whether they are applicable, feasible and effective in less developed border region with a majority of small and medium-scale industries. The book thus discusses: what produces entrepreneurs and how do they operate? What are advantages of border locations for entrepreneurs? What are impact of government investments and other measures? What other factors contribute to and hinder industrial establishment and growth in border towns, and how?

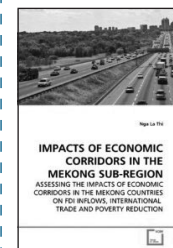
Impacts of Economic Corridors in the Mekong Sub-Region: Assessing the Impacts of Economic Corridors in the Mekong Countries on FDI Inflows, International Trade and Poverty Reduction

Nga La Thi

VDM Verlag Dr. Müller, 2010

ISBN-10: 3639287193

ISBN-13: 978-3639287196



The presence of Economic Corridors (ECs) in the GMS had brought many economic impacts potentially, in particular, in this work, three issues on international trade; FDI inflows and poverty reduction were assessed

by using secondary data source and previous research work of the author at Mekong Institute. The aim of this study is to investigate the roles of transportation and its facilities to support the sub- regional economy.

Globalization and Development in the Mekong Economies

Editors : Suiwah Leung, Ben Bingham and Matt Davies

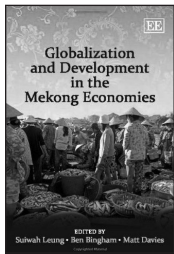
Edward Elgar Publishers, 2010

ISBN-10: 1848444826

ISBN-13: 978-1848444829

Since the late 1980s, Vietnam, Cambodia, PDR Lao, and Myanmar have been opening their economies to international trade and investment. With the exception

Resources



of Myanmar, the reforms have yielded impressive results, but the process is far from complete. In this enlightening book, a group of leading scholars outline the continuing reform efforts needed to survive the current global recession and

place these economies in a competitive position on the recovery of the world economy.

In the aftermath of the global financial crisis of 2008, this topical book analyses the opportunities and threats to continued globalization for the Mekong countries, particularly in relation to rapid industrialization through joining the production networks of East Asia. It then assesses the political will for sustaining the reform process.

Further Readings

- ❖ Upliftment of the Burmese Refugee Community by Students from IIT Delhi. *Indian Express*, 7 June 2011.
- ❖ Tamanthi Hydel Project: India's Eastern Foothold. Shivananda H. www.idsa.in, 6 June 2011.
- ❖ Hanoi on a High: The City and Country Reaching for the Asian Century, Andrew Sheng, *The Statesman*, 30 May 2011.
- ❖ Indian Water Resources Secretary visits Laos. ibnlive.in.com, 29 April 2011.
- ❖ Myanmar, India To Speed Up Renovation of Arnanda Pagoda. *DailyIndia.com*, 27 April 2011.
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- ❖ East Asian Community Primer. Shinji Fukukawa. *The Japan Times*, 1 December 2010.
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- ❖ Status of Kaladan Project. pib.nic.in, 26 August 2010.

Merchandise Export Share

		(%)	
Exporter	Importer	2000 - 2004* (Avg.)	2005-2009* (Avg.)
Cambodia	Lao PDR	0.068	0.009
Cambodia	India	0.004	0.052
Cambodia	Thailand	0.922	0.547
Cambodia	Vietnam	1.990	2.772
India	Cambodia	0.023	0.029
India	Lao PDR	0.006	0.005
India	Thailand	1.270	1.068
India	Vietnam	0.571	0.873
Lao PDR	India	0.014	0.018
Lao PDR	Cambodia	0.003	0.044
Lao PDR	Thailand	20.448	33.104
Lao PDR	Vietnam	16.199	14.140
Thailand	Cambodia	0.715	0.975
Thailand	India	0.781	1.715
Thailand	Lao PDR	0.588	0.887
Thailand	Vietnam	1.468	2.586
Vietnam	Cambodia	1.159	2.053
Vietnam	India	0.279	0.474
Vietnam	Lao PDR	0.364	0.246
Vietnam	Thailand	1.940	2.277

Note: * In percentage of country's total global export

Data Source: International Financial Statistics (IFS), International Monetary Fund (IMF)

Continued from page 2 (Foreign Direct Investment in Mekong Countries...)

grow further, one can expect increase in FDI from both sides.

Thailand continues to follow liberal investment policies and MNCs from both sides have invested in sectors such as IT, pharmaceuticals, telecommunications, banking and electronics.

Mekong region countries need to address some policy issues in order to attract substantial amount of FDI in long-term. Countries like India wishing to invest in Mekong countries face barriers that prohibit FDI due to weak legal and institutional framework and because of lack of investor-friendly business regulation prevalent in these countries. These barriers are in the form of unclear property rights, a weak legal system, and a lower quality of governance. FDI to these countries also face barrier due to lack of well-developed physical infrastructure and low entrepreneurial skills in these Mekong countries. If Mekong countries are able to address these impediments to FDI, large investment in diversified sectors and the resulting positive spillover effects can be expected in these countries.

Endnotes

- ¹ Author's calculation based on *World Development Indicators Online, 2011*.
- ² <http://iab.worldbank.org/Data/Explore%20Economies/Cambodia>
- ³ <http://www.adb.org/Documents/Reports/TMR-foreign-direct-investment/chap-5.pdf>
- ⁴ Ibid.
- ⁵ Source: http://www.jtbf.info/poli_economy/pdf/review1102_e.pdf
- ⁶ Source: http://www.myanmars.net/myanmar-business/main.htm#Foreign_Direct_Investment_Policy
- ⁷ Source: <http://www.aseansec.org/5738.htm>
- ⁸ These countries are Thailand, Vietnam, Myanmar, Laos and Cambodia.
- ⁹ Source: Ministry of Commerce & Industry, India. <http://siadipp.nic.in/publicat/newsannual/2009/chapter6.1.G.pdf>
- ¹⁰ Source: *Statistical Handbook of Vietnam, 2010*. http://www.gso.gov.vn/default_en.aspx?tabid=515&idmid=5&ItemID=11023
- ¹¹ Source: <http://vietnambusiness.asia/india-has-52-investment-projects-in-vietnam/>
- ¹² Source: <http://www.indembassy.com.vn/tabid/72/default.aspx>
- ¹³ http://www.vccinews.com/news_detail.asp?news_id=19546

Gurpreet Singh Bhatia, Associate Fellow, RIS, New Delhi. Views are his personal.

Trade Indicators

Trade in Goods

(US\$ billion)

		2007	2008	2009	2010
Cambodia	Export	4.40	4.29	4.55	-
	Import	5.30	6.51	5.39	-
India	Export	149.95	194.53	164.92	216.87
	Import	228.69	320.79	257.19	323.62
Lao PDR	Export	0.84	1.09	1.07	-
	Import	1.07	1.40	1.43	-
Thailand	Export	153.86	175.90	151.99	195.38
	Import	141.29	178.68	134.83	184.59
Vietnam	Export	48.31	62.69	57.10	-
	Import	60.70	80.71	69.95	-

- Data not available

Data Source: International Financial Statistics (IFS), IMF

Trade in Services

(US\$ billion)

		2007	2008	2009	2010
Cambodia	Export	1.55	1.65	1.62	-
	Import	0.92	1.04	1.02	-
India	Export	86.93	104.22	90.60	-
	Import	70.81	88.26	81.00	-
Lao PDR	Export	0.28	0.40	0.39	-
	Import	0.04	0.09	0.12	-
Thailand	Export	30.36	33.38	29.94	34.05
	Import	38.43	46.26	37.76	45.86
Vietnam	Export	6.03	7.04	5.66	-
	Import	6.79	7.96	6.89	-

- Data not available

Data Source: International Financial Statistics (IFS), IMF

Intra-regional Trade Matrix: 2009

(US\$ million)

Reporting Countries/ Partner Countries	Cambodia	India	Lao PDR	Thailand	Vietnam	Total	World	Export Share (%)
Cambodia	—	4.82	0.36	21.70	115.51	142.40	4984.27	2.857
India	41.39	—	20.65	1592.29	1722.47	3335.41	165204.00	2.019
Lao PDR	0.47	0.18	—	423.74	225.91	649.82	1520.97	42.724
Thailand	1575.12	3215.06	1636.84	—	4666.11	9518.01	151972.00	6.263
Vietnam	1146.90	419.60	169.30	1266.10	—	1855.00	57195.70	3.243

Data Source: International Financial Statistics (IFS), IMF

Mekong-Ganga Policy Brief

An RIS Publication on India-Mekong Economic Cooperation

RIS has been supporting the process of regional economic integration in Asia with its studies and research. Besides its pioneering contribution to the process of economic integration in South Asia and on broader regional cooperation in Asia, RIS has been supporting the ASEAN-India economic partnership with special emphasis on India-Mekong cooperation. As its most recent initiative to enhance deeper cooperation between India and Mekong countries, RIS has undertaken a project entitled "Building Capacity through South-South Cooperation: Case of Mekong-India Cooperation", supported by the Swiss Agency for Development and Cooperation (SDC). Overall objective of this project is to strengthen trade and investment related capacity of Mekong countries through information sharing, dissemination of knowledge and experiences, networking and transfer of skills. RIS has launched *Mekong-Ganga Policy Brief* within the framework of this project. This publication seeks to disseminate the policy-related research, news, viewpoints, and information about resources among the policy circles and think-tanks to promote the cause of deeper cooperation between India and Mekong countries. Views expressed by the authors in this policy brief are their personal, and do not represent the views of RIS or SDC. The information contained has been compiled from various sources, as cited, purely for education and dissemination, and not for commercial purposes. The copyrights of the material included remain with the original sources. *Mekong-Ganga Policy Brief* is freely available from RIS or can be downloaded from www.ris.org.in.

RIS

RIS, a New Delhi based autonomous think-tank, specializes in policy research on international economic issues and development cooperation. The organization is envisioned as a forum for fostering effective policy dialogue and capacity-building among developing countries on international economic issues. The focus of the work programme of RIS is to promote South-South cooperation and assist developing countries in multilateral negotiations in various forums. For more information about RIS, its work programme, and for downloading the discussion papers and policy briefs, please visit its website: www.ris.org.in.



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