

Thai - Indochinese Economic Cooperation

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1. Background of Thai-Indochinese Economic Relations

The history of Thai-Indochinese relations has always been characterized by the up-and-down swing of a pendulum's movement. The tension and rapprochement between Thailand and the three Indochinese states were dictated by a number of factors: geopolitics, ideologies, historical development and the changing environment both at the regional and national levels.

In the aftermath of the Second World War, their different national development, coupled with ideological confrontation at the height of the Cold War, contributed to a large extent to the increasing tension between the four neighboring states. The situation appeared to improve during a short period after the communists' sweeping victory in the three Indochinese countries in 1975. With the Vietnamese military presence in Cambodia towards the end of 1978, a renewed tension flared up and prevailed until 1988. With the new democratically elected cabinet under the premiership of Gen. Chatichai Choonhavan, a new dawn of improving relations between Thailand and the three Indochinese states, particularly Thailand vis a vis Vietnam, slowly appeared on the horizon. There were a number of factors and events that led to the amelioration of the relations. First and foremost was the East-West detente following Gorbachov's famous and much heralded policies of *perestroika* and *glasnost*. The growing economic interdependence rendered political confrontation on grounds of ideological differences irrelevant. Economic cooperation was replacing political conflict and confrontation. Second, the Vietnamese economic reorientation, the so-called "Doi Moi", adopted by the Sixth Party Congress in December 1986, had already set the stage for further improving the diplomatic and economic relations with other countries including Thailand. Third, the Vietnamese decision to withdraw its troops from Kampuchea, which was consummated in September 1989, was indeed a blessing for the future improvement in the relations between Thailand and Vietnam on one hand and Thailand, Laos and Cambodia on the other hand. Fourth, the improving climate was also prompted by Thailand's desire to diversify its economic and trade ties with its neighboring countries in the light of the shifting comparative advantage.

Dictated by the political development, economic relations between Thailand and the three Indochinese states, Vietnam, Laos and Cambodia, have moved in tandem with the political tune. Between 1981-1986, trade between Thailand and the three Indochinese countries amounted to an average of 759 million baht per year. However, with the improved political situation, trade

figures between the four countries soared to over one billion baht in 1987. In 1988, the trade figure tripled to 3,958 million baht. In 1991, the trade value doubled from the 1988 level to 7,111.50 million baht. And in 1992, trade amount shot up further to over 11.8 billion baht, the all time high. The average share of trade between Thailand and the Indochinese countries compared to the country's total international trade increased from 0.20% during 1981-1986 to 0.64 in 1992.

The trade balance between 1988-1991 was characterized by deficits on the Thai side. In 1988, Thailand suffered for the first time trade deficits of 1,320.80 million baht vis a vis the three Indochinese countries. The figure rose to 1,825.30 million baht in 1991. In fact, the deficits on the Thai side were the result of the trade deficits vis a vis Vietnam. Due to the rapid growth of the Thai economy which required import of raw materials and the lack of foreign currencies on the Vietnamese side which restricted its export demand, Thai imports from Vietnamese outpaced its exports. As a result, since 1988, Thailand maintained trade deficits with Vietnam. The figure of the deficits increased from 113.20 million baht in 1988 to 2,401.50 million baht in 1991. During this period Thailand also suffered trade deficits with Cambodia. The deficit figure increased from 86.90 million baht in 1989 to 274.70 million baht in 1991 before subsiding to 177 million baht in 1991. Laos was the only country among the three Indochinese states that Thailand could maintain a consistent trade surplus since 1975 with the exception of 1988 in which Thailand suffered a deficit of 1,221 million baht. The trade surplus in favor of Thailand vis a vis Laos fluctuated between the low of 114.20 million baht in 1975 and the high of 873.30 million baht in 1980. In 1992, for the first time since 1988, Thailand could manage to sustain a trade surplus, some 1,232 million baht, with the three Indochinese states. This was made possible by the considerable drop of the Vietnamese surplus from 2,401.50 million baht in 1991 to 98.70 million baht in 1992 while the Thai surplus vis a vis Laos shot up to as high as 2 billion baht in 1992.

As far as the investment is concerned, the Thai investment picture in the three Indochinese countries was quite different comparing Thailand's investment role in Vietnam with that in Laos and Cambodia. Thai direct investment in Vietnam as of October 1992 totaled US\$ 62.2 million, accounting for only 1.6% of the total foreign investment in Vietnam. Thailand ranked twelfth in importance, comparing with Taiwan and Hong Kong which ranked first and second with a total value of US\$ 784.6 million and US\$ 596.8 million respectively, accounting for 21% and 16%. The average value of Thai projects in Vietnam was some US\$ 2 million, out of a total of 27 projects. The situation in Laos and Cambodia was totally different. Thai direct investment led both in Laos and Cambodia. As of June 1992, a total of 93 Thai projects were approved by Laos authorities with a combined value of US\$ 138 million. This

was trailed at a distance by the U.S. which ranked second in foreign investment in Laos with a total of US\$ 70 million. In Cambodia, Thai investment also topped the list with a total of around US\$ 700-800 million at the end of 1992. One fifth of the 509 projects approved by the Cambodian government belonged to Thai companies.

2. Rationale and Impetus for Increasing Economic Cooperation Between Thai and Indochina

It could be said that foreign direct investment provides one of the most important stimuli to economic development in East and Southeast Asia. One outstanding development in the 1980s that has contributed much to the dynamism of the region was the notable increase of Japanese direct investment in the area and the emergence of new Asian capital exporting countries: the four Asian NICs - Hong Kong, Singapore, Taiwan and South Korea. Until recently, foreign direct investment in Asia was almost exclusively the affair of the Organization for Economic Co-operation and Development (OECD). The entrance of the Asian NICs into the club of capital exporting countries made the investment issues no longer be a part of the North-South confrontation with mutually exclusive sets of home and host countries. There is also an increasing recognition that investment and trade are closely intertwined. Governments have come to realize that investment barriers limit access to domestic markets as much as trade barriers.

During the boom period of the Thai economy between 1986-1990, registering an average growth rate of 10 percent, foreign direct investment played a significant role in propelling the sharp economic recovery. Foreign direct investment in Thailand increased steadily since 1970. In 1970, the amount of foreign direct investment in Thailand was 890 million baht. In 1985, the total was 4,442 million baht. However, since 1986, there has been a sharp rise in foreign direct investment in Thailand. The total amount shot up five-fold to 27,964 million baht in 1988 and 62,516 million baht in 1990.

Prior to 1980, the United States was Thailand's biggest foreign investor, accounting for 35-40 percent. However, in the decade of the 1980s, Japanese investment overtook the United States. The average share of Japanese direct investment in Thailand during 1986-1990 was some 40 percent while the other 40 percent was shared by the three Asian NICs of Hong Kong, Singapore and Taiwan. Japanese investment, like that of the NICs, was concentrated in the manufacturing sector, mainly in the textile, electrical appliance and electronics, machinery, transport equipment, construction and trade sectors.

The increasing amount of foreign direct investment during the period between 1986-1990, particularly Japanese and the Asian NICs, was attributed to several factors, both external and internal. As Japan and the Asian NICs faced

the problem of rising wages and sharp appreciation of currencies along with the need to expand their markets in the fast growing economies of developing countries, they relocated their production into these countries, including Thailand. Foreign investors were attracted by favorable investment conditions in Thailand ranging from low labor costs, abundant resources, political stability and generous incentives provided by the Thai government.

In the 1990s, the comparative advantage that Thailand has enjoyed is slowly being overtaken by the emergence of Indochinese countries of Vietnam, Laos and Cambodia. Their cheap labor and abundant resources will not only affect Thailand as the principal recipient of foreign direct investment in the area but could also threaten Thai exports in the future, particularly those of labor intensive and low value-added industries.

Some statistics in Vietnam could well indicate the future trend. Since the promulgation of the Foreign Investment Law in late 1987, there are already 475 projects approved by the State Committee for Cooperation and Investment which is the Vietnamese equivalent of Board of Investment, with a total value of US\$ 3,816.2 million. Heading the list of foreign investors are the two Asian NICs, Taiwan and Hong Kong, with a total value of US\$ 784.6 and 596.8 million or 21 and 16 percent, respectively.

It is the shifting comparative advantage (with the emergence of the Indochinese countries in the Post Cold War era) with all its possible consequences on foreign direct flow into Thailand, Thai export and the sustainability of Thai economic growth that is behind the need for Thailand to seek a certain economic and financial linkage or tie with these three Indochinese countries.

The other impetus behind the increasing prospect of strengthening links between Thailand and the three Indochinese countries is the growing strength of the Thai economy in the context of the improved political situation in the region. After suffering from economic instability characterized by high inflation and a high debt ratio during the first half of the 1980s, Thailand was poised to make a strong take-off in the second half of the 1980s. The strength of the economy coupled with increasing stability both in economic and political terms gave rise to growing confidence among the Thai leadership. Gen. Chatichai Choonhavan, the former prime minister, was the first to capitalize on the trend by announcing the policy of "turning the battle ground into a market place". Conscious of the country's potential, Thai leaders conceived the Baht area as a first step towards the development of being the full-fledged financial centre of the region.

The Baht area concept is in fact a component of the policy to make Thailand the regional financial centre. In order to pave the way for its implementation, the Bank of Thailand has embarked upon a series of measures aiming at strengthening the country's financial institutions and preparing the groundwork for furthering this objective. In 1990, the Central Bank conceived a three year financial development plan. The plan called for interest rate and currency deregulation and allowing financial institutions to expand activities not previously covered. As a first step toward liberalizing the interest rate, the Central Bank abolished the ceiling on the interest rate on time deposits in June 1989 and gradually abolished the ceiling on interest rates in other types of saving and loans.

As far as currency deregulation is concerned, the Central Bank announced on May 21 1990 its adherence to Article 8 of the IMF implying that Thailand would not impose any restriction on payments and transfers related to trade and services and would not resort to a multiple exchange rate. At the same time, other liberalization measures were also announced. These included the possibility for Thai nationals to hold foreign currencies as payment for export of goods and services as long as 180 days (previously allowed for 7 days) and open foreign currency accounts in Thai commercial banks with a limit of not over US\$ 5 million for corporations and not over US\$ 500,000 for individuals. Limitations on capital inflow have been completely lifted. As to outflow, certain deregulation has been made. Investment outflows of less than US\$ million need no authorization from the Central Bank. Outflows for securities investment abroad was allowed but with prior authorization of the Central Bank. Foreign debt payment would not require prior authorization from the Central Bank. As for transfer of fund to Thai nationals abroad, up to US\$ 1 million per person per year was allowed.

As far as the expanded scope of activities is concerned, commercial banks will be allowed to do underwriting business and trading for short term debt instruments issued by corporations and long term debt instruments issued by the Government and state enterprises. Commercial banks would also be able to expand their investment bank activities including custodian business, feasibility studies, M&A business and other consolation services.

In April 1991, the Bank of Thailand announced the second phase of its liberalization policy. In order to facilitate the inflow into the Indochinese countries, Thai nationals are allowed to carry up to 100,000 Baht each time to neighboring countries. This measure will help make the Baht a means for trade and investment in the three Indochinese countries.

On September 8, 1992, the Thai cabinet approved the set-up of the so-called "Bangkok International Banking Facility" or BIBF, that is, the creation of

an offshore market as a further step towards making Thailand a regional financial centre. Apart from out-out financing and out-in financing, the BIBF included the possibility for deposit and loan in Baht for overseas branches of Thai commercial banks and foreign banks, another measure needed to support the implementation of the Baht area.

In order to promote the use of Baht as a means of trade in Indochinese countries, the Bank of Thailand would encourage the opening of Letters of Credit in Baht for import to these three Indochinese countries. To further this objective, Thai commercial banks are encouraged to set up branches.

Apart from the Thai Central Bank, another organization that is active in promoting the creation of the Baht area is the Board of Investment (BOI). In August 1991, the BOI has set a series of guidelines with the aim of encouraging businessmen to relocate their industries and seek business opportunities abroad particularly in the three Indochinese countries. The Board of Investment even set up a data base facility on Indochina for Thai businessmen. To promote overseas investment in ASEAN and Indochina, the Board of Investment is expected to issue certain incentives. These would include tax exemptions for revenue derived from overseas investment, and tax exemptions for import of raw materials brought in from countries where Thai businessmen have invested. The BOI has also led a series of delegations to the three Indochinese countries with the aim of finding trade and investment opportunities for Thai businessmen.

The other motivation behind the prospect of closer link between Thailand and the three Indochinese states is the growing outward orientation of Thai business as a result of domestic and international transformation. The shifting comparative advantage and the growing projectionist trends abroad forced Thai business to seek relocation either for maintaining its cost advantage in a highly competitive world or for retaining its overseas market share by resorting to joint venture rather than export. Seeking new opportunities in a world of growing liberalization is another motive for Thai firms to relocate abroad. The typical example is the increasing presence of Thai firms in Southern China. The outward movement of Thai companies could be witnessed from the rising outflow of Thai capital since 1987. In 1986, the total outflow amounted to only 27.9 million baht. In 1987, the Thai capital outflow in terms of direct investment shot up to 4332.2 million baht. In the following years, the capital outflow somewhat slackened. However, the average amount was some 1.6 billion baht outflow, compared to less than 30 million baht in the period prior to 1987. In 1991, the Thai direct investment outflow was 4,472.4 million baht, the highest figure ever registered. The most important recipients of Thai capital outflow were the United States of America, Hong Kong and Singapore. In the case of Hong Kong, the increasing volume of capital outflow from Thailand was partly attributable to Thai direct investment in China using Hong

Kong as transit. Most Thai direct investment was concentrated in financial institutions, followed by industries particularly food, textile, metal and steel, electrical appliance and chemicals. The pattern of Thai direct investment abroad revealed that Thai business was looking for relocation either to retain its market share in the case of the United States of America or to seek low cost production in the case of Southern China and Indochina. The latter's case was well represented by the increasing direct investment outflow from Thailand through the three Indochinese states. In 1989, Thai direct investment in Laos totaled 25.6 million baht, which was the first investment outflow to this country. In 1990, investment outflow from Thailand dropped to 1.7 million baht. In 1991, Thai capital outflow to the three Indochinese countries shot up sharply to 71.2 million baht, divided between Cambodia and Vietnam, with the bulk going to Cambodia. In 1992, the outflow picture picked up further, with a total of 205.4 million baht. Cambodia received the most with a total of 195.1 million baht, followed by Laos and Vietnam, with 8.2 and 2.1 million baht, respectively.

The rising investment outflow indicated the need for Thai business to secure international links with the aim of keeping its competitiveness. The growing trade and investment of Thai business would make the Baht area concept a corollary of the internationalization of Thai trade and investment.

3. Areas of Possible Cooperation Between Thailand and the Three Indochinese States

The Thai economy and those of the three Indochinese states are competitive and complimentary. As agricultural based economies, the three Indochinese states, particularly Vietnam, are competing with Thailand on a number of crops. The growing strength of these countries also mean rising competition in the area of downstream industries, ranging from agro-industries to textile, garments and leather items. However, given the different levels or stages of economic development, Thailand and the three Indochinese states are complimentary in a number of areas which make cooperation possible. And even in the area of possible competition, cooperation could also be brought about, given the willingness of all the parties concerned.

Areas of possible cooperation between Thailand and the three Indochinese countries include energy supply, infrastructure linkages, which include transportation and telecommunications, tourism, human resource development, agro-industries, fishery and financial cooperation.

While the outlook for economic cooperation with Cambodia could possibly be marred by the uncertain political development in the aftermath of the election, hindrance of the strengthening link between Thailand and the Socialist Republic of Vietnam is more of the cultural nature: the cultural gap created by the long history of conflict and distrust. Overcoming the sentiments

of both sides could be the important precondition towards propping up the economic relations between the two countries. Laos is thus appearing less relevant in this context.



Trade Value, Thailand VS. Indochina 1975 - 1992

Year	Export	Growth Rate	Market Share	Import	Growth Rate	Market Share	Trade Value	Growth Rate	Market Share	Value, Millions of Baht	
										ERR	Balance of Trade
1975	330.5	ERR	0.70	123.7	ERR	0.19	454.20	ERR	0.40	206.80	
1976	391.3	18.40	0.65	68.8	(44.38)	0.09	460.10	1.30	0.35	322.50	
1977	546.2	39.59	0.77	63.4	(7.85)	0.07	609.60	32.49	0.37	482.80	
1978	599.5	9.76	0.72	66.7	5.21	0.06	666.20	9.28	0.35	532.80	
1979	1,254.5	109.26	1.16	66.4	(0.45)	0.05	1,320.90	98.27	0.52	1,188.10	
1980	1,823.7	45.37	1.37	59.1	(10.99)	0.03	1,882.80	42.54	0.58	1,764.60	
1981	686.9	(62.33)	0.45	26.2	(55.67)	0.01	713.10	(62.13)	0.19	660.70	
1982	829.3	20.73	0.52	58.0	121.37	0.03	887.30	24.43	0.25	771.30	
1983	736.7	(11.17)	0.50	30.1	(48.10)	0.01	766.80	(13.58)	0.20	706.60	
1984	607.1	(17.59)	0.35	39.1	29.90	0.02	646.20	(15.73)	0.15	568.00	
1985	553.1	(8.89)	0.29	48.0	22.76	0.02	601.10	(6.98)	0.14	505.10	
1986	859.2	55.34	0.37	78.9	64.38	0.03	938.10	56.06	0.20	780.30	
1987	1,143.4	33.08	0.38	227.1	187.83	0.07	1,370.50	46.09	0.22	916.30	
1988	1,318.6	15.32	0.33	2,639.4	1,062.22	0.51	3,958.00	188.80	0.43	(1,320.80)	
1989	2,061.4	56.33	0.40	2,553.9	(3.24)	0.39	4,615.30	16.61	0.39	(492.50)	
1990	2,171.8	5.36	0.37	3,830.9	50.00	0.45	6,002.70	30.06	0.42	(1,659.10)	
1991	2,645.6	21.82	0.36	4,465.9	16.58	0.47	7,111.50	18.47	0.42	(1,820.30)	
1992	6,520.1	146.45	0.79	5,288.1	18.41	0.51	11,808.20	66.04	0.64	1,232.00	

Trade Value, Thailand VS. Cambodia 1975 - 1992

Year	Export	Growth Rate	Market Share	Import	Growth Rate	Market Share	Trade Value	Growth Rate	Market Share	Value, Millions of Baht	Balance of Trade	
											ERR	ERR
1975	60.8		0.13	8.9		0.01	69.70		0.06	51.90		
1976	11.0	(81.91)	0.02	14.3	60.7	0.02	25.30	(63.70)	0.02	(3.30)		
1977	9.6	(12.73)	0.01	12.9	(9.8)	0.01	22.50	(11.07)	0.01	(3.30)		
1978	-	(100.00)	0.00	0.2	(98.4)	0.00	0.20	(99.11)	0.00	(0.20)		
1979	170.3	-	0.16	-	(100.0)	0.00	170.30	85,050.00	0.07	170.30		
1980	659.10	287.02	0.49	0.0	-	0.00	659.10	287.02	0.20	659.10		
1981	101.60	(84.59)	0.07	0.2	-	0.00	101.80	(84.55)	0.03	101.40		
1982	36.10	(64.47)	0.02	0.1	(50.0)	0.00	36.20	(64.44)	0.01	36.00		
1983	5.00	(86.15)	0.00	0.0	(100.0)	0.00	5.00	(86.19)	0.00	5.00		
1984	0.90	(82.00)	0.00	0.0	-	0.00	0.90	(82.00)	0.00	0.90		
1985	10.10	1,022.22	0.01	0.1	-	0.00	10.20	1,033.33	0.00	10.00		
1986	0.40	(96.04)	0.00	0.0	(100.0)	0.00	0.40	(96.08)	0.00	0.40		
1987	0.20	(50.00)	0.00	0.0	-	0.00	0.20	(50.00)	0.00	0.20		
1988	13.90	6,850.00	0.00	0.5	-	0.00	14.40	7,100.00	0.00	13.40		
1989	2.40	(82.73)	0.00	89.3	17,760.0	0.01	91.70	536.81	0.01	(86.90)		
1990	21.80	808.33	0.00	296.5	232.0	0.03	318.30	247.11	0.02	(274.70)		
1991	118.20	442.20	0.02	295.2	(0.4)	0.03	413.40	29.88	0.02	(177.00)		
1992	1,580.30	1,236.97	0.19	2,252.7	663.1	0.22	3,833.00	827.19	0.21	(672.40)		

Trade Value, Thailand VS. Vietnam 1975 - 1992

Year	Export	Growth Rate	Market Share	Import	Growth Rate	Market Share	Trade Value	Growth Rate	Value, Millions of Baht	
									ERR	ERR
1975	53.1			0.11	12.4		65.50		0.06	40.70
1976	20.5	(61.39)	0.03	7.7	(37.90)	0.01	28.20	(56.95)	0.02	12.80
1977	245.4	1,097.07	0.34	2.2	(71.43)	0.00	247.60	778.01	0.15	243.20
1978	239.1	(2.57)	0.29	10.1	359.09	0.01	249.20	0.65	0.13	229.00
1979	435.7	82.23	0.40	12.5	23.76	0.01	448.20	79.86	0.18	423.20
1980	254.1	(41.68)	0.19	21.9	75.20	0.01	276.00	(38.42)	0.08	232.20
1981	9.5	(96.26)	0.01	8.5	(61.19)	0.00	18.00	(93.48)	0.00	1.00
1982	15.5	63.16	0.01	19.2	125.88	0.01	34.70	92.78	0.01	(3.70)
1983	20.7	33.55	0.01	3.4	(82.29)	0.00	24.10	(30.55)	0.01	17.30
1984	197.8	855.65	0.11	15.2	345.88	0.01	212.98	783.73	0.05	182.66
1985	8.8	(95.55)	0.00	16.0	5.54	0.01	24.80	(88.36)	0.01	(7.20)
1986	73.7	737.50	0.03	45.3	183.25	0.02	119.02	379.92	0.03	28.38
1987	111.5	51.33	0.04	74.7	64.83	0.02	186.23	56.47	0.03	36.83
1988	118.5	6.25	0.03	231.7	210.17	0.05	350.20	88.05	0.04	(113.20)
1989	416.5	251.48	0.08	1,178.6	408.68	0.18	1,595.10	355.48	0.14	(762.10)
1990	466.8	12.08	0.08	2,400.0	103.64	0.28	2,866.90	79.73	0.20	(1,933.30)
1991	568.6	21.81	0.08	2,970.1	23.75	0.31	3,538.70	23.43	0.21	(2,401.50)
1992	1,936.2	240.52	0.24	2,034.9	(31.49)	0.20	3,971.10	12.22	0.21	(98.70)

Trade Value, Thailand VS. Laos 1975 - 1992

Year	Export	Growth Rate	Market Share	Import	Growth Rate	Market Share	Trade Value	Growth Rate	Market Share	Value, Millions of Baht	
										ERR	ERR
1975	216.6			0.46	102.4		0.15	319.00		0.28	114.20
1976	359.8	66.11	0.60	46.8	(54.30)	0.06	406.60	27.46	0.31	313.00	
1977	291.2	(19.07)	0.41	48.3	3.21	0.05	339.50	(16.50)	0.21	242.90	
1978	360.4	23.76	0.43	56.4	16.77	0.05	416.80	22.77	0.22	304.00	
1979	648.5	79.94	0.60	53.9	(4.43)	0.04	702.40	68.52	0.28	594.60	
1980	910.5	40.40	0.68	37.2	(30.98)	0.02	947.70	34.92	0.29	873.30	
1981	585.8	(35.66)	0.38	17.5	(52.96)	0.01	603.30	(36.34)	0.16	568.30	
1982	777.7	32.76	0.49	38.7	121.14	0.02	816.40	35.32	0.23	739.00	
1983	711.0	(8.58)	0.49	26.7	(31.01)	0.01	737.70	(9.64)	0.19	684.30	
1984	408.4	(42.56)	0.23	23.9	(10.49)	0.01	432.30	(41.40)	0.10	384.50	
1985	534.2	30.80	0.28	31.9	33.47	0.01	566.10	30.95	0.13	502.30	
1986	785.1	46.97	0.34	33.6	5.33	0.01	818.70	44.62	0.17	751.50	
1987	1,031.7	31.41	0.34	152.4	353.57	0.05	1,184.10	44.63	0.19	879.30	
1988	1,186.2	14.98	0.29	2,407.2	1,479.53	0.47	3,593.40	203.47	0.39	(1,221.00)	
1989	1,642.5	38.47	0.32	1,286.0	(46.58)	0.19	2,928.50	(18.50)	0.25	356.50	
1990	1,683.2	2.48	0.29	1,134.3	(11.80)	0.13	2,817.50	(3.79)	0.20	548.90	
1991	1,958.8	16.37	0.27	1,200.6	5.85	0.13	3,159.40	12.13	0.19	758.20	
1992	3,003.6	53.34	0.36	1,000.5	(16.67)	0.10	4,004.10	26.74	0.22	2,003.10	

International Trade of Thailand 1975 - 1992

Value, Millions of Baht

Year	Export	Growth Rate	Import	Growth Rate	Trade Value	Growth Rate	Balance of Trade
1975	47,504.5	ERR	66,835.2	ERR	114,339.7		(19,330.7)
1976	60,188.6	26.70	72,878.6	9.04	133,067.2	16.38	(12,690.0)
1977	71,198.1	18.29	94,177.0	29.22	165,375.1	24.28	(22,978.9)
1978	83,065.0	16.67	108,898.8	15.63	191,963.8	16.08	(25,833.8)
1979	108,179.0	30.23	146,161.3	34.22	254,340.3	36.49	(37,982.3)
1980	133,197.2	23.13	193,618.0	32.47	362,815.2	28.50	(60,420.8)
1981	153,000.7	14.87	219,025.8	13.12	372,026.5	13.83	(66,025.1)
1982	159,728.2	4.40	196,616.0	(10.23)	356,344.2	(4.22)	(36,887.8)
1983	146,471.8	(8.30)	236,608.5	20.34	383,080.3	7.50	(90,136.7)
1984	175,237.5	19.64	245,155.0	3.61	420,392.5	9.74	(69,917.5)
1985	193,365.5	10.34	251,169.4	2.45	444,534.9	5.74	(57,803.9)
1986	233,382.8	20.70	241,357.7	(3.91)	474,740.5	6.79	(7,974.9)
1987	299,853.1	28.48	334,209.0	38.47	634,062.1	33.56	(34,355.9)
1988	403,569.8	34.59	513,114.3	53.53	916,674.1	44.57	(109,544.5)
1989	516,315.0	27.94	662,678.8	29.15	1,178,993.8	28.62	(146,363.8)
1990	589,812.6	14.24	852,981.5	28.72	1,442,794.1	22.38	(263,168.9)
1991	725,448.8	23.00	959,408.0	12.48	1,684,856.8	16.78	(233,959.2)
1992	823,305.0	13.49	1,028,492.0	7.20	1,851,797.0	9.91	(205,187.01)

Vietnam
Foreign Investment by Country
As of Oct. 1, 1992

Country	Project	Total Capital (US\$)
Taiwan	61	784,561,914
Hong Kong	115	596,814,890
France	35	453,506,145
Australia	26	308,441,092
Holland	6	268,553,400
UK.	13	244,677,481
Japan	27	231,970,021
C.I.S.	41	176,337,846
S.Korea	17	150,122,358
Canada	12	114,021,522
Malaysia	13	90,471,152
Thailand	27	62,204,645
Sweden	5	59,547,400
Singapore	17	54,006,680
Philippines	1	41,929,359
India	1	41,000,000
Indonesia	6	40,800,000
Italy	2	25,724,050
N.Korea	3	23,725,060
Hungary	5	9,432,318
W.Germany	7	9,037,199
Liechtenstein	1	8,000,000
CSSR	1	3,288,000
Belgium	2	2,500,000
Denmark	2	2,000,000
Luxembourg	1	2,000,000
China	8	1,958,061
Panama	2	1,950,000
Norway	3	1,687,500
Switzerland	4	1,670,000
New Zealand	1	792,500
Poland	1	200,000
Argentina	1	120,000
Macau	1	96,600
Finland	1	81,000
Others	6	3,005,361
Total	475	3,816,233,554

Vietnam Foreign Investment by Economic Sector
As of Sept. 25, 1995

Sector	Project	Total Capital (US\$)
Industries	248	1,160,359,127
Oil & Gas	19	959,300,000
Agriculture, Forestry	19	259,253,510
Aquaculture	38	203,954,832
Transport, Communication & Post	11	157,300,000
Hotel, Tourism	52	733,103,765
Services	68	213,370,582
Finance, Banking	9	110,400,000
Housing development	6	8,765,996
Others	5	10,425,742
Total	475	3,816,233,554

Source : SCCI

Laos Approved Foreign Investment By Industry

Sector	January - June, 1992		Cumulative Totals (Sep., 1988-June, 1992)	
	Number	\$ ('000)	Number	\$ ('000)
Agribusiness	8	10,676	16	34,464
Textiles and garments	15	9,355	40	27,357
Wood processing	1	850	17	14,218
Other manufacturing	11	15,893	48	38,549
Mining	4	7,180	14	59,104
Import/ Export	4	787	43	20,439
Hotels, tourism, restaurants	3	6,193	20	106,512
Banking and insurance	1	5,000	3	11,000
Consulting firms	1	30	15	788
Construction	2	5,180	4	7,819
Transportation	2	231	7	60,888
Communication	-	-	1	500
Hydra/ Power	1	5,000	2	10,750
Retail	1	100	2	125
Total	54	66,475	232*	392,513*

Approved Foreign Investment By Country

Country	\$ million
Thailand	134.5
US	70.0
Taiwan	19.3
France	14.4
Hong Kong	13.8
Australia	14.9
China	16.4
CIS	16.3
Japan	3.2
UK	11.9
Others	15.4
Total	330.1

Note : The total investment is lower than in the previous table because it does not include proposed capital contributions of Laotian investors.

* The total number of investments and total amount of investment by industrial sector exceeds the total number of overall investment as well as investment by country because some investments are bi-sectoral and or bi-country

Source : FIMC

Cambodia
Number of Companies Registered With Foreign Capital

Country	1990 - 1991	Jan. - June, 1992
Cambodia (local)	46	10
Thailand	52	20
France	31	14
Singapore	22	8
Hong Kong	14	11
U.S.A.	13	6
Taiwan	7	9
Australia	5	3
Hungary	4	-
Vietnam	4	-
Canada	3	-
Japan	2	2
Malaysia	2	2
Belgium	2	-
Russia	2	-
UK.	1	2
Laos	1	1
Sweden	1	1
Korea	-	2
Pakistan	-	1
China	1	-
Germany	1	-
Indonesia	1	-
Italy	1	-
New Zealand	1	-
Switzerland	1	-
Total	218	92

Source : Cambodia Times

Japan's Investment into Vietnam

Up to 1 October 1992, Japan has 27 Investment Projects in Vietnam with the total capital 231,970,000 US\$. It is a very modest figure in comparison with the total capital that Japan has invested in the world every year: 1989 - 44 billion US\$.

In order of the number of investment projects, Japan takes 5th place after Hong Kong (94 projects), Taiwan (44 projects), CIS (33 projects) and France (27 projects). In order of total capital, Japan takes only the 9th place after Taiwan, Hong Kong, Australia, France, England, CIS, the Netherlands and Canada.

Of 24 Japanese projects, we find 20 projects are joint-venture, 3 projects are 100% foreign capital and 1 project is a cooperation contract. If we analyze projects by capital per project, we can see that the average Japanese project is 6.6 million US\$. This is smaller than the average size of all investment projects in Vietnam which is 7.5 million US\$.

If we analyze projects by economic area, we have the following picture :

- Oil exploitation 1 project
- Hotel, Tourism Activities 3 projects
- Processing of Agricultural Forestry Products 9 projects
- Import from Japan of rare secondhand motorcycles, vehicles which are remodelled and sold them in Vietnamese market 4 projects

These are special kinds of investment projects that only Japanese companies are undertaking.

- Business, handicrafts and products of Vietnam 2 projects
- Scientific services, economic advice 2 projects
- Cultural service 2 projects
- Transport equipment repair 2 projects

This above classification shows that investment projects of Japan mainly concentrate on exploitation and processing of agricultural-forestry, fishing products and their export. The second place has been taken by projects dealing with the import, repair, assemblage of second-hand Japanese machines and equipment and their sale in the Vietnamese market. Both kinds of projects aim to exploit natural resources and the labor force and to form a big market in Vietnam.

Ranking third are projects on Tourism, Hotel and other services.

We can see no project invests in building and upgrading the infrastructure of the economy and no project utilizes with the latest Japanese technologies.

At the beginning of 1991 the Kyodel Company, one of the largest steel producers, has been coming in Vietnam to investigate the possibility of building a steel-processing factory in Vietnam with a capacity about 200,000 tons per year.

Also recently, with changes in political life in the world and the region, with confidence in the Vietnam renovation policy, Japan has not fully followed the U.S.A. in its embargo of Vietnam, Japan has sent numerous delegations to Vietnam to investigate Vietnamese conditions for trade and investment. Many Japanese companies are interested in investment in heavy industries, exploitation of mineral resources and oil, cement production, car assembling, etc.

The Japanese Government has declared to provide ODA to Vietnam, making opportunities for big companies to come to Vietnam and undertake business with and make investments in Vietnam.

We do hope that the time is ripe for an increase in large investment projects and an introduction of modern Japanese technologies and techniques into Vietnam.

Thailand's Investment in Vietnam

Up to April 6, 1993 Thailand has invested in 27 projects in Vietnam with a sum of 101,113,000 US\$. Thailand takes at 5th place in the number of projects. In terms of total capital Thailand takes 12th place among the country-investors in Vietnam. Of the total 27 Thai projects 20 are joint-ventures, 6 are 100% foreign capital and 1 project is a business cooperation contract.

The average capital per project is 3.74 million US\$. This size is smaller than average size of all investment projects in Vietnam which is 7.5 million US\$.

If we analyze the projects by economic area, we have the following picture :

- Production and processing of agricultural, fishery products 6 projects
- Processing of forestry products 3 projects
- Hotel and Tourism activities 3 projects
- Mining and processing of precious stones 3 projects
- Banks 2 projects
- Others 10 projects

As we see, about 35% of projects involve the exploitation and processing of agricultural and fishing products.

Thailand is the nearest neighbouring country, so it is our intention to cooperate with Thailand in political as well as in economic fields. First and foremost Vietnam has to learn from the experiences of Thailand in attracting foreign direct investment and in broadening external economic relations.

We hope to have opportunities to return to Thailand for a longer time to do so.

หน้าว่าง

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