

# **Japan's International Trade and FDI to the Mekong River Basin Countries: Recent Trends in Comparison with China**

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## **INTRODUCTION**

There is no gainsaying the importance of having economic relations with Japan to facilitate the growth of Association of Southeast Asian Nations (ASEAN), especially the five leading countries (i.e., Indonesia, Malaysia, Philippines, Singapore and Thailand). Japan has been a major donor of official development assistance (ODA), trade partner, and investing country for the region. Pioneering Japanese multinational companies (MNCs) started overseas operations in the 1960s. Since then, they have been expanding their businesses overseas. Following the sharp yen appreciation in the mid-1980s, foreign direct investments (FDIs) by Japanese MNCs gained significant momentum. The accelerated hollowing out of industry thus became a great concern in Japan. But the government of Japan utilized ODAs to complement private FDIs and develop infrastructure for productive endeavors. This period coincided with the period of rapid industrialization and growth in international trade that spread across advanced ASEAN member countries. In addition to a foundation for industrial development, Japan provided a market for ASEAN products. ASEAN and Japan then established a win-win relationship and a pattern of collective economic development.

Deepening South-South economic relations has evolved into a new driving force of

the economic development of ASEAN. There are two key aspects to this observed phenomenon. The first is the ongoing ASEAN regional integration process to develop ASEAN Free Trade Area. The progress of ASEAN integration stimulates intra-ASEAN trades and FDI's. In addition, ASEAN is becoming a core of economic integration, or a platform for strengthening economic ties with non-ASEAN member countries in Asia. ASEAN has thus concluded free trade agreements (FTAs) with China, Korea and Japan, and is exploring FTAs with several countries such as Australia/New Zealand and India.

The second aspect is establishing closer relations with China. China has been one of the important trade partners of the ASEAN, although it was less significant than Japan, the United States and ASEAN in the past. In 2007, mainland China eventually evolved into the second most important trade partner of the ASEAN, next to Japan. If Hong Kong is included, China is the most important partner of the ASEAN today.

Behind this increasing presence of China in ASEAN economies are recent changes in China's foreign economic policies in addition to the rapid economic growth in China after the adoption of the "Open Door Policy" by Deng Xiaoping in 1978 and the country's accession to the World Trade Organization (WTO) in 2001. Another boost was the Agreement on Trade in Goods of the Framework Agreement on Comprehensive Economic Cooperation between ASEAN and China (ACFTA), which was signed in 2004. The agreement went into force in July 2005, including the implementation of the Early Harvest Programme for trade in goods. Around the same time, the government of China launched "Go Global" (in Chinese characters, 走出去) policy in 1999. Since then, the government has encouraged private FDI's. Some people say that Chinese

government utilizes state-owned enterprises and economic cooperation schemes as a part of resource and economic diplomacies.

Japan has changed its trade policy based on multilateralism under the WTO regimes in the face of drastic policy changes undertaken in the early 2000s. In 2004, Japan signed the Agreement between Japan and the Republic of Singapore for a New-Age Economic Partnership Agreement. This was the first bilateral FTA for Japan. Starting with the Japan-Singapore Economic Partnership Agreement, Japan signed bilateral economic partnership agreements with individual ASEAN member states. In November 2007, Japan concluded the negotiations for the ASEAN-Japan Comprehensive Economic Partnership Agreement (AJCEP). The AJCEP entered into force on December 1, 2008 with Singapore, Lao PDR, Viet Nam and Myanmar; on January 1, 2009 with Brunei, Darussalam; and on February 1, 2009 with Malaysia. The implementation of the AJCEP is expected to enhance strategic partnerships between ASEAN and Japan.

Another significant change to conditions for the economic development of the CLMV countries is the extension of transnational roads and railroad networks in the Mekong River Basin, the construction of which was also made possible with the support of countries and international organizations such as China, Japan, Thailand and the Asian Development Bank. Although such networks are intended to provide the CLMV countries and surrounding countries with new opportunities for economic development, these new infrastructure are vital to the development pathways to be followed by the CLMV states.

All of these phenomena have sparked research interest in CLMV's development

strategy. Do the CLMV countries follow pathways similar to those of advanced ASEAN member states? In other words, are they going to be industrialized, being closely involved in production networks developed under the leadership of Japanese, US or European MNCs? Or do these countries explore different ways more appropriate to a new era? Do donor countries need to reform their aid policies in response to emerging conditions for international cooperation in the Mekong River Basin?

This paper seeks to provide basic information on international trades and direct investments in the CLMV nations to consider strategies for economic development and international cooperation in the Mekong River Basin, paying special attention to economic relations between Japan and the region. Recent trends in Japanese trades and investments in the region are characterized by referring to situations of China.

## **1. FOREIGN DIRECT INVESTMENTS IN ASEAN**

Foreign direct investments are important determinants of the present and future closeness of the economic relations, division of labor and patterns of international trades among countries. In East Asia, MNCs have established production networks that extend to the entire ASEAN and East Asia. They have developed sophisticated mechanisms of intra-firm and arm's-length transactions to take advantage of decreasing service link costs. This results in increasing intra-industry trade even if inter-industry trade is still important. In particular, FDIs play a significant role in the rapid increase in vertical intra-industry trade, i.e. intra-industry trade, where goods are differentiated by quality, in East Asia.

The major ASEAN countries hosting FDIs do not include the CLMV. About 75 per cent of the cumulative total of the FDIs went into the non-Mekong River Basin. Although Thailand and Viet Nam, which is developing the manufacturing sector very rapidly, account for 18.22 per cent and 5.82 per cent, respectively, of the cumulative FDI inflow, the shares of Cambodia, Lao PDR and Myanmar—less developed countries in ASEAN—are only 0.39 per cent, 0.21 per cent, 1.17 per cent, respectively (Table 1).

Major investing countries in ASEAN are Japan (15.64 per cent of cumulative total of the FDI inflows to ASEAN between 1995 and 2006), the United States (13.97 per cent) and United Kingdom (12.39 per cent). FDIs from Hong Kong, making up 2.85 per cent, are a far sixth from Singapore's 7.37 per cent, the fifth highest investing country. The shares of China and Thailand, at 0.84 per cent and 0.46 per cent, respectively, are negligibly small.

**Table 1. FDI Flow to ASEAN, Cumulative Total, 1995-2006**

	ASEAN Total Cumulative Total 1995-2006	Cambodia	Laos	Myanmar	Vietnam	CLMV Sub-Total	Thailand	Other ASEAN
Japan	55,308.85	9.93	19.82	119.42	2,927.95	3,077.12	20,226.29	32,005.44
U.S.A	49,396.30	68.50	5.91	406.17	1,178.40	1,658.98	6,168.29	41,569.03
U.K.	43,818.13	4.03	9.03	1,173.39	873.13	2,059.58	2,267.68	39,490.87
Netherlands	31,485.79	2.45	0.06	8.10	1,528.53	1,539.14	503.12	29,443.53
Singapore	26,059.20	69.40	6.15	752.80	2,009.89	2,838.24	9,942.93	13,278.03
Hong Kong	10,068.25	20.29	1.89	300.78	1,620.59	1,943.55	3,646.75	4,477.95
Taiwan	9,214.79	133.25	10.45		2,318.04	2,461.74	1,508.65	5,244.40
Malaysia	7,547.35	81.16	97.18	59.78	607.52	845.64	484.43	6,217.28
France	7,142.93	8.62	167.31	758.04	1,093.58	2,027.55	715.67	4,399.71
Germany	6,940.68		0.50	8.70	84.18	93.38	2,387.19	4,460.11
Cayman Islands	5,572.33				367.02	367.02	388.56	4,816.75
S. Korea	5,570.38	146.61	111.30	55.79	2,164.89	2,478.59	501.93	2,589.86
Indonesia	4,627.32	1.13		37.94	61.65	100.72	58.65	4,467.95
China	2,970.44	344.19	42.43	123.04	325.55	835.21	56.44	2,078.79
Bermuda	2,722.16				156.70	156.70	-486.23	3,051.69
Canada	2,410.84	19.68	3.18	61.95	70.75	155.56	515.67	1,739.61
Denmark	2,375.06		0.14	3.30	22.57	26.01	152.01	2,197.04
Luxembourg	1,774.54				41.43	41.43	59.44	1,673.67
Thailand	1,643.78	197.72	168.12	227.81	537.31	1,130.96		512.82
Belgium	1,314.00	11.98	6.08		23.99	42.05	223.16	1,048.79
Finland	1,257.47		1.20			1.20	91.83	1,164.44
Ireland	1,125.18					0.00	202.81	922.37
Australia	880.21	24.74	43.24	9.16	130.19	207.33	500.60	172.28
India	804.88	0.03	0.73	0.20	10.50	11.46	81.44	711.98
Sweden	755.84		3.48		98.50	101.98	379.82	274.04
<b>Total</b>	<b>353,543.20</b>	<b>1,374.31</b>	<b>734.46</b>	<b>4,134.35</b>	<b>20,584.75</b>	<b>26,827.87</b>	<b>64,427.64</b>	<b>262,287.69</b>
Japan	15.64	0.72	2.70	2.89	14.22	11.47	31.39	12.20
Hong Kong	2.85	1.48	0.26	7.28	7.87	7.24	5.66	1.71
China	0.84	25.04	5.78	2.98	1.58	3.11	0.09	0.79
Thailand	0.46	14.39	22.89	5.51	2.61	4.22	0.00	0.20
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Japan	100.0	0.02	0.04	0.22	5.29	5.56	36.57	57.87
Hong Kong	100.0	0.20	0.02	2.99	16.10	19.30	36.22	44.48
China	100.0	11.59	1.43	4.14	10.96	28.12	1.90	69.98
Thailand	100.0	12.03	10.23	13.86	32.69	68.80		31.20
<b>Total</b>	<b>100.0</b>	<b>0.39</b>	<b>0.21</b>	<b>1.17</b>	<b>5.82</b>	<b>7.59</b>	<b>18.22</b>	<b>74.19</b>

Source: ASEAN-Japan Center.

Main destinations of Japanese FDIs have been industrializing ASEAN countries such as Indonesia, Malaysia, the Philippines, Singapore and Thailand. Thailand is the largest recipient of Japanese FDIs, having received 36.57 per cent of the cumulative total for the ASEAN. As is known well, Viet Nam recently began increasing its importance as a production base for Japanese MNCs. The CLMV countries received

5.56 per cent of the Japanese FDIs to the ASEAN. But most of them flowed into Viet Nam (5.29 per cent). The percentages for Cambodia, Lao PDR and Myanmar (CLM) are only 0.02 per cent, 0.04 per cent and 0.22 per cent, respectively.

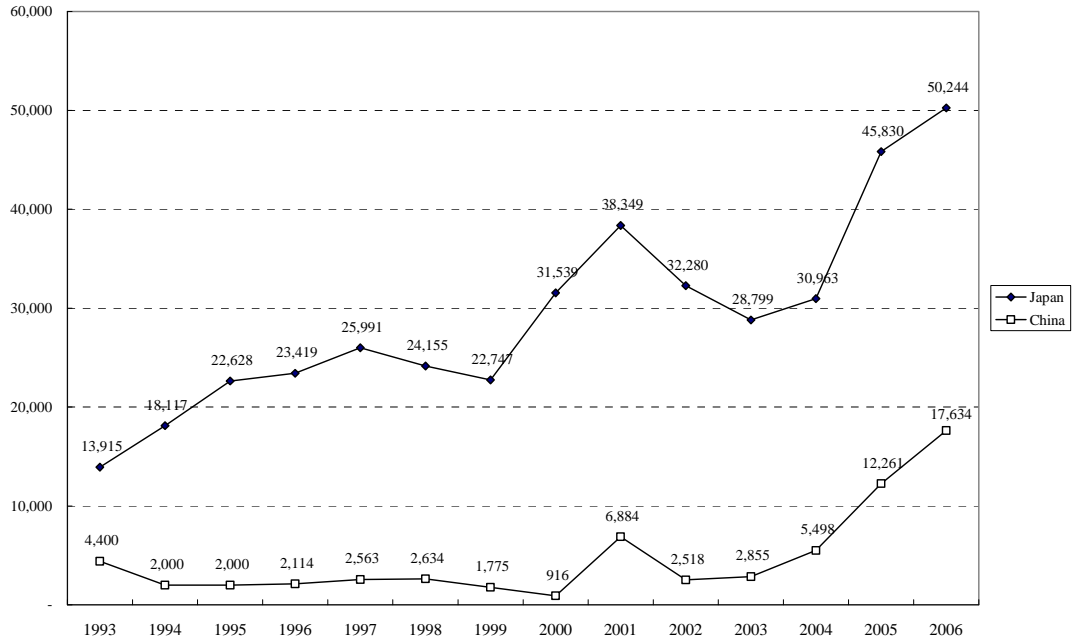
Unlike Japanese FDIs, those of the CLM countries, not only Viet Nam's, are important for Chinese and Thai investors. China and Thailand allocated 28.12 per cent and 68.80 per cent, respectively, of their cumulative FDIs in the period 1995-2006 for CLMV. Their combined FDIs are much bigger than Japan's in the individual CLM countries even though their FDIs to ASEAN are less than 10 per cent of Japanese FDIs for the region. Particularly notable is Lao PDR. This country received only 1.43 per cent of Chinese FDIs to ASEAN. Yet the cumulative value of Chinese FDIs to Lao PDR is more than twice the Japanese. Thailand also spent 10 per cent of its total investments in ASEAN for Lao PDR.

As mentioned above, Chinese FDIs increased significantly in the 2000s after the introduction of the "Go Global" policy. The total amount of Chinese FDIs around that time was US\$916 million and reached US\$17.6 billion in 2006. The latter amount was only about one-third of Japanese FDIs, totaling US\$50.2 billion during that year (Figure 1). In addition, ASEAN was not necessarily a main destination of Chinese FDIs even if the former was gaining importance. In 2005, Chinese FDIs to ASEAN accounted for only 1.3 per cent of the total FDIs. The corresponding proportion reached 3.7 per cent in 2007. In contrast, Japan allocated about 10 per cent of its FDIs to ASEAN (Table 2). It is interesting to note that more Chinese FDIs might be going to ASEAN through Hong Kong and as tax heavens. Some 51.8 per cent of the total FDIs from China went into

Hong Kong in 2007.

The main destinations of Japanese FDI to ASEAN are Thailand and other advanced countries, which got more than 90 per cent of these investments (Table 2, Figure 2). Table 2 shows the enhanced importance of CLMV to Japan. Between 2006 and 2007, the CLMV countries' combined share of the Japanese FDI to ASEAN was more than 6 per cent, the bulk of which went to Viet Nam. Only 0.5 per cent, or less, was allotted to CLM. Chinese investments, on the other hand, focused more on the Mekong River Basin. Still, the CLMV countries account for a significant portion of China's FDI to ASEAN, which have even expanded. In 2005, CLMV's share of the Chinese FDI was 36.8 per cent, which rose to 43.6 per cent in 2007. Among CLMV countries, Lao PDR and Viet Nam were the two main destinations, accounting for 15.9 per cent and 11.5 per cent, respectively, of the 2007 Chinese FDI to ASEAN. Aside from these countries, the percentage of Thailand's share of these FDI likewise increased, that is, from 3 per cent in 2005 to 7.9 per cent in 2007, although the value of China's investments is far below Japan's.

**Figure 1. Chinese and Japanese FDIs, 1993-2007 (US\$ million)**



Source: OECD.

**Table 2. Chinese and Japanese FDIs to ASEAN, 2005-2007**

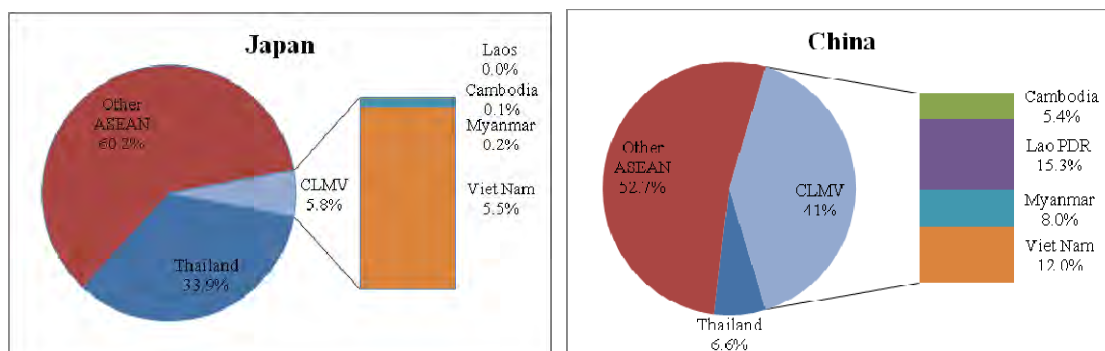
					US\$ million, <sup>9</sup>			
	2005	2006	2007	2005-2007	2005	2006	2007	2005-2007
	Chinese FDIs				Japan FDIs			
World	12,261	17,634	26,506	56,401	45,787	50,272	73,534	169,593
ASEAN	158	336	968	1,462	5,059	6,957	7,785	19,801
Cambodia	5	10	64	79	0	4	9	13
Lao PDR	21	48	154	223	-1	0	3	2
Myanmar	12	13	92	116	18	32	-8	42
Viet Nam	21	44	111	175	152	467	477	1,097
CLMV	58	114	422	594	169	503	482	1,154
Thailand	5	16	76	97	2,137	1,984	2,600	6,721
Other ASEAN	95	206	470	770	2,753	4,471	4,703	11,926
World	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
ASEAN	1.29	1.90	3.65	2.59	11.05	13.84	10.59	11.68
Cambodia	0.04	0.06	0.24	0.14	0.00	0.01	0.01	0.01
Lao PDR	0.17	0.27	0.58	0.40	-0.00	0.00	0.00	0.00
Myanmar	0.09	0.07	0.35	0.21	0.04	0.06	-0.01	0.02
Viet Nam	0.17	0.25	0.42	0.31	0.33	0.93	0.65	0.65
CLMV	0.47	0.65	1.59	1.05	0.37	1.00	0.66	0.68
Thailand	0.04	0.09	0.29	0.17	4.67	3.95	3.54	3.96
Other ASEAN	0.77	1.17	1.77	1.37	6.01	8.89	6.40	7.03
ASEAN	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Cambodia	3.27	2.92	6.66	5.43	0.00	0.06	0.12	0.07
Lao PDR	13.05	14.31	15.94	15.26	-0.02	0.00	0.04	0.01
Myanmar	7.32	3.76	9.54	7.97	0.36	0.46	-0.10	0.21
Viet Nam	13.17	12.96	11.45	11.99	3.01	6.71	6.13	5.54
CLMV	36.80	33.96	43.59	40.64	3.35	7.23	6.19	5.83
Thailand	3.02	4.72	7.89	6.64	42.24	28.52	33.40	33.94
Other ASEAN	60.17	61.33	48.52	52.72	54.41	64.26	60.41	60.23

Note: Japanese FDI was converted from yen to USD by using the annual average of daily exchange rates.

Source: Ministry of Commerce of China, Bank of Japan.

**Figure 2. Cumulative Total of Chinese and Japanese FDIs to ASEAN**

**2005-2007 (ASEAN=100)**



Source: Ministry of Commerce of China and Bank of Japan.

Data show the difference between CLM-bound FDIs from China and Japan. First, Cambodia's share doubled between 2005 and 2007 (3.3 per cent in 2005 and 6.7 per cent in 2007). Second, the share of Lao PDR is higher than Viet Nam's. Third, Myanmar accounts for a significant part of Chinese FDIs to ASEAN. Thus, Chinese investments to CLM are significantly greater than Japanese investments to these countries. The cumulative value of FDIs for Cambodia between 2005 and 2007 was US\$79 million for China and US\$13 million for Japan. Similarly, FDIs into Lao PDR amounted to US\$223 million for China and US\$2 million for Japan. The figures for Myanmar were US\$116 million for China and US\$42 million for Japan.

From the view of each CLMV member, South Korea, China, Thailand and Viet Nam are major investing countries in Cambodia, of which China is the second largest investing country (Table 3). Japan is another country with significant investments in CLMV. Its FDIs to Cambodia totaled US\$2.1 million in 2006, which far exceeded Thailand's US\$100.1 million. In 2007 the value of Japan's FDIs in CLMV jumped to US\$113.1 million, surpassing Thailand's US\$107.7 million.

**Table 3. Major Investing Countries in CLMV**

	US\$ million						
	Cambodia	Lao PDR		Myanmar		Viet Nam	
	2006 & 2007 Value	FY2006 & FY2007 No of Cases	FY2006 & FY2007 Value	FY2006 & FY2007 No of Cases	FY2006 & FY2007 Value	2006-2007 No of Cases Value	
Viet Nam	186.9	57	417.1			47	441.9
Thailand	207.8	61	748.0	1	16		
Malaysia	269.8	8	56.4			87	1,264.1
Singapore	13.6	9	59.4	4	165.8	159	3,240.7
China	897.4	102	919.3	1	281.2	214	968.9
Hong Kong	29.8					120	2,300.3
Japan	115.2	9	407.6			373	2,838.7
Korea	1,157.9	39	245.9	2	49.0	766	8,406.8
Taiwan	87.6	4	7.3			449	3,165.6
Total	3,683.8	362	3,309.7	19	925.4	2915	33,026.7

*Notes:* Approval project basis. Figures are the sum of FDI values in 2006 and 2007. FDIs by Cambodia and Lao PDR are excluded from the totals.

*Sources:* ASEAN-Japan Center (Cambodia, Lao PDR, Viet Nam), Central Statistical Organization (Myanmar).

For Lao PDR, China and Thailand are the most important investing countries in terms of the sum of FDI values in 2006 and 2007. Japan and Viet Nam belong to the second major investors' group In Lao PDR, where Korea has also established a strong presence. The number of cases shows large gaps between China and Thailand and between Japan and Viet Nam. Japan, for instance, only had nine cases during the period, which is much smaller than Korea's 39. But the value of Japanese FDIs in Lao PDR surpassed that of Korea.

In Myanmar the number of investing countries is limited. Eight countries, which have invested in this country, including China, India, Singapore and the United Kingdom, have a total of only 19 approved investments. From 2006 to 2007, China and

the UK accounted for more than 50 per cent of the values of approved FDIs.

CLM are overwhelmed by Viet Nam's absorptive capacity of FDIs. In this rapidly industrializing country, industrialized countries such as Japan, South Korea, Malaysia, Taiwan and Singapore are listed as leading investing countries. China is at par with these countries. The presence of Thailand is significantly important too. Viet Nam is in a unique position to establish mutually beneficial economic relations with both the advanced countries in Asia and the Mekong River Basin.

In summary, the total value of Chinese FDIs is smaller than those of the developed countries combined. Yet, China concentrates its resources in the CLMV countries, thus increasing its presence in CLMV both in terms of cumulative value and number of investments. Thailand is generally recognized as a major host country rather than parent country. But Thai FDIs are important for the region, especially for Lao PDR and Cambodia. Such investments reflect geographical advantages and close partnerships that Thailand has established with CLMV. Vietnamese FDIs, in particular, became increasingly significant in the Mekong River Basin. On the other hand, Japan has been one of the most important investing countries in the ASEAN for years now. Yet, its investments in CLM remain limited. In Lao PDR, for instance, the number of Japanese investments is much smaller than those of China and Thailand. This creates the impression that Japan's presence in the Mekong River Basin is not strong.

## **2. ASEAN INTERNATIONAL TRADES**

In the previous section, the economic relations between Japan and CLMV were

assessed in terms of FDIs and by comparing China, Japan and Thailand. Earlier literature on trades and FDIs showed a significant correlation between the two variables. For example, the investment behaviors of Japan are related to actual business transactions. In the following section, trade statistics take into account the interrelated division of labor among these countries.

Due to the limited statistical data available from CLMV, statistics compiled by international organizations such as International Monetary Fund (IMF), United Nations (UN) and UN agencies were used instead for this report. The United Nations Commodity Trade Statistics Database (UN Comtrade) was mainly used for this purpose, specifically the export and import statistics for CLMV, as reported by these countries' trade partners. Exports to CLMV from trade partner were assumed to be the approximate imports of CLMV from the said country. It should be noted that the resulting aggregated figures for CLMV are only approximations because individual countries have not necessarily reported their trade statistics to the UN. Other sources of data were employed as supplements.

An analysis of the abovementioned data yielded specific findings. But, first, it must be pointed out that the ASEAN's pattern of international trade in the world economy should be observed before details of CLMV's international trades could emerge. ASEAN accounted for 6.33 per cent and 5.53 per cent, respectively, of the world exports and imports in 2006. These data were higher than the corresponding figures in 1990, that is, 4.18 per cent and 4.52 per cent of the global exports and imports, respectively, in 1990. Overall, these figures reinforce public perception that ASEAN has

been one of the most important groups of trading countries in the world.

ASEAN exports and imports in 2000 present a different picture: 6.69 per cent for exports and 5.67 per cent for imports, which were above those in 2006. The compound annual growth rates (CAGRs) for 1990-2000 and 2000-2006 show a similar pattern from a different viewpoint. In the period 1990-2000, ASEAN's trade growth rates were much higher than the world trades. In particular, ASEAN trade expanded at an annual average rate of 11.51 per cent when the world exports grew only at 6.38 per cent a year. In contrast with 1990s, both export and import growth rates for ASEAN in the period 2000-2006 were lower than those of the world's trade (Table 4). Although it is often said that ASEAN countries achieved export-led economic growth, this perception is more aptly applied to the 1990s.

The above scenario notwithstanding, CLMV's exports and imports are increasing very rapidly despite their small values. Their growth rates are at around 18 per cent in the two periods and much higher than those of the world trade. CLMV's share in ASEAN exports increased from 1.99 per cent in 1990 to 4.13 per cent in 2000 and 6.36 per cent in 2006. The rates for imports are 2.08 per cent in 1990, 5.43 per cent in 2000 and 7.73 per cent in 2006.

In 2006, Viet Nam accounted for the bulk of the total trade values of the CLMV group in 2006, comprising 81.35 per cent of exports and 85.01 per cent of imports. The second largest exporting country among the CLMV countries is Myanmar, with 7.59 per cent of exports in 2006, placing it third after Cambodia in terms of import share (3.99 per cent). Cambodia is the third major exporter and second largest importer in the

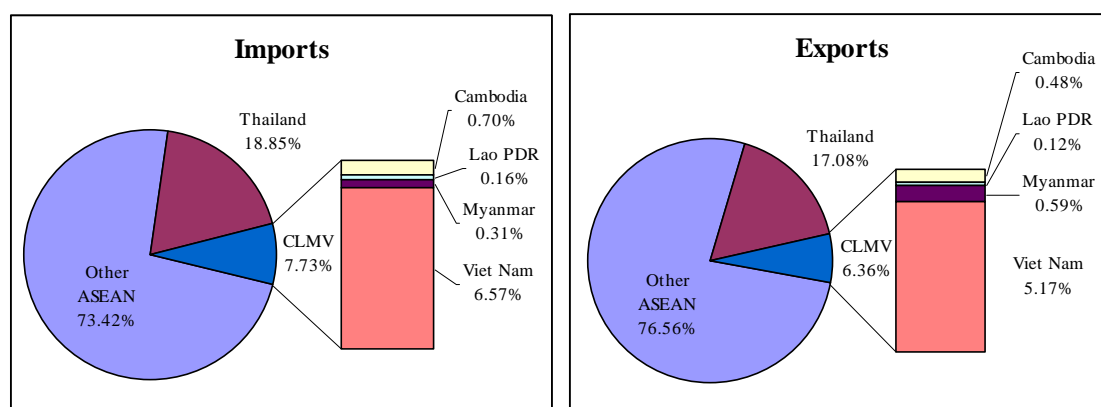
CLMV countries, making up 7.59 per cent and 8.99 per cent of the total export and import values, respectively. Lao PDR is a minor trading country, with 1.81 per cent share of exports and 2.01 per cent share of imports among the CLMV countries.

**Table 4. ASEAN and CLMV's Merchandise Trades**

	1990		2000		2006		US\$ million, % CAGR	
	Value	% of ASEAN	Value	% of ASEAN	Value	% of ASEAN	1990-2000	2000-2006
<b>Export</b>								
World	3,479,591		6,455,988		12,087,769		6.38	11.02
ASEAN	145,284	100.00	431,911	100.00	765,633	100.00	11.51	10.01
CLMV	2,897	1.99	17,822	4.13	48,686	6.36	19.92	18.23
Cambodia	86	0.06	1,397	0.32	3,693	0.48	32.15	17.59
Lao PDR	79	0.05	330	0.08	882	0.12	15.42	17.79
Myanmar	328	0.23	1,646	0.38	4,506	0.59	17.50	18.28
Viet Nam	2,404	1.65	14,449	3.35	39,605	5.17	19.64	18.30
Thailand	23,068	15.88	68,963	15.97	130,803	17.08	11.57	11.26
<b>Import</b>								
World	3,590,363		6,653,669		12,337,928		6.36	10.84
ASEAN	162,292	100.00	377,441	100.00	682,876	100.00	8.81	10.39
CLMV	3,374	2.08	20,510	5.43	52,808	7.73	19.78	17.07
Cambodia	164	0.10	1,936	0.51	4,749	0.70	28.00	16.13
Lao PDR	185	0.11	535	0.14	1,060	0.16	11.21	12.05
Myanmar	273	0.17	2,401	0.64	2,108	0.31	24.30	-2.15
Viet Nam	2,752	1.70	15,638	4.14	44,891	6.57	18.97	19.21
Thailand	33,045	20.36	61,923	16.41	128,723	18.85	6.48	12.97

Source: UNCTAD.

**Figure 3. ASEAN International Trades 2006 by Sub-region (ASEAN=100)**



Source: UNCTAD.

The IMF's Direction of Trade Statistics (DOTS) is a useful tool for examining the trade flows in ASEAN and East Asia, including CLMV. However, it does not include data on bilateral trades between Lao PDR and Myanmar and is inconsistent with UN statistics. Even if these drawbacks are taken into account, the DOTS provide important information. Tables 5 and 6 are matrices for 2000 and 2006 based on import data from the DOTS.

According to Myanmar's *Statistical Yearbook 2006*, exports from Myanmar to Lao PDR were valued at 0.23 million kyat, accounting for 0.0025 per cent of the total exports to Southeast Asia and 0.0014 per cent of the total exports in 2004-05 (0.12 per cent in 2001-02). During the same period, Myanmar's imports from Lao PDR were valued at 0.04 million kyat, which is equivalent to 0.0007 per cent of its total imports from the Southeast Asia and 0.0004 per cent of the total imports (0.022 per cent in 2001-02).

**Table 5. Trade Flows among CLMV, ASEAN, China and Japan, 2000**

**US\$ million**

Importer Exporter	Cambodia	Lao PDR	Myanmar	Viet Nam	CLMV	Thailand	Other ASEAN	Mainland China	Japan	World
Cambodia		3.44	0.00	37	40	8	94	59	52	1,480
Laos PDR	0.04			106	106	76	2	6	12	340
Myanmar	0.13			4	4	256	204	125	119	1,960
Vietnam	91.54	77.72	6.23		175	331	1,737	929	2,637	14,310
CLMV	92	81	6	147	326	671	2,037	1,119	2,820	18,090
Thailand	222	419	555	811	2,006		11,011	4,380	10,595	75,310
Other ASEAN	241	36	816	3,491	4,584	9,647	52,650	16,680	46,130	341,710
Mainland China	113	38	546	1,401	2,098	3,377	13,178		55,156	397,130
Japan	58	24	216	2,301	2,599	15,315	52,495	41,520		512,470
World Total	1,424	690	3,039	15,637	20,790	61,923	286,270	225,175	379,577	6,591,100

**% of the Total Imports**

Importer Exporter	Cambodia	Lao PDR	Myanmar	Viet Nam	CLMV	Thailand	Other ASEAN	Mainland China	Japan	World
Cambodia		0.50	0.00	0.24	0.19	0.01	0.03	0.03	0.01	0.02
Laos PDR	0.00			0.68	0.51	0.12	0.00	0.00	0.00	0.01
Myanmar	0.01			0.03	0.02	0.41	0.07	0.06	0.03	0.03
Vietnam	6.43	11.27	0.20		0.84	0.53	0.61	0.41	0.69	0.22
CLMV	6.44	11.77	0.20	0.94	1.57	1.08	0.71	0.50	0.74	0.27
Thailand	15.57	60.75	18.25	5.19	9.65		3.85	1.95	2.79	1.14
Other ASEAN	16.91	5.19	26.86	22.33	22.05	15.58	18.39	7.41	12.15	5.18
Mainland China	7.92	5.49	17.97	8.96	10.09	5.45	4.60		14.53	6.03
Japan	4.10	3.43	7.09	14.72	12.50	24.73	18.34	18.44		7.78
World Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

**% of the Total Exports**

Importer Exporter	Cambodia	Lao PDR	Myanmar	Viet Nam	CLMV	Thailand	Other ASEAN	Mainland China	Japan	World
Cambodia		0.23	0.00	2.50	2.73	0.54	6.35	3.99	3.51	100.0
Laos PDR	0.01			31.18	31.19	22.35	0.59	1.76	3.53	100.0
Myanmar	0.01			0.20	0.21	13.06	10.42	6.38	6.07	100.0
Vietnam	0.64	0.54	0.04		1.23	2.31	12.14	6.49	18.43	100.0
CLMV	0.51	0.45	0.03	0.81	1.80	3.71	11.26	6.19	15.59	100.0
Thailand	0.29	0.56	0.74	1.08	2.66		14.62	5.82	14.07	100.0
Other ASEAN	0.07	0.01	0.24	1.02	1.34	2.82	15.41	4.88	13.50	100.0
Mainland China	0.03	0.01	0.14	0.35	0.53	0.85	3.32		13.89	100.0
Japan	0.01	0.00	0.04	0.45	0.51	2.99	10.24	8.10		100.0
World Total	0.02	0.01	0.05	0.24	0.32	0.94	4.34	3.42	5.76	100.0

*Note:* Figures are based on import data.

*Source:* IMF, Direction of Trade Statistics (DOTS) Yearbook 2007.

**Table 6. Trade Flows among CLMV, ASEAN, China and Japan, 2006**

US\$ million

Importer Exporter	Cambodia	Lao PDR	Myanmar	Viet Nam	CLMV	Thailand	Other ASEAN	Mainland China	Japan	World
Cambodia		0.30	0.04	83	83	35	134	35	119	3,780
Lao PDR	0.96			118	119	500	50	50	12	960
Myanmar	0.13			57	57	2,348	213	253	248	4,480
Vietnam	269.91	90.82	16.31		377	904	4,280	2,486	5,358	40,500
CLMV	271	91	16	258	636	3,787	4,677	2,824	5,737	49,720
Thailand	415	1,128	837	3,408	5,788		21,748	17,962	17,037	146,430
Other ASEAN	339	54	917	9,211	10,522	19,926	117,308	68,764	57,422	604,160
Mainland China	524	186	1,328	8,215	10,252	13,640	57,314		118,444	1,211,740
Japan	130	23	114	4,554	4,820	25,845	52,488	115,811		696,230
World Total	2,985	1,638	3,787	46,538	54,948	128,634	515,375	791,793	578,694	12,353,000

% of the Total Imports

Importer Exporter	Cambodia	Lao PDR	Myanmar	Viet Nam	CLMV	Thailand	Other ASEAN	Mainland China	Japan	World
Cambodia		0.02	0.00	0.18	0.15	0.03	0.03	0.00	0.02	0.03
Lao PDR	0.03			0.25	0.22	0.39	0.01	0.01	0.00	0.01
Myanmar	0.00			0.12	0.10	1.83	0.04	0.03	0.04	0.04
Vietnam	9.04	5.54	0.43		0.69	0.70	0.83	0.31	0.93	0.33
CLMV	9.08	5.56	0.43	0.55	1.16	2.94	0.91	0.36	0.99	0.40
Thailand	13.90	68.83	22.11	7.32	10.53		4.22	2.27	2.94	1.19
Other ASEAN	11.35	3.32	24.22	19.79	19.15	15.49	22.76	8.68	9.92	4.89
Mainland China	17.55	11.33	35.07	17.65	18.66	10.60	11.12		20.47	9.81
Japan	4.34	1.38	3.01	9.79	8.77	20.09	10.18	14.63		5.64
World Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

% of the Total Exports

Importer Exporter	Cambodia	Lao PDR	Myanmar	Viet Nam	CLMV	Thailand	Other ASEAN	Mainland China	Japan	World
Cambodia		0.01	0.00	2.20	2.20	0.93	3.55	0.93	3.15	100.0
Lao PDR	0.10			12.29	12.39	52.08	5.21	5.21	1.25	100.0
Myanmar	0.00			1.27	1.28	52.41	4.76	5.65	5.54	100.0
Vietnam	0.67	0.22	0.04		0.93	2.23	10.57	6.14	13.23	100.0
CLMV	0.55	0.18	0.03	0.52	1.28	7.62	9.41	5.68	11.54	100.0
Thailand	0.28	0.77	0.57	2.33	3.95		14.85	12.27	11.63	100.0
Other ASEAN	0.06	0.01	0.15	1.52	1.74	3.30	19.42	11.38	9.50	100.0
Mainland China	0.04	0.02	0.11	0.68	0.85	1.13	4.73		9.77	100.0
Japan	0.02	0.00	0.02	0.65	0.69	3.71	7.54	16.63		100.0
World Total	0.02	0.01	0.03	0.38	0.44	1.04	4.17	6.41	4.68	100.0

Growth between 2000 and 2006 (CAGR %)

Importer Exporters	Cambodia	Lao PDR	Myanmar	Viet Nam	CLMV	Thailand	Other ASEAN	Mainland China	Japan	World
Cambodia		-33.41	n.a.	14.41	12.81	27.89	6.09	-8.34	14.80	16.9
Lao PDR	69.84			1.80	1.93	36.89	71.00	42.39	0.00	18.9
Myanmar	0.00			55.70	54.94	44.68	0.72	12.47	13.02	14.8
Vietnam	19.75	2.63	17.40		13.59	18.23	16.22	17.83	12.54	18.9
CLMV	19.79	1.95	17.45	9.83	11.79	33.43	14.86	16.68	12.57	18.4
Thailand	11.01	17.94	7.11	27.03	19.31		12.01	26.52	8.24	11.7
Other ASEAN	5.85	7.19	1.96	17.55	14.85	12.85	14.28	26.63	3.72	10.0
Mainland China	29.15	30.34	15.97	34.29	30.27	26.20	27.76		13.58	20.4
Japan	14.21	-0.78	-10.06	12.05	10.85	9.11	-0.00	18.64		5.2
World Total	13.12	15.51	3.73	19.93	17.58	12.96	10.30	23.31	7.28	11.0

Note: Figures are based on import data.

Source: IMF, DOTS Yearbook 2007.

The matrices show that intra-CLMV trades accounted for less than 2 per cent of CLMV's trades in 2000 and 2006. Thailand had been a vital trade partner of CLMV during the period, having imported 3.71 per cent of the CLMV countries' exports in 2000, which increased to 7.62 per cent in 2006. About 10 per cent of CLMV's imports went to Thailand in those two years. Lao PDR's increasing dependence on Thailand for its exports and imports is worth noting. Thailand accounted for more than 50 per cent of Lao trades in 2006 as a result of increasing Lao PDR's exports to Thailand.

China's importance to CLMV as an origin of imports has increased significantly. CLMV countries' imports from China rose from 10.09 per cent in 2000 to 18.66 per cent in 2006, while China's shares in CLMV's exports stayed at around 10 per cent in those two years.

Japan has been one of the most important foreign markets for CLMV while its shares in CLMV's exports and imports have decreased. ASEAN, including the CLMV countries, has dramatically increased its collective imports from China between 2000 and 2006 compared to the growth rates of their total imports. The CAGRs of imports from China for CLMV, Thailand and other ASEAN member states make up more than 30 per cent, 26 per cent and 27 per cent, respectively, of the total.

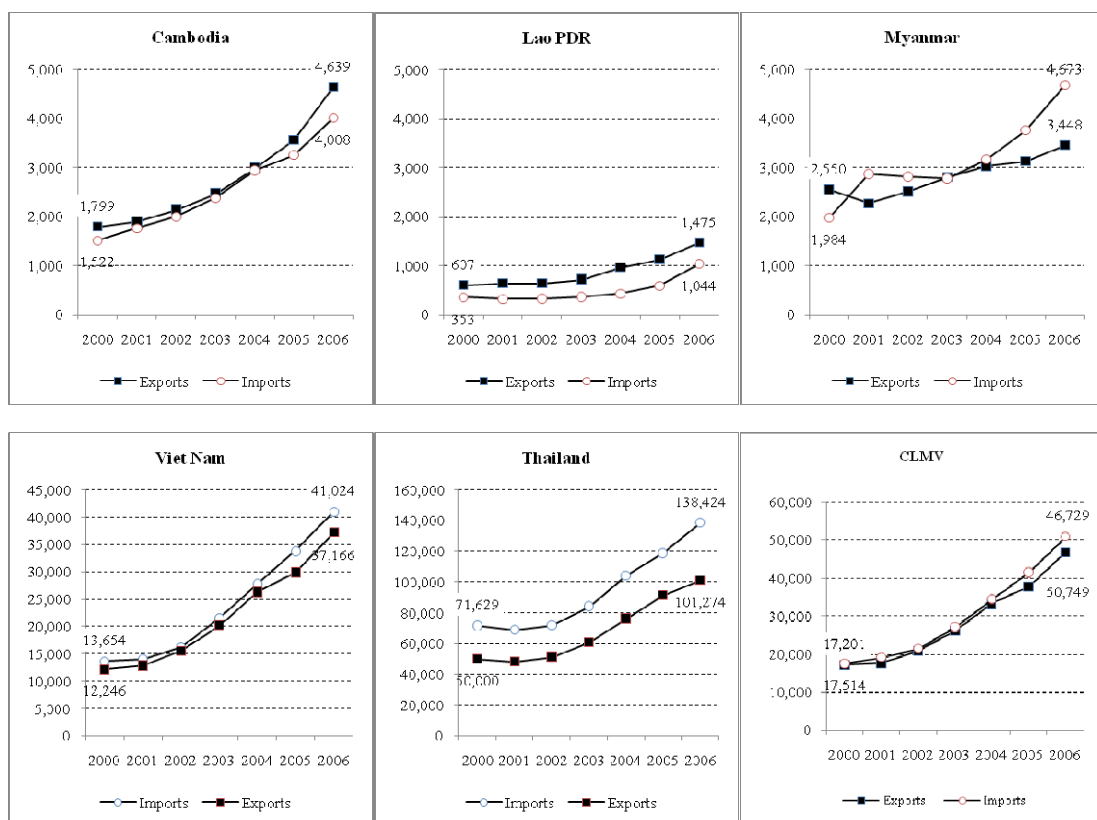
Statistical findings on trade relations among ASEAN member states, including CLMV, can be summarized as follows. ASEAN is a region deeply involved in the world trade system. Its share in the world trade is significantly important. The group achieved a high rate of growth in foreign trades in the 1990s. It sustained "moderate" growth compared to the enhanced world trade growth in the 2000s. CLMV became an engine of

such growth in ASEAN, although CLM is in an early stage of developing exports of manufactured goods. CLMV have close trade relations with Thailand and other advanced ASEAN member states, China and Japan, rather than among these countries.

### 3. INTERNATIONAL TRADES OF CLMV AND THAILAND

Figure 4 shows recent trends in world trade with countries in the Mekong River Basin. Data indicate specific countries' values of trades with their partners. For example, statistics on exports from another country to Cambodia correspond to the latter's import data from the former.

**Figure 4. World Trades with CLMV and Thailand, 2000-2006 (US\$ million)**



Source: UN Comtrade.

There are obvious gaps in the scale of trades between CLM and Viet Nam and between Viet Nam and Thailand. During the period 2000-2006, world exports to and imports from CLMV increased at an annual average rate of 18.1 per cent and 19.4 per cent, respectively. This means that exports from CLMV increased at a higher rate than that of imports, resulting in increasing trade surplus.

Among CLMV countries, Viet Nam's trades have increased by an annual rate of at least 20 per cent for both exports and imports. Cambodia is a close second, with a 17 per cent growth rate for exports and imports despite increased trade deficits recently. Import values from Lao PDR doubled between 2004 and 2006 amid the country's trade deficits. Myanmar, for its part, has enjoyed increasing surpluses with its trade partners. The values of Thailand's trade are overwhelmingly large compared to CLMV's, and have been growing at an average of 10 per cent annually.

Major exporters to Cambodia are mostly countries in ASEAN and East Asia, including China, Japan, and neighboring countries such as Thailand and Viet Nam (Table 7). In 2006 countries in the Mekong River Basin, namely, China, Thailand and Viet Nam, moved up the list to occupy the top three posts for exporters. On the other hand, importers of goods from Cambodia are limited to Western countries. The United States accounts for about 60 per cent of world imports from Cambodia. The latter became more dependent on markets in developed countries from 2000 to 2006.

The main exporters to Lao PDR are the same as those of Cambodia: China, Thailand and Viet Nam. They remained as such between 2000 and 2006. Thailand increased its market share to consolidate its position as Lao PDR's top exporter. China captured the

market share of Viet Nam to be the second major exporter to Cambodia. Thus the top countries importing from Lao PDR are Thailand and Viet Nam, which account for more than 50 per cent of the global imports from Lao PDR. Thailand increased its share of these imports between 2000 and 2006. China is the fourth biggest importer from Lao PDR. Japan has scaled down its exports to and imports from Lao PDR.

In sum, China and Thailand have growing trade values with Lao PDR. Viet Nam is faced with a severe share competition with two leading Mekong countries, although it has increased the values of both exports (US\$69.0 million in 2000 and US\$95.0 million in 2006) and imports (US\$105.7 million in 2000 and US\$166.6 million in 2006). These significant increases in the trade values of Viet Nam are different from those of Japan, whose exports and imports were valued at US\$20 million and US\$12.0 million, respectively, in those two years.

In Myanmar, the share of Chinese exports increased by around 15 percentage points between 2000 and 2006. In contrast, the share of Chinese imports slightly decreased. As with Cambodia and Lao PDR, Thailand is one of the most important trade partners of Myanmar, while Japan is losing its presence in this capacity. India, on the other hand, enjoys close trade relations with Myanmar. Its exports and imports to and from Myanmar have both improved. India exports manufacturing products to Myanmar, such as iron and steel as well as medical and pharmaceutical products, and imports natural resource-based products such as vegetables and fruits, and woods from the country.

The leading exporters to Viet Nam are countries in ASEAN and East Asia. Chinese exports have overtaken those of Japan. Still, Japan ranks ahead of China as an importer

of made-in-Viet Nam products. Thailand has developed a trade partnership with Viet Nam similar to that with Cambodia. Exports from Thailand to Viet Nam make up a high share of the export market in Viet Nam. But Thailand is not on the list of important importers from Viet Nam.

**Table 7. Ten Most Important Trade Partners of CLMV and Thailand  
(2000 and 2006)**

**Exports**

Partner: Cambodia		Partner: Lao PDR		Partner: Myanmar		Partner: Viet Nam		Partner: Thailand	
Reporter	2000 %	Reporter	2000 %	Reporter	2000 %	Reporter	2000 %	Reporter	2000 %
Singapore	23.7	Thailand	63.0	Thailand	19.7	Singapore	17.1	Japan	27.3
Thailand	19.2	Viet Nam	11.4	China	19.5	Japan	16.1	U.S.	13.3
Hong Kong	15.3	China	5.7	Singapore	17.1	Korea	13.8	Singapore	11.7
China	9.1	Singapore	4.9	Korea	11.3	China	12.6	Malaysia	7.1
Viet Nam	7.9	Japan	3.5	Malaysia	9.1	Thailand	6.9	China	4.5
Korea	5.3	France	2.8	Japan	7.7	Hong Kong	4.5	Korea	4.0
Malaysia	4.0	Hong Kong	1.2	Hong Kong	3.5	Malaysia	3.9	Hong Kong	3.7
Japan	2.9	India	1.0	Indonesia	2.5	U.S.	3.0	Germany	3.4
Indonesia	2.9	U.K.	0.9	India	2.1	Indonesia	2.9	Philippines	2.4
France	2.7	Korea	0.7	Germany	1.6	Australia	2.2	Australia	2.3
Total	93.0	Total	95.1	Total	94.1	Total	82.9	Total	79.7
Reporter	2006 %	Reporter	2006 %	Reporter	2006 %	Reporter	2006 %	Reporter	2006 %
Thailand	27.0	Thailand	69.3	China	35.0	China	20.1	Japan	22.6
Viet Nam	16.8	China	11.4	Thailand	22.1	Singapore	14.7	Singapore	11.2
China	15.0	Viet Nam	6.4	Singapore	16.3	Japan	11.1	China	9.6
Hong Kong	12.0	Singapore	2.8	Malaysia	4.8	Korea	10.6	Malaysia	8.4
Singapore	9.9	Korea	1.6	India	4.1	Thailand	8.3	U.S.	8.0
Korea	4.4	Japan	1.4	Indonesia	4.0	Malaysia	4.7	Korea	4.2
Malaysia	2.3	Australia	1.3	Korea	3.5	Hong Kong	4.2	Saudi Arabia	3.5
Indonesia	2.2	Hong Kong	1.0	Japan	3.0	Australia	3.2	Hong Kong	3.4
Japan	1.8	Germany	0.7	Germany	1.2	U.S.	3.0	Australia	3.2
U.S.	1.6	France	0.7	Hong Kong	1.1	Indonesia	2.8	Germany	2.8
Total	93.1	Total	96.6	Total	95.1	Total	82.8	Total	76.9

## Imports

Partner: Cambodia		Partner: Lao PDR		Partner: Myanmar		Partner: Viet Nam		Partner: Thailand	
Reporter	2000 %	Reporter	2000 %	Reporter	2000 %	Reporter	2000 %	Reporter	2000 %
U.S.	57.8	Viet Nam	29.9	U.S.	25.6	Japan	19.3	U.S.	24.3
Germany	7.0	Thailand	21.2	Thailand	13.1	Australia	9.7	Japan	14.8
U.K.	6.8	France	10.1	India	9.3	Germany	8.0	Singapore	8.1
Singapore	4.9	Germany	6.5	China	6.3	China	6.8	China	6.1
China	3.9	U.K.	4.6	Japan	6.0	U.S.	6.5	Hong Kong	5.0
Japan	3.4	Belgium	4.3	Singapore	5.5	Singapore	6.0	Malaysia	4.4
France	3.1	Japan	3.4	U.K.	5.1	France	5.2	U.K.	3.4
Viet Nam	2.5	Netherlands	3.3	Germany	4.3	U.K.	4.7	Germany	3.4
Netherlands	1.2	U.S.	2.9	France	3.8	Malaysia	3.3	Australia	2.4
Malaysia	1.1	Italy	2.8	Malaysia	3.5	Belgium	2.9	France	2.3
Total	91.6	Total	88.9	Total	82.5	Total	72.4	Total	74.2
Reporter	2006 %	Reporter	2006 %	Reporter	2006 %	Reporter	2006 %	Reporter	2006 %
U.S.	58.1	Thailand	47.9	Thailand	50.1	U.S.	22.6	U.S.	17.1
Germany	9.4	Viet Nam	16.0	India	16.7	Japan	12.9	China	13.0
U.K.	5.0	U.K.	5.3	China	5.4	Australia	9.1	Japan	12.2
Viet Nam	4.2	China	4.8	Japan	5.3	China	6.1	Singapore	6.3
Canada	3.3	Malaysia	4.7	Germany	2.7	Germany	5.3	Malaysia	5.2
Japan	3.0	Germany	4.0	Malaysia	2.7	Singapore	4.0	Hong Kong	5.0
Spain	2.8	France	3.9	Korea	2.1	U.K.	3.7	Australia	3.4
Singapore	2.8	Australia	1.8	U.K.	1.6	France	3.6	U.K.	2.6
France	2.3	Belgium	1.8	Singapore	1.5	Malaysia	3.4	Germany	2.5
Austria	0.9	Korea	1.7	Viet Nam	1.4	Korea	2.3	Korea	2.4
Total	91.8	Total	91.8	Total	89.5	Total	73.0	Total	69.7

Source: UN Comtrade.

Table 8 presents key trade items for CLMV, classified by the Standard International Trade Classification Revision 3 (SITC Rev. 3) at the one-digit level. Again, the figures for exports and imports are aggregated values provided by the source countries. Thus, “exports” and “imports” in the Table are those to and from CLMV, respectively.

The main commodities exported to CLMV are petroleum products, telecommunications and transportation equipment and their parts, and materials and parts. The main commodities exported from CLMV are natural resource-based and labor-intensive light industry products.

The trade items of Cambodia reflect its industrial structure. Apparel and clothing accessories make up more than 80 per cent of the values of goods imported from

Cambodia by specific countries. On the other hand, the list of items exported to Cambodia includes textile yarn, fabrics, made-up articles and articles of apparel and clothing accessories.

There are similarities between Lao PDR and Myanmar. They provide Thailand with energies. Lao PDR exports electric current and Myanmar does natural gas. They are mineral-exporting countries, where civil engineering machinery characterizes their industrial structures. Copper and wood- and apparel-related items from these two countries are important for their importing countries. Among the commodities imported by Lao PDR and Myanmar are transportation equipment and materials for apparel and clothing.

Viet Nam has been aggressively developing the manufacturing sector in recent years. But the main items imported by other countries from Viet Nam are not machine products but commodities similar to those of Lao PDR and Myanmar. Viet Nam's main export items are energy (crude oil), light manufacturing products such as footwear, furniture, apparel and clothing, and agricultural products such as coffee and rice. Goods exported to Viet Nam reflect its efforts toward industrialization. Materials and parts are listed as major items in Viet Nam's imports from the world.

**Table 8. Ten Most Important Trade Items for CLMV and Thailand, 2006**

	Exports				Imports			
	Commodity Code	Commodity Description	Value US\$	%	Commodity Code	Commodity Description	Value US\$	%
Cambodia	S3-334	PETROLEUM PRODUCTS	676.0	14.6	S3-845	OTHR.TEXTILE APPAREL,NES	1,449.6	36.2
	S3-655	KNIT.CROCHET.FABRIC NES	561.3	12.1	S3-842	WOMEN,GIRL CLOTHNG,XKNIT	628.1	15.7
	S3-652	COTTON FABRICS, WOVEN	292.6	6.3	S3-844	WOMEN,GIRLS CLOTHNG.KNIT	557.4	13.9
	S3-785	CYCLES,MOTORCYCLES ETC.	126.9	2.7	S3-841	MENS,BOYS CLOTHNG,X-KNIT	396.8	9.9
	S3-764	TELECOMM.EQUIP.PARTS NES	111.0	2.4	S3-843	MENS,BOYS CLOTHING,KNIT	285.6	7.1
	S3-653	FABRICS,MAN-MADE FIBRES	101.6	2.2	S3-851	FOOTWEAR	210.7	5.3
	S3-122	TOBACCO, MANUFACTURED	100.6	2.2	S3-231	NATURAL RUBBER, ETC.	93.9	2.3
	S3-676	IRON,STL.BAR,SHAPES ETC.	100.4	2.2	S3-248	WOOD, SIMPLY WORKED	72.2	1.8
	S3-793	SHIP,BOAT,FLOAT,STRUCTRS	98.0	2.1	S3-971	GOLD,NONMONTRY EXCL ORES	45.2	1.1
	S3-061	SUGARS,MOLASSES,HONEY	92.0	2.0	S3-785	CYCLES,MOTORCYCLES ETC.	44.5	1.1
	HHI	475.6	Total	48.8	HHI	1,935.8	Total	94.4
Lao PDR	S3-334	PETROLEUM PRODUCTS	259.4	17.6	S3-682	COPPER	342.2	32.8
	S3-781	PASS.MOTOR VEHCLS.EX.BUS	74.1	5.0	S3-351	ELECTRIC CURRENT	158.2	15.2
	S3-785	CYCLES,MOTORCYCLES ETC.	47.5	3.2	S3-248	WOOD, SIMPLY WORKED	153.0	14.7
	S3-782	GOODS,SPCL TRANSPORT VEH	45.6	3.1	S3-845	OTHR.TEXTILE APPAREL,NES	85.6	8.2
	S3-112	ALCOHOLIC BEVERAGES	43.2	2.9	S3-841	MENS,BOYS CLOTHNG,X-KNIT	61.8	5.9
	S3-931	SPEC.TRANSACT.NOT CLASSD	36.4	2.5	S3-247	WOOD ROUGH,ROUGH SQUARED	37.9	3.6
	S3-764	TELECOMM.EQUIP.PARTS NES	36.3	2.5	S3-843	MENS,BOYS CLOTHING,KNIT	20.7	2.0
	S3-661	LIME,CEMENT,CONSTR.MATRL	35.7	2.4	S3-971	GOLD,NONMONTRY EXCL ORES	17.7	1.7
	S3-655	KNIT.CROCHET.FABRIC NES	34.3	2.3	S3-842	WOMEN,GIRL CLOTHNG,XKNIT	16.5	1.6
	S3-723	CIVIL ENGINEERING EQUIPT	32.3	2.2	S3-231	NATURAL RUBBER, ETC.	12.2	1.2
	HHI	441.1	Total	43.8	HHI	1,653.6	Total	86.8
Myanmar	S3-334	PETROLEUM PRODUCTS	285.0	8.3	S3-343	NATURAL GAS	2,018.6	43.2
	S3-422	FIXED VEG.FAT,OILS,OTHER	145.5	4.2	S3-054	VEGETABLES	618.3	13.2
	S3-723	CIVIL ENGINEERING EQUIPT	138.6	4.0	S3-247	WOOD ROUGH,ROUGH SQUARED	596.6	12.8
	S3-653	FABRICS,MAN-MADE FIBRES	121.8	3.5	S3-841	MENS,BOYS CLOTHNG,X-KNIT	199.4	4.3
	S3-542	MEDICAMENTS	93.2	2.7	S3-036	CRUSTACEANS,MOLLUSCS ETC	166.0	3.6
	S3-098	EDIBLE PROD.PREPRTNS,NES	87.9	2.6	S3-248	WOOD, SIMPLY WORKED	117.0	2.5
	S3-931	SPEC. TRANSACT.NOT CLASSD	76.6	2.2	S3-034	FISH,FRESH,CHILLED,FROZN	103.1	2.2
	S3-785	CYCLES,MOTORCYCLES ETC.	73.2	2.1	S3-682	COPPER	100.9	2.2
	S3-652	COTTON FABRICS, WOVEN	72.3	2.1	S3-845	OTHR.TEXTILE APPAREL,NES	96.7	2.1
	S3-676	IRON,STL.BAR,SHAPES ETC.	71.0	2.1	S3-842	WOMEN,GIRL CLOTHNG,XKNIT	85.2	1.8
	HHI	199.1	Total	33.8	HHI	2,267.4	Total	87.8
Viet Nam	S3-334	PETROLEUM PRODUCTS	4,302.1	11.6	S3-333	PETROLEUM OILS, CRUDE	8,059.6	19.7
	S3-764	TELECOMM.EQUIP.PARTS NES	1,205.7	3.3	S3-851	FOOTWEAR	5,493.0	13.4
	S3-673	FLAT-ROLLED IRON ETC.	1,111.1	3.0	S3-821	FURNITURE,CUSHIONS,ETC.	2,449.6	6.0
	S3-655	KNIT.CROCHET.FABRIC NES	705.6	1.9	S3-845	OTHR.TEXTILE APPAREL,NES	1,846.5	4.5
	S3-672	INGOTS ETC.IRON OR STEEL	682.5	1.8	S3-841	MENS,BOYS CLOTHNG,X-KNIT	1,536.6	3.7
	S3-971	GOLD,NONMONTRY EXCL ORES	671.1	1.8	S3-842	WOMEN,GIRL CLOTHNG,XKNIT	1,509.8	3.7
	S3-653	FABRICS,MAN-MADE FIBRES	622.1	1.7	S3-036	CRUSTACEANS,MOLLUSCS ETC	1,480.3	3.6
	S3-081	ANIMAL FEED STUFF	612.2	1.7	S3-071	COFFEE,COFFEE SUBSTITUTE	1,334.1	3.3
	S3-682	COPPER	604.8	1.6	S3-042	RICE	1,087.7	2.7
	S3-728	OTH.MACH,PTS,SPCL INDUST	603.7	1.6	S3-321	COAL,NOT AGGLOMERATED	1,049.5	2.6
	HHI	225.4	Total	30.0	HHI	716.5	Total	63.0
Thailand	S3-333	PETROLEUM OILS, CRUDE	10,638.8	10.5	S3-752	AUTOMATC.DATA PROC.EQUIP	14,139.6	10.2
	S3-776	TRANSISTORS,VALVES,ETC.	8,303.2	8.2	S3-776	TRANSISTORS,VALVES,ETC.	9,655.0	7.0
	S3-759	PARTS,FOR OFFICE MACHINS	5,286.6	5.2	S3-764	TELECOMM.EQUIP.PARTS NES	6,751.1	4.9
	S3-764	TELECOMM.EQUIP.PARTS NES	3,522.7	3.5	S3-759	PARTS,FOR OFFICE MACHINS	4,803.1	3.5
	S3-784	PARTS,TRACTORS,MOTOR VEH	2,699.8	2.7	S3-231	NATURAL RUBBER, ETC.	4,771.6	3.5
	S3-772	ELEC.SWITCH.RELAY.CIRCUIT	2,522.5	2.5	S3-782	GOODS,SPCL TRANSPORT VEH	4,483.3	3.2
	S3-682	COPPER	2,397.6	2.4	S3-334	PETROLEUM PRODUCTS	3,687.7	2.7
	S3-931	SPEC.TRANSACT.NOT CLASSD	1,821.9	1.8	S3-931	SPEC.TRANSACT.NOT CLASSD	2,822.4	2.0
	S3-728	OTH.MACH,PTS,SPCL INDUST	1,705.3	1.7	S3-741	HEATNG,COOLNG EQUIP,PART	2,755.5	2.0
	S3-778	ELECTRIC.MACH.APPART.NES	1,553.3	1.5	S3-037	FISH ETC.PREPD,PRSV.D.NES	2,602.8	1.9
	HHI	285.5	Total	40.1	HHI	275.7	Total	40.8

Note: Based on the SITC Rev. 3, at the three-digit level. Exports and imports mean exports to and imports from CLMV. Herfindahl-Hirschman index (HHI).

Source: UN Comtrade.

To observe the degree of dependence on specific items, the cumulative totals of shares of the 10 major trade items and Herfindahl-Hirschman Index (HHI) are

calculated. Higher HHI means higher concentration in a handful of exported or imported articles. The figures in the Table 8 show biased distribution of the value of exported goods in CLMV compared to Thailand. In CLM, the three most important articles account for more than 60 per cent of the total imports by specific countries from CLM. The HHIs for imports from CLM are also much higher than those for imports from other countries and those for exports to CLMV and Thailand.

Based on the analysis of the coarse classification of the SITC Rev 3 at the three-digit level, inter-industry trades are dominant and intra-industry trades are limited between CLMV and its trade partners. There is considerable overlap between the main articles imported by other countries from CLMV. There could be fierce competition among CLMV, particularly the CLM countries. But such observations are influenced by commodity classification. Further detailed study is indispensable to confirm competitive or complementary relations among CLMV countries.

Discussions on foreign trades of countries with the Mekong River Basin can be summed up as follows. China and Thailand is developing closer ties with CLMV. These countries are increasing their exports to CLMV significantly. Among the ASEAN member states in the Mekong River Basin, Thailand stands out as an exporting country to CLMV. As an importing country, Thailand absorbs about half of the exports from Lao PDR and Myanmar. Yet, it does not account for a large percentage of the world imports from Cambodia and Viet Nam. Viet Nam is of growing importance to CLMV, especially in its less-industrialized neighboring countries, Cambodia and Lao PDR.

China and Japan have been particularly important trade partners of CLMV. In the

case of China, increases in its share in exports to CLMV are significant. However, its decreasing imports from Cambodia appear to be an exception. Such a decline is due perhaps to the competition between firms in Cambodia and China's labor-intensive garments, which are the main export items of Cambodia. Japan is sliding down the list of important trade partners of CLMV. Japan disappeared from the list of top importers from Lao PDR in 2006. Japan's historically close relations with Thailand are also being eroded by China.

#### **4. INTERNATIONAL TRADES OF CHINA AND JAPAN WITH CLMV**

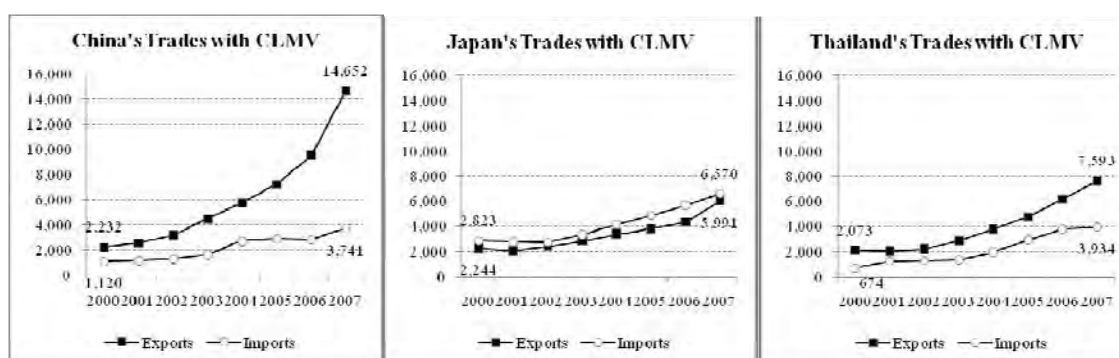
In the previous section, the trade relations between CLMV and their trade partners were discussed, using mainly UN's statistics reported by CLMV's trade partners. In this section, trade relations between China and CLMV and between Japan and CLMV are discussed in detail, highlighting commodity trades disaggregated based on coarse trade classifications. Characteristics of foreign trades of China and Japan with CLMV are considered, citing Thailand as a principal exporting nation to CLMV. The statistics used in this section are obtained from UN Comtrade too.

Figure 5 shows the aggregated values of trades with CLMV between 2000 and 2007, based on data from China, Japan and Thailand. China's aggregated value of exports to CLMV is significantly higher than those of Japan and Thailand. This is a result of rapid growth in the exports of China to CLMV in recent years. China's export value for 2007 is more than 6.5 times higher than that of 2000, (i.e., CAGR 30.8 per cent). China's imports from CLMV also expanded at an extraordinarily rapid rate in the same period

(CAGR 18.8 per cent). As with China's trades, Japan and Thailand experienced significant growths in their exports to and imports from CLMV in the 2000s. In particular, Thailand's import value for 2007 was around 5.8 times larger than that for 2000 (i.e. CAGR 28.7 per cent). Exports from Thailand to CLMV have expanded at the rate of 20 per cent annually. Although these growths for Japan look subtle, CAGRs for exports and imports marked 15.1 per cent and 12.8 per cent respectively. What should be noted is that Japan has continuously posted trade deficits with CLMV of at least US\$500 million. In contrast, China and Thailand have boosted trade surpluses. China's trade surplus with CLMV was over US\$10 billion in 2007. Needless to say, trade surpluses are important for developing countries because they are directly linked with economic growth. They also help ensure macroeconomic stabilities.

**Figure 5. Foreign Trades of China, Japan and Thailand with CLMV, 2000-2007**

(in US\$ million)



Source: UN Comtrade.

Progress in bilateral trades during the period 2000-2007 is depicted in Figure 6. It is not easy to sum up the figures in one word. The trajectories of China and Thailand for Cambodia are similar in that their exports have grown exponentially while lines for imports are almost flat. These have resulted in increasing trade surpluses for China and Thailand with Cambodia. The same pattern can be said of Viet Nam although the lines for imports are upward sloping.

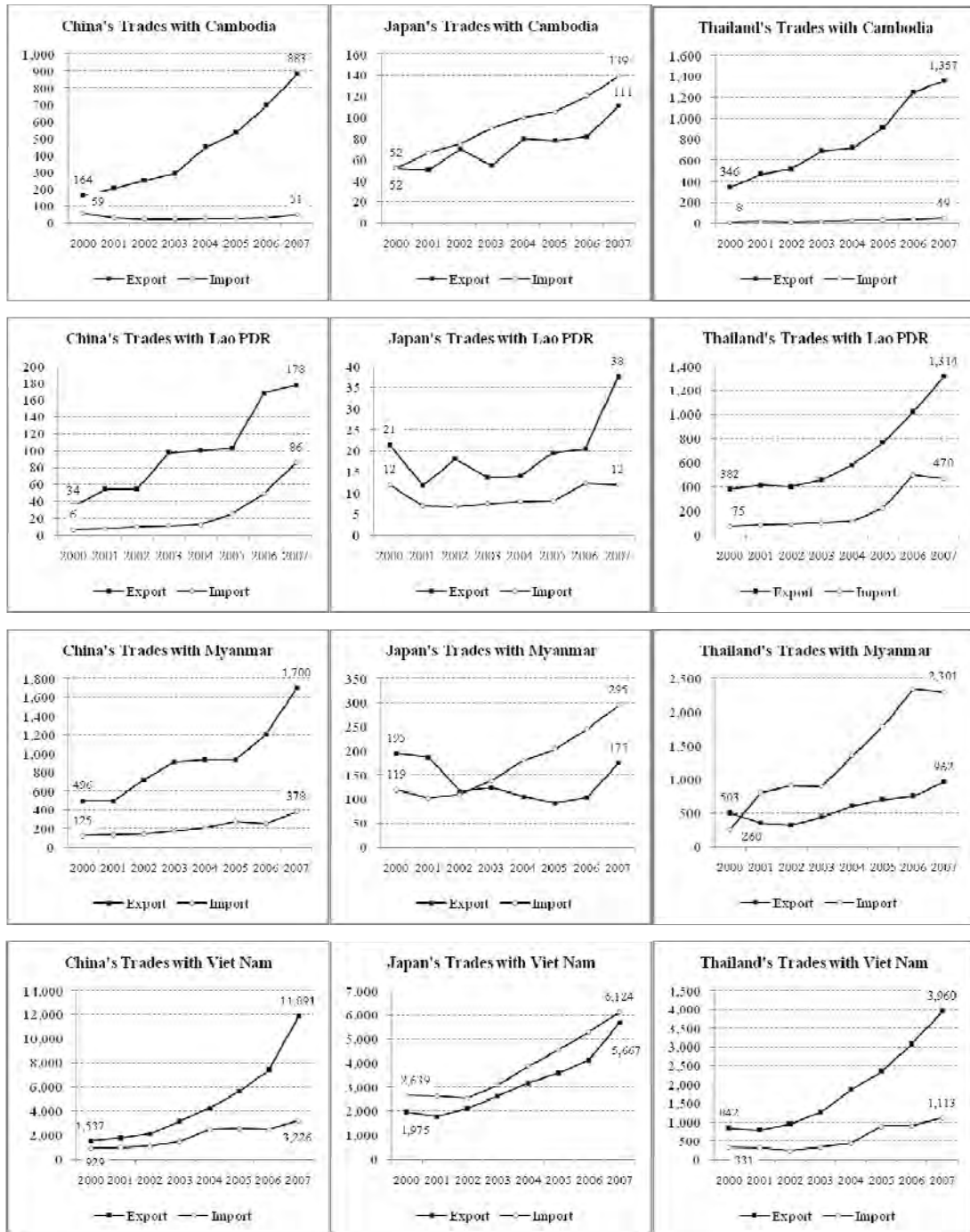
Here is an interesting facet of the trade trajectories for Cambodia and Viet Nam of Japan: imports of Japan have increased parallel to exports. From trades with Lao PDR, China, Japan and Thailand have consistently posted trade surpluses, while China and Thailand have accelerated imports from Lao PDR from around 2004. China and Thailand have established close ties with Myanmar although the trade balances of the two countries mark a sharp contrast. Except Myanmar, Thailand runs trade surpluses. During the whole period, China posted trade surpluses with all four countries. But Japan continues to run trade deficits with Cambodia, Myanmar and Viet Nam. Lao PDR is an exceptional case for Japan.

Figure 7, using the same statistics as Figure 6, outlines diagrammatically the trade relationships between China, Japan, Thailand, ASEAN4 (Indonesia, Malaysia, Philippines, Singapore) and CLMV, with the changes happening between 2000 and 2007. Based on diagram 1, China is the largest exporter among ASEAN+2 (Japan and China), followed by ASEAN4. Japan is the most important export market for CLMV, followed by ASEAN4. Diagram 2 shows the importance of Viet Nam to Japan. Diagram 3 indicates that exports from China to Viet Nam exponentially increased during the two

years. The diagram for China also defines the rapid growth of exports to Cambodia and Myanmar.

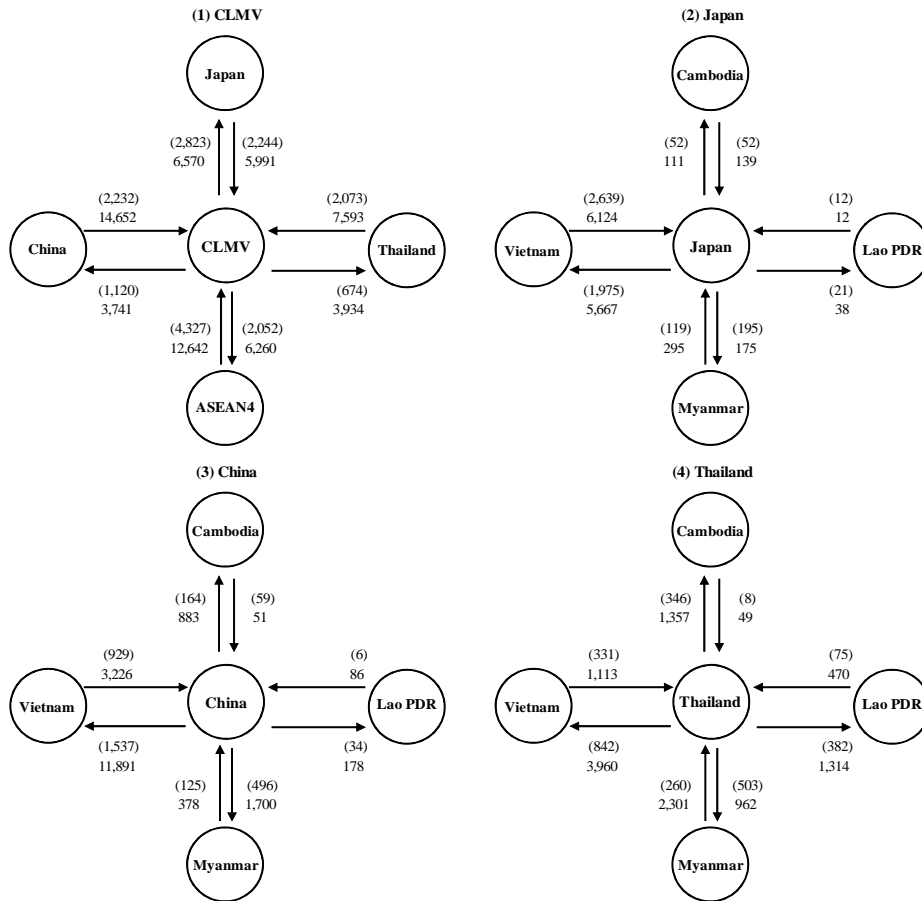
Figure 8 contains the same disaggregated values as Figure 6 but presented differently way to show the distributions of origins and destinations of bilateral trades with CLMV for the years 2000 and 2007. These figures indicate that there are considerable differences in bilateral trade relations with individual CLMV among China, Japan and Thailand. Viet Nam is predominant as trade partner of Japan among the CLMV countries. It is also a principal counterpart of China, but Myanmar is also important, accounting for more than 10 per cent of aggregate Chinese exports and imports with CLMV in 2007. The bilateral trade relations between Thailand and each of the CLMV countries are more balanced than China and Japan. But Thai exports to and imports from CLMV tend to be concentrated in Viet Nam and Myanmar. These observations are consistent with the trade matrices presented above.

**Figure 6. Bilateral Trades with CLMV, 2000-2007 (in US\$ million)**



Source: UN Comtrade.

**Figure 7. Trade Values with CLMV, 2000 and 2007 (US\$ million)**

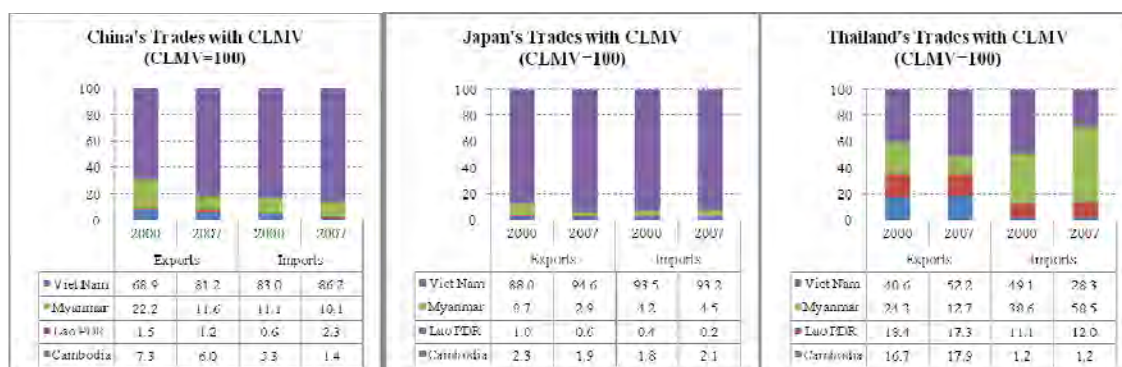


Note: Figures for 2000 are in the parentheses.

Source: UN Comtrade.

**Figure 8. Bilateral Trades with CLMV, 2000 and 2007**

(per cent of the Aggregated Trades with CLMV)



Source: UN Comtrade.

Table 9 presents the aggregated trade values of China, Thailand and Japan with CLMV, classified by the SITC Rev. 3 at the one-digit level. In this table, China accounts for about 51.9 per cent of exports from these three countries to CLMV, followed by Thailand (26.9 per cent) and Japan (21.2 per cent). These countries are inversely ranked according to share of imports to CLMV. Japan is the biggest importer for CLMV, making up 46.1 per cent of imports by these three countries, followed by Thailand (27.6 per cent) and China (26.3 per cent).

The same table shows the differences in the composition of traded articles between these countries. The figures in the rightmost column for CLMV are aggregations of figures for China, Japan and Thailand. Main articles exported to CLMV are manufactured products (S3-5: chemicals and related products, n.e.s.; S3-6: manufactured goods classified chiefly by material; S3-7: machinery and transport equipment; S3-8 miscellaneous manufactured articles), and S3-3 (mineral fuels,

lubricants and related materials). China is the biggest exporter of these manufacturing products. Thailand accounts for more than 50 per cent of exports of natural resource-based products (S3-0: food and live animals; S3-1: beverages and tobacco; S3-3: mineral fuels, lubricants and related materials; S3-4: animal and vegetable oils, fats and waxes) to CLMV from China, Japan and Thailand.

By country, some 40 per cent of China's exports to CLMV are explained by S3-6 (manufactured goods classified chiefly by material). About half of the exported articles from Japan are S3-7 (machinery and transport equipment). Thailand's export articles are more diversified.

The major articles imported by these three countries from CLMV are mineral fuels, lubricants and related materials (S3-3), manufactured items (S3-7, S3-8), food and live animals (S3-0) and crude materials, inedible, except fuels (S3-2). Importing countries of these products are concentrated in one of these countries. Some 51.3 per cent of mineral fuels exported from CLMV to these three countries are imported by Thailand. Japan is a major importer of manufactured items and food and live animals. China accounts for 67.8 per cent of imports comprising crude materials.

Some 62.8 per cent of Thailand's imports consist of mineral fuels. Articles imported by China are mainly crude materials and mineral fuels. The sum of these two items makes up about 60 per cent of China's imports. Japan's imports are composed mainly of four articles: manufactured items (S3-7, S3-8), mineral fuels (S3-3) and food and live animals (S3-0).

**Table 9. Trade Values of China, Japan and Thailand with CLMV**

**by Commodity Classification, 2007 (in US\$ million)**

Trade Flow	Commodity Code	China			Japan			Thailand			CN+JP+TH (CJT)		
		US\$ million	Total =100	CJT =100	US\$ million	Total =100	CJT =100	US\$ million	Total =100	CJT =100	US\$ million	Total =100	CJT =100
Exports	S3-0	410.3	2.8	36.7	50.4	0.8	4.5	658.6	8.7	58.8	1,119.3	4.0	100.0
	S3-1	50.2	0.3	22.4	1.9	0.0	0.8	171.6	2.3	76.7	223.7	0.8	100.0
	S3-2	152.1	1.0	28.3	137.6	2.3	25.6	247.0	3.3	46.0	536.7	1.9	100.0
	S3-3	898.2	6.1	37.9	126.4	2.1	5.3	1,342.7	17.7	56.7	2,367.3	8.4	100.0
	S3-4	2.7	0.0	2.7	0.7	0.0	0.7	99.0	1.3	96.7	102.4	0.4	100.0
	S3-5	1,566.3	10.7	49.8	530.7	8.9	16.9	1,047.7	13.8	33.3	3,144.7	11.1	100.0
	S3-6	6,179.2	42.2	63.8	1,510.5	25.2	15.6	1,997.9	26.3	20.6	9,687.6	34.3	100.0
	S3-7	4,629.2	31.6	49.2	3,052.5	50.9	32.4	1,733.2	22.8	18.4	9,414.8	33.3	100.0
	S3-8	741.9	5.1	55.4	338.0	5.6	25.2	259.5	3.4	19.4	1,339.4	4.7	100.0
	S3-9	21.8	0.1	7.3	242.8	4.1	81.0	35.4	0.5	11.8	299.9	1.1	100.0
	Total	14,651.9	100.0	51.9	5,991.3	100.0	21.2	7,592.6	100.0	26.9	28,235.8	100.0	100.0
Imports	S3-0	431.4	11.5	28.2	951.3	14.5	62.2	146.7	3.7	9.6	1,529.4	10.7	100.0
	S3-1	0.0	0.0	0.0	5.5	0.1	80.8	1.3	0.0	19.2	6.9	0.0	100.0
	S3-2	1,037.1	27.7	67.8	290.0	4.4	19.0	202.4	5.1	13.2	1,529.5	10.7	100.0
	S3-3	1,196.8	32.0	24.8	1,147.6	17.5	23.8	2,472.0	62.8	51.3	4,816.4	33.8	100.0
	S3-4	13.3	0.4	53.7	11.4	0.2	46.2	0.0	0.0	0.1	24.8	0.2	100.0
	S3-5	120.4	3.2	41.9	108.6	1.7	37.7	58.7	1.5	20.4	287.7	2.0	100.0
	S3-6	328.7	8.8	26.3	470.5	7.2	37.6	452.1	11.5	36.1	1,251.3	8.8	100.0
	S3-7	414.5	11.1	15.9	1,694.6	25.8	65.1	495.3	12.6	19.0	2,604.5	18.3	100.0
	S3-8	199.1	5.3	9.4	1,816.6	27.7	85.9	99.9	2.5	4.7	2,115.7	14.9	100.0
	S3-9				73.7	1.1	93.7	5.0	0.1	6.3	78.7	0.6	100.0
	Total	3,741.4	100.0	26.3	6,569.8	100.0	46.1	3,933.5	100.0	27.6	14,244.7	100.0	100.0

*Note:* S3-0 (Food and live animals), S3-1 (Beverages and tobacco), S3-2 (Crude materials, inedible, except fuels), S3-3 (Mineral fuels, lubricants and related materials), S3-4 (Animal and vegetable oils, fats and waxes), S3-5 (Chemicals and related products, n.e.s.), S3-6 (Manufactured goods classified chiefly by material), S3-7 (Machinery and transport equipment), S3-8 (Miscellaneous manufactured articles), S3-9 (Commodities and transactions not classified elsewhere in the SITC).

*Source:* UN Comtrade.

A comparison of CLMV's shares in total exports and imports of China and Japan shows that China tends to export articles different from those imported from CLMV. On the other hand, Japan exports and imports significant amounts of manufactured goods.

Table 10 presents disaggregated data by each CLMV country. It shows that China's

main trade partner for most of the articles is Viet Nam. Manufactured goods classified chiefly by material (S3-6) are listed as the main items exported by China to the Mekong River Basin except Lao PDR, which imports mainly machinery and transport equipment (S3-7) from China. On the other hand, China imports mainly crude materials (S3-2) from CLM.

Japan exports mainly machinery and transport equipment (S3-7) to CLMV. Unlike China, its main imported items depend on countries. In addition, manufacturing products account for non-negligible percentages of Japan's imports from CLMV. The last characteristic does not apply to Thailand's imports.

**Table 10. China's, Japan's and Thailand's Trade Values with CLMV by**

**Commodity Classification, 2007 (in US\$ million)**

Reporter	Trade Flow	Commodity Code	Cambodia		Lao PDR		Myanmar		Viet Nam		CLMV	
			US\$ million	% of Total	US\$ million	% of Total	US\$ million	% of Total	US\$ million	% of Total	US\$ million	% of Total
China	Exports	S3-0	4.3	0.5	0.5	0.3	39.4	2.3	366.1	3.1	410.3	2.8
		S3-1	15.3	1.7	0.5	0.3	24.1	1.4	10.3	0.1	50.2	0.3
		S3-2	1.0	0.1	1.0	0.5	7.2	0.4	142.9	1.2	152.1	1.0
		S3-3	3.3	0.4	1.5	0.9	100.0	5.9	793.5	6.7	898.2	6.1
		S3-4					0.3	0.0	2.4	0.0	2.7	0.0
		S3-5	22.6	2.6	5.5	3.1	158.2	9.3	1,379.9	11.6	1,566.3	10.7
		S3-6	588.5	66.7	22.9	12.9	653.9	38.5	4,913.8	41.3	6,179.2	42.2
		S3-7	188.2	21.3	126.5	71.1	619.2	36.4	3,695.2	31.1	4,629.2	31.6
		S3-8	59.2	6.7	5.7	3.2	92.5	5.4	584.4	4.9	741.9	5.1
		S3-9	0.4	0.0	13.8	7.8	4.9	0.3	2.7	0.0	21.8	0.1
	Total		882.9	100.0	177.9	100.0	1,699.7	100.0	11,891.3	100.0	14,651.9	100.0
	Imports	S3-0	2.3	4.5	7.8	9.1	51.3	13.6	370.0	11.5	431.4	11.5
		S3-1							0.0	0.0	0.0	0.0
		S3-2	36.5	71.4	56.1	65.2	285.3	75.4	659.3	20.4	1,037.1	27.7
		S3-3	0.0	0.0	0.3	0.4	0.2	0.1	1,196.3	37.1	1,196.8	32.0
		S3-4					0.1	0.0	13.2	0.4	13.3	0.4
		S3-5	1.9	3.7	2.7	3.1	3.4	0.9	112.5	3.5	120.4	3.2
		S3-6	5.5	10.7	17.9	20.9	19.3	5.1	286.0	8.9	328.7	8.8
		S3-7	0.0	0.0	0.0	0.0	9.8	2.6	404.7	12.5	414.5	11.1
		S3-8	4.9	9.7	1.1	1.3	8.8	2.3	184.3	5.7	199.1	5.3
S3-9												
Total		51.1	100.0	85.9	100.0	378.1	100.0	3,226.3	100.0	3,741.4	100.0	
Japan	Export	S3-0	0.8	0.7	2.5	6.7	0.0	0.0	47.0	0.8	50.4	0.8
		S3-1							1.9	0.0	1.9	0.0
		S3-2	3.3	3.0	0.0	0.1	1.5	0.9	132.8	2.3	137.6	2.3
		S3-3					0.1	0.0	126.3	2.2	126.4	2.1
		S3-4					0.0	0.0	0.6	0.0	0.7	0.0
		S3-5	2.7	2.5	0.1	0.3	10.6	6.1	517.2	9.1	530.7	8.9
		S3-6	8.8	7.9	4.0	10.6	23.7	13.5	1,474.0	26.0	1,510.5	25.2
		S3-7	86.7	78.1	29.9	79.5	130.9	74.6	2,805.0	49.5	3,052.5	50.9
		S3-8	5.6	5.1	0.7	1.9	7.7	4.4	323.9	5.7	338.0	5.6
		S3-9	3.1	2.8	0.3	0.8	0.8	0.5	238.6	4.2	242.8	4.1
	Total		111.0	100.0	37.6	100.0	175.3	100.0	5,667.3	100.0	5,991.3	100.0
	Import	S3-0	0.1	0.1	0.4	2.9	84.2	28.5	866.6	14.2	951.3	14.5
		S3-1	0.0	0.0	0.0	0.3	0.0	0.0	5.5	0.1	5.5	0.1
		S3-2	0.0	0.0	6.3	52.5	41.2	14.0	242.5	4.0	290.0	4.4
		S3-3							1,147.6	18.7	1,147.6	17.5
		S3-4					0.1	0.0	11.3	0.2	11.4	0.2
		S3-5	0.0	0.0					108.5	1.8	108.6	1.7
		S3-6	0.0	0.0	0.6	5.3	19.6	6.7	450.1	7.4	470.5	7.2
		S3-7	0.1	0.1	0.0	0.4	2.3	0.8	1,692.1	27.6	1,694.6	25.8
		S3-8	136.0	97.8	4.1	34.0	147.3	49.9	1,529.2	25.0	1,816.6	27.7
S3-9		2.7	1.9	0.6	4.6	0.2	0.1	70.3	1.1	73.7	1.1	
Total		139.0	100.0	12.0	100.0	295.1	100.0	6,123.7	100.0	6,569.8	100.0	
Thailand	Export	S3-0	199.7	14.7	114.5	8.7	98.1	10.2	246.2	6.2	658.6	8.7
		S3-1	73.5	5.4	33.0	2.5	46.7	4.8	18.4	0.5	171.6	2.3
		S3-2	3.9	0.3	5.6	0.4	8.8	0.9	228.7	5.8	247.0	3.3
		S3-3	270.9	20.0	348.7	26.5	150.7	15.7	572.4	14.5	1,342.7	17.7
		S3-4	8.4	0.6	4.6	0.3	48.3	5.0	37.7	1.0	99.0	1.3
		S3-5	141.9	10.5	98.3	7.5	184.5	19.2	623.1	15.7	1,047.7	13.8
		S3-6	307.2	22.6	286.5	21.8	233.5	24.3	1,170.7	29.6	1,997.9	26.3
		S3-7	286.4	21.1	363.7	27.7	133.5	13.9	949.5	24.0	1,733.2	22.8
		S3-8	57.0	4.2	42.7	3.3	54.5	5.7	105.3	2.7	259.5	3.4
		S3-9	7.9	0.6	16.1	1.2	3.6	0.4	7.8	0.2	35.4	0.5
	Total		1,356.9	100.0	1,313.7	100.0	962.2	100.0	3,959.9	100.0	7,592.6	100.0
	Import	S3-0	10.4	21.4	10.5	2.2	60.6	2.6	65.1	5.8	146.7	3.7
		S3-1		0	0.0	0.0	0.2	0.0	1.1	0.1	1.3	0.0
		S3-2	31.5	64.7	63.5	13.5	87.1	3.8	20.3	1.8	202.4	5.1
		S3-3	0.0	0.0	82.7	17.6	2,098.7	91.2	290.6	26.1	2,472.0	62.8
		S3-4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		S3-5	0.1	0.2	0.2	0.0	0.1	0.0	58.3	5.2	58.7	1.5
		S3-6	1.3	2.7	287.1	61.1	44.3	1.9	119.3	10.7	452.1	11.5
		S3-7	2.5	5.2	18.4	3.9	3.6	0.2	470.9	42.3	495.3	12.6
		S3-8	2.3	4.7	4.9	1.0	5.7	0.2	87.1	7.8	99.9	2.5
S3-9		0.6	1.2	2.8	0.6	1.1	0.0	0.5	0.0	5.0	0.1	
Total		48.8	100.0	470.1	100.0	2,301.4	100.0	1,113.3	100.0	3,933.5	100.0	

*Note:* S3-0 (Food and live animals), S3-1 (Beverages and tobacco), S3-2 (Crude materials, inedible, except fuels), S3-3 (Mineral fuels, lubricants and related materials), S3-4 (Animal and vegetable oils, fats and waxes), S3-5 (Chemicals and related products, n.e.s.), S3-6 (Manufactured goods classified chiefly by material), S3-7 (Machinery and transport equipment), S3-8 (Miscellaneous manufactured articles), S3-9 (Commodities and transactions not classified elsewhere in the SITC).

*Source:* UN Comtrade.

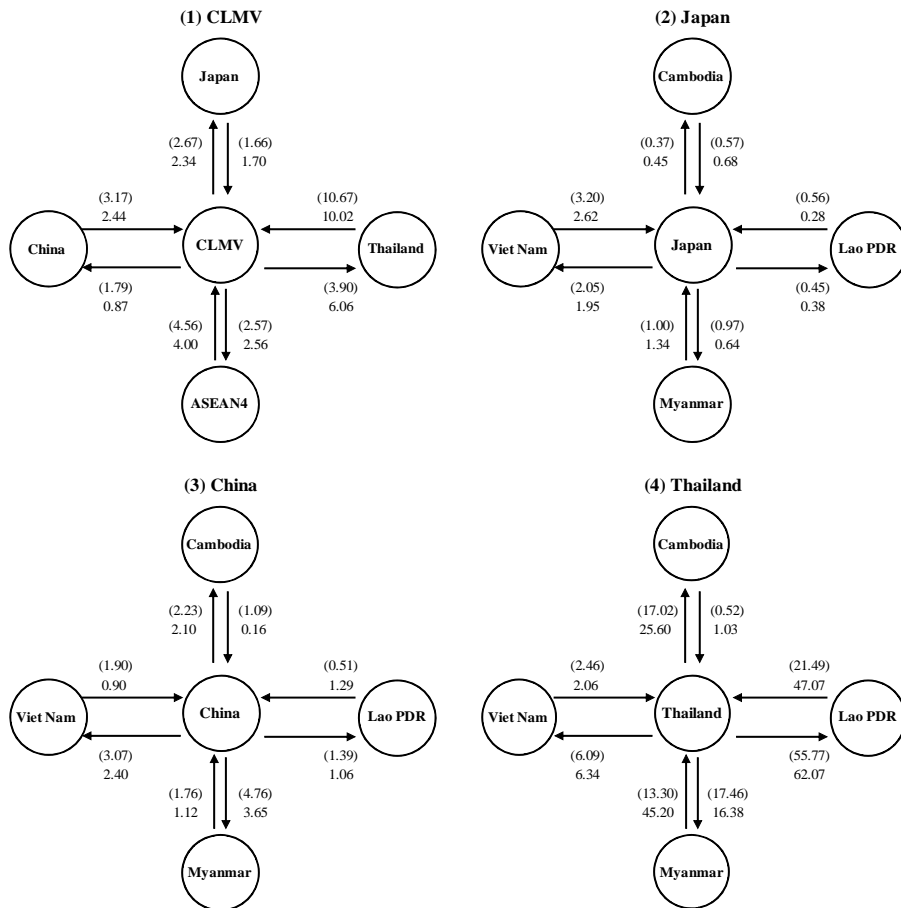
## 5. TRADE INTENSITY

Trade Intensity Indices (Ts) are calculated for China, Japan and Thailand to determine the importance for these countries of trades with CLMV. Trade intensity index for export from country  $i$  to country  $j$  is defined as  $T_{ij} = (X_{ij}/\Sigma_j X_{ij})/(X_{wj}/\Sigma_j X_{wj})$ , where  $X_{ij}$  and  $X_{wj}$  are the values of country  $i$ 's exports and of world exports to country  $j$  and  $\Sigma_j X_{ij}$  and  $\Sigma_j X_{wj}$  are country  $i$ 's total exports and total world exports, respectively. In the case of China's exports to CLMV,  $T_{ij}$  is formulated as (CLMV's share in China's total exports) / (CLMV's share in the world exports). In the same way,  $T_{ij}$  can be calculated based on import values: (CLMV's share in China's total imports) / (CLMV's share in the world imports). A  $T_{ij}$  with more than one indicates country  $j$  is an important trade partner for country  $i$ . Figure 10 presents  $T_{ij}$  for 2000 and 2007 based on export and import values of CLMV, China, Japan and Thailand.

Diagram 1 in Figure 10 has CLMV in its center to signify its importance to China, Japan, Thailand and ASEAN4. All  $T_{ij}$  for 2000 comprise more than one, which shows that CLMV countries are important trade partners of these countries. Products imported

from CLMV have gained in importance in the Thai market, enhancing Tij significantly. For Thailand, relationships with Lao PDR and Myanmar are remarkably important (diagram 4), as seen in Figure 10. As shown in diagram 1, Tij for imports of China from CLMV for 2007 has dropped to less than one, while Tij for Japan has maintained more than one bi-directionally. This does not necessarily reinforce the common notion that China is seeking closer ties with CLMV. Bilateral trade data between China and each of the CLMV countries, and between Japan and CLMV also provide different perceptions. Diagrams 2 and 3 illustrate the importance of CLMV to China as an export market considered bigger than Japan. But Tij for China have dropped, contrary to the general belief that China wants to develop tighter economic relations with neighboring countries again.

**Figure 10. Trade Intensity Index for China, Japan, Thailand and ASEAN4, (2000 and 2007)**



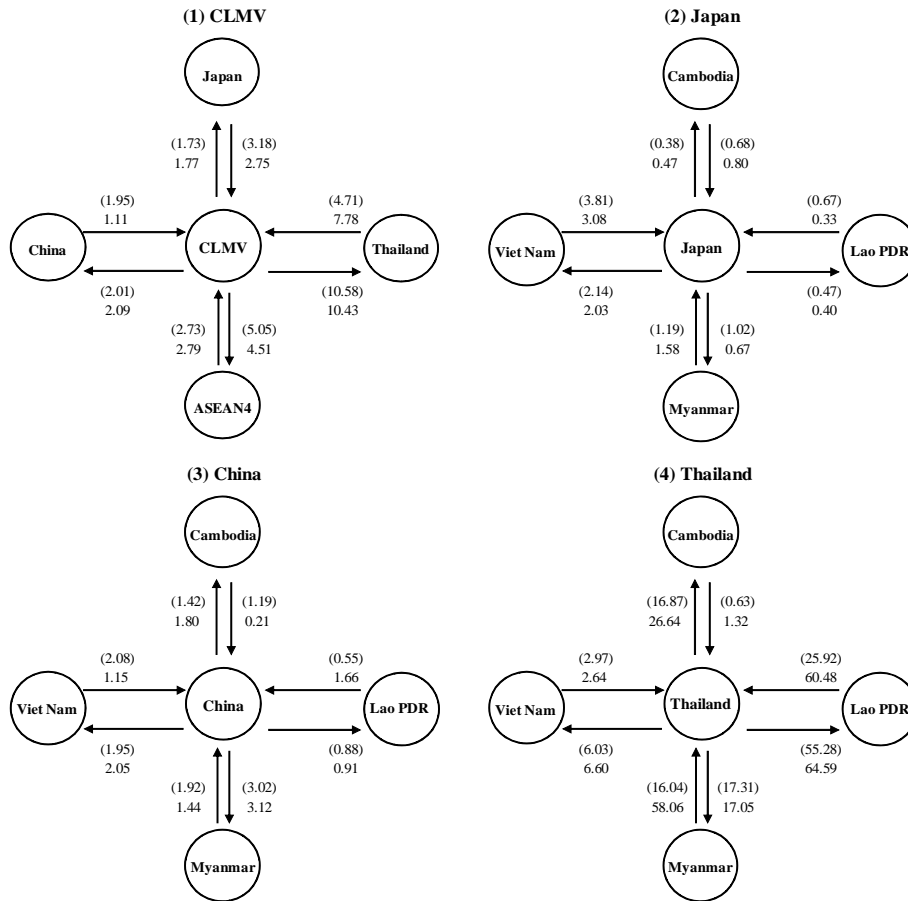
Note: Trade intensity indices for 2000 are figures in the parenthesis.

Source: UN Comtrade.

Diagram 1 in Figure 11 also presents  $T_{ij}$  and provides an overview of the importance of China, Japan, Thailand and ASEAN4 to CLMV. All  $T_{ij}$  for 2000 and 2007 are more than one, indicating Asian countries, particularly Thailand, are important trade partners of CLMV. Among CLMV countries, Lao PDR and Myanmar have established

remarkably strong relationships with Thailand (diagram 4 in Figure 11). As shown in diagram 2, Japan had closer ties with Myanmar and Viet Nam in 2000, but decreased its importance as an import origin for Myanmar in 2007. China is an important trade partner for Myanmar and Viet Nam. But China is not significant as an export market for Cambodia. The intensity of imports from China for Lao PDR is less than one even though the former is the latter's second most important import origin. This may have been spawned by the rapid export growth of China in recent years.

**Figure 11. Trade Intensity Index for CLMV  
(2000 and 2007)**



Source: UN Comtrade.

## 6. SUPPLEMENTAL RELATIONSHIPS AMONG CHINA, JAPAN AND THAILAND IN CLMV

This section provides several indicators that can facilitate an examination of the supplemental relationships between China and Japan in CLMV.

### (1) Intra-Industry Trade (IIT) Index

Intra-industry trade indices can provide implications of the difference in the division of labor in the Mekong River Basin between China, Japan and Thailand. In Table 11 the indices for Viet Nam are more than 0.1, indicating that only Viet Nam might be establishing complementary relationships with these countries in the manufacturing sectors. The rest of the indices are negligible. But the index for IIT between Thailand and Lao PDR is relatively large, signifying that parts of industrial processes in Thailand are fragmented to locate in Lao PDR.

**Table 11. Intra-Industry Trade (Grubel and Lloyd) Index for China's, Japan's and Thailand's Trades with CLMV, 2007**

	Cambodia	Lao PDR	Myanmar	Viet Nam	Thailand
China	0.023	0.009	0.023	0.129	0.331
Japan	0.024	0.014	0.012	0.276	0.369
Thailand	0.016	0.086	0.012	0.141	

*Note:*  $1 - \frac{\sum(\text{Export} - \text{Import})}{\sum(\text{Export} + \text{Import})}$ . SITC Rev. 3 at the three-digit level.

*Source:* UN Comtrade.

## (2) Rank Correlation Coefficients

Kendall's rank correlation coefficients are computed from values of exports to CLMV to examine competitive relationships among China, Japan and Thailand. If a correlation coefficient for a pair of countries is positively significant, these two countries have a similar composition of export products. Correlation coefficients for their exports to the world are available as a benchmark to consider whether they are competitive: if a correlation coefficient for exports from a pair of countries to CLMV is higher than that for export to the world, they are competitive in CLMV. As shown in Table 12, all of the correlation coefficients are positively significant. But only the correlation coefficient between China's and Japan's exports to Viet Nam (0.4690) is larger than the coefficient between the two countries' exports to the world (0.4339). It can be said that China, Japan and Thailand are not as competitive as they are in the world market, while the competition between China and Thailand is relatively tough.

**Table 12. Kendall's Rank Correlation Coefficients of Export Values from China, Japan and Thailand to CLMV, 2007**

	Cambodia		Lao PDR		Myanmar		Viet Nam		World	
	China	Japan	China	Japan	China	Japan	China	Japan	China	Japan
Japan	0.1611*		0.2783*		0.2725*		0.4690*		0.4339*	
Thailand	0.3593*	0.2058*	0.4211*	0.3113*	0.2842*	0.2248*	0.3871*	0.3846*	0.4781*	0.4152*

*Note:* \* significant at 5 per cent. SITC Rev. 3 at the 3 digit level.

*Source:* UN Comtrade.

### (3) Product Specialization

Figures in Table 13 are the number and value of articles exported to CLMV by one of the paired countries. For example, Japan exported 255 articles to the world and 107 items to Cambodia, according to SITC Rev. 3 at the three-digit level. Of the 255 articles, only one article is exported by Japan and not by China. Among 107 articles exported from Japan to Cambodia, six articles (5.6 per cent of 107 articles) are exported by Japan and not by China. The same calculation was made for export values. The six products exported by Japan but not by China are worth US\$6 million, making up 5.4 per cent of the total export values. This means that 94.6 per cent of the exports from Japan to Cambodia are counted as intra-industry trade, based on the definition of intra-industry trade index used above. The same figures for exports to the world are also presented as a benchmark to consider whether these three countries focus on specific products.

**Table 13. Articles Exported to CLMV by One of the Pair of Countries, 2007**

(1) Japan: China

	Japan's Exports to CLMV						China's Exports to CLMV					
	No. of Articles			Value (US\$ million)			No. of Articles			Value (US\$ million)		
	Only Japan	Total	Percent	Only Japan	Total	Percent	Only China	Total	Percent	Only China	Total	Percent
Cambodia	6	107	5.6	6	111	5.4	84	185	45.4	94	883	10.7
Lao PDR	9	81	11.1	3	38	8.1	85	157	54.1	45	178	25.4
Myanmar	8	135	5.9	3	175	1.5	84	211	39.8	215	1,700	12.7
Viet Nam	8	228	3.5	243	5,667	4.3	20	240	8.3	277	11,891	2.3
World	1	255	0.4	35,600	714,272	5.0	5	259	1.9	3,059	1,217,769	0.3

(2) Japan: Thailand

	Japan's Exports to CLMV						Thailand's Exports to CLMV					
	No. of Articles			Value (US\$ million)			No. of Articles			Value (US\$ million)		
	Only Japan	Total	Percent	Only Japan	Total	Percent	Only Thai	Total	Percent	Only Thai	Total	Percent
Cambodia	8	107	7.5	7	111	6.2	115	214	53.7	624	1,357	46.0
Lao PDR	3	81	3.7	0	38	1.1	164	242	67.8	758	1,314	57.7
Myanmar	7	135	5.2	3	175	1.7	89	217	41.0	253	962	26.3
Viet Nam	15	228	6.6	309	5,667	5.5	22	235	9.4	134	3,960	3.4
World	3	255	1.2	35,865	714,272	5.0	5	257	1.9	1,063	153,568	0.7

(3) Thailand: China

	Thailand's Exports to CLMV						China's Exports to CLMV					
	No. of Articles			Value (US\$ million)			No. of Articles			Value (US\$ million)		
	Only Thai	Total	Percent	Only Thai	Total	Percent	Only China	Total	Percent	Only China	Total	Percent
Cambodia	44	214	20.6	69	1,357	5.1	15	185	8.1	7	883	0.8
Lao PDR	91	242	37.6	213	1,314	16.2	6	157	3.8	16	178	9.3
Myanmar	22	217	10.1	44	962	4.5	16	211	7.6	19	1,700	1.1
Viet Nam	14	235	6.0	23	3,960	0.6	19	240	7.9	479	11,891	4.0
World	3	257	1.2	1,063	153,568	0.7	5	259	1.9	6,132	1,217,768	0.5

Note: Tables A2 in the Annex present differences in unit price too.

Source: UN Comtrade.

It is obvious from the articles that all three countries specialize in specific products in the CLMV market. More than 40 per cent of China's and Thailand's articles exported to Cambodia, Lao PDR, and Myanmar were not exported from Japan to these countries. The same discussion is applicable to export values, although the degree of specialization for China and Thailand, measured in terms of relationship with Japan, is more moderate.

In summary, it can be said that these three countries are competitive in Viet Nam, or they tend to develop product differentiation in the Vietnamese market. If China's export items are compared with those of Thailand, China is not less specialized and faces competition with Thailand.

## **7. CONCLUSION**

China's statistics do not provide detailed information on the real situation of Chinese FDI, because about half of them flood into Hong Kong. Nevertheless, available statistics provide sufficient information to support general perceptions on China's increasing presence in the Mekong River Basin.

China also has become one of the most important trade partners of CLMV. The trade relationships between China and CLMV are vertical: China exports manufacturing products and imports natural resource-based products. This is particularly true of trades with CLM. China accelerates export drives and posts trade surpluses with these countries. Trade balances can change according to China's FDI strategies and their outcomes. It is often said that China invests in primary sectors. Some investments, like rubber plantations in Lao PDR, will be cultivated several years later to increase exports from Lao PDR to China. Although these types of FDI will be able to improve the trade balance between the Mekong River Basin countries and China, they do not necessarily increase value added created within CLMV and promote industrial development in these countries. In addition, there are concerns about ecologically sustainable development spreading along the Mekong River.

A perception on Japan's involvement in the development of the Mekong River Basin that is spreading widely among the Japanese is that Japan is losing its presence in CLMV, as it faces competition with China and Thailand. In reality, Japan has established close ties with CLMV in terms of the flow of goods and investments. But Viet Nam has drawn intense focus on itself recently. Public assistance can be utilized to balance the relationships with CLM.

There are positive impacts of the economic relations with Japan on CLMV's economic development. Japan provides developing countries with a potential big market of natural resource-based and/or labor-intensive manufacturing products. The Mekong River Basin region enjoys trade surpluses with Japan, which contribute to the economic growth of these countries directly and in the short run. Japan imports more manufacturing products than China if an international comparison on the composition of imported products is made between China, Japan and Thailand. On the other hand, Japan's main export articles are manufacturing products. A significant portion of Japanese FDIs is composed of the manufacturing sector. Although further detailed study is indispensable, this may reflect an international division of labor being developed by Japanese companies. As ASEAN4 are also important trade partners for CLMV and Japanese companies have established dense production networks within ASEAN including Thailand, entering into Japanese fragmented production processes is one of the important industrial development strategies for CLMV, particularly for CLM whose export articles are so similar to one another that these countries need to differentiate their export products in accordance with their comparative advantages. Japan's official

development assistance (ODA) can be utilized.

What should be noted is the growing importance of South-South economic relations in the region. Thailand is in an overwhelmingly important position in intra-regional trades with Lao PDR and Myanmar. FDIs from Thailand and Viet Nam are also very significant. In addition, competitions between China and Japan tend to attract attention. But Thailand is also competing with China and Japan is finding her niche to establish supplemental relations with China and Thailand in the emerging integrated ASEAN area. When development issues for CLMV are discussed, these aspects should be taken into consideration. Further research on these matters is necessary.

## Annex: International Trades Statistics

**Table A1. China's 10 Most Important Trade Articles with CLMV, 2007**

Partner	Exports				Imports			
	Commodity Code	Commodity Description	US\$ million	% of Total	Commodity Code	Commodity Description	US\$ million	% of Total
Cambodia	S3-655	KNIT.CROCHET.FABRIC NES	252.1	28.6	S3-247	WOOD ROUGH,ROUGH SQUARED	16.1	31.6
	S3-652	COTTON FABRICS, WOVEN	138.3	15.7	S3-231	NATURAL RUBBER, ETC.	11.0	21.6
	S3-653	FABRICS,MAN-MADE FIBRES	62.2	7.0	S3-248	WOOD, SIMPLY WORKED	7.9	15.5
	S3-764	TELECOMM.EQUIP.PARTS NES	50.4	5.7	S3-651	TEXTILE YARN	4.4	8.5
	S3-793	SHIP,BOAT,FLOAT.STRUCTRS	27.4	3.1	S3-845	OTHR.TEXTILE APPAREL,NES	2.4	4.6
	S3-662	CLAY,REFRCT.CONSTR.MATRI	23.8	2.7	S3-551	ESSNTL.OIL,PERFUME,FLAVR	1.9	3.6
	S3-651	TEXTILE YARN	21.9	2.5	S3-269	WORN CLOTHING,TEXTL.ARTL	1.4	2.6
	S3-845	OTHR.TEXTILE APPAREL,NES	21.6	2.4	S3-001	LIVE ANIMALS	1.0	2.0
	S3-713	INTRNL COMBUS PSTN ENGIN	15.6	1.8	S3-034	FISH,FRESH,CHILLED,FROZN	0.8	1.6
S3-724	TEXTILE,LEATHER MACHINES	14.0	1.6	S3-843	MENS,BOYS CLOTHING,KNIT	0.8	1.5	
			71.0				93.2	
Lao PDR	S3-785	CYCLES,MOTORCYCLES ETC.	22.6	12.7	S3-247	WOOD ROUGH,ROUGH SQUARED	23.3	27.2
	S3-713	INTRNL COMBUS PSTN ENGIN	15.7	8.8	S3-682	COPPER	17.7	20.6
	S3-764	TELECOMM.EQUIP.PARTS NES	15.0	8.4	S3-231	NATURAL RUBBER, ETC.	13.0	15.2
	S3-774	ELECTRO-MEDCL,XRAY EQUIF	14.7	8.3	S3-248	WOOD, SIMPLY WORKED	9.6	11.1
	S3-792	AIRCRAFT,ASSOCTD.EQUIPNT	14.5	8.2	S3-283	COPPER ORES,CONCENTRATES	4.9	5.7
	S3-931	SPEC.TRANSACT.NOT CLASSD	13.8	7.8	S3-287	ORE,CONCENTR.BASE METALS	3.1	3.6
	S3-723	CIVIL ENGINEERING EQUIPT	7.2	4.1	S3-551	ESSNTL.OIL,PERFUME,FLAVR	2.7	3.1
	S3-718	OTH.POWR.GENRTNG.MACHNI	6.3	3.5	S3-054	VEGETABLES	2.3	2.7
	S3-782	GOODS,SPCL TRANSPORT VEH	6.2	3.5	S3-044	MAIZE UNMILLED	2.1	2.4
S3-676	IRON,STL.BAR,SHAPES ETC.	4.6	2.6	S3-001	LIVE ANIMALS	1.3	1.5	
			67.8				93.2	
Myanmar	S3-676	IRON,STL.BAR,SHAPES ETC.	112.3	6.6	S3-247	WOOD ROUGH,ROUGH SQUARED	141.0	37.3
	S3-653	FABRICS,MAN-MADE FIBRES	102.3	6.0	S3-248	WOOD, SIMPLY WORKED	48.2	12.7
	S3-785	CYCLES,MOTORCYCLES ETC.	89.5	5.3	S3-231	NATURAL RUBBER, ETC.	26.2	6.9
	S3-713	INTRNL COMBUS PSTN ENGIN	65.7	3.9	S3-281	IRON ORE, CONCENTRATES	21.4	5.7
	S3-652	COTTON FABRICS, WOVEN	51.5	3.0	S3-054	VEGETABLES	19.5	5.1
	S3-334	PETROLEUM PRODUCTS	48.9	2.9	S3-222	OILSEED(SFT.FIX VEG.OIL)	17.5	4.6
	S3-764	TELECOMM.EQUIP.PARTS NES	46.8	2.8	S3-287	ORE,CONCENTR.BASE METALS	17.0	4.5
	S3-679	TUBES,PIPES,ETC.IRON,STL	45.8	2.7	S3-667	PEARLS,PRECIOUS STONES	12.4	3.3
	S3-335	RESIDUAL PETROL.PRODUCTS	44.9	2.6	S3-034	FISH,FRESH,CHILLED,FROZN	10.9	2.9
S3-514	NITROGEN-FUNCT.COMPOUNI	40.0	2.4	S3-764	TELECOMM.EQUIP.PARTS NES	9.8	2.6	
			38.1				85.6	
Viet Nam	S3-673	FLAT-ROLLED IRON ETC.	#####	9.9	S3-321	COAL,NOT AGGLOMERATED	930.8	28.9
	S3-764	TELECOMM.EQUIP.PARTS NES	675.9	5.7	S3-333	PETROLEUM OILS, CRUDE	254.8	7.9
	S3-334	PETROLEUM PRODUCTS	485.6	4.1	S3-054	VEGETABLES	180.1	5.6
	S3-672	INGOTS ETC.IRON OR STEEL	452.6	3.8	S3-231	NATURAL RUBBER, ETC.	164.8	5.1
	S3-653	FABRICS,MAN-MADE FIBRES	416.9	3.5	S3-247	WOOD ROUGH,ROUGH SQUARED	130.3	4.0
	S3-652	COTTON FABRICS, WOVEN	389.7	3.3	S3-287	ORE,CONCENTR.BASE METALS	115.7	3.6
	S3-676	IRON,STL.BAR,SHAPES ETC.	386.9	3.3	S3-057	FRUIT,NUTS EXCL.OIL NUTS	112.1	3.5
	S3-562	FERTILIZER,EXCEPT GRP272	381.0	3.2	S3-851	FOOTWEAR	92.7	2.9
	S3-655	KNIT.CROCHET.FABRIC NES	342.7	2.9	S3-246	WOOD IN CHIPS, PARTICLES	89.9	2.8
S3-782	GOODS,SPCL TRANSPORT VEH	274.2	2.3	S3-621	MATERIALS OF RUBBER	89.5	2.8	
			41.9				67.0	

Source: UN Comtrade.

**Table A2. Japan's 10 Most Important Trade Articles with CLMV, 2007**

Partner	Exports				Imports			
	Commodity Code	Commodity Description	US\$ million	% of Total	Commodity Code	Commodity Description	US\$ million	% of Total
Cambodia	S3-785	CYCLES,MOTORCYCLES ETC.	20.7	18.7	S3-851	FOOTWEAR	121.2	87.2
	S3-724	TEXTILE,LEATHER MACHINES	19.1	17.2	S3-845	OTHR.TEXTILE APPAREL,NES	8.4	6.0
	S3-793	SHIP,BOAT,FLOAT.STRUCTRS	18.1	16.3	S3-931	SPEC.TRANSACT.NOT CLASSD	2.7	1.9
	S3-723	CIVIL ENGINEERING EQUIPT	6.9	6.2	S3-841	MENS,BOYS CLOTHNG,X-KNIT	2.4	1.7
	S3-713	INTRNL COMBUS PSTN ENGIN	3.6	3.3	S3-843	MENS,BOYS CLOTHING,KNIT	1.6	1.1
	S3-894	BABY CARRIAGE,TOYS,GAME	3.5	3.2	S3-844	WOMEN,GIRLS CLOTHNG,KNIT	1.3	1.0
	S3-931	SPEC.TRANSACT.NOT CLASSD	3.1	2.8	S3-842	WOMEN,GIRL CLOTHNG,XKNIT	0.9	0.7
	S3-781	PASS.MOTOR VEHCLS.EX.BUS	2.9	2.6	S3-896	WORKS OF ART,ANTIQUE ETC	0.1	0.1
	S3-784	PARTS,TRACTORS,MOTOR VEH	2.1	1.9	S3-048	CEREAL PREPARATIONS	0.1	0.1
S3-686	ZINC	2.0	1.8	S3-793	SHIP,BOAT,FLOAT.STRUCTRS	0.1	0.0	
			73.9				99.8	
Lao PDR	S3-781	PASS.MOTOR VEHCLS.EX.BUS	12.0	31.9	S3-248	WOOD, SIMPLY WORKED	5.1	42.5
	S3-782	GOODS.SPCL TRANSPORT VEH	4.7	12.4	S3-851	FOOTWEAR	1.7	14.2
	S3-723	CIVIL ENGINEERING EQUIPT	4.0	10.7	S3-841	MENS,BOYS CLOTHNG,X-KNIT	1.2	10.3
	S3-783	ROAD MOTOR VEHICLES NES	3.2	8.5	S3-245	FUEL WOOD, WOOD CHARCOAL	0.7	5.4
	S3-042	RICE	2.0	5.2	S3-931	SPEC.TRANSACT.NOT CLASSD	0.6	4.6
	S3-691	METALLIC STRUCTURES NES	1.5	4.0	S3-635	WOOD MANUFACTURES, NES	0.5	4.5
	S3-778	ELECTRIC.MACH.APPART.NES	1.4	3.6	S3-846	CLOTHING ACCESSRS,FABRIC	0.5	4.2
	S3-679	TUBES,PIPES,ETC.IRON,STL	0.8	2.1	S3-247	WOOD ROUGH,ROUGH SQUARED	0.4	3.0
	S3-743	PUMPS NES,CENTRIFUGS ETC	0.7	1.9	S3-071	COFFEE,COFFEE SUBSTITUTE	0.3	2.3
S3-747	TAPS,COCKS,VALVES,ETC.	0.7	1.8	S3-821	FURNITURE,CUSHIONS,ETC.	0.2	2.0	
			82.1				93.0	
Myanmar	S3-782	GOODS.SPCL TRANSPORT VEH	49.0	28.0	S3-841	MENS,BOYS CLOTHNG,X-KNIT	76.4	25.9
	S3-723	CIVIL ENGINEERING EQUIPT	35.3	20.1	S3-036	CRUSTACEANS,MOLLUSCS ETC	64.0	21.7
	S3-653	FABRICS,MAN-MADE FIBRES	11.7	6.7	S3-851	FOOTWEAR	49.1	16.6
	S3-781	PASS.MOTOR VEHCLS.EX.BUS	9.6	5.5	S3-222	OILSEED(SFT.FIX VEG.OIL)	25.9	8.8
	S3-783	ROAD MOTOR VEHICLES NES	7.4	4.2	S3-667	PEARLS,PRECIOUS STONES	12.1	4.1
	S3-575	OTH.PLASTIC,PRIMARY FORM	5.6	3.2	S3-245	FUEL WOOD, WOOD CHARCOAL	10.5	3.6
	S3-713	INTRNL COMBUS PSTN ENGIN	4.7	2.7	S3-845	OTHR.TEXTILE APPAREL,NES	10.3	3.5
	S3-784	PARTS,TRACTORS,MOTOR VEH	3.6	2.0	S3-054	VEGETABLES	8.7	2.9
	S3-899	MISC MANUFCTRD GOODS NES	2.5	1.4	S3-842	WOMEN,GIRL CLOTHNG,XKNIT	8.3	2.8
S3-716	ROTATING ELECTRIC PLANT	2.0	1.2	S3-034	FISH,FRESH,CHILLED,FROZN	5.7	1.9	
			75.0				91.9	
Viet Nam	S3-673	FLAT-ROLLED IRON ETC.	356.6	6.3	S3-333	PETROLEUM OILS, CRUDE	962.8	15.7
	S3-772	ELEC.SWITCH.RELAY.CIRCUT	303.7	5.4	S3-773	ELECTR DISTRIBT.EQPT NES	720.1	11.8
	S3-728	OTH.MACH,PTS,SPCL INDUST	229.8	4.1	S3-036	CRUSTACEANS,MOLLUSCS ETC	459.5	7.5
	S3-931	SPEC.TRANSACT.NOT CLASSD	219.3	3.9	S3-821	FURNITURE,CUSHIONS,ETC.	282.3	4.6
	S3-723	CIVIL ENGINEERING EQUIPT	199.9	3.5	S3-845	OTHR.TEXTILE APPAREL,NES	241.8	3.9
	S3-759	PARTS,FOR OFFICE MACHINS	181.1	3.2	S3-841	MENS,BOYS CLOTHNG,X-KNIT	222.6	3.6
	S3-776	TRANSISTORS,VALVES,ETC.	172.0	3.0	S3-321	COAL,NOT AGGLOMERATED	184.8	3.0
	S3-773	ELECTR DISTRIBT.EQPT NES	161.9	2.9	S3-851	FOOTWEAR	170.1	2.8
	S3-764	TELECOMM.EQUIP.PARTS NES	153.0	2.7	S3-772	ELEC.SWITCH.RELAY.CIRCUT	169.4	2.8
S3-782	GOODS.SPCL TRANSPORT VEH	123.0	2.2	S3-037	FISH ETC.PRPD,PRSVD.NES	167.7	2.7	
			37.1				58.5	

Source: UN Comtrade.

**Table A3. Thailand's 10 Most Important Trade Articles with CLMV, 2007**

Partner	Exports				Imports			
	Commodity Code	Commodity Description	US\$ million	% of Total	Commodity Code	Commodity Description	US\$ million	% of Total
Cambodia	S3-334	PETROLEUM PRODUCTS	233.9	17.2	S3-282	FERROUS WASTE AND SCRAP	9.6	19.7
	S3-661	LIME,CEMENT,CONSTR.MATRI	91.9	6.8	S3-044	MAIZE UNMILLED	7.5	15.4
	S3-785	CYCLES,MOTORCYCLES ETC.	84.9	6.3	S3-222	OILSEED(SFT.FIX VEG.OIL)	7.0	14.3
	S3-061	SUGARS,MOLASSES,HONEY	59.7	4.4	S3-269	WORN CLOTHING,TEXTL.ARTL	5.5	11.3
	S3-713	INTRNL COMBUS PSTN ENGIN	46.4	3.4	S3-288	NON-FERROUS WASTE,SCRAP	5.1	10.5
	S3-112	ALCOHOLIC BEVERAGES	42.7	3.1	S3-251	PULP AND WASTE PAPER	2.5	5.1
	S3-625	RUBBER TYRES,TUBES,ETC.	37.0	2.7	S3-782	GOODS,SPCL TRANSPORT VEH	0.9	1.9
	S3-098	EDIBLE PROD.PREPRTNS,NES	31.4	2.3	S3-841	MENS,BOYS CLOTHNG,X-KNIT	0.9	1.8
	S3-111	NON-ALCOHOL.BEVERAGE,NE	30.8	2.3	S3-722	TRACTORS	0.9	1.8
	S3-344	PETROLEUM GASES, NES	30.2	2.2	S3-054	VEGETABLES	0.8	1.6
			50.8				83.4	
Lao PDR	S3-334	PETROLEUM PRODUCTS	295.0	22.5	S3-682	COPPER	282.6	60.1
	S3-781	PASS.MOTOR VEHCLS.EX.BUS	93.6	7.1	S3-351	ELECTRIC CURRENT	76.1	16.2
	S3-723	CIVIL ENGINEERING EQUIPT	45.5	3.5	S3-248	WOOD, SIMPLY WORKED	55.7	11.9
	S3-676	IRON,STL.BAR,SHAPES ETC.	44.4	3.4	S3-321	COAL,NOT AGGLOMERATED	6.6	1.4
	S3-351	ELECTRIC CURRENT	42.9	3.3	S3-044	MAIZE UNMILLED	6.6	1.4
	S3-782	GOODS,SPCL TRANSPORT VEH	38.0	2.9	S3-773	ELECTR DISTRIBT.EQPT NES	5.3	1.1
	S3-661	LIME,CEMENT,CONSTR.MATRI	35.8	2.7	S3-771	ELECT POWER MACHNY.PARTS	3.9	0.8
	S3-655	KNIT.CROCHET.FABRIC NES	35.1	2.7	S3-782	GOODS,SPCL TRANSPORT VEH	3.5	0.8
	S3-111	NON-ALCOHOL.BEVERAGE,NE	28.8	2.2	S3-287	ORE,CONCENTR.BASE METALS	3.0	0.6
	S3-775	DOM.ELEC,NON-ELEC.EQUIPT	27.0	2.1	S3-931	SPEC.TRANSACT.NOT CLASSD	2.8	0.6
			52.2				94.9	
Myanmar	S3-334	PETROLEUM PRODUCTS	147.7	15.3	S3-343	NATURAL GAS	#####	89.9
	S3-098	EDIBLE PROD.PREPRTNS,NES	42.3	4.4	S3-247	WOOD ROUGH,ROUGH SQUARED	61.0	2.7
	S3-778	ELECTRIC.MACH.APPART.NES	33.4	3.5	S3-034	FISH,FRESH,CHILLED,FROZN	32.4	1.4
	S3-422	FIXED VEG.FAT,OILS,OTHER	28.9	3.0	S3-682	COPPER	30.0	1.3
	S3-661	LIME,CEMENT,CONSTR.MATRI	28.6	3.0	S3-333	PETROLEUM OILS, CRUDE	25.5	1.1
	S3-111	NON-ALCOHOL.BEVERAGE,NE	28.5	3.0	S3-036	CRUSTACEANS,MOLLUSCS ETC	13.8	0.6
	S3-625	RUBBER TYRES,TUBES,ETC.	26.7	2.8	S3-248	WOOD, SIMPLY WORKED	12.8	0.6
	S3-785	CYCLES,MOTORCYCLES ETC.	24.5	2.5	S3-054	VEGETABLES	5.7	0.2
	S3-575	OTH.PLASTIC,PRIMARY FORM	23.2	2.4	S3-321	COAL,NOT AGGLOMERATED	5.0	0.2
	S3-542	MEDICAMENTS	21.3	2.2	S3-287	ORE,CONCENTR.BASE METALS	4.8	0.2
			42.1				98.2	
Viet Nam	S3-334	PETROLEUM PRODUCTS	478.7	12.1	S3-759	PARTS,FOR OFFICE MACHINS	283.7	25.5
	S3-673	FLAT-ROLLED IRON ETC.	179.1	4.5	S3-333	PETROLEUM OILS, CRUDE	264.3	23.7
	S3-571	POLYMERS OF ETHYLENE	139.8	3.5	S3-874	MEASURE,CONTROL INSTRMNT	45.1	4.1
	S3-713	INTRNL COMBUS PSTN ENGIN	128.7	3.3	S3-772	ELEC.SWITCH.RELAY.CIRCUT	38.0	3.4
	S3-775	DOM.ELEC,NON-ELEC.EQUIPT	116.1	2.9	S3-651	TEXTILE YARN	37.7	3.4
	S3-785	CYCLES,MOTORCYCLES ETC.	114.7	2.9	S3-716	ROTATING ELECTRIC PLANT	34.0	3.1
	S3-661	LIME,CEMENT,CONSTR.MATRI	107.6	2.7	S3-321	COAL,NOT AGGLOMERATED	26.2	2.4
	S3-672	INGOTS ETC.IRON OR STEEL	100.3	2.5	S3-034	FISH,FRESH,CHILLED,FROZN	25.5	2.3
	S3-741	HEATNG,COOLNG EQUIP,PART	93.0	2.3	S3-785	CYCLES,MOTORCYCLES ETC.	23.8	2.1
	S3-784	PARTS,TRACTORS,MOTOR VEH	83.2	2.1	S3-514	NITROGEN-FUNCT.COMPOUNDS	19.2	1.7
			38.9				71.6	

Source: UN Comtrade.