

Policy Dialogue on Economic and Transport Development in Border Areas in
Eastern South Asia
Shillong, India, 4-5 December 2013



Experience of Cambodia, Lao PDR, Thailand and Viet Nam in realizing cross-border opportunities

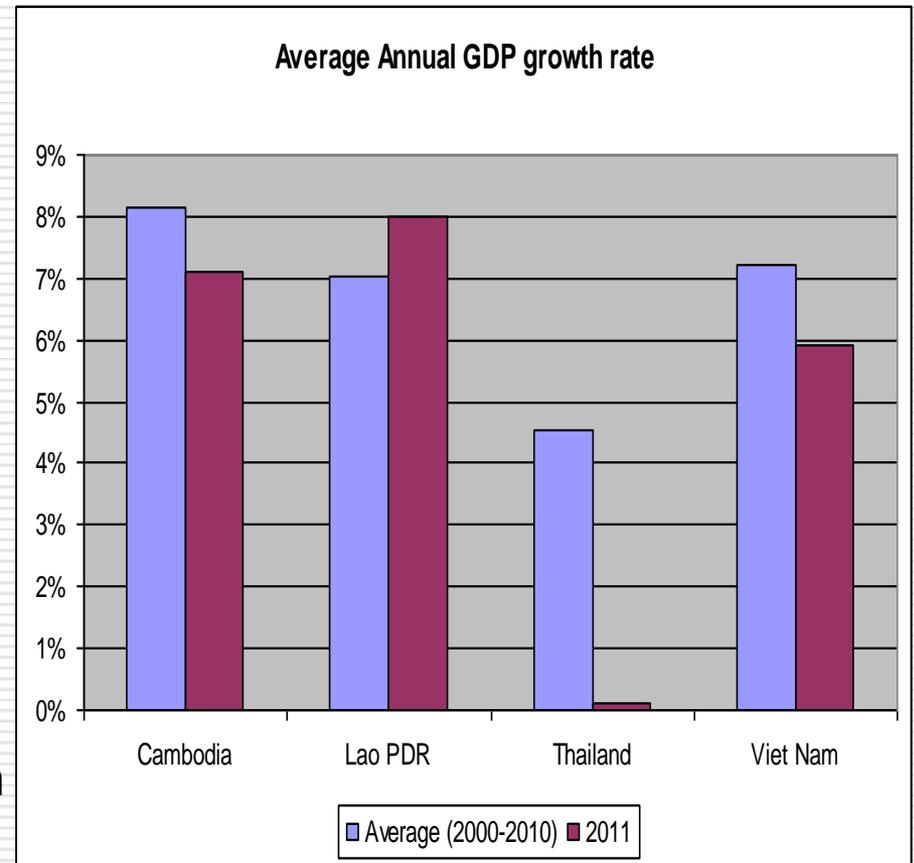
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Background to CLTV

- Good economic opportunities: Growing economies, and close proximity to large economies of China, Malaysia and Indonesia.
- However, at very different stages of development: Thailand significantly more developed, Cambodia and Lao PDR LDCs
- Great differences also within countries: border areas vs economic hubs
- Historically, neighbouring countries have been treated with suspicion
 - More open economies strategic decision.



Source: United Nations Statistics Division, NAMAD

Border Areas in CLTV

- Economically less developed with significant proportion of population in subsistence or small-scale farming
 - Land ownership may be low
 - Unskilled labour force
 - Many border areas inhabited by ethnic minorities

- Poor infrastructure and connectivity
 - Transport linkages limited, particularly off main routes
 - Limited public services, including schools and health care
 - Limited commercial infrastructure such as banks

- Small local markets – limited potential for exploitation of economies of scale
 - More employment opportunities and lower cost of consumer goods through cross-border activities
 - Local population may have access to close-by towns in neighbouring country

- Significant flows of informal trade through temporary or informal border crossings
 - Difficult to influence through policy



Border Trade Characteristics

Informal

Large number of small/petty traders, using small amounts of capital

Low volume/value products

Independent actors (or subordinate traders) working for larger traders

Small payments necessary at borders

Importance of personalized relationships (between traders or between traders and customers)

Formal

Recorded and requiring paperwork/appropriate documentation and processing

Dominated by smaller number of larger traders

Providing multiple services: transport, clearing, storage, forwarding, etc.

Still often contain informal component

Relationships with border trade officials may be important (lobbying power)

Economic and Trade Policy Tools in CLTV

- ❑ Development of **market clusters** for export goods with neighbouring countries
- ❑ Sub-regional **trade and cooperation agreements** and organizations (e.g. GMS, ASEAN, APEC, BIMSTEC)
- ❑ Membership in **international trade organizations** (e.g. WTO)
- ❑ **Economic corridors** with enhanced infrastructure development and facilitation measures
- ❑ **Bilateral investment and trade incentives** to trading partners
- ❑ **Special economic zones** with greater autonomy, preferential investment policies, facilitated movement of goods and people, and fiscal incentives

Special (Border) Economic Zones

- ❑ **Land leasing** incentives: reduced land leasing fees
- ❑ **Fiscal incentives**: reduced or exemption to enterprises within the SEZ from business tax, profit tax, VAT and similar
- ❑ **Preferential treatment of export and import** for goods necessary for production
- ❑ Reduced or eliminated **export duties** when originating from inside the SEZ
- ❑ **Investment incentives**: e.g. streamlined processes for state approval
- ❑ **Migration policies**: local people can cross the border without visa or with local identity cards only

Incentives can be **continuous or for valid for an initial period** after which they are reduced or removed

Case study: Cambodia

- Thailand: one of main trading partners, trade volume roughly double compared to Viet Nam
- Main exports: agricultural produce and fish products, and garments to Thailand. Main imports: fuels, raw materials, processed foods, plastics.
- Majority (75-80%) of trade formal
- Large number of small traders exist, but clearing of exports cartelized with small number of clearing agents
 - Can control entry through close relationship with border agencies
- High involvement of local population by Thai border in border economic activities
 - Fabric imported from border areas of Thailand, and made into garments at the border areas of Cambodia after which exported again to Thailand
 - Production informal in character (small family businesses) and dependent on Thai demand
 - Clear welfare impact from cross-border trade in form of employment, inputs to production and consumer goods
- Trade with Viet Nam significantly in favour of Viet Nam
 - Limited impact on the welfare of local communities
 - Benefit of access to lower price consumer goods
 - Gainers mainly those with higher income and means to participate in trading

Case Study: Lao PDR

- Government development strategy move from “landlocked” to “landlinked”
 - Through more open trade policies, promotion of one-stop services at border points, abolishing import/export licenses etc.
- Border Trading Commercial Zones (BTZ) set up to attract FDI and promote commercial production of exports
 - Dansavanh (border with Viet Nam)
 - Boten (border with Yunnan, China)
- In particular in Dansavanh success of BTZ has been limited
 - Poor infrastructure of the border area
 - Limited human capacity in management and business to fully benefit from opportunities
 - Trade significantly in favour of Viet Nam with limited exports
 - Limited incomes and access to credit restrict participation in border trade
- By contrast, Bokeo province of Lao PDR benefits significantly from border trade with Thailand without BTZ
 - Border shared with well-developed town of Chiang Kong of Thailand, offering more trading and production opportunities

预览已结束，完整报告链接和二维码如下：

https://www.yunbaogao.cn/report/index/report?reportId=5_6010

