

Development of Border Economic Zones in Thailand: Expansion of Border Trade and Formation of Border Economic Zones

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Abstract

In the wake of economic globalization and development in Thailand, movement of people and commodities at the Thai borders is also becoming pronounced. Economic interdependence between Thailand and neighboring countries is growing through border customhouses. As a policy, Thailand is trying to stimulate trade and investment with neighboring countries following the ACMECS (Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy) scheme. In this report, first, movement of people and goods at the borders will be examined. Second, clarification of where and how development is proceeding will be presented. Last, this study will attempt to review the perspectives of policies on neighboring countries after Thaksin.

Keywords: migrant worker, border trade, border economic zone, ACMECS, contract farming, CBTA (Cross Border Transport Agreement), economic corridor

JEL classification: O53, R11.

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1 Introduction

Since Thailand borders on Myanmar, Laos, Cambodia, and Malaysia, historically it has been involved in many border conflicts and issues. Since the late 1980s, Thailand has had a policy to develop region-wide, in cooperation with those neighboring countries that are in compliance with the movement towards openness and introduction of market economies in Indochina.

Especially since the Thaksin Shinawatra Administration, Thailand has been elaborating its movement to develop the border areas, which are poor and conflict-ridden, far into border economic zones, which are to be composed along economic corridors based on the agreement on the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS). Meanwhile in southern Thailand which borders on Malaysia, Thailand cannot foresee a solution to the social unrest caused by Islamic insurgents. The former Surayud interim government started groping for a means to convert the conflicting region to a peaceful one by promoting development there in cooperation with Malaysia.

In the wake of economic globalization and economic development in Thailand, there is an increased amount of comings and goings in the Thai border areas. In particular, many migrant workers from neighboring countries are flowing in. In terms of goods, the economic interdependence between Thailand and its neighboring countries is growing stronger because most of the trade with each neighboring country is trade through border customhouses, or so-called border trade. At the same time, Thailand is trying to stimulate investment in neighboring countries and making it a policy to utilize the raw materials and labor of neighboring countries in the vicinities of borders, in particular by developing border economic zones.

In this report first of all, movement of peoples and goods in the vicinities of borders will be examined, focusing on migrant workers from neighboring countries and border

trade. In this case, it should be clarified in which customhouses of which areas the border trades are actually carried out. Second, an examination will be made of where and how development of border economic zones is proceeding, after clarifying the basic strategies of ACMECS which is currently underway. Last, the study will consider perspectives and the direction of policies on border economic development under the Samak Sundaravej Administration which was established in February 2008, followed by an examination of how policies toward neighboring countries were transferred under the Surayud Interim Administration after Thaksin.

2 Movements of People and Goods in Border Areas of Thailand

2-1 Movements of People

2-1-1 Overview of borders in terms of immigration offices

Thailand is located in the center of Southeast Asia and borders with Myanmar in the north, the northwest, and the west, with Laos in the north and the northeast, with Cambodia in the southeast, and with Malaysia in the south. The total length of the borders is 4,863 km (1,800 km with Myanmar, 1,754 km with Laos, 803 km with Cambodia, and 506 km with Malaysia). The borders with Myanmar and Laos in the north and the northwest run mostly along the Mekong River, and the Mekong River flows out of Yunnan Province, China, in the north. Thailand also borders partly on Myanmar, divided by the Salawin River in Mae Hong Son. Part of the border with Myanmar is also defined by the Moei River in Tak Province in the west. Since borders are defined by rivers in many places, the building of bridges has been a significant challenge, and environmental destruction due to the building of dams has become problematic. In the northeast and the south, Thailand has land borders with Cambodia and Malaysia.

As of December 2007, the Thai border had 46 immigration offices¹ (8 in the north, 10 in the northeast, 10 in the central area, and 18 in the south) (Figure 1). The 15 major immigration offices that process many people according to 2006 statistics are shown in Table 1. The total number of people who passed through these 15 offices was 9,523,827 persons, of which 47% were foreigners. Aranyaprathet in Sa Kaeo Province, which borders on Poipet in Cambodia, ranks first with 2,637,331 persons, of which 24% were foreigners. As discussed later in this report, this number reflects the fact that many Cambodians come to work in Thailand. Ranking second is Sadao in Songkhla Province, which borders on Malaysia, and ranking third is Nong Khai, which borders on Laos and has a large inflow and outflow of people and goods over the first friendship bridge which was built with Australian assistance in 1994. Following these in rank are Pong Nam Ron in Chanthaburi Province and Kapcheung in Surin Province, which border on Cambodia, as well as Padang Besar in Songkhla Province and Betong in Yala Province, which border on Malaysia. In the north, Mae Sai bordering Tachilek in Myanmar processed 222,626 persons in 2006 and ranked twelfth. Mukdahan bordering Savanakkhet in Laos processed 204,840 persons and ranked thirteenth. Since early 2007 when the second friendship bridge opened, the number of peoples passing through the immigration office has been increasing significantly, as shown by the figure of 172,119 during January-June 2007.² Along with the development of the East West Economic Corridor (EWEC), an agreement on a single visa between Thailand and Cambodia was signed, and the Thai Government expects that single visa agreements with Vietnam and Laos will be signed in early 2008, which will increase the comings and goings of tourists between the neighboring countries.³ Klong Yai (Trat Province),

¹ Immigration offices in Don Muan Airport, Suvarnabhumi International Airport, Bangkok Port, Had Yai Airport, Phuket Airport, and Chiang Mai Airport are excluded from the total.

² According to the statistics of the immigration office from January to June 2007, the inflow amounted to 87,820 persons, while the outflow amounted to 84,299 persons. The total was 172,119, of which 32.22% were foreigners.

³ Remarks of Mr. Arkhom Tempittayapaisithm, Deputy Secretary-General of NESDB (Bangkok Post, October 15, 2007). The formal agreement with Cambodia occurred on December 17, 2007 (Bangkok

which the Thai government is scheduled to develop as one of the border economic zones, processed 157,001 persons in 2006 and still ranks fourteenth. On the other hand, in Mae Sot bordering Myanmar in the west, it is reported that more than 100,000 persons are visiting hospitals in Mae Sot for medical treatment annually with one-day border passes without obtaining formal visas.⁴

Immigration offices are frequently closed in conjunction with the sociopolitical situation in neighboring countries, minority tribal issues in border areas, and drug related issues. In particular, the border with Myanmar is often unilaterally closed due to Myanmar's domestic affairs. The borders in Tak and Three Pagoda (Kanchanaburi Province) were previously closed in relation with an incident in which two Thai border policemen were abducted by the Pro-Myanmar junta DKBA (Democratic Karen Buddhist Army) at the end of 2006 (Tak reopened soon while Three Pagoda was closed until the end of August 2007). It is also reported that, along with the stagnation of border trade, villagers are migrating to Malaysia due to attacks by Muslim insurgents and conflicts with the Thai army and police in the three southern provinces of Yala, Pattani and Narathiwat bordering Malaysia.⁵

2-1-2 Migrant workers from neighboring countries

Currently, there are many foreign migrant workers in Thailand, and most of them are from neighboring Myanmar, Cambodia, and Laos⁶. It is said that there are 1.5 to 2 million, including workers who have entered Thailand illegally. Based on Ministry of Labor statistics, there were 722,475 (Table 2) registered migrant workers from those three countries in 2006. Of the total, Myanmarese workers account for 572,240, or 79.2%, followed by Laotians at 11.2% and Cambodians at 9.6%. The Thai government

Post, December 13, 2007).

⁴ More than 100,000 Myanmarese were treated at "Mae Tao Clinic" alone during 2006 (October 29, 2007, Bangkok Post).

⁵ Bangkok Post (October 26, 2007, and October 30, 2007).

⁶ Details of labor migration in the GMS is reported in Therese et. al.[2006].

recently adopted a stance of utilizing immigrant workers actively by allowing those in Thailand since 1996 to apply and become legal, even if they entered illegally initially, because unskilled labor is in short supply due to the declining birth rate and young workers' dislike of so-called 3-D labor (dirty, difficult and dangerous). Among the migrant workers, the number of those who applied for work permits and were legalized in compliance with the Thai government's offer is much larger than those who initially entered following formal procedure.

At the same time, however, the increase in migrant workers entails such issues as management of workers lacking residency documents, security and crime, infectious diseases, human trafficking, poor labor conditions, and pressure on the labor conditions of Thai unskilled laborers.⁷

On the other hand, Thailand cannot help admitting the fact that children of Cambodian migrant workers who came to Aranyaprathet from Poipet and stayed there have to attend school in Poipet.⁸

Under these circumstances, the Thai government exchanged a memorandum with the three neighboring countries on employment cooperation in order to regulate the inflow of migrant workers in an orderly manner while mitigating the related issues (Paitoonpong [2006]).

2-2. Movement of Goods

2-2-1 Overview of trade and investment in neighboring countries

(1) Trade

⁷ A special article, "Perspective: Failed Safety Net," Bangkok Post (October 28, 2007), reports on the hard labor conditions of Myanmar migrant workers at construction sites in Chiang Mai and the fact that they cannot receive medical treatment in case of injuries or accidents. About 1200 Myanmar workers were arrested for working illegally at a fish market in Samut Sakhon Province on October 31 (MCOT news, November 6, 2007). Sweet corn farmers in Mae Sot burned five Myanmar workers because the Myanmar workers allegedly stole and sold corn (Bangkok Post, November 20, 2007).

⁸ "No Borders to Education," Bangkok Post (December 24, 2007).

Trade between Thailand and its four neighboring countries namely, Cambodia, Laos, Myanmar, and Malaysia expanded from 311.4 billion baht in 2000 to 791.5 billion baht in 2007, at annual average growth rate of 14.3%, which is higher than the 9.8% annual average growth rate of the total trade of Thailand (Figure 2). Although trade with Myanmar displayed an especially high growth rate of 20.5%, this was due to expanding imports of natural gas from Myanmar. Although trade with those four countries is still a small proportion of Thailand's total trade, it increased from 5.9% in 2000 to 7.8% in 2007. On the other hand, trade with Thailand occupies a large share of the total trade of Cambodia, Laos, and Myanmar, and so these countries' dependence on Thailand is strong (Tsuneishi [2007]). Moreover, in order to expand trade, Thailand and Laos for example made a plan through governmental talks in September 2007 to triple their trade, from US\$15 billion in 2006 to US\$45 billion in 2010.⁹

The proportion of Thai border trade with these four countries in 2005-2007 is 60% to 70% of the four country's total trade with Thailand, and the annual growth rate of the border trade during 2000-2007 is 20.9% which is higher than the growth rate of the total trades of the four countries, 14.3% (Figure 2 and Table 3)¹⁰. It is eminently clear that the border trade plays a significant role in the growth of total trade. It is also said that so-called smuggling is carried out in a volume almost equal to formal trade, so trade across borders appears to be larger than the statistics indicate.

(2) Direct investment in neighboring countries

Total direct investment from Thailand to Malaysia, Cambodia, Laos, and Myanmar grew very rapidly from 2000 to 2007, at an average annual growth rate of 56.3%. In particular, investment in Myanmar expanded rapidly by 174.1% during 2000-2005 despite large fluctuations in some years. But, it again declined in 2006-2007 and the

⁹ MCOT (<http://www.mcot.net/>) English news (September 7, 2007).

¹⁰ Details of cross border trade in the GMS region in the 1990s is reported in Than[2006, pp.141-168].

average annual growth rate during 2000-2007 remained at – 15.0%. Laos and Cambodia, which expanded by 77.3% and 43.5%, respectively during the same period (Figure 3). In addition, investment in Vietnam, with which Thailand does not share a border, also increased by 28.7%. Observing the amount of investment during 2000 through 2007, investments by Thailand in its five neighboring countries including Vietnam amounted to 28.7 billion baht, out of which 49.3% and 25.8% went to Myanmar and Vietnam, respectively, while investments in Malaysia and Cambodia were at 10.0% and 8.5% each, followed by Laos at 6.4%.

Reviewing from the standpoint of the recipient countries, Thai investment as a share of total investment is high in Myanmar, Laos, and Cambodia, and so their dependence on Thailand is high (Tsuneishi [2007]).

Thai investment accounted for 53.4% of the total investment in Myanmar from 1988 to June 2006, placing Thailand first among investor countries. As of March 2007, there were 265 foreign corporations operating in Myanmar, of which 37 were Thai, placing Thailand second to Singapore's 49.¹¹ The investment fields are hotels and tourism (10), manufacturers (9), agriculture, fishery and stockbreeding (6), transportation and communication (4), mining (3), construction (2), industrial estates (1), oil and gas (1), hydro plants (1). Among the corporations, there are three Ital-Thai-related companies. There are many plans for investment in hydropower generation, and the amount of investment is large, for example the MDX Group of Thailand invested US\$6.03 billion and started operation from September 2000.

In Laos, investment from Thailand in 2006 was US\$655.23 million (27 projects) which placed Thailand first with 24.3% of the total investment, or US\$2,699.69 million, in Laos. The second largest investor was China, at US\$423.23 million (45 projects), or 15.7%. Also, in terms of accumulated total of approved investment, at US\$856.70

¹¹ Estimation based on the survey "Foreign Direct Investment Companies in Myanmar, March 28, 2007" implemented by JETRO Yangon.

million from Thailand from 2001 to August 2007, Thailand ranked first with the share of 21.3%, followed by China with 18.2%.

In Cambodia from January 2000 to October 2007, Thailand accounted for 3.2% of the total investment, at US\$856,70, and ranked third following China, which was first at 17.1%, and Korea, which was second at 14.7%. In Vietnam, investment from Thailand in terms of approved investment in 2006 was US\$62.50 million (17 projects) which ranked tenth (0.7% of total investment in Vietnam). While this was not large, it grew very rapidly, at a rate of 541.2% in 2005 and 91.0% in 2006.¹²

Malaysia is, on the contrary, a major investor in Thailand, with an investment of 3.6 billion baht in 2003 and 5.9 billion baht in 2005 according to the statistics released by the Bank of Thailand. Moreover, the data of the BOI show that Thailand received 5.4 billion baht (35 projects) on an approved investment basis.

2-2-2 Border trade

(1) Overview of customs in border areas

In the border areas of Thailand, there is a total of 41 customs offices, including 8 in the north (excluding Chiang Mai International Airport), 9 in the northeast, 7 in the central area (excluding Headquarters, Laem Chabang and Maptaput) and 17 in the south (excluding Koh Samui, Phuket Airport) as shown in Figure 1.

In the north, border trade is carried with Myanmar, Laos and Yunnan Province of China. The trade with Myanmar is conducted in Mae Sot in Tak Province, Mae Sai and Chiang Saen in Chiang Rai Province, and Mae Sariang and Mae Hong Son in Mae Hong Son Province as well as Chiangdao in Chiang Mai Province. In the north, trade in Mae Sot is the largest.

Although trade with Laos is also conducted in the north, such as at Chiang Saen

¹² Data is referred to the information collected by JETRO Bangkok. In investment in Cambodia, investment by Cambodia itself occupies the largest share, at 47.3%. The field of investment is referred to Tsuneishi [2005].

Port and Chiang Khong, the volume is small, with most of the trade with Laos being conducted in the northeast. At Chiang Saen Port, 80% of the trade is with Yunnan Province.

In the northeast, border trade is mainly carried out with Laos, although trade with Cambodia is also conducted partially in Chong Chom. Trade volumes are larger in Nong Khai which borders Vientiane in Laos, Mukdahan bordering Savanakheth through the second friendship bridge, Phibun Mangsahan in Ubon Ratchathani Province, Nakhon Phanom, and Bueng Kan in Nong Khai Province.

In the east central area, Thailand shares a land border with Cambodia, and border trades are conducted in Aranyaprathet in Sa Kaeo Province, Klong Yai in Trat Province, and Chong Chom in Surin Province. In the west central area, Thailand borders Myanmar, and a large volume of natural gas is imported from Myanmar through Sangkhla Buri in Kanchanaburi Province, Thailand.

In the south which borders on Malaysia, border trade with Malaysia is carried out in Sadao and Padang Basar in Songkhla Province, Betong in Yala Province, Su-Ngai Kolok and Takbai in Narathiwat Province. Moreover, trade with Myanmar is conducted actively in Ranong.

Reviewing the trade amounts at all border customs offices in order, the amount and the partner country is as follows: Sadao (202.52 billion baht, Malaysia), Padang Besar (135.57 billion baht, Malaysia), Sangkhla Buri (77.90 billion baht, Myanmar), Nong Khai (19.81 billion baht, Laos), Aranyaprathet (18.86 billion baht, Cambodia), Klong Yai (13.35 billion baht, Cambodia), Mae Sot (12.25 billion baht, Myanmar), Ranong (9.,91 billion baht, Myanmar), Mukdahan (9.34 billion baht, Laos), Phibun Mangsahan (5.50 billion baht, Laos), Nakhon Phanom (4.27 billion baht, Laos), Bueng Kan (3.46 billion baht, Laos), and Mae Sai (2.60 billion baht, Myanmar) (Table 4).

Thai government recognizes the significance of border trade and recently proceeded

with renovation of port and customs office facilities as well as institutional improvements such as implementation of single-window services, which are almost fully in place. For example, the implementation of single-window services was completed in 2006 in the north in Mae Sai, Chiang Saen, Chiang Kong, and Mae Sot, in the northeast in Nong Khai, Mukdahan, and Aranyaprathet, and in the south in Sadao and Padang Besar. In 2007, Bueng Kan in the northeast as well as Songkhla and Ranong in the south were finished.¹³ At the same time, facility renovation has also been progressing, for example in Chong Mek (Phibun Mangsahan) in Ubon Ratchathani Province which shares a land border with Vang Tao, Laos, as well as the second Mae Sai Customs Office which borders Myanmar.

(2) Cross Border Transport Agreement (CBTA)

Trade facilitation is a key element to spur investment and economic growth. The importance of trade facilitation in border areas has been recognized strongly by the GMS countries. In December 2003, the GMS CBTA (Cross Border Transportation Agreement) took effect in which 16 of its 20 annexes and protocols that provide the implementing guidelines for the agreement was signed¹⁴. CBTA is a multilateral instrument that covers all the relevant aspects of cross-border transport facilitation which includes: single-stop/single-window customs inspection; cross-border movement of persons (i.e., visas for persons engaged in transport operations); transit traffic regimes, including exemptions from physical customs inspection, bond deposit, escort, and agriculture and veterinary inspection; requirements that road vehicles will have to meet to be eligible for cross-border traffic etc. Full implementation of this agreement

¹³ “Single-window services” in Thailand means that the so-called CIQ services such as customs, immigration, and quarantine can all be conducted in one place. Information about the current situation was obtained at the central customs office in December 2007.

¹⁴ For the details of CBTA, refer to the related information of ADB (<http://www.adb.org/GMS/Cross-Border/about.asp>).

and its annexes and protocols is expected by 2009. At the 8th meeting of the GMS Transport Forum on August 3-4 2004, the GMS countries agreed to preempt the ratification of the annexes and protocols by undertaking the initial implementation of the CBTA (IICBTA), on a pilot basis, at key border crossing points, i.e., Lao Bao-Dansavanh, Poipet-Aranyaprathet, Mukdahan-Savannakhet, Bavet-Moc Bai, Mae Sot-Myawaddy, Mae Sai-Tachilek, and Hekou-Lao Cai. But, progress of implementation in among the member countries is varied and generally delayed because of many ongoing and overlapping activities with different aspects of trade facilitation and some conflicting trade agreements¹⁵.

(3) Overview of border trade by partner country

Thai border trade with four neighboring countries in 2005-2007 is as shown in Table 3. The proportion of border trade in total trade with each country is large, and in particular, it accounts for more than 90% of the trade with Myanmar. The share of border trade with Malaysia is small compared with the other countries, but it still constitutes 50% to 60% of the total trade. Although border trade with Yunnan has increased in Chiang Saen Port since 2003 when an FTA (early harvest) was implemented, it still constitutes less than 1% of the total trade between Thailand and China. The border trade between Thailand and these four countries has been increased at a higher rate than the rate of increase of total trade between Thailand and the four countries. In 2006, border trade with Malaysia displayed the highest growth rate, at 26.9%, while the growth rate of border trade with Cambodia was 15.7%. But, the growth rate of border trade declined in 2007 except for Laos (32.8%).

Table 4 presents the situation of border trade with neighboring countries in 2006 by

¹⁵ Information provided at Regional Policy Dialogue on “Trade Facilitation Policy Gap Analysis on Cross Border Transport Agreement (CBTA) in the Greater Mekong Sub-region at Mekong Institute, Khon Kaen University on April 7-8, 2008. Thai case is given in “Updated status of Thailand on the implementation of CBTA” presented by Ms Jatuporn Wongta, Ministry of Transport, Thailand.

partner country and customhouse. Most border trade with Cambodia is transacted through the Aranyaprathet Customs Office in Sa Kaeo Province and Klong Yai Customs Office in Trat Province. These two places are located in areas where the Thai and Cambodian governments cooperate to develop border economic zones.

In the border trade with Myanmar, the customs office which has the largest trade is Sangkhla Buri in Kanchanaburi Province because imports of natural gas are conducted through this customs office. Following this office, the customs offices with the largest trade are Mae Sot and Ranong. Mae Sai and Chiang Sean in Chiang Rai Province in the north rank fourth and fifth, respectively. Mae Sot is an area which Thailand and Myanmar are attempting to develop as a border economic zone, while Mae Sai and Chiang Saen comprise the area where the Thai government is promoting the development of the Chiang Rai Border Economic Zone. Ranong is located in the area which is classified as the central area or the south, and it borders on Myanmar at the mouth of the Chang River. There, many Myanmar people work in the fishing industry. Although trade is also being conducted with Myanmar in Mae Hong Son, Chiang Mai, and Prachuap Khiri Khan, the amount is small because these areas are rather mountainous and inaccessible.

Most of the border trade with Laos is conducted in the northeast where the trade is carried out through such customs offices as Nong Khai and Mukdahan as well as Phibun Mangsahan in Ubon Ratchathani Province, Nakhon Phanom, and Bueng Kan in Nong Khai Province. Mukdahan borders Savanakheth, Laos, and Thailand and Laos are jointly promoting development of this area as a border economic zone. Bueng Kan in Nong Khai Province, which border Laos along the Mekong River, has recently been pursuing active trade with Paksan in central Laos. Bueng Kan is used for the trade between Thailand and Vietnam, and the trade here increased during October 2006 to May 2007 to 3,055 million baht, or by 68% compared with the same period in the

previous year. Trade in Bueng Kan is increasing because a new port was completed and trade procedures were also simplified by implementing single-window services. Also, because Bueng Kan is comparatively near to Vinh, the capital of Nghe An Province in central Vietnam, the cost and distance of commodity transport is less than when using other border customs offices.¹⁶ Border trade with Malaysia is conducted through the customs offices in the south such as Sadao and Padang Besar in Songkhla Province, Betong in Yala Province, and Su-Ngai Kolok and Takbai in Narathiwat Province as well as Satun in Satun Province.

3 Development of Thai Border Economic Zones

3-1 Policy of Thailand; Promotion of Border Economic Zones based on ACMECS

Since Chatchai's progressive economic policy toward Indochina in the late 1980s, the Thai government has continuously supported and led neighboring countries, especially the counties along the Mekong River basin, with the concept of wide-range economic zones. Because trade and investment in Indochina has been promoted since the 1990s, development policy has evolved from concept of development of local core cities to development of border economic zones in the GMS countries. In particular, Thailand's 9th Economic Social Development Plan (2002-2006) emphasized that the provinces along the NSEC (North-South Economic Corridor) and the EWEC (East-West Economic Corridor) should be developed as gateways for the GMS countries (Tsuneishi [2005]). Thailand has been proceeding with renovation of economic corridors based on the GMS scheme and the ACMECS scheme. At the same time, Thailand has pursued a strategy to set up border economic zones and regional development cores along the economic corridors which aim at developing these relatively poor areas through mutual

¹⁶ Khrungthep Trakij (June 21, 2007). Exports from Thailand amounted to 2,695 million baht and mainly consisted of electric appliances, motorcycle parts, processed foods, and commercial cars, while imports from Laos consisted of wood and agricultural products such as garlic.

cooperation from the both sides.

Former Prime Minister Thaksin contributed to these initiatives clearly and positively as shown in the declaration on the first ACMECS Summit meeting in Pagan, Myanmar, on November 12, 2003, where representatives of Cambodia, Laos, Myanmar and Thailand participated.

The purpose of the strategy is to convert the region to a peaceful, stable, and prosperous area in the 2003-2012 period by such means as (a) enhancement of competitiveness along the borders and promotion of growth, (b) relocation of agriculture and manufacturing to the places where relative economic advantage exists, (c) reduction of income disparity and creation of employment. The targeted fields are the following seven: (a) trade and investment, (b) agriculture, (c) industry, (d) linkage of transportation, (e) tourism, (f) human resource development, and (g) public health. The point of the strategy is to set up border economic zones by concluding sister-city agreements between major cities where strong relationships in transportation exist. The idea of these economic zones includes industrial estates, logistic facilities, and agricultural integrated zones to do contract farming in major border areas along the economic corridors. Following the strategy scheme, Thailand has provided grants and loans for constructing roads connecting major sister-cities in Myanmar, Cambodia, and Laos through the Neighboring Countries Economic Development Cooperation Agency (NEDA)

Looking at the border economic zones and regional development cores, Chiang Rai and Lampang, etc., are located along the NSEC, while Tak, Phitsanulok, Kon Kaen, Kalasin, and Mukdahan, etc., are along the EWEC, and Sa Kaeo and Trat, etc., lie along the SEC (South Economic Corridor). Most of these provinces belong to the north and the northeast, which are the poorest areas in Thailand.

These provinces have been deploying a new regional development strategy in

collaboration with neighboring countries. While the provinces along the borders aim at development using their border economic zone as leverage, the inland provinces such as Phitsanulok and Khon Kaen intend to develop themselves by taking advantage of logistic cores where the NSEC and Route No. 2 each intersect with the EWEC. The layout of the planned production bases in border areas and logistic bases in inland areas is shown in Figure 4.

On the other hand, regarding southern development, it is now strongly recognized that it is necessary to solve the social unrest instigated by Moslem insurgents, and at the same time, cooperation with Malaysia is indispensable. Especially since the Surayud Interim Administration, the atmosphere of friendship has been boosted. On November 6, 2007, the Cabinet of the Thai government decided on a plan called Southern Industrial Seaboard Development, for which Thailand will request a loan from the ADB. Furthermore, under the Samak Administration established in February 2008, this plan was continued and the NESDB (National Economic and Social Development Board) is currently conducting a feasibility study (F/S).

3-2 Border Economic Zones

3-2-1 Chaing Rai Border Economic Zone

On July 29, 2003, the Thai Government decided to develop Chiang Rai as the first special border economic zone, where the economic relationships with Yunnan, Laos, and Myanmar are to be reinforced along the Mekong River and the NSEC. In Mae Sai, Chiang Saen, and Chiang Khong, Thailand has been constructing new customhouses and logistic facilities to promote border trade as well as to advance a project to set up an industrial estate in Chiang Khong. The Thai government approved a three-year budget for 2003-2005 amounting to 1,356 million baht for development of basic infrastructure and human resource and socio-environmental projects in Chiang Rai.

The budget for the special economic zone-related legislation was also submitted, and the related work was contracted to a private legal firm and completed in the middle of 2004 but is still under consideration by the government.

Since there was a plan to set up an industrial estate in Chiang Saen originally, the Industrial Estate Authority of Thailand (IEAT) finished a feasibility study (F/S) in September 2005. However, an opposition movement subsequently arose because Chiang Saen has a large heritage of Lanna culture, and so the Thai government converted its policy to preserve Chiang Saen as a world heritage site. On February 7, 2006, the Thai Cabinet revealed that two other places in the Chiang Khong district were instead nominated as suitable places from an environmental protection viewpoint, and it proposed to develop a total of 6,000 rai (2,560 ha) there as an industrial estate. In regard to development of this industrial estate, investment from Yunnan Province in China was originally expected such that the IEAT made a memorandum for a joint development with a developer in Kunming in 2003, but the memorandum was canceled. The Thai government has continuously been expecting investment to arrive from Yunnan.

Even during the Surayud Interim Administration, Prime Minister Surayud visited China in May 2007 and called for promotion of trade and investment between the two countries. At that time, he also proposed a plan to construct a railway to Yunnan from Thailand. Subsequently, at the Cabinet meeting on November 13, 2007, the Surayud Administration approved a plan for Asian railways proposed by the Thai Ministry of Transportation, in which a plan to construct a railway between Chiang Rai and Yunnan province was included.¹⁷

The border trade in Chiang Rai has been expanding steadily as the result of the FTA between Thailand and China as well as the expectation for the border economic zone

¹⁷ The visit of Surayud was reported in the MOCT news (May 27, 2007) and Cabinet approval of the railways plan was reported in Thai Economy (Japanese weekly newspaper, November 19, 2007).

project. The Mae Sai Customs Office is used for trade with Myanmar, while the Chiang Saen Customs Office and the Chiang Khong Customs Office are for trade with China and Laos, respectively. The proportion of total trade at these three customs offices in 2006 is as follows: Mae Sai 23.2%, Chiang Saen 62.1%, and Chiang Khong 14.7%, which shows that trade in Chiang Saen is the largest. The total trade of the three customhouses showed high growth rates in 2003 and 2005 at 31.3% and 46.5%, respectively, but the growth rate declined to 3.6% in 2006 (Table 5).

(1) Mae Sai Customhouse

Between Tachilek in Myanmar and Mae Sai in Chiang Rai, there exists the first Mae Sai Friendship Bridge and the customhouse, through which border trade is conducted. The existing Mae Sai Customhouse is located beside the first Mae Sai Friendship Bridge and a new customhouse is beside the newly built the second Mae Sai Friendship Bridge completed in January 2006 with Thai economic assistance. The new bridge is 2 km east of the existing bridge. Although the tentative customs office is installed beside the bridge, it has not always been utilized due to Myanmar's circumstances. However, it is reported that about 20 to 50 trucks per day are passing through. In Thailand's site of 221 rai (35.4 ha.) before the bridge, full facilities such as a customs office and container yard costing to 345 million baht (building only, excluding land) are now under construction and scheduled for completion in April 2008.¹⁸ This bridge is also connected to the R 3B through Tachilek, Kengtung, and Mengla in Myanmar as well as through Dahrang and Menghai in China and extends to Jinghong and Kunming. Therefore, border trade not only with Myanmar but also with China is strongly anticipated.

Exports to Myanmar through the Mae Sai Customhouse in 2006 amounted to 2,143

¹⁸ Information obtained from the Mae Sai Customs Office and the construction site on December 6, 2007, as well as the 2007 customs office annual report.

million baht, and major exports were refined oil, foreign-made liquor, instant coffee, steel, cement, tires, and medicines, etc. Imports from Myanmar amounted to 457 million baht, and major imports were teak wood, oranges, garlic, water buffalos, clothes, and jewelry, etc. In trade between Thailand and Myanmar in 2006, imports from Myanmar increased by year-on-year 63.1%, while exports to Myanmar increased by 17.6%, which resulted in a significant surplus for Thailand.

(2) Chiang Saen Port and the Customhouse

In 2006, exports through the Chiang Saen Port amounted to 5,814 million baht, displaying an annual growth rate of -2.3%, while imports amounted to 1,145 million baht, an annual growth rate of 0.7%. The port is used for trade with China, Laos, and Myanmar. In 2006, trade with China, Laos, and Myanmar occupied 75.9%, 6.1%, and 18.0%, respectively, of the total. Since the FTA between China and Thailand in October 2003, trade with China through the Chiang Saen Port has increased significantly. Over 50% of the major exports from Thailand consist of dry longan and rubber while imports from China are mainly agricultural products such as vegetables, apples, pears, and garlic, etc. Thus, Chiang Saen Port is mainly used for the trade with Jinghong Port and Guan Lei Port in Yunnan Province, China.

The port was opened in 2003, and in October 2005, renovation of the pier was carried out while single-window service, or one-stop service, was introduced in which immigration, quarantine, and trade procedure can be transacted more efficiently in one building. At present, however, the facilities are insufficient to cope with the increasing trade with Yunnan Province. The number of ships that entered the port in fiscal years 2005, 2006 and 2007 was 2,489, 2,062, and 1,903, respectively. The numbers are in a downtrend because recently the size of ships is becoming larger. On the Mekong River, it is possible for 300-ton ships to navigate in the rainy season, while

only 100 to 200 ton ships can navigate in the other seasons because of low water. In order to expand the capacity of Chiang Saen Port, construction of a new port costing 1,546 million baht is scheduled for completion in 2009 in Moo-baan (village) Sobkok, which is 10 km downstream southeast of the current port. The site is at the confluence of the Kok River and the Mekong River. The plan is to construct warehouses, CIQ facilities (single-window service for customs, immigration, and quarantine), offices on a 100 rai area, and a road that is to be connected to the existing Route 1129. Construction had not yet started when the author visited the site in December 2007, although the municipal authority revealed that procurement of the land had been completed in February 2007.¹⁹

In addition to the above plan for the new port, it is reported that Siam South Logistic Co., Ltd., of Thai local capital, will create a consortium to build a river port with a 400-meter pier and logistic facility at the Haa Chan Shopping Center near the golden triangle with an investment of 30 million baht (only within the first 3 years). According to the Chiang Saen Customs Office, several more months will be required to receive approval from the authorities. This development is consistent with the expansion of trade with Yunnan and the news that China will start construction of an agro-based industrial estate in 2008 in neighboring Laos.²⁰

(3) Chiang Khong Port/Customs Office and construction of the Third Friendship Bridge

In 2006, exports from Chiang Khong Port decreased to 982 million baht, at an annual growth rate of -7.4%, while imports increased 658 million baht, at an annual growth rate of 45.7%. The port is used for trade with Laos and China, and the trade

¹⁹ Information obtained from Chiang Saen Customs Office and the 2007 annual report of Chiang Saen Customs Office.

²⁰ Information on the new port was reported in Krunthep Trakij (February 28, 2007, and June 28, 2007), and the information on Siam South China Logistic Co., Ltd., was reported in Bangkok Post (November 19, 2007)

with Laos occupied 95.1% of the total trade in 2006. Compared with Chiang Saen Port, the volume of trade in Chiang Khong is small and the facility is also so humble that a ferryboat runs only two times a day between this port and Huai Xai in Laos. The exports from Thailand consist of automobiles, automobile parts, construction materials, diesel oil, and daily commodities, etc., while imports from Laos consist of wood, lignite, and China-made clothing, etc.

It was decided at the end of 2006 to construct the Third Mekong Friendship Bridge (630 meters, US\$31 million) between Chiang Khong and Huai Xai, to be financed jointly by China and Thailand. This bridge will be the final part of the North-South Economic Corridor (NSEC), which construction is currently underway with completion scheduled for 2008, extending to Kunming in China's Yunnan Province. Chiang Rai Province revealed that design of the bridge had started in October 2007 and that construction would begin from March 2009.²¹ The scheduled site is at Moo-baan (village) Don Maha Wan, 10 km downstream southeast from the current Chiang Khong Port, and it is to be connected to Route 1020. Since the width of the river at the scheduled site is 463 meters, the design calls for the construction of a bridge with a total length of 630 meters, composed of a 480-meter bridge and a 150-meter approach runway. The China side has proposed to curtail the budget as much as possible by making the bridge simple and functional. In expectation of the development of the area, Chie Chou International Co., Ltd. of Yunnan capital revealed a plan to build a 300-room hotel and a logistics center to be located 3 km southward from the bridge site.²² When the author visited the site in December 2007, a few groups of local

²¹ Article in "Post Today" (February 15, 2007). The notice at the scheduled site shows that the design period is October 2007 to June 2008, and the construction period is 30 months starting in March 2009. According to information from Chiang Khong Customs Office (December 8, 2007), earlier construction seems to be difficult because the China side is proposing a budget reduction to US\$20 million and the Thai government's budget to be allocated to this project is also tight.

²² Bangkok Post (December 3, 2007).

business people were inspecting the bridge site with maps and plans, although the site had only a notice to inform concerning the construction schedule. Land prices in surrounding area are reportedly increasing.

3-2-2 Development of Mukdahan/ Savannakhet Border

On January 21, 2002, Laos announced its prime minister's declaration that Seno district of Savannakhet should be developed as a special economic zone. In regard to development of special economic zones in Savannakhet, Japan International Cooperation Agency (JICA) finished a feasibility study in January 2001 and recommended the setting up of compound special economic zones, including logistic/distribution sections and export processing zones, etc. Subsequently following the JICA survey, the Industrial Estate Authority of Thailand (IEAT) also conducted a feasibility study during February 2005 to May 2006 and made the basically the same recommendations as JICA. Based on this feasibility study, the following facilities are now planned for set up: Site A (305 ha., along National Road Route 9 and near the Mekong River) which is to consist of factories, residences, hotels, a commercial district, and a border administration facility, etc., while Site B (20 ha., near the intersection of Route 9 and Route 13) which is to consist of factories, a logistic and distribution center, warehouses, and a customhouse. At the site, the Savan-Seno Economic Zone Authority (SEZA) was established in 2002, and preparatory projects such as land procurement and relevant activities to invite investors are underway. However, it is reported that land procurement for the site and recruitment of invited investors are not progressing favorably, although there were several development proposals from South Korea for a hotel and from Thailand for an airport, etc. This slow progress is attributable to the fact that compensation for the land is not settled, the population of Savannakhet is small, and the attractiveness as a market remains low.

Following the GMS scheme, renovation of Route 9 (208 km) in Laos has already been completed with a Japanese grant and a loan from the Asian Development Bank (ADB). The Second Mekong International Bridge was completed on December 20, 2006, with a Japanese loan. Whereas the distance between Hanoi and Bangkok was about 2,000 km via the First Mekong Friendship Bridge in Nong Khai, the new route across the Second Friendship Bridge shortens the distance to 1,500 km. The transportation time has also been shortened from four days to three days including custom procedures. Since the trip takes 10 to 15 days by sea, the advantage of land transportation has been boosted.

The cumulative amount of foreign direct investment in Savannakhet from 1992 to August 2007 was US\$843 million spread over 54 projects which were mainly from India, Australia, and Thailand, which accounted for 41.5%, 37.9%, and 9.1% of the foreign direct investment, respectively. Observed by sector, investment in agriculture and mining/energy occupies the major portion, at 53.0% and 38.8%, respectively. While investment from Thailand ranks third in terms of monetary amount, Thailand has the highest number of projects, at 16 projects (Savannakhet Province [2007]). The Laotian government is attempting to entice investment mainly from Thailand by providing incentives such as land rent for a limitless period and a 5-year tax holiday for corporate tax.

IEAT is planning to establish a logistics center and a small-scale industrial estate in Mukdahan as well, and it finished a feasibility study in August 2006, according to which light industries such as packing are scheduled to be invited. The feasibility study recommends the setting up of a distribution center of 50 rai (8 ha) to be composed of container yards, warehouses, and services companies, in addition to an industrial estate of 500 rai (8 ha) with EPZ near the Second Friendship Bridge.²³ Apart from this plan, IEAT reports that a Thai industry is now constructing a

²³ According to IEAT (2006), three candidate sites were selected from among eight sites, and the site nearest the bridge is most highly evaluated.

small-scale distribution center (64,000 m²)²⁴ separately from IEAT.

3-2-3 Development of Myanmar Border Economic Zone

(1) Development of Tak Province, Thailand

On October 19, 2004, the Thai Cabinet decided to create a border economic zone in Tak Province, and the plan has been implemented. Three regions, namely Mae Sot, Mae Ramat, and Phop Phra in Tak Province are scheduled for development, with Mae Sot as a center for industry and the others for agriculture. In its budget for fiscal 2005, the Thai government approved a feasibility study of Mae Sot Airport, construction of an anti-flood system, city development, and an Inland Container Depot (ICD). Based on the Cabinet decision, the NESDB Northern Region Office and the related organizations requested the Tak provincial government in January 2005 to conduct and finish a comprehensive survey by the end of 2006, including the feasibility study for establishment an industrial estate, an environmental impact survey in the region, and agricultural restructuring in order to start actual development from 2007. In compliance with this request, the Tak provincial government consigned Chiang Mai University to conduct the survey from January 2006 to the middle of November 2006. In the survey report, development of a 2,500-rai (400 ha) industrial estate is planned and three sites in the Mae Sot area are listed as the most attractive ones from among the nine candidate sites surveyed.²⁵ At the same time, the Department of Land Transport in the Ministry of Transport conducted a feasibility study for establishing a truck terminal in Mae Sot which was completed in August 2006 (Ministry of Transport [2006]).

The Chamber of Commerce of Tak pointed out that the entry of new industries such as garments, textiles, ceramics, and furniture is expected in the new industrial estate,

²⁴ Information obtained at IEAT on March 3, 2008.

²⁵ The information is based on a document entitled Mahavithayalai Chiang Mai (2006) and an interview with the F/S team on November 8, 2006.

while 300 existing factories in Mae Sot are also expected to relocate to the estate.

(2) Development inside the Myanmar border

The governments of Thailand and Myanmar have a plan to develop the border area between Myanmar and Thailand along the EWEC as a border economic zone based on the ACMECS scheme. Myanmar government intends to assign Myawaddy the second important border area following the place bordering with Yunnan province, China and has a plan to develop Myawaddy as one of newly planned SEZ²⁶.

Thailand has been supporting Myanmar positively. The IEAT had since March 2005 through July 2006 carried a F/S to create a industrial estate inside the Myanmar border such as Myawaddy, Maulamyaing or Hpaan. According to the report, development of Myawaddy 950 acre (384 ha), Maulamyaing 684 acre (276 ha.) and Hpaan 981 acre (396 ha.) has been investigated. Myawaddy is most highly evaluated and 65% of the site is planned to be EPZ (Export Processing Zone) with 227 plots. Electricity there is expected to supply from Mae Sod, Thailand. Population of Myawaddy is at present 52,600 of which 6,000 are labor force. If industrialization in Myawaddy gets full fledged, about 52,000 workers will become necessary and those peoples are expected to be migrated from the vicinity areas. Since the minimum wage of Myanmar is 1,078 kyat (49 baht) which is equivalent to one third of the minimum wage in Tak Province, that is, 147 baht (as of January 2008), investment from Thailand is much expected. According to the IEAT, it is allegedly reported that construction of a trade center started in Myawaddy from 2007 and several private industries are involved²⁷.

In the border economic zone, contract farming has actually been carried out as a pilot project in the Myawaddy area along the EWEC. In fields covering 60,200 rai

²⁶ MCOT news (August 14, 2007).

²⁷ Interview at IEAT on March 3, 2008.

(96,320 ha.), agricultural products such as corn, green beans, peanuts, and sugarcane are cultivated. Myanmar farms benefit from a subsidy provided from the Thai government through the Tak Provincial government and the Tak Chamber of Commerce.

The Surayud interim government approved a “Contract Farming Plan 2006-2008” at its Cabinet meeting on June 19, 2007, and decided on a continuous exemption from import duties for agriculture products produced in neighboring countries by the corporations related to this project. The targeted products are nine products including corn, soybeans, green beans, eucalyptus, and sesame, of which domestic cultivation is declining.²⁸ Concerning contract farming in Myanmar, however, it is also reported that export taxes would be actually imposed by the Myanmar side even if both governments agreed on tax exemption. At the same time, troubles with existing inhabitants caused by confiscation of land for contract farming by the Myanmar military regime and the related conflict with the Karen tribe are taking place in parts of Myanmar.

(3) Border Trade

The border trade between Mae Sot and Myawaddy steadily expanded during 2002-2005, but it declined 1.7% in 2006 due to Myanmar’s decrease of purchasing power and import control under the Myanmar military regime. In 2006, exports from Thailand amounted to 10.9 billion baht, while imports to Thailand were only 130 million baht, so as a result Thailand enjoyed a large trade surplus (Table 4). The major exports from Thailand are manufactured products such as glutamate sodium, tin plate steel, diesel oil, motorcycles, cotton fabrics, TVs, plastic sheets, and vegetable oil, etc., while imports from Myanmar consist mainly of raw materials such as processed wood

²⁸ Furthermore on August 1, 2007, the Cabinet approved a decree by Ministry of Finance for an import tax exemption on 9 products produced through contract farming with Cambodia, Laos, and Myanmar, but this exemption is restricted to imports through customs in such provinces as Chanthaburi, Sa Kaeo, Loei, Nakhon Phanom, Ubon Ratchathani and Tak (according to *Jiji Sokuho* published by Jiji Tushin Co., August 2, 2007).

products including furniture, fresh and dried fish, live cows and water buffalos, agricultural products, and tin ore, etc.

3-2-4 Development of Border Economic Zones with Cambodia

Following the ACMECS scheme, IEAT conducted a feasibility study on the establishment of the Koh Kong Industrial Estate, and the study was made public in January 2005 at a seminar organized for overseas investors by the Cambodian Ministry of Commerce. Since November 2002, development of the industrial estate has been carried out by a Cambodian developer named Koh Kong International Resort Club Co., Ltd., which runs a hotel and resort facilities there. Although no investor has been secured yet, a site of 339 ha has been developed and the relevant management office has been completed. Electricity is to be supplied from Thai side, and water is also secured in a nearby reservoir. The developer has a plan for 2005-2015 in which development will be gradually conducted in keeping with marketing and the actual response from investors. The estate is expected to entice Thai investors because of its location. Once Route 48 is completed, it will lie 229 km from Sihanoukville, a major Cambodian port. In Thai side, the estate lies 300 km from the Eastern Seaboard Industrial Estate, a major Thai industrial zone through the existing Route 318 which comprises a part of South Economic Corridor (SEC) along somewhat narrow costal area in Trat Province (Figure 4). Although the population in Koh Kong is not large, the quality of labor is higher than in Poipet and the Thai language is understood.

In the border area between Aranyaprathet and Poipet along the Central Southern Sub-Corridor, border trade as well as employment of Cambodian labor on the Thai side is increasing. However, development of this area is not based on the ACMECS scheme but is being carried out on a private basis. At present, two Cambodian developers, Chhay Chhay Investment, Ltd., and ASK&KH Group, Ltd., are each developing their

own industrial estate in a location 12 km east of Poipet along Cambodian National Road 5(Figure 4). It is reputedly said that the development in Poipet is not progressing well because ownership of the border area lands is not clear and removal of mines is necessary. In addition, there is the issue of water supply.

According to the ACMECS scheme, Pailin, which borders Trat Province in Thailand, is also listed as a border economic zone. However, no concrete steps such as conducting a feasibility study have yet been undertaken.

4. Conclusion

As reviewed so far, development of border economic zones between Thailand and neighboring countries was previously considered from the viewpoint of Thai domestic regional development, but recently there has been an intensification in the direction of development of border areas in cooperation with neighboring countries, based on the ACMECS agreement.

This basic policy, which was clearly announced during the Thaksin Administration, has been carried on without changes by the administrations following Thaksin, such as the Surayud Interim Administration and the Samak Administration which was established in early February 2008. At the same time, the National Economic and Social Development Board (NESDB) also made this policy clear in the 10th Development Plan (2007-2011) which started in October 2006 and in related documents. This development plan clearly states that cooperation in border economies should be promoted by developing infrastructure that plays a significant role in linking economically-related regions as well as by promoting economic cooperation in border economies with countries involved in the GMS, ACMECS, IMT-GT (Indonesia Thailand Malaysia Growth Triangle) and BIMSTEC (Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation). The plan also clearly mentions

that domestic and international legal arrangements should be made for promotion of cross-border investment, promotion of tourism industries, environmental protection, and enhancement of human resources, while cooperation should be intensified to solve such cross-border issues as illegal workers, drugs, and environmental preservation in the Mekong basin. Former Prime Minister Surayud visited Laos, Cambodia, Malaysia, and Myanmar in October and November 2006 just after his inauguration and to show that Thailand's friendly relationship with its neighboring countries persists unchanged. He also visited China in May 2007 and revealed that Thailand and China will construct a railway connecting Thailand with Yunnan Province, China, in addition to promoting expansion of trade and investment.

At the Lower House election on December 23, 2007, Palang Pracharhon Party (PPP, People's Power Party) received nearly the majority of votes and established a coalition government with the other parties. The PPP was a revival of the TRT (Thai Rak Thai, Thai Love Thai) Party which was ordered to be dissolved by the Thai Supreme Court on May 30 2008, but Thaksin's policies actually continued. The new Prime Minister Samak Sundaravej, who assumed office in February, visited neighboring countries such as Laos, Cambodia, and Myanmar in March 2008 to confirm Thailand's friendship policy and to promote trade and investment. He also attended the Third GMS Summit held in Vientiane during March 31 to April 1, 2008, where the prime ministers from the GMS countries agreed to boost economic competitiveness and accelerate the socioeconomic development process through greater use of improved and expanded connectivity in addition to the agreements to facilitate cross-border power trade, and to promote development along major regional transport corridors.

In addition, it is clear that promotion and facilitation of development of border economic zones in the economic cooperation framework with neighboring countries

benefits Thailand, considering the economic interdependence between Thailand and its neighboring countries and the changing economic structure of Thailand. It would be quite rational for Thailand's positive policy towards its neighboring countries to continue even under the Samak government and beyond.

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<http://www.mcot.net/>

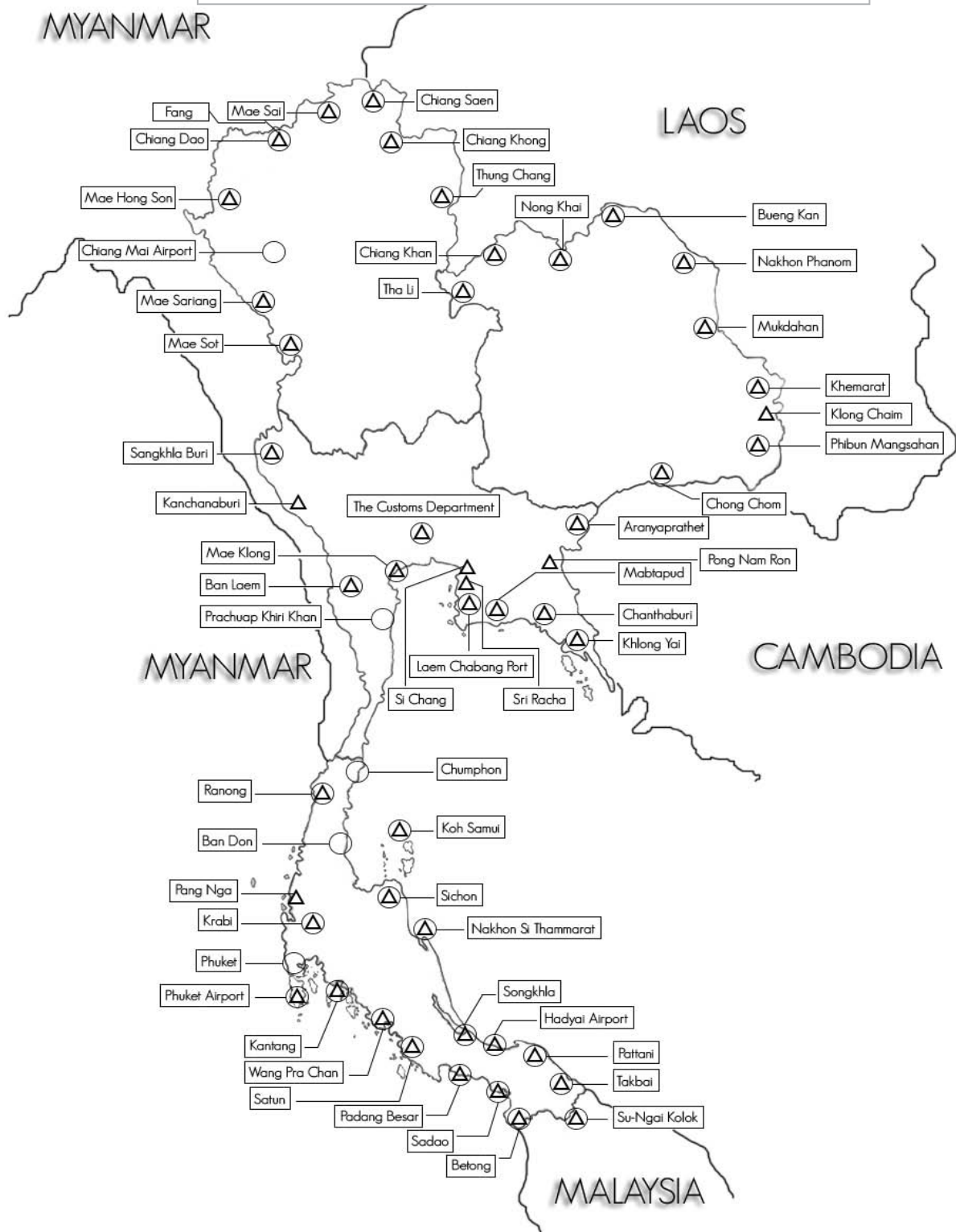
The Rockefeller Foundation, Southeast Asia Regional Office
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Thai Immigration Bureau <http://www.imm.police.go.th/>

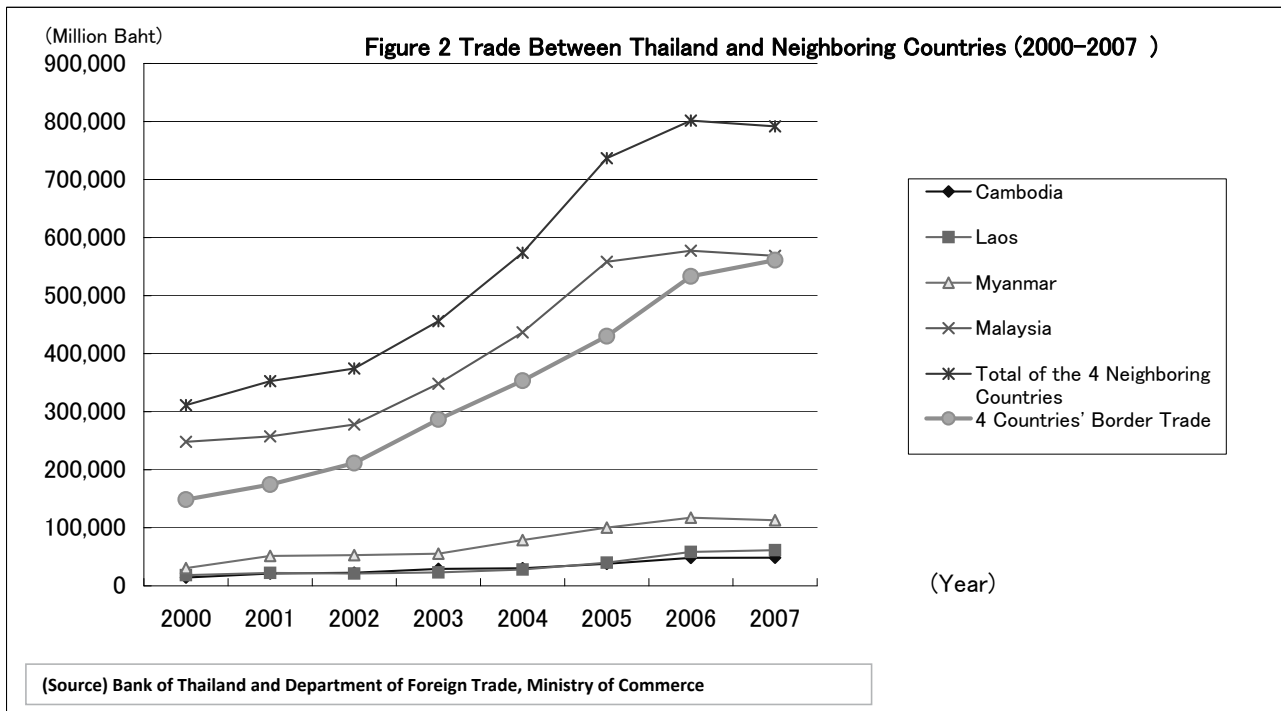
Thai Custom House Department <http://www.customs.go.th/>

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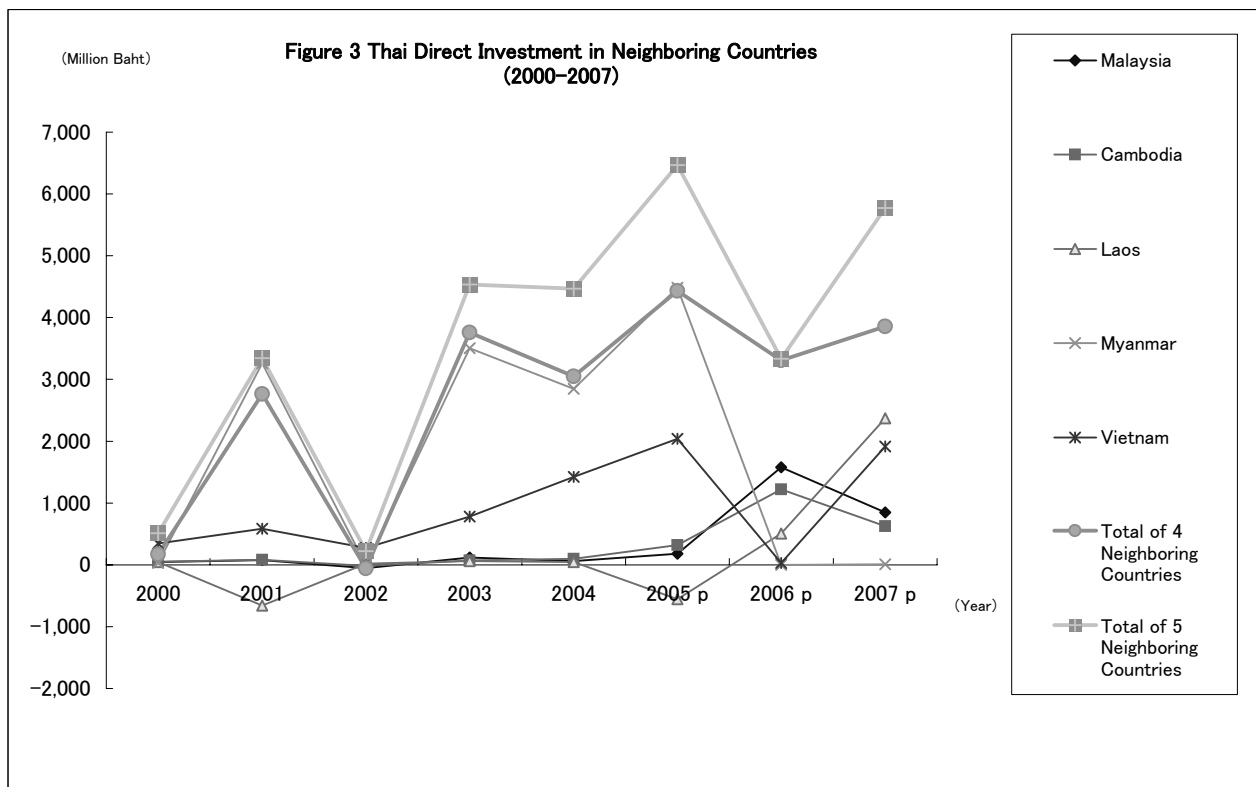
Figure 1 Location of Immigrations and Customs in Thailand



(Note) triangle indicates an immigration office or check point while round indicates customs.
 (Source) Thai Dept.of Customs, and Tourism Authority of Thailand

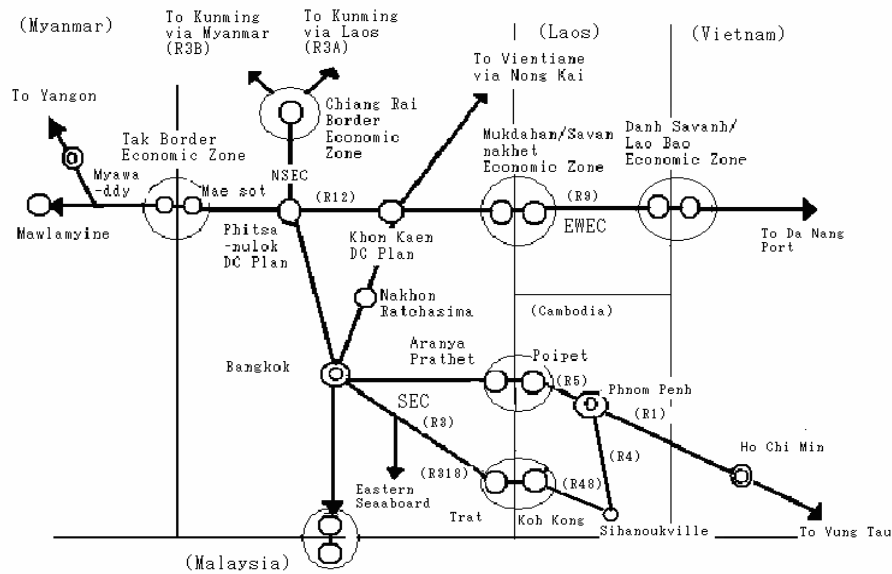


	2000	2001	2002	2003	2004	2005	2006	2007	Average Annual Growth Rate,% (2000–07)
Cambodia	14,232	21,317	22,623	29,183	30,204	38,072	48,326	48,406	19.1%
Laos	18,395	22,206	21,104	23,212	27,994	40,092	58,473	61,504	18.8%
Myanmar	30,702	51,528	52,859	55,411	78,863	100,298	117,557	113,095	20.5%
Malaysia	248,029	257,674	277,998	348,310	436,729	558,255	577,288	568,518	12.6%
Total of the 4 Neighboring Countries	311,358	352,725	374,584	456,116	573,790	736,717	801,644	791,523	14.3%
4 Countries' Border Trade	148,720	174,672	211,617	286,826	353,360	430,192	533,385	561,137	20.9%
Share (%) of Border Trade	47.76%	49.52%	56.49%	62.88%	61.58%	58.39%	66.54%	70.89%	
Growth Rate (%) of Border Trade	31.37	17.45	21.15	35.54	23.20	21.74	23.99	5.20	
Total Trade of Thailand	5,267,967	5,639,224	5,698,781	6,464,406	7,675,995	9,193,948	9,880,295	10,126,995	9.8%
Trade with 4 Countries /Total Trade of Thailand, (%)	5.91%	6.25%	6.57%	7.06%	7.48%	8.01%	8.11%	7.82%	



	2000	2001	2002	2003	2004	2005 p	2006 p	2007 p	Total (2000–2007)	Annual Average Growth Rate,% (2000–2007)
Malaysia	47.00	74.39	-51.26	119.39	62.88	182.44	1,578.90	848.03	2,861.77	51.2%
Cambodia	50.00	82.07	-18.50	73.87	95.42	318.54	1,222.26	625.43	2,449.09	43.5%
Laos	43.00	-657.09	19.35	59.06	43.01	-554.90	504.19	2,372.68	1,829.29	77.3%
Myanmar	29.00	3,262.42	-5.37	3,503.66	2,847.48	4,484.44	-0.05	9.29	14,130.87	-15.0%
Vietnam	344.00	584.53	275.71	780.29	1,420.96	2,038.67	28.35	1,916.39	7,388.90	27.8%
Total of 4 Neighboring Countries	169.00	2,761.80	-55.78	3,755.98	3,048.78	4,430.53	3,305.30	3,855.43	21,271.03	56.3%
Total of 5 Neighboring Countries	513.00	3,346.33	219.93	4,536.27	4,469.74	6,469.20	3,333.65	5,771.82	28,659.93	41.3%

Figure 4 Economic Linkage along Economic Corridors



(Notes) A large circle indicates a border economic zone. Danh Savanh/Lao Bao Economic Zone is not Thai related project.

(Source) Prepared using data from National Economic and Social Development Board (NESDB)

Table 1 Thai Border Immigration Offices: The largest 15 in terms of entry/departure (2006)

Immigration Office (Province)	Neighboring Country	Entry to Thailand			Departure from Thailand			Total of Entry and Departure		
		No. of persons	Foreigners	Percentage of Foreigners (%)	No. of persons	Foreigners	Percentage of Foreigners (%)	No. of persons	Foreigners	Percentage of Foreigners (%)
Aranypaprathet (Sakaeo)	Cambodia	1,320,956	325,319	24.63	1,316,375	317,599	24.13	2,637,331	642,918	24.38
Sadao (Songkhla)	Malaysia	1,189,841	776,022	65.22	1,173,742	788,652	67.19	2,363,583	1,564,674	66.20
Nong Khai (Nong Khai)	Laos	512,592	286,269	55.85	528,645	259,346	49.06	1,041,237	545,615	52.40
Pong Nam Ron (Chanthaburi)	Cambodia	240,340	68,999	28.71	238,652	68,310	28.62	478,992	137,309	28.67
Kapcheung (Surin)	Cambodia	238,511	5,906	2.48	238,201	6,383	2.68	476,712	12,289	2.58
Padangbaysar (Songkhla)	Malaysia	164,194	79,869	48.64	188,031	87,434	46.50	352,225	167,303	47.50
Su Ngai Go Lok (Narathiwat)	Malaysia	168,638	63,876	37.88	176,664	65,482	37.07	345,302	129,358	37.46
Samui (Suratthani)	Thai Gulf	119,010	118,004	99.15	225,767	224,213	99.31	344,777	342,217	99.26
Be Tong (Yala)	Malaysia	161,965	95,940	59.24	151,054	86,337	57.16	313,019	182,277	58.23
Takbai (Narathiwat)	Malaysia	112,343	10,361	9.22	114,484	10,158	8.87	226,827	20,519	9.05
Phuket (Phuket)	Thai Gulf	110,110	108,258	98.32	114,406	112,538	98.37	224,516	220,796	98.34
Mae Sai (Chiang Rai)	Myanmar	114,945	110,390	96.04	107,681	107,681	100.00	222,626	218,071	97.95
Mukdahan (Mukdahan)	Laos	108,161	49,325	45.60	96,679	41,608	43.04	204,840	90,933	44.39
Klong Yai (Trat)	Cambodia	80,334	31,468	39.17	76,667	28,268	36.87	157,001	59,736	38.05
Ranong (Ranong)	Myanmar	67,271	65,605	97.52	67,568	65,884	97.51	134,839	131,489	97.52
Total		4,709,211	2,195,611	46.62	4,814,616	2,269,893	47.15	9,523,827	4,465,504	46.89

(Source) Thai Immigration Bureau

Table 2 Migrant Workers from Three Neighboring Countries (Registered Basis from 2001 to September 2007)

(Unit: Person)

Year	Regular Entrants			Entrants Approved Later (see note)			Total			Grand Total
	Myanmar	Laotians	Cambodians	Myanmar	Laotians	Cambodians	Myanmar	Laotians	Cambodians	
2001	729	29	6	451,335	59,358	57,556	452,064	59,387	57,562	569,013
2002	3,906	275	16	340,029	32,492	36,818	343,935	32,767	36,834	413,536
2003	2,184	140	38	247,791	21,314	19,675	249,975	21,454	19,713	291,142
2004	2,279	357	129	633,692	105,259	110,601	635,971	105,616	110,730	852,317
2005	3,058	286	120	539,416	90,073	75,804	542,474	90,359	75,924	708,757
2006	3,362	29,523	21,014	568,878	51,336	48,362	572,240	80,859	69,376	722,475
2007	1,913	34,118	21,727	489,282	21,659	24,791	491,195	55,777	46,518	593,490

(Note) Persons who received work permits in compliance with the Thai Government's offer after entering illegally. The 2007 figures are for January - September.
 (Source) Department of Employment, Thai Ministry of Labour.

Table 3 Thai Border Trade and Comparison with Total Trade (2005-2007)

(Unit: Million Bhat)

Partner Country	2005						2006				2007				Border Trade Growth Rate 2007/2006. (%)	
	Total Trade	Border Trade	Exports	Imports	Total Trade	Border Trade	Exports	Imports	Total Trade	Border Trade	Exports	Imports	Border Trade	Exports		Imports
Malaysia	558,255	272,224	188,868	8,356	577,288	345,321	244,022	101,299	26.85	568,518	352,160	132,091	1.98			
Share of Border Trade (%)		48.76				59.82					61.94					
Myanmar	100298	88,293	22,725	65568	117,557	104,313	23,161	82,304	18.14	113,095	108,256	83,518	3.78			
Share of Border Trade (%)		88.03				88.73					95.72					
Laos	40,092	38,548	32,803	5,745	58,473	47,724	37,924	10,081	23.80	61,504	63,367	18,354	32.78			
Share of Border Trade (%)		96.15				81.62					103.03					
Cambodia	38,072	31,128	29,593	1,535	48,326	36,027	34,668	1,359	15.74	48,406	37,354	2,061	3.68			
Share of Border Trade (%)		81.76				74.55					77.17					
Total	736,717	430,193	273,989	81,204	801,644	533,385	339,775	195,043	23.99	791,523	561,137	236,025	5.20			
Share of Border Trade (%)		58.39				66.54					70.89					
Yunnan (China)	816,322	5,165	4,075	1,090	967,502	5,198	4,108	1,090	0.64	1,075,347	6,227	1,001	19.80			
Share of Border Trade (%)		0.63				0.54					0.58					

(Source) Prepared using data from the Thai Ministry of Commerce website and the Bank of Thailand.

Table 4 Thai Border Trade by Country and Customshouse (2006)

(Unit: Million Baht)

for Cambodia			for Laos			for Myanmar			for Malaysia		
Customshouse Name (Province)	Exports	Imports	Total	Customshouse Name (Province)	Exports	Imports	Total	Customshouse Name (Province)	Exports	Imports	Total
Aranyaprathet (Sakaeo)	17,721	1,142	18,863	Nong Khai (Nong Khai)	18,228	1,584	19,812	Sangkha Buri (Kanchanaburi)	226	77,670	77,896
Klong Yai (Trat)	13,290	56	13,346	Mukdahan (Mukdahan)	6,419	2,916	9,335	Mae Sot (Tak)	10,948	1,301	12,249
Chanthaburi (Chanthaburi)	2,777	133	2,910	Phibun Mangsahan (Ubon Ratchathani)	2,941	2,556	5,497	Ranong (Ranong)	8,022	1,887	9,909
Chong Chom (Surin)	595	22	617	Nakhon Phanom (Nakhon Phanom)	3,767	505	4,272	Mae Sai (Chiang Rai)	2,143	457	2,600
Chong Sa Ngam (Si Sa Ket)	293	7	300	Bueng Kan (Nong Khai)	3,118	346	3,464	Chiang Saen (Chiang Rai)	1,221	33	1,254
Phibun Mangsahan (Ubon Ratchathani)	138	0	138	Tha Li (Loei)	807	947	1,754	Mae Sariang (Mae Hong Son)	496	182	678
Chong Sai Taku (Buriram)	0	0	0	Chiang Khong (Chiang Rai)	979	579	1,558	Prachuap Khiri Khan (Prachuap Khiri Khan)	126	313	439
				Chiang Khan (Loei)	465	166	631	Mae Hong Son (Mae Hong Son)	77	55	132
				Chiang Saen (Chiang Rai)	405	22	427	Chiang Dow (Chiang Mai)	14	1	15
				Khemarat (Ubon Ratchathani)	321	43	364				
				Thung Chang (Nan)	86	50	136				
Total	34,814	1,360	36,174	Total	37,536	9,714	47,250	Total	23,273	81,899	105,172
								Total	244,291	101,384	345,675

(Note) Chong Sa Ngam and Chong Sai Taku are interim customshouses for Laos. Phibun Mangsahan is partly used for Cambodia and Chiang Saen is used for Yunnan, Myanmar, and Laos.

(Source) Prepared using data from Thai Customshouses

Table 5 Border Trade in Chiang Rai Province (2001–2007)

(Unit: Million Baht)

Year	Mae Sai Customs			Chiang Seen Customs						Chiang Khong Customs						Grand Total					
	for Myanmar		Total	for Laos		for Yunnan		Total		for Laos		for Yunnan		Total		Exports		Imports	Total		
2001	715.5	45.9	761.4	63.6	1.6	65.3	125.4	225.2	350.7	2,225.6	547.0	2,772.6	2,414.7	773.9	3,188.6	482.3	287.3	769.6	3,612.4	1,107.2	4,719.6
2002	909.4	96.4	1,005.8	31.4	0.0	31.4	82.1	212.1	294.3	2,735.7	460.6	3,196.3	2,849.2	672.8	3,522.0	502.4	205.2	707.7	4,261.1	974.3	5,235.4
Growth Rate	27.1%	109.8%	32.1%	-50.7%	-100.0%	-51.9%	-34.5%	-5.8%	-16.1%	22.9%	-15.8%	15.3%	18.0%	-13.1%	10.5%	4.2%	-28.6%	-8.1%	18.0%	-12.0%	10.9%
2003	1,617.0	215.0	1,832.1	19.7	1.6	21.2	29.5	81.6	111.0	3,129.1	1,087.4	4,216.5	3,178.2	1,170.6	4,348.8	504.7	189.5	694.2	5,299.9	1,575.2	6,875.1
Growth Rate	77.8%	123.2%	82.2%	-37.3%	N.A.	-32.4%	-64.1%	-61.5%	-62.3%	14.4%	136.1%	31.9%	11.5%	74.0%	23.5%	0.4%	-7.7%	-1.9%	24.4%	61.7%	31.3%
2004	2,039.6	514.0	2,553.6	197.2	1.2	198.4	269.7	65.2	334.9	2,110.3	1,242.4	3,352.6	2,577.1	1,308.8	3,885.9	643.0	294.6	937.6	5,259.7	2,117.4	7,377.1
Growth Rate	26.1%	139.0%	39.4%	903.1%	-28.2%	835.7%	815.7%	-20.1%	201.6%	-32.6%	14.2%	-20.5%	-18.9%	11.8%	-10.6%	27.4%	55.4%	35.1%	27.4%	34.4%	7.3%
2005	1,930.4	280.4	2,210.5	1,325.7	44.1	1,369.7	453.1	46.5	499.6	4,171.8	1,047.3	5,219.2	5,850.6	1,137.9	7,088.5	1,059.6	430.6	1,490.2	8,940.7	1,870.2	10,810.9
Growth Rate	-5.4%	-45.5%	-13.4%	572.2%	3667.5%	590.5%	68.0%	-28.7%	49.2%	97.7%	-15.7%	55.7%	130.9%	-13.1%	82.4%	64.8%	46.2%	58.9%	70.0%	-11.7%	46.5%
2006	2,143.2	457.4	2,600.6	1,220.5	33.4	1,253.9	404.8	22.3	427.1	4,189.1	1,089.8	5,278.9	5,814.4	1,145.5	6,960.0	979.2	579.5	1,558.7	8,939.1	2,261.3	11,200.4
Growth Rate	11.0%	63.1%	17.6%	-7.9%	-24.2%	-8.5%	-10.7%	-51.9%	-14.5%	0.4%	4.1%	1.1%	-2.3%	0.7%	-1.8%	-7.6%	34.6%	4.6%	0.0%	20.9%	3.6%
2007	1,412.8	388.7	1,801.4	529.6	33.3	1,253.9	52.6	5.1	57.7	1,385.7	319.7	1,705.4	1,967.9	358.1	3,017.0	401.1	297.5	698.6	3,781.8	1,075.7	4,857.4

(Notes) Because there is little data on Yunnan in Chiang Khong customshouse during 2001–2004, it is included in figure for Laos. The 2007 figures are for January – June.

(Source) Prepared using data from Thai Customs Department.