Executive Summary

On 6 June 1997, BIMSTEC was first established by 4 founding members under the name BIST-EC (Bangladesh-India-Sri Lanka-Thailand Economic Cooperation Myanmar attended the inaugural June Meeting as an observer and joined the organization as a full member at a Special Ministerial Meeting held in Bangkok on 22 December 1997, upon which the name of the grouping was changed to BIMST-EC (Bangladesh-India-Myanmar-Sri Lanka-Thailand Economic Cooperation), and the number of member countries are 7 countries, namely, Bangladesh[1], Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand. At the First Summit on 31 July 2004, in Bangkok, the Meeting adopted the BIMSTEC Summit Declaration which renamed the grouping as the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) in order to correlate with its purposes and member countries' policies. On February 8, 2004, in Phuket, Thailand, the ministers of economics and trade of the member countries of BIMSTEC jointly signed a Framework Agreement to establish a free trade area (FTA) by 2012, leading to liberalization of trade in goods, services, and investment, as well as to undertake economic cooperation.MFN rate as of 1 August 2009 will be applied respectively to gradually reduce/eradicate in accordance with specified rates. Tariff reduction/elimination are divided into 3 tracks which are 1) Fast Track, gradually reduce tariffs of goods to 0%, comprising 10% of tariff lines using the 6 digit HS 2007 level, 2) Normal Track, tariff reduction/elimination under Normal Track will be divided into 2 categories: Normal Track Elimination (NTE) – gradually reduce tariffs of goods to 0%, comprising 50% of tariff lines, and Normal Track Reduction (NTR) - gradually reduce tariffs to 1-5%, comprising 21% of tariff lines, and Normal Track Reduction (NTR), and 3) Negative List – there is no tariff reduction will be granted at this point. The timeframe of each track to reduce/eliminate tariffs will be set differently between developing countries and least developed countries as shown in table 1 and table 2.

[1]People's Republic of Bangladesh, Kingdom of Bhutan, Republic of India, Union of Myanmar, Federal Democratic Republic of Nepal, Democratic Socialist Republic of Sri Lanka, Kingdom of Thailand are called Bangladesh, Bhutan, India, Myanmar, Nepal, Sri Lanka and Thailand, in this study.

Table 1: Fast Track under BIMST-EC FTA

Countries	For India, Sri Lanka &Thailand	For Bangladesh, Bhutan, Myanmar & Nepal
India, Sri Lanka &Thailand	1 July 2012 – 30 June 2015	1 July 2012 – 30 June 2013
Bangladesh, Bhutan, Myanmar & Nepal	1 July 2012 – 30 June 2017	1 July 2012 – 30 June 2015

From: Framework Agreement on the BIMSTEC Free Trade Area (As of February 2011)

Table 2: Normal Track under BIMST-EC FTA

Countries	For India, Sri Lanka &Thailand	For Least Developed Countries
India, Sri Lanka &Thailand	1 July 2013 – 30 June 2018	1 July 2012 – 30 June 2013
Bangladesh, Bhutan, Myanmar & Nepal	1 July 2013 – 30 June 2023	1 July 2012 – 30 June 2021

From: Framework Agreement on the BIMSTEC Free Trade Area (As of February 2011)

In 2009, total value of trading volume between Thailand and BIMSTEC countries was 10,419 million dollars, amount of Thailand's exports and imports were at 5,781 million dollars and 4,637.2 million dollars respectively, and her deficit was 1,143.7 million dollars. Under the framework, India is the biggest trading partner of Thailand following by Myanmar, and Thailand's trade overbalanced with India and other BIMSTEC countries except Myanmar.

Besides the existence of economic connectivity between BIMSTEC countries, Thailand and Myanmar are also a member of Greater Mekong Subregional Economic Cooperation (GMS-EC)2, which there are 9 areas of cooperation consisting transport, telecommunications, energy, trade, private sector investment, agriculture, environment, tourism, and human resource development. Considering the transport area of cooperation, there are three related flagship programs which are the North-South Economic Corridor (NSC) – links between Thailand, Myanmar, Lao PDR, and China, the EAST-West Economic Corridor (EWEC) – links between Myanmar, Thailand, Lao PDR, and Viet Nam, and the Southern Economic Corridor (SEC) – links between Thailand, Cambodia and Viet Nam.

[2]Member countries of the Greater Mekong Subregion (GMS) consisting 6 countries are Cambodia, China, Lao PDR, Myanmar, Thailand and Vietnam.

According the BIMSTEC and GMS frameworks mentioned above, it can be seen that there is a geographical linkage between the two frameworks. As the GMS member countries are bound together by the Mekong River to continuously develop their economic cooperation, while BIMSTEC is a new economic area on the West of Thailand which the main transport is linked by land. Therefore, if the BIMSTEC and the GMS can be linked together, the economics within GMS could expand to the BIMSTEC by having Thailand as a hub. Moreover, it will also link the Southeast Asian countries, GMS and ASEAN as a whole. At this point, Thailand will gain benefits as being a hub/centre of such developments. According to the importance of the aforementioned frameworks, it is necessary to have an analytical study in developing strategies for industrial development with the BIMSTEC countries as a whole, and by country where connects with the GMS, in order to identify targeted industries, targeted products and targeted areas where have a potential to further develop mutual cooperation, and to analyze the impacts of the BIMSTEC Free Trade Area together with the restructuring of the manufactures, so that Thailand will take advantage the BIMSTEC-FTA and get the most benefit from the cooperation for Thai economic development.

This study aims to study in 4 aspects including 1) to study in-depth analysis of economic and industrial structures, policies and industrial development plans of the BIMSTEC member countries and the connectivity of the logistics and the supply chain with countries in the GMS, 2) to study, analyze and develop strategies for industrial development with BIMSTEC member countries as a whole, and with countries where connect with the GMS, in order to identify targeted industries, targeted products and targeted areas where have a potential to further develop mutual cooperation, 3) to study and analyze problems and obstacles of the development of industrial cooperation and investment within the BIMSTEC member countries, and to set guidelines and measures in promoting the investment cooperation among the BIMSTEC countries as a whole and by country, and 4) To study the impact of the trade liberalization under the BIMSTEC framework along with the guidelines of the restructuring of manufacture to take advantage of the FTA.

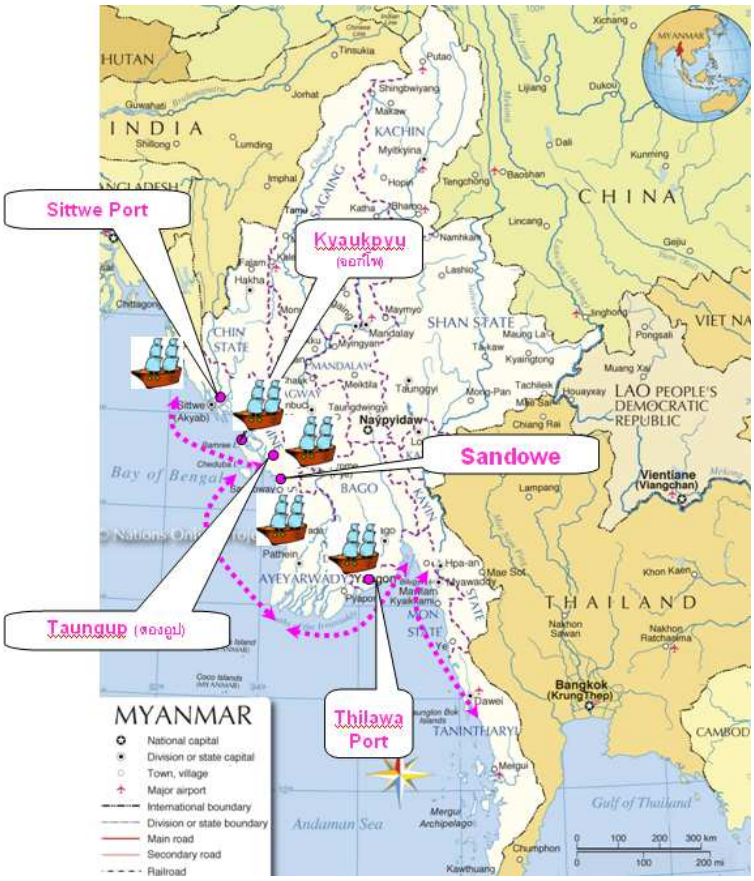
As the results of the study, the project developed the strategies for industrial cooperation development within the BIMSTEC countries as followings.

1. Strategy for the Investment of the Targeted Industry: by product

1.1 Fishery Processing Industry

Country	Strategy	Targeted Area	Details	Responsible Agencies	Proceeding time (year)
India	Distribution Center	Guwahati, Assam	(1) Set up a fishery distribution center of frozen products stored in a cold storage and processed products for sale in the Northeast of India, other areas of India, and for distribution to Nepal, Bhutan and Bangladesh	BOI MOC Thai Chamber of Commerce	1-2
		Imphal, Manipur	(2) Set up a sub trading hub as a sub unit to store and distribute products to border areas of India and for sale in Myanmar		
	Promotion of Fishery Processing Investment	Guwahati, Assam	(1) Establish fishery processing plants (2) Use raw fishery materials from Assam and also from neighboring countries' ports e.g. Chittagong Port of Bangladesh or Sittwe Seaport (under Kaladan Multiple River Project) of Myanmar etc.	BOI MOI F.T.I	5
Myanmar	Fishery Processing Plants by using in-the-area raw materials	Yangon	(1) Set up fishery processing plants as being international business center and logistics system which is convenient, near the sea that is an important source of raw materials.	BOI MOI F.T.I	2-3
		Myeik	(2) Set up fishery processing plants by using in-the-area raw materials because Myeik is close to the Andaman Sea and there is the Myeik Industrial Zone where there are cold storage factories, therefore, many of raw materials are fed to the plants.		

Country	Strategy	Targeted Area	Details	Responsible Agencies	Processing Time (year)
Myanmar	Distribution Center	Yangon	(1) Set up a fishery distribution center for sale in Myanmar, and in the future, products can be exported to other countries through Yangon Port or Thilawa Port.	BOI MOC Thai Chamber of Commerce	1-2
		Mandalay	(2) Set up a distribution center for sale in Myanmar, and to export by land to the neighboring countries; India (Northeast and North) China, Bangladesh and Lao PDR.		
		Dawei	(3) Form a sub distribution center by using Dawei Deep Seaport in exporting.		5-10



Suitable Area for Fishery Sector

1. **Gulf of Martaban**

The suitable area for fishery since a complete source of raw materials and there are Thilawa Port, Yangon, as a port for products distribution.

2. **Western part of Myanmar**

There are ports that have potentials in shipping products between Myanmar, India, and Bangladesh to further ship to Thailand and other Eastern neighboring countries. A list of the Ports is

- Taungup Port
- Sandowe Port
- Kyaukpyu Port
- Sittwe Port

Besides, Sittwe Port is also a main port of Kaladan Multiple River Project established by Myanmar and India, which facilitates the shipment between Myanmar and Eastern part of India.

Figure 1: Suitable Area for Fishery Sector, Myanmar

1.2 Fruit and Vegetable Processing Industry

Country	Strategy	Targeted Area	Details	Responsible Agencies	Processing Time (year)
India	Distribution Center	Guwahati, Assam	(1) A distribution center for sale proceeded fruit and vegetable in the Northeast and other parts of India including further distributing to Nepal, Bhutan and Bangladesh.	BOI MOC Thai Chamber	1-2
		Imphal, Manipur	(2) A sub trading hub as a sub unit to store and distribute products to the border areas of India and to Myanmar		
	Production Base for Proceeded Fruits and Vegetables	Guwahati, Assam	(1) A fruit and vegetable processing plant to produce dried fruits and vegetables or other form of products.	BOI MOI F.T.I	3-5
		NER Areas (Assam, Manipur and Maghalaya)	(2) Business matching between Thai and Indian investors for a joint venture in form of a joint production of proceeded fruit and vegetable or a joint venture in constant input of raw materials to manufacture sectors.		

1.3 Rubber Industry

Country	Strategy	Targeted Area	Details	Responsible Agencies	Processing Time (year)
India	Rubber Processing Plant	Guwahati, Assam	(1) Establishing a rubber processing plant because of a large scale of rubber cultivation in Assam and a more popularity of Eco-Friendly Activity. The products are as followings: - Tire productions to enter into the automotive industry of India particularly to Chennai where there are many automotive brands have invested. - Rubber sheet and block rubber productions to enter into other industries in India. (2) A business matching between Thai investors who want to invest in India and Indian businessmen to invest from providing raw materials into the plants, production of rubber and sale the products to other industries.	BOI MOI F.T.I	2-3
	Rubber Wood Processing Plant	Guwahati, Assam	(1) Establishing a rubber wood processing plant to make rubber wood into furniture to sell to consumers in India. (2) Analyzing tastes/needs of local consumers and the future trend to produce products that meet the needs of consumers and the targeted group.	BOI MOI F.T.I	5-10
	Distribution Center	Guwahati, Assam	(1) Setting a distribution center for rubber wood for sale in India and for distribution to Nepal, Bhutan and Bangladesh.	BOI MOC Thai Chamber of Commerce	5-10
		Imphal, Manipur	(2) Setting a sub trading hub to store and distribute products to the border areas of India and to Myanmar.		

1.4 Textile Industry

Country	Strategy	Targeted Area	Details	Responsible Agencies	Processing Time (year)
India	Thailand Fashion Center	Guwahati, Assam	(1) Establishing Thailand Fashion Center as source of wholesale and retail of Thai textile products; from fabrics to ready-made dresses.	MOC BOI Thai Chamber of Commerce	2-3
			(2) Being fashion center to distribute Thai textile products to other parts of India and to Nepal, Bhutan and Bangladesh.		
		Guwahati, Assam and India	(3) Cooperation between the two countries in organizing the Fashion Fair to create opportunities for investors in the region to meet each other.		
		Imphal, Manipur	(4) Establishing a Sub Fashion Center as a sub unit to distribute Thai textile products to the border areas of India and to Myanmar.		
Myanmar	Distribution Center	Mandalay	(1) Establishing a National Distribution Center to sell products to consumers in Myanmar and in the Northeast of India by land transport through Tamu-Moreh Check Post.	BOI MOC Thai Chamber of Commerce	1-2
	Garment Factory	Myawaddy	(1) Setting a garment production factory in Myawaddy because a large number of labor with a low wage rate in hiring in Myanmar. (2) Some portion of the finished products is sold in Myanmar while the other is returned to Thailand for further export to other countries.	BOI MOI F.T.I	2-3

2. Strategy for Support Targeted Industry

2.1 Establish the Industrial Intelligence Center of BIMSTEC – GMS – ASEAN

Targeted Area	Detail	Responsible Agency	Processing Time (Year)
BIMSTEC Member Countries	(1) Providing a counseling service center for Thai businessmen who need to invest in the BIMSTEC member countries, particularly in India and Myanmar; for instance, trade and investment trends, regulations of each member country, regulations under the BIMSTEC, GMS and ASEAN Agreements, technical analysis of market trends, and organizing a forum between Thai investors who need to invest in overseas etc. (2) Preparing for the Regional Supply Chain to analyze the pattern of trade in the region which will illustrate the linkage stating from raw materials brought from domestic and overseas (proportion of each country), to production process within the country (in which areas?), export to which countries and by which shipping methods – by land transport, by water transport or by air.	MOI BOI MOC	1-2
Myanmar	(3) Strengthening relationship with neighboring country more closely and setting negotiation mechanism to solve problems about open – close border trade check posts	MFA MOC	1-2

2.2 Great Perception

Targeted Area	Detail	Responsible Agency	Processing Time (Year)
India, Myanmar	(1) Establishing the neighbors' language center for Thai investor who is interested to invest in neighboring countries to learn a basic of neighbors' language. It will create a good atmosphere for the investment and enhance a good communication for a better understanding in business. (2) Developing the industrial trade and investment course which covers basic/general information, state policies, regulations, opportunities and barriers to open Thai investors' view to know and see opportunities from this region.	Educational Institutions BOI MOC Thai Chamber of Commerce F.T.I	1-2

2.3 Thai Industrial Professional

Targeted Area	Detail	Responsible Agency	Processing Time (Year)
BIMSTEC Member Countries	(1) Encouraging Thai industrial professionals who are bold, patient and able to solve problems or adapt their business smoothly which appropriate to the situation immediately. (2) Making a sincere investment by doing not aim to serve one's own interests which will cause a negative image in the eyes of foreign investors towards Thai investors. (3) Encouraging Thai entrepreneurs to produce good quality products to be recognized in ASEAN and other countries. (4) Organizing a stage where the investors can share their experiences which help entrepreneurs to cope and adjust their investment and processing pattern properly.	BOI Thai Chamber of Commerce F.T.I	1-2

2.4 Support for the Connectivity of International Transport

Targeted Area	Detail	Responsible Agency	Processing Time (Year)
Thailand-Myanmar-India	Build the Transportation System between Thailand-Myanmar-India as followings: (1) By road: pushing the Trilateral Highways which links NER of India, Myanmar and Thailand (2) By air: pushing for flight routes between Guwahati-Mandalay-Yangon-Bangkok (3) By rail: developing the railway transportation between India-Bangladesh-Myanmar and between Guwahati-Moreh-Tamu (Myanmar) (4) By water: creating the opportunity from the linkage between Sittwe Port-Kyaukpyu Port-Kolkata Port	MOT Thai Customs Department	5-10

2.5 Support the Gateway and the Warehousing Center

Targeted Area	Detail	Responsible Agency	Processing Time (Year)
India	(1) Establishing Thai Warehousing Center in India which is NER Hub (North East Region Hub) at Guwahati and the Sub Distribution Hub or Sub-Hub at Imphal in Manipur, and Dimarpur of Nagaland.	MOC Thai Chamber of Commerce F.T.I	3-5
Myanmar	(2) Establishing Thai Warehousing Center at Mandalay – some portion of products is sold in Mandalay. Mandalay is a suitable area because it is a business center in the upper part of Myanmar and its landscape is suitable to distribute the products to neighboring countries including Thailand, China, India, Lao PDR and Bangladesh. Moreover, It also has convenient transportation both by land and air which the airport and road are direct from Yangon to Mandalay as it takes only 8 hours (Figure 2)		



Figure 2: The links between Mandalay in Myanmar and the neighboring countries

Targeted Area	Detail	Responsible Agency	Processing Time (Year)
India, Myanmar	(1) The remaining products in Thai Warehousing Center at Mandalay in Myanmar will be distributed to Eight Sisters States of India through Tamu-Moreh Check Post. It is because the Moreh Check Post of India plans to build the Integrated Check Post (ICP) which will make Tamu-Moreh Check Post to be the another Sub-Trading Hub (Figure 3).	BOI MOC Thai Chamber of Commerce	3-5
	(2) Currently, trade at the Tamu-Moreh Check Post is still unofficial with unclear regulations. Therefore, Thailand, Myanmar and India should appoint thw working group to push the Tamu-Moreh Check Post to be the international check post, and to be Tamu – Moreh Regional Trade Centre.	MFA MOC Thai Customs Department	2-3

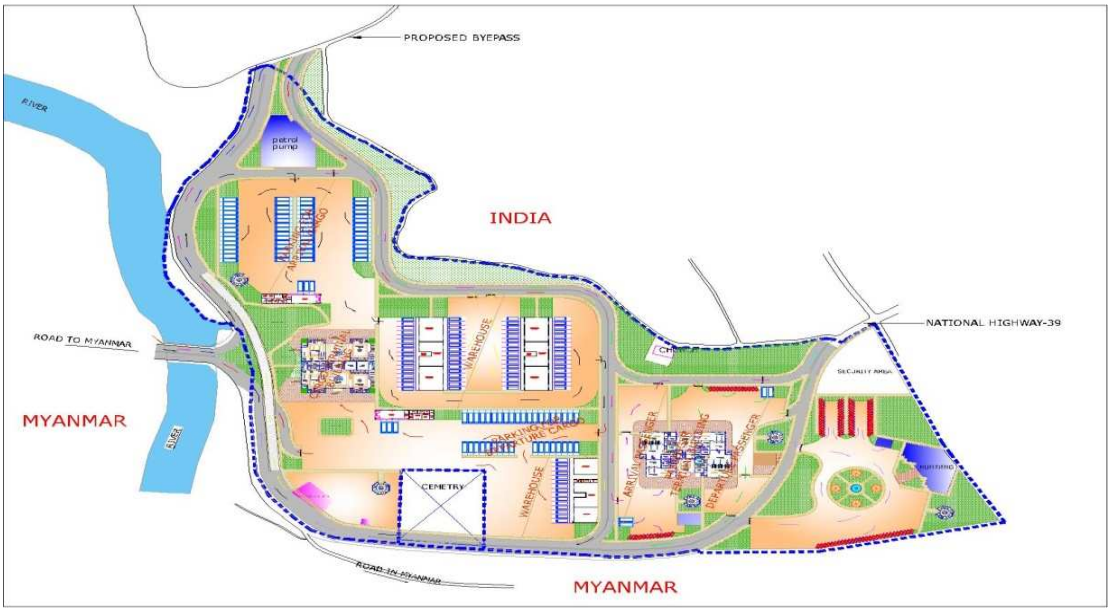


Figure 3: The Structure of the Integrated Check Post (ICP) at Moreh Check Post, India

2.6 The Joint Industrial Committee of India – Myanmar – Thailand – China

Targeted Area	Detail	Responsible Agency	Processing Time (Year)
Myanmar	This strategy focuses on China as China plays a dominant role in the region in terms of foreign affairs and industrial economics. Therefore, there should be the Joint Industrial Committee of India – Myanma – Thailand – China (JIC). The Committee has a mandate in monitoring and specifying the measures to promote entrepreneurs in the areas of trade and investment.	MFA MOI BOI MOC	2-3

2.7 The One Business Card" between Thailand – Myanmar – India

Targeted Area	Detail	Responsible Agency	Processing Time (Year)
Thailand-Myanmar-India	Issuing the Investor Card or the Business card to facilitate the investors to travel between the three countries more easily and have a privilege in traveling to contact for trade and investment with agencies in the three countries instantly.	MFA MOI BOI	2-3

2.8 Establishing Good Relations with the Neighboring Countries (Vivid Imagination)

Targeted Area	Detail	Responsible Agency	Processing Time (Year)
BIMSTEC Member Countries	Adjusting Thailand's status to be a provider by taking the example of China in pursuit of the interests seeking from neighboring countries. China starts by building good relationships at all levels, both government and private sectors, and by providing first aid and later begins negotiations on investment.	MFA MOI BOI	1-2

2.9 Market Segmentation

Targeted Area	Detail	Responsible Agency	Processing Time (Year)
India, Myanmar	Conducting a market survey to know and understand consumer's tastes in various areas and also the future trends of the change of consumption in order to produce products for sales that definitely meet the needs of the consumer.	MOI BOI MOC	2-3