

# TNCs and Trade Agreement : The Case of ACMECS/GMS

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# Trade & Investment Agreements & Regional Cooperation Agreements

- ♦ ASEAN (Association of Southeast Asian Nations),
- ♦ the Greater Mekong Sub-region Economic Cooperation Programme (GMS)
- ♦ and the more recent Ayeyawadi-Chao Phraya-Mekong Economic Strategy (ACMECS) framework



# GMS

- ♦ Initiated in 1992, the GMS is an ambitious master plan to create a "frontier" of rapid economic growth through regional economic cooperation.
- ♦ The GMS aims to transform the rich human and natural endowments of the Mekong region into a region-wide free trade and investment area, fuelled and led by private sector growth.
- ♦ Majority of the capital investment through the GMS programme has been in the areas of transportation infrastructure (road, railways, air and waterways), power/electricity, and trade and investment facilitation

# What is ACMECS ?

- ◆ Leaders of Cambodia, Lao PDR, Myanmar and Thailand met for the first time on 12 November 2003 in Bagan, the Union of Myanmar. At the Summit, the four Leaders adopted the Bagan Declaration, affirming their commitment to cooperate in five priority areas of cooperation, and endorsed the Economic Cooperation Strategy Plan of Action, under which 46 common projects and 224 bilateral projects were listed for implementation over the next ten years. The Leaders agreed to call this newly created economic cooperation framework the "*Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy*" or "*ACMECS*".



- ♦ Vietnam has joined the group on 10 May 2004
- ♦ ACMECS aims to increase cooperation in five main areas: trade and investment facilitation; agricultural and industrial cooperation; regional transport linkages; tourism, and; human resource development.
- ♦ Building on existing regional and bilateral cooperation agreements
- ♦ ACMECS seeks to transform the border areas of its five members into special economic zones of high growth. With the fertile lands and hydropower potential that the river basins offer, key areas of investment are agriculture and energy

**“The ECS shall capitalize on the comparative advantages of the member countries to establish a prosperous and highly competitive sub-region. The objective is to facilitate the flows of goods and investments, which are crucial for job creation, income promotion and reduced socio-economic disparities”**

## Thailand

1. Increase competitiveness of the Thai industry using the agriculture raw material
2. Response to the agricultural and industrial restructure of Thailand
3. Create investment opportunity and develop economic activities along the Economic Corridor

## Neighboring countries

1. Increase productivity through technical assistant
2. Create jobs and business investment that lead to poverty alleviation
3. Develop infrastructure to raise up environmental and living quality



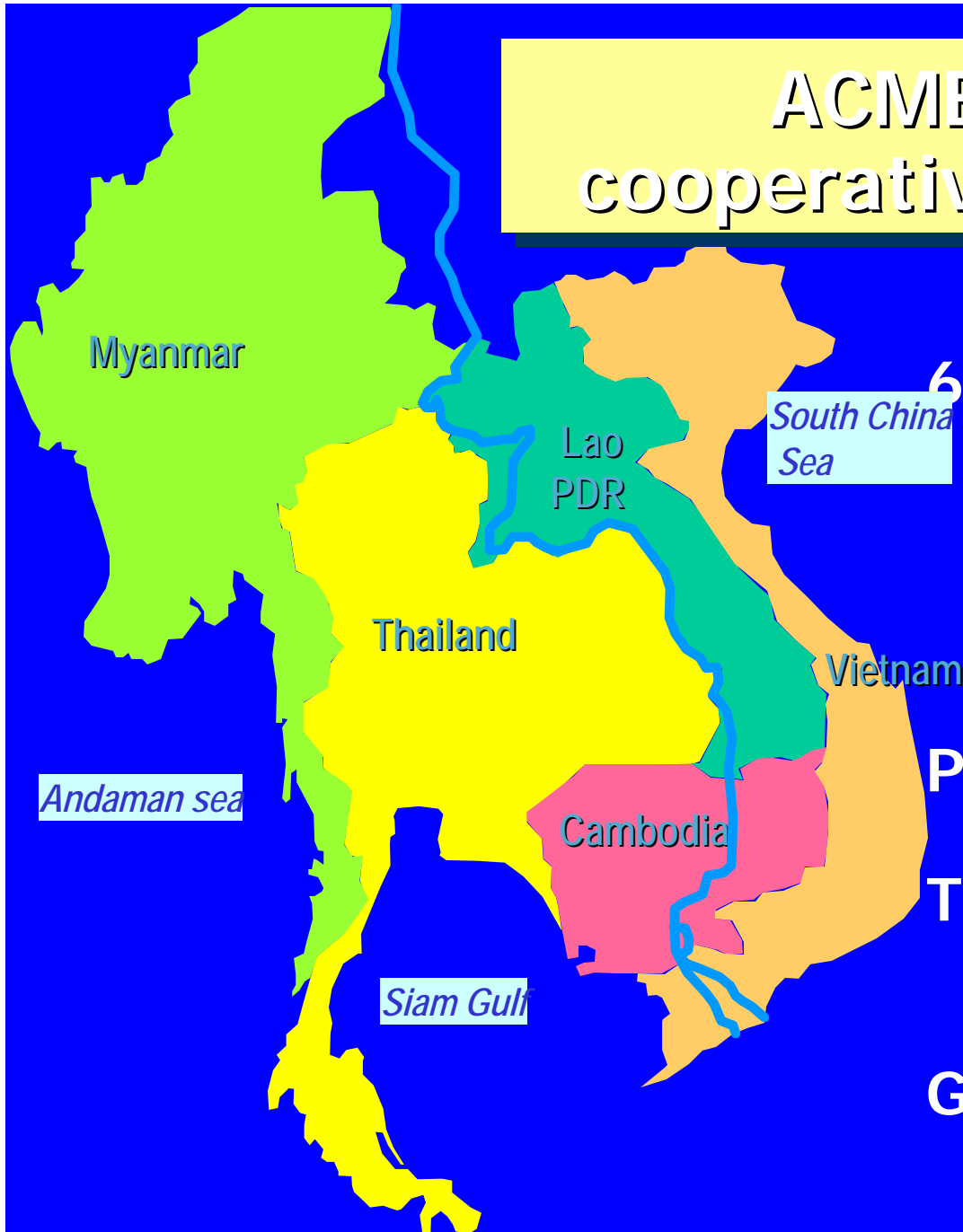
# Win Win policy

ACMECS Ministerial Preparatory Meeting  
For the 2nd ACMECS Summit  
2 November 2005





# ACMECS/GMS cooperative framework



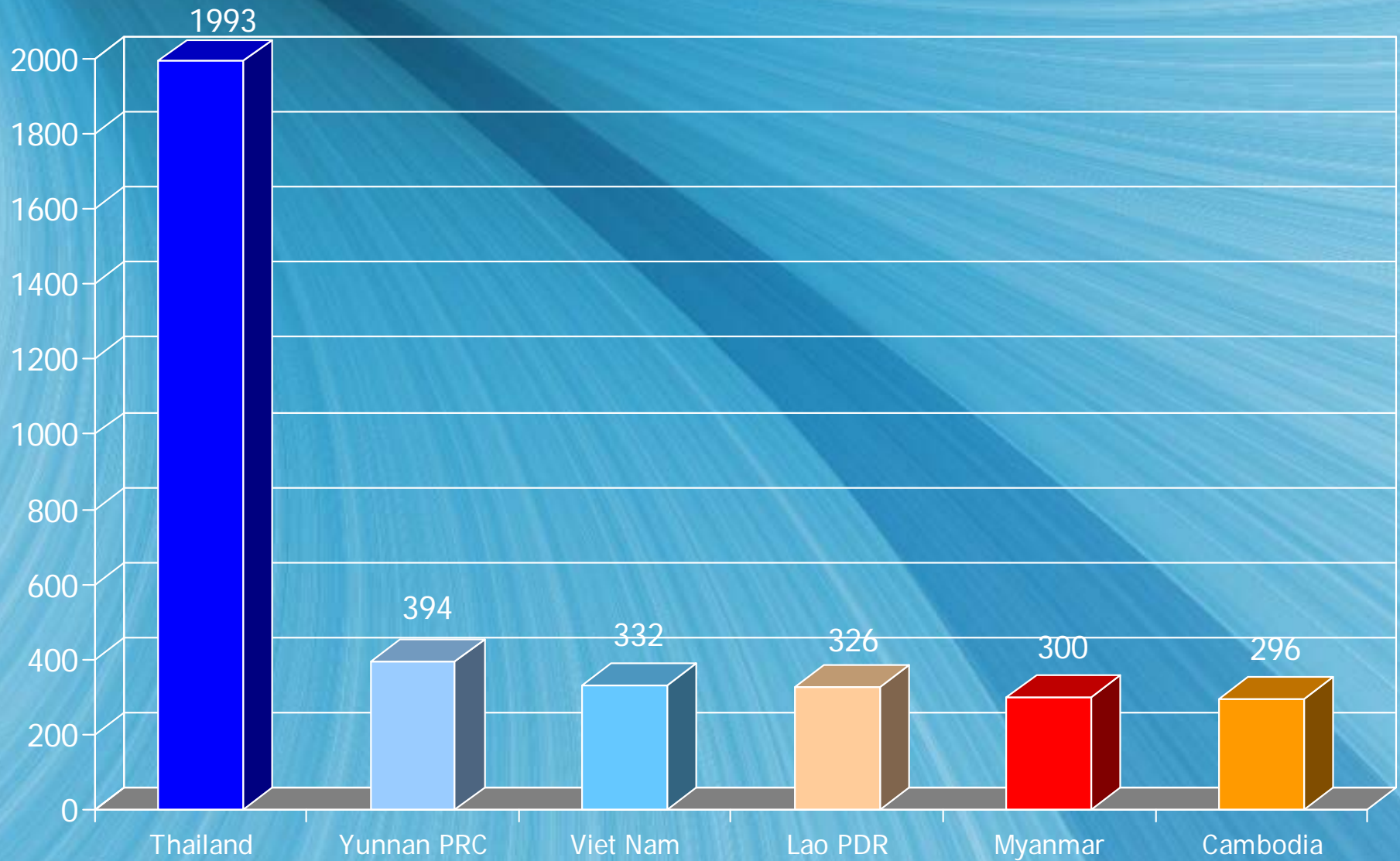
6 Countries: Cambodia,  
Lao, Myanmar  
Thailand  
Vietnam and  
China (Yunnan)

Population : 313 mill

Total area : 1.94 Mill  
Sqrkm

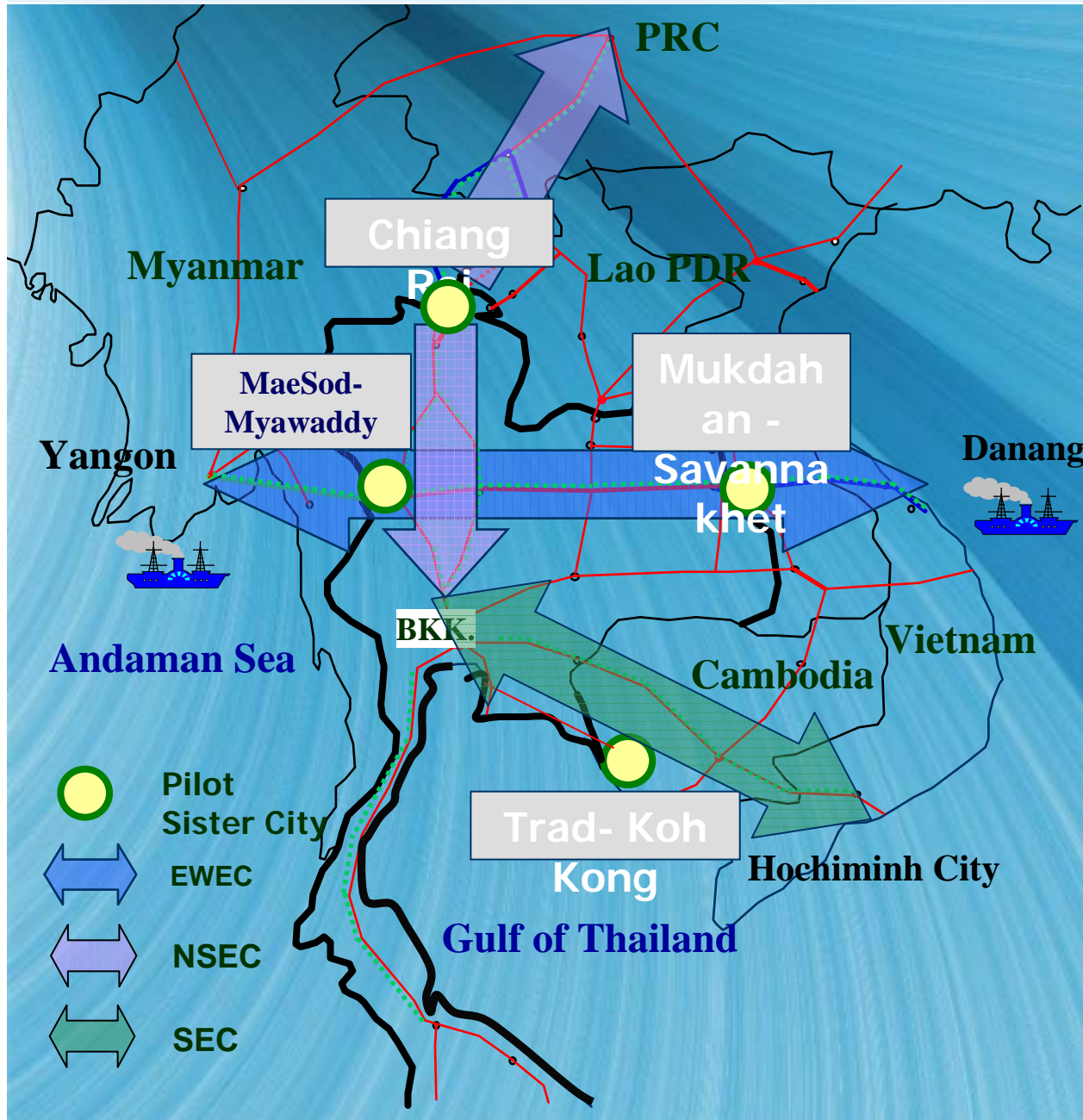
GDP : 976 Mill. US\$

## GDP Per Capita (PPP)





# GMS & ACMECS ECS



## 1. Int' policy support

- EWEC Major Production base in GMS
- ACMECS Pilot twin city

## 2. Location advantage : Economic corridors

- - Link Myanmar and South Asia and EWEC countries through road complete in 2008
- - Link production with Indo-China intersection and domestic production

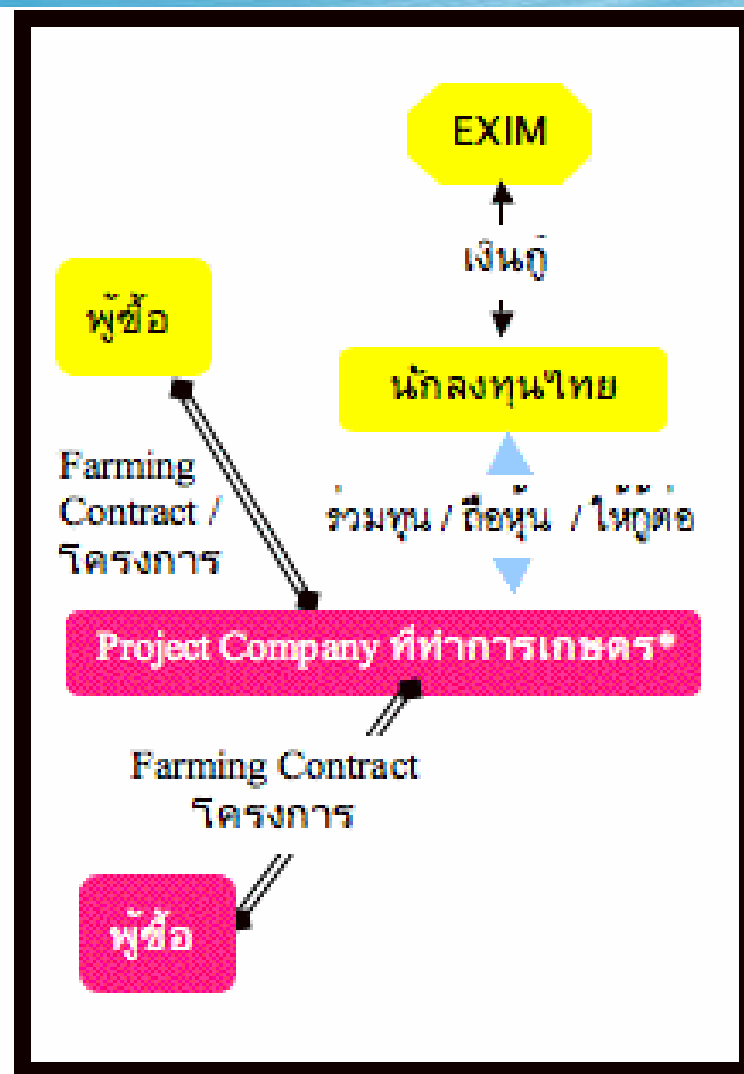
**One of key component  
: To shift agricultural &  
industrial production base to  
CLMV country**

- ♦ **Spacial Border Economic Zone (SBEZ)**
- ♦ **Contract Farming  
targeted 53,000 ha in year 2005-  
2006**





Existing Thailand's SBEZ and  
IEAT's projects in CLM Countries



0 % tariff tax for Agri products to Thailand under ACMECS contract farming project i.e. soy bean, corn and castor bear



**WHO is behind the scene ?**



*“ I like to raise rough example if today we came to promote corn cultivation in Mianmar only we buy them 3 bt /kg they will be so happy. Then they will have money to buy from us motorcycles, television and all sort of things such like the Japanese have done to us Thai people. We have to make them earning money and corns that we buy them we don't sell nit in our market, it 's for animal feed.*



Thanin Chiarawanont    21 August 1997



# Get to know CP

- ♦ 1972 CP first established Animal feed factory( AFF) in Indonesia
- ♦ CP was the first company which sent frozen chicken to Japan then open AFF in Hongkong
- ♦ 1976 set up AFF in Singapore
- ♦ 1977 in Taiwan
- ♦ 1979 in Malaysia then China Belgium Portugese Turkey and so on
- ♦ In 1992 CD have AFF in 10 countries 50 factories production capacity 5-6 mill tons/ year become 1 of the top 5 major animal feed producer of the globe

- ♦ 1997 CP group was 1 among 5 top chicken producer and exporter of the globe and was ranked as the top leading agri-tech company in Asia
- ♦ 1994 CP group has operated in 23 countries in several region of the world
- ♦ Total sale is almost 3 billions US\$ / year
- ♦ 70,000 employees in 200 company all over the world



# How CP has influenced Govt policy & mechanism ?

- ♦ Through state official
- ♦ Private sector

Chamber of Commerce, Thailand (Pornsir, Pachrintanakul, Chair of the business committee on ACMECS Chamber of Commerce)

Industrial Council of Thailand

Bank Association of Thailand

“..ASEAN can be then seen as a single market in the eyes of foreign investors and compete with China. Without a single market they tend to be seen as 10 individual countries, not as an attractive investment. We would like to see more meaningful and open market in ASEAN,...ASEAN has an important interest in being a market to compete with China and India”



Said Matthew Daley, President of the US-Asean Business Council



# With hope we fight



**STOP FTA  
STOP  
PRIVATISING  
COUNTRY  
BUILD THE  
JUST  
ECONOMY**

The background is a solid blue field with a complex, organic pattern of fine, wavy lines that create a sense of movement and depth. A prominent, darker blue diagonal band runs from the upper left towards the lower right, intersecting the lighter blue areas.

THANK YOU