

## Preface

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## PREFACE

National Economic and Social Development Board, Thailand (NESDB) and Institute of Developing Economies, Tokyo (IDE) has carried out the joint research project of **Thailand-Indochina International Input-Output Studies** since April 1998. As a result of the first phase of the project, we published "Thailand-Indochina International Inter-industrial Interdependency" (ASEDP No.49) in March 1999.

In this project, there are some serious problems for compilation of international input-output table for this region. Information and statistical data for compilation of the table have not yet been systemized in regard with macroeconomic situation, industrial structures and sectoral development, and financial and international trade of Indochina subregion. Therefore, as a first step, the project had to start from conducting a kind of feasibility studies and gathering information and statistical data from various sources, mainly from international organizations. The surveys made under the project are mainly on the general economic situations, the international economic cooperation, and policy issues in the related economies, Thailand, Cambodia, Lao, Myanmar and Vietnam.

These surveys cover the macroeconomic issues, the fiscal and financial development, the country studies, the sectoral development, and the interindustrial economies. Through these surveys, huge number of valuable information and statistical data have been collected for the second phase of the project (April 1999 to March 2000) for constructing national and international input-output tables.

### 1.1 Research Project for 1998 (the First Phase) and Summary of the Report, "Thailand-Indochina International Inter-industrial Interdependency (I)"

The report for the first phase of the project (1998) is divided into four parts, (1) macroeconomic issues, (2) fiscal and financial development, (3) production, trade and investment, and (4) national accounts and interindustrial economies.

In the area of macroeconomic issues, "Macroeconomic Policies in Indochina Subregion" (Warin and Orapan) reviewed the national economies, macro policies for strengthening economic management of Indochina countries, and the integration of Indochina countries into the world economies. "Greater Mekong Subregional Economic Cooperation (GMS)" (Pornchai) and "Economic Development in Greater Mekong Subregion in 2020" (Paitoon) reviewed the present situation and a future prospect of GMS. "Myanmar Economic Development" (Kitti) overviewed the historical and recent economic development and policies. "Indochina Macroeconomic Indicators" (Furukawa) surveyed statistical data availability and statistical data collected by international organizations.

In regard with fiscal and financial issues, "Monetary Policies in Indochina Region" (Busaba) and "Fiscal Issues in Indochina, Myanmar and Thailand" (Somchai) reviewed fiscal and monetary policies undertaken by Indochina region, a possible supporting role in trade, investment and implications of financial issues among Thailand and Indochina subregion.

In the field of production, trade and investment, "Industrial Development in Indochina Countries" (Samart) reviewed recent industrial structures of Indochina countries, "Agricultural Policies in Greater Mekong Subregion" (Kasemsan and Ladawan) overviewed roles of agricultural sectors in Indochina subregion. "Industrial Development of Indochina" (Samart) outlined the present situation of industrialization in Indochina subregion, Lao, Yunnan province of China, Cambodia, Vietnam, and Myanmar. "Thailand's International Economic Cooperation Policy" (Pornchai) overviewed the past international cooperation, such as the Association of Southeast Asian Nations (ASEAN), the Asia-Pacific Economic Cooperation (APEC), the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), and the Greater Mekong Subregion Economic Cooperation (GMS). "Foreign Direct Investment in Indochina" (Atchaka and Pichit) focuses recent situation of flows of investments by country and by sector.

In the part of interindustrial economies, "Indochina's National Accounts System" (Pak and Chamnong) summarized the present situation of national accounts in this region. "Indochina Input-Output Framework" (Furukawa and Arkhom) presented the national input-output framework, how to estimate national input-output table, how to consolidate two country tables into bilateral one, and analytical examples. "Thailand Input-Output Structure" (Chaveewan and Prapasri) reviewed the past industrial structures and sectoral performances in Thailand.

## 1. 2 Research Project for 1999 (the Second Phase)

A framework of international input-output table is the most powerful tool to analyze the international inter-industrial interdependency in the region, and it can be the foundation of the national accounts for those countries. However, any full- or large-scale input-output tables have not yet been constructed in most of Indochina economies. Therefore, it is not feasible to construct the large-scale international input-output table for the region. Even, a bilateral input-output table between Thailand and selected Indochina country has not been completed in the first phase. Therefore, the project, TICIO has tried to make an effort to construct a prototype input-output table of selected Indochina countries for 1995, and to link them with Thailand input-output table for 1995 (the latest input-output table in Thailand).

In the second phase, the project team has conducted several studies and works for the analysis on international inter-industrial interdependency between Thailand and Indochina countries as follows:

- (1) the macro-economic database for Indochina countries,
- (2) the international trade statistics between Thailand and Indochina countries,
- (3) the prototype international input-output table for Thailand-Indochina country,
- (4) national accounts database for Indochina countries, and
- (5) analysis of impact of Thailand-Indochina sub-regional development on Thai economy and Indochina economies.

In the second year, international comparable macro-economic data sets for Indochina countries have been developed and updated through the evaluation of the consistencies between macro-economic data and basic statistics, and an bilateral input-output table between Thailand and Vietnam for 1995 has been estimated. This bilateral input-output table will supply an powerful equipment for analysis of international economic interdependency between Thailand and Vietnam.

The final report covers the international comparisons of macro-economies of Thailand and Indochina countries, the international comparisons of industrial and international trade structures among Thailand and Indochina countries, and an analysis of impact of sub-regional development of international industrial and international trade structures.

### 1.3 Structure of the report for the second phase

#### Part I Economic Development in GMS

- Chapter 1. Macro-Economic Situation in Indochina Countries (Dr. Warin Wonghanchao and Dr. Orapan Nabangchang)
- Chapter 2. The Economic Corridors : New Dimension for Development in the Greater Mekong Subregion (Dr. Pornchai Rujiprapa)
- Chapter 3. Trade between Thailand and Indochina Countries (Mr. Sintorn Guntawong)

#### Part II Input-Output Table in Indochina Countries

- Chapter 4. Compilation of Thailand Input-Output Table 1995 (Ms. Somsri Luangmanirut and Ms. Prapasri Phongwatana)
- Chapter 5. Estimation of Thailand-Vietnam Bilateral Input-Output Table 1995 (Shunichi Furukawa, Arkhom Termpittayapaisith, and Surapol Srihuang)
- Chapter 6. Thailand-Vietnam International Inter-industrial Linkages Analysis (Shunichi Furukawa, Arkhom Termpittayapaisith, and Surapol Srihuang)

#### Part III Statistical Tables

- Table 1. 1995 Thailand-Vietnam Bilateral Input-Output Table: Transaction

	Table
Table 2.	1995 Thailand-Vietnam Bilateral Input-Output Table: Input Coefficient Table
Table 3.	1995 Thailand-Vietnam Bilateral Input-Output Table: Inverse Matrix

#### 1.4 Concluding Remarks

The joint research project has conducted several studies and statistical works in this area. However, the project team has faced on several difficulties, such as lack of statistical information, lack of research network among Thailand and Indochina countries. The project team believes that the results of the project will be one of important pioneering work and studies in the field of studies on international economic cooperation, international trade linkage, and international industrial linkage among Thailand and Indochina countries. Until now, international linkages in this region are still weak in comparison with the linkage with developed countries, such as Japan and U.S. economies. However, the linkages in this region will be expanded more and more, year by year based on potentiality of economic growth in this region after stabilization of political problems and transition of economic system from planed economy to marketed economy. The project team hopes that "1995 Thailand-Vietnam Input-Output Table" could facilitate the basic analytical tool for the studies mentioned above.

Finally, we would like to express sincere thanks to Mr. Wirat Wattanasiritham, former Secretary-General of the National Economic and Social Development Board, Thailand, who initiated the project. We should also express great appreciation to Thai government and research institutes for kind cooperation to this project.

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