

## Report on North East India and Thailand Trade

<b>Submitted To:</b> Bee Management Consultancy Pvt. Ltd. 2 <sup>nd</sup> fl., Kalpataru Heritage, 127, Mahatma Gandhi Road Fort, Mumbai 400001. India T +91-22-22672561, 22670842 F +91-22-22672812 E bee@beemanagement.com W <a href="http://www.beemanagement.com">http://www.beemanagement.com</a>	<b>Submitted By:</b> Sutanu Dutta Puneet Bhasin Shabnam Dhaliwal Deepak Banga Jai Bhagchandani Amit Gupta Noher Singh Malhan Priyadarshi Sadangi Institute of Management Development and Research Deccan Education Society Pune, India Research Interns at Institute of Management Development Research which is Pune's first management institution. See <a href="http://www.imdr.edu">http://www.imdr.edu</a>
--	--

This report has been prepared by full time students at a very short notice given 3 working days and provided as a gesture of goodwill for the North East India <-> Thailand, trade and investment development effort.

## **HISTORICAL BACKGROUND:-**

### **INDIA**

1. Aryan tribes from the northwest infiltrated onto the Indian subcontinent about 1500 B.C.; their merger with the earlier Dravidian inhabitants created the classical Indian culture.
2. The Maurya Empire of the 4th and 3rd centuries B.C. - which reached its zenith under ASHOKA - united much of South Asia. The Golden Age ushered in by the Gupta dynasty (4th to 6th centuries A.D.) saw a flowering of Indian science, art, and culture. Arab incursions starting in the 8th century and Turkic in the 12th were followed by those of European traders, beginning in the late 15th century.
3. By the 19th century, Britain had assumed political control of virtually all Indian lands. Indian armed forces in the British army played a vital role in both World Wars. Nonviolent resistance to British colonialism led by Mohandas GANDHI and Jawaharlal NEHRU brought independence in 1947. The subcontinent was divided into the secular state of India and the smaller Muslim state of Pakistan.
4. A third war between the two countries in 1971 resulted in East Pakistan becoming the separate nation of Bangladesh. Despite impressive gains in economic investment and output, India faces pressing problems such as the ongoing dispute with Pakistan over Kashmir, significant overpopulation, environmental degradation, extensive poverty, and ethnic and religious strife.

### **THAILAND**

1. A unified Thai kingdom was established in the mid-14th century.
2. Known as Siam until 1939, Thailand is the only Southeast Asian country never to have been taken over by a European power.
3. A bloodless revolution in 1932 led to a constitutional monarchy.
4. In alliance with Japan during World War II, Thailand became a US ally following the conflict.
5. Thailand is currently facing separatist violence in its southern ethnic Malay-Muslim provinces.

## Report on North East India-Thailand Trade & Investment Potential

### India Thailand comparative analysis

	INDIA	THAILAND
Population	1,129,866,154 (July 2007 est.)	65,068,149
Population growth rate	1.606% (2007 est.)	0.663% (2007 est.)
Density of population		
Total area	<i>total:</i> 3,287,590 sq km <i>land:</i> 2,973,190 sq km <i>water:</i> 314,400 sq km	<i>Total:</i> 514,000 sq km <i>land:</i> 511,770 sq km <i>water:</i> 2,230 sq km
GDP	\$906.268 bln (2006)	\$206 bln (2006)
GDP per capita	\$3,800 (2006 est.)	\$9,200 (2006 est.)
GDP - real growth rate	9.4% (2006 est.)	5% (2006 est.)
HDI	0.611	0.784
FDI	\$15,726 mn (upto June 2007)	
Forex and gold reserves	\$165 billion (2006 est.)	\$59.06 billion (2006 est.)
Oil reserves	5.371 billion bbl (1 January 2005 est.)	583.4 million bbl (1 January 2005)
Inflation	5.3% (2006 est.)	5.1% (2006 est.)
Unemployment	7.8% (2006 est.)	2.1% (2006 est.)
Exports	\$112 billion f.o.b. (2006 est.)	\$123.5 billion f.o.b. (2006 est.)
Imports	\$187.9 billion f.o.b. (2006 est.)	\$119.3 billion f.o.b. (2006 est.)
Agriculture – products	rice, wheat, oilseed, cotton, jute, tea, sugarcane, potatoes; cattle, water buffalo, sheep, goats, poultry; fish	rice, cassava (tapioca), rubber, corn, sugarcane, coconuts, soybeans
Industries	textiles, chemicals, food processing, steel,	tourism, textiles and garments, agricultural

	transportation equipment, cement, mining, petroleum, machinery, software	processing, beverages, tobacco, cement, light manufacturing such as jewelry and electric appliances, computers and parts, integrated circuits, furniture, plastics, automobiles and automotive parts; world's second-largest tungsten producer and third-largest tin producer
Industrial production growth rate	7.5% (2006 est.)	6% (2006 est.)
Export Commodities	textile goods, gems and jewelry, engineering goods, chemicals, leather manufactures	textiles and footwear, fishery products, rice, rubber, jewelry, automobiles, computers and electrical appliances
Exports partners	US 17.2%, UAE 8.4%, China 7.8%, UK 4.4% (2006)	US 15%, Japan 12.7%, China 9%, Singapore 6.4%, Hong Kong 5.5%, Malaysia 5.1% (2006)
Import Commodities	crude oil, machinery, gems, fertilizer, chemicals	capital goods, intermediate goods and raw materials, consumer goods, fuels
Imports partners	China 8.5%, US 5.9%, Germany 4.5%, Singapore 4.5% (2006)	Japan 20.1%, China 10.6%, US 6.7%, Malaysia 6.6%, UAE 5.6%, Singapore 4.5% (2006)

## Report on North East India-Thailand Trade & Investment Potential

Location	Southern Asia, bordering the Arabian Sea and the Bay of Bengal, between Burma and Pakistan	Southeastern Asia, bordering the Andaman Sea and the Gulf of Thailand, southeast of Burma
Capital	New Delhi	Bangkok
Major cities and commercial locations		
Languages	English enjoys associate status but is the most important language for national, political, and commercial communication; Hindi is the national language and primary tongue of 30% of the people; there are 14 other official languages: Bengali, Telugu, Marathi, Tamil, Urdu, Gujarati, Malayalam, Kannada, Oriya, Punjabi, Assamese, Kashmiri, Sindhi, and Sanskrit; Hindustani is a popular variant of Hindi/Urdu spoken widely throughout northern India but is not an official language	Thai, English (secondary language of the elite), ethnic and regional dialects
Natural resources	coal (fourth-largest reserves in the world), iron ore, manganese, mica, bauxite, titanium ore, chromite, natural	tin, rubber, natural gas, tungsten, tantalum, timber, lead, fish, gypsum, lignite, fluorite, arable land

	gas, diamonds, petroleum, limestone, arable land	
Natural hazards	droughts; flash floods, as well as widespread and destructive flooding from monsoonal rains; severe thunderstorms; earthquakes	Land subsidence in Bangkok area resulting from the depletion of the water table; droughts
Labor force	509.3 million (2006 est.)	36.41 million (2006 est.)
Public debt	52.8% of GDP (federal and state debt combined) (2006 est.)	43.5% of GDP (2006 est.)

## ECONOMY OVERVIEW

### INDIA

1. India's diverse economy encompasses traditional village farming, modern agriculture, handicrafts, a wide range of modern industries, and a multitude of services.
2. Services are the major source of economic growth, accounting for more than half of India's output with less than one third of its labor force.
3. About three-fifths of the work force is in agriculture, leading the UPA government to articulate an economic reform program that includes developing basic infrastructure to improve the lives of the rural poor and boost economic performance.
4. The government has reduced controls on foreign trade and investment. Tariffs averaged 12.5% on non-agricultural items in 2006. Higher limits on foreign direct investment were permitted in a few key sectors, such as telecommunications. However, tariff spikes in sensitive categories, including agriculture, and incremental progress on economic reforms still hinder foreign access to India's vast and growing market.
5. Privatization of government-owned industries remained stalled in 2006, and continues to generate political debate; populist pressure from within the UPA government and from its Left Front allies continues to restrain needed initiatives.

## **Report on North East India-Thailand Trade & Investment Potential**

---

6. The economy has posted an average growth rate of more than 7% in the decade since 1996, reducing poverty by about 10 percentage points. India achieved 8.5% GDP growth in 2006, significantly expanding manufacturing.
7. India is capitalizing on its large numbers of well-educated people skilled in the English language to become a major exporter of software services and software workers.
8. Economic expansion has helped New Delhi continue to make progress in reducing its federal fiscal deficit. However, strong growth - more than 8 percent growth in each of the last three years - combined with easy consumer credit and a real estate boom is fueling inflation concerns.
9. The huge and growing population is the fundamental social, economic, and environmental problem.

### **THAILAND**

1. With a well-developed infrastructure, a free-enterprise economy, and pro-investment policies, Thailand appears to have fully recovered from the 1997-98 Asian Financial Crisis.
2. The country was one of East Asia's best performers from 2002-04. Boosted by increased consumption and strong export growth, the Thai economy grew 6.9% in 2003 and 6.1% in 2004 despite a sluggish global economy.
3. Bangkok has pursued preferential trade agreements with a variety of partners in an effort to boost exports and to maintain high growth.
4. In late December 2004, a major tsunami took 8,500 lives in Thailand and caused massive destruction of property in the southern provinces of Krabi, Phangnga, and Phuket.
5. In 2006, investment stagnated as investors, spooked by the THAKSIN administration's political problems, stayed on the sidelines. The military coup in September brought in a new economic team led by the former central bank governor.
6. In December, the Thai Board of Investment reported the value of investment applications from January to November had declined by 27% year-on-year.
7. On the positive side, exports have performed at record levels, rising nearly 17% in 2006. Export-oriented manufacturing - in particular automobile production - and farm output are driving these gains.

## INTERNATIONAL DISPUTE

### INDIA

1. since China and India launched a security and foreign policy dialogue in 2005, consolidated discussions related to the dispute over most of their rugged, militarized boundary, regional nuclear proliferation, Indian claims that China transferred missiles to Pakistan, and other matters continue;
2. various talks and confidence-building measures have cautiously begun to defuse tensions over Kashmir, particularly since the October 2005 earthquake in the region;
3. Kashmir nevertheless remains the site of the world's largest and most militarized territorial dispute with portions under the de facto administration of China (Aksai Chin), India (Jammu and Kashmir), and Pakistan (Azad Kashmir and Northern Areas);
4. India and Pakistan have maintained the 2004 cease fire in Kashmir and initiated discussions on defusing the armed stand-off in the Siachen glacier region;
5. Pakistan protests India's fencing the highly militarized Line of Control and construction of the Baglihar Dam on the Chenab River in Jammu and Kashmir, which is part of the larger dispute on water sharing of the Indus River and its tributaries;
6. UN Military Observer Group in India and Pakistan (UNMOGIP) has maintained a small group of peacekeepers since 1949;
7. India does not recognize Pakistan's ceding historic Kashmir lands to China in 1964;
8. to defuse tensions and prepare for discussions on a maritime boundary, India and Pakistan seek technical resolution of the disputed boundary in Sir Creek estuary at the mouth of the Rann of Kutch in the Arabian Sea;
9. Pakistani maps continue to show its Junagadh claim in Indian Gujarat State;
10. discussions with Bangladesh remain stalled to delimit a small section of river boundary, to exchange territory for 51 Bangladeshi exclaves in India and 111 Indian exclaves in Bangladesh, to allocate divided villages, and to stop illegal cross-border trade, migration, violence, and transit of terrorists through the porous border;
11. Bangladesh protests India's attempts to fence off high-traffic sections of the border; dispute with Bangladesh over New Moore/South Talpatty/Purbasha Island in the Bay of Bengal deters maritime boundary delimitation; India seeks cooperation from Bhutan and Burma to

## **Report on North East India-Thailand Trade & Investment Potential**

---

keep Indian Nagaland and Assam separatists from hiding in remote areas along the borders;

12. Joint Border Committee with Nepal continues to examine contested boundary sections, including the 400 square kilometer dispute over the source of the Kalapani River; India maintains a strict border regime to keep out Maoist insurgents and control illegal cross-border activities from Nepal

### **THAILAND**

1. separatist violence in Thailand's predominantly Muslim southern provinces prompt border closures and controls with Malaysia to stem terrorist activities;
2. Southeast Asian states have enhanced border surveillance to check the spread of avian flu;
3. talks continue on completion of demarcation with Laos but disputes remain over several islands in the Mekong River;
4. despite continuing border committee talks, Thailand must deal with Karen and other ethnic rebels, refugees, and illegal cross-border activities, and as of 2006, over 116,000 Karen, Hmong, and other refugees and asylum seekers from Burma;
5. Cambodia and Thailand dispute sections of historic boundary with missing boundary markers;
6. Cambodia claims Thai encroachments into Cambodian territory and obstructing access to Preah Vihear temple ruins awarded to Cambodia by ICJ decision in 1962;
7. Thailand is studying the feasibility of jointly constructing the Hatgyi Dam on the Salween river near the border with Burma;
8. in 2004, international environmentalist pressure prompted China to halt construction of 13 dams on the Salween River that flows through China, Burma, and Thailand

Comparative Study of the North East  
General Information

	Unit	North East Region	All India
Area	Lakh sq. km.	2.62	32.87
Population (2001)	Crore	3.90	102.86
Urban	%	15.70	27.8
Sex Ratio (per 1000 males)		936	933
Decadal Growth Rate	%	22.16	21.34
Density of population	Per sq. km.	149	324
Literacy Rate			
Total	%	68.77	65.38
Male	%	75.08	75.85
Female	%	61.91	54.16

Economic Indicator

	Unit	North East Region	All India
Credit Deposit Ratio	%	16.8-38.3	58.7
Per Capita Power Consumption	KWH	97	355
Industrial Production	% of GDP	2.16	27
Unemployment	%	12	7.7
Rail Length	Km	2578 (4%)	63140
Road Length	Lakh Km	1.74 (7%)	25

Growth Rate

	Unit	North East Region	All India
Arunachal Pradesh	%	4.4	5.3
Assam	%	2.1	

## Report on North East India-Thailand Trade & Investment Potential

Manipur	%	6.4	
Meghalaya	%	6.2	
Mizoram	%	Not Available	
Nagaland	%	2.6	
Sikkim	%	8.3	
Tripura	%	7.4	

### Accessibility of North East Region:

#### ACCESS BY AIR

Air access to the North Eastern States is through the following ten Airports, of which only Guwahati is an International Airport:-

STATE	AIRPORTS
ASSAM	Guwahati
	Dibrugarh
	Tejpur
	Jorhat
	Silchar
NAGALAND	Dimapur
MANIPUR	Imphal
TRIPURA	Agartala
MIZORAM	Aizawal
W.BENGAL	Bagdogra

In April 2002, Guwahati became an International Airport. But as of now, the only international flight from Guwahati Airport goes to Bangkok. For visitors intending to travel to the North East from other overseas locations, the International Airports for arrival could be Kolkata or New Delhi. Domestic air connections to the North East are provided by the Indian Airlines, Jet Airways and Air Sahara. These Airlines provide connections between the Airports within the North East and also between the North East and important destinations such as Delhi/ Kolkata. For international flights, Air India or the relevant foreign carrier could be contacted.

### **ACCESS BY RAIL**

Besides Air connections, there are plenty of Train connections to various destinations in the North East. Some of the important rail-heads in the N.E. Region are Guwahati, New Bongaigaon, Jorhat, Tezpur, Dibrugarh Town, Tinsukia, Lumding, Silchar, Dimapur and Kumarghat. From the North East Region, there are train connections to New Jalpaiguri, Kolkata, New Delhi, Mumbai, Chennai, Trivandrum etc. In the recent times, Rajdhani Express services have been introduced between Guwahati and New Delhi.

### **ACCESS BY ROAD**

The N.E States are served by the National Highways NH-31, 31B, 31C, 36, 37, 37A, 38, 39, 40, 40E, 44, 51, 52, 52A, 52E, 53, 54 and 61. Besides, there are also the State Roads. For road travel, Bus Services as also Taxis/ Hired Cars are available. Necessary details may be had from the Tourism Development Corporations of the State Governments.

### **INLAND WATERWAYS**

It may be mentioned here that the Saidiya - Dhubri stretch of the Brahmaputra river system (891 kms) has been declared National Waterway No. 2 and some movement of passengers/ cargo takes place on this inland waterway, which is proposed to be developed further in the Xth Plan period. Similar attention is to be paid to the development of waterways in different States of the Region.

Possible Routes for the trading between Thailand and north east part of India are:

#### **International Highway:**

At Yangon, in April 2002, India, Myanmar and Thailand joined together to announce a landmark international highway project- a 1,400 km-long highway, aimed at completion in 18 to 24 months. This highway would establish a land corridor connecting India's north-eastern region with Thailand

## **Report on North East India-Thailand Trade & Investment Potential**

---

via Myanmar. The road will connect Moreh on the Indian side in Manipur with Mae Sot town in northern Thailand, passing through Bagan town in central Myanmar.

The latest project however, is important from the point of view of the idea of the trans-Asian highway, linking India, Bangladesh, Myanmar, Thailand, Cambodia, Laos, Vietnam, and possibly also China.

India's seven north-eastern states has a 5,000-kilometer combined perimeter, but only 250 kilometres are linked to the rest of the country, while the remainder borders China, Myanmar, Bhutan, Bangladesh, and Nepal.

The essence of the triangular road diplomacy among India, Myanmar and Thailand is about linking the Indian Ocean to the South China Sea. In economic and strategic terms, that will be no small change for India.

### **Possible Available Route by Road:**

- On the Indian side in Manipur with Mae Sot town in northern Thailand, passing through Bagan town in central Myanmar.
- Through Burma and Myanmar.
- A possible route according to former prime minister Atal Bihari Vajpayee could be from Guwahati in the North-east India, through Burma, Thailand and Cambodia to Hanoi in Vietnam for the trading between North East India and the Thailand.

### **Possible Available Route by Air:**

- Guwahati has a LGB International Airport and Kolkata has also International Airport, One of the possible route is Bangkok to Kolkata and then from Kolkatta to destination state of North East part of India through Guwahati.

### **Possible Available Route by Railway (in Future):**

The Trans Asian Railway to connect 28 nations including China, Thailand, Myanmar, Bangladesh, Pakistan, India, Iran and Turkey will enter India at Moreh in Manipur. Indian Railways is to improve links between New Azra to Byrnihat (to connect Meghalaya to New Delhi), Dimapur to Kohima, Jiribam to Imphal, and Kumarghat to Agartala.

Mizoram will become a commercial entry point when trade begins to flow through Sittwe Port in Myanmar. A channel through 160 km of waterway (through Kaladan River) and 65 km of road link is being created to facilitate this.

The recent inauguration of a highway project to link the North-East to Thailand via Myanmar, a rail project connecting Manipur to Yangon. If the concerned governments, particularly that of India, Burma and Thailand, and local authorities of these countries are serious about their declared intentions, then these new initiatives would indeed rediscover, renew and rejuvenate the age-old cultural and historical ties between the peoples of South-east and North East India.

### **Conclusion:**

Currently we do not have a good means of transportation system for trading between North East India and Thailand. But in the forthcoming time we will have a good means of transportation system for trading between these two countries because both the countries are working in various projects for improving the dilapidated conditions of the roads and they are also working in the highway project. Apart from this many countries are working in the Trans Asian Railway to connect 28 nations including China, Thailand, Myanmar, Bangladesh, Pakistan, India, Iran and Turkey will enter India at Moreh in Manipur.

### **Thailand's Infrastructure**

Thai governments have understood that for Thailand to be attractive to foreign investors there needs to be both progressive investment promotion policies and sufficient infrastructure.

Board of Investment developed some policies to meet the needs of investors, the government has continuously improved the nation's infrastructure, both in Bangkok and the provinces. Indeed, in recent years, tremendous strides have been made, especially in transportation projects. New roads have been built and others widened to better handle the number of vehicles on the roads. As a result, travel times to Thailand's Eastern Seaboard and southern seaside resorts have been significantly reduced. Bangkok's two mass transit systems are now up and operational, and this, too, has had a positive effect on traffic. Both lines of the BTS Sky train are in the process of being expanded and additional lines of the subway system have been approved by the government and are in the bidding process.

Mr. Nikorn Chamnong, Deputy Prime Minister of Transport of Thailand, signs the Asian Highway Agreement in Shanghai, China, as part of UNESCAP's 60th Commission Session. Linkages

## **Report on North East India-Thailand Trade & Investment Potential**

---

among ASEAN, the Far East and Europe to have broad economic impact the signing of the Asian Highway Agreement on April 26, 2004 marked an important milestone in the development of land-based trade and transportation linking 32 countries in Europe and Asia. Under this agreement this project will start in Tokyo and pass through North and South Korea, China, Vietnam, Cambodia, Thailand, Myanmar, India, Pakistan, Afghanistan, Iran and Armenia, ending in Istanbul. Over the next 10 years UNESCAP expects the distance of linked roads, bridges and highways in the Asian Highway to further increase 50%.

Recently Thailand named the fourth most desirable country for Foreign Direct Investment, and priming up for future economic expansion. Thailand's government moved forward on a 5-year, US\$38.5 billion budget for new infrastructure projects, including new roads and a satellite city located in Nakorn Nayok to be serviced by a Japanese-style bullet train.

Overseas investors can recognize the strength of Thailand's economy and the expansion of the domestic market as important reasons to invest in Thailand, both in terms of servicing the Thai market and in using transportation linkages to wider markets, as well as using Thai production to supply ASEAN countries

The Trans Asian Railway to connect 28 nations including China, Thailand, Myanmar, Bangladesh, Pakistan, India, Iran and Turkey will enter India at Moreh in Manipur. Indian Railways is to improve links between New Azra to Byrnihat (to connect Meghalaya to New Delhi), Dimapur to Kohima, Jiribam to Imphal, and Kumarghat to Agartala. Mizoram will become a commercial entrepot when trade begins to flow through Sittwe Port in Myanmar. A channel through 160 km of waterway (through Kaladan River) and 65 km of road link is being created.

### **Airports:**

Thailand has developed an extensive air transport network that encompasses 28 commercial airports. Don Muang Airport in Bangkok, which in 2005 handled in excess of 268,000 flights, 990,000 tons of cargo and 38 million passengers.

Some International Airports are:

- Bangkok International Airport
- Chiang Mai International Airport

- Phuket International Airport
- Hat Yai International Airport
- Chiang Rai International Airport
- Suvarnabhumi International Airport

#### **Road Network:**

Thailand is widely acknowledged as having the most extensive road transportation network of more than 250,000 kilometers, more than 40% of which are international standard highways that provide links to every province.

There are more than 225 km of inter-city motorways creating links between Bangkok and other major regions of the Kingdom, and the government is enhancing inter-city motorways, which are expected to stretch to 4,150 kilometers of 4-lane roads.

New highways are constantly being built, including projects to link Bangkok to the new Suvarnabhumi Airport, and an ambitious project to speed transport time to Thailand's southern provinces.

The signing of the Asian Highway Agreement on April 26, 2004 strengthens Thailand's connection to the rest of the world for land-based trade and transportation linking it to 32 countries in Europe and Asia. The importance of these interconnections will increase dramatically as Thailand's free trade agreements with the People's Republic of China, ASEAN and India kick in, making Thailand a crucial hub for international production and trade.

#### **Seaports:**

Thailand's water transportation system has a coastline of 3,219 km and over 4,000 km of inland waterways, Thailand's water transportation, and ports infrastructure are essential to its overall transportation and trade. There are currently 122 ports, wharves, and jetties able to accommodate sea-going vessels engaging in international trade, including eight international deep sea ports:

These ports, located in Bangkok, Laem Chabang and Map Ta Phut on Thailand's Eastern Seaboard, and Sonkhla, Satun, Narathiwat, Phuket and Ranong in the South, provide capacity of more than 4.5 million TEU.

## **Report on North East India-Thailand Trade & Investment Potential**

---

At Laem Chabang Port, six new container terminals are being developed with state-of-the-art equipment that can handle the latest generation of container vessels

The Laem Chabang Port's services include cargo handling, distribution and handling, and through a cooperative venture between the Port Authority of Thailand and the Customs Department, imports and exports are cleared within one day.

### **Railway System:**

Thailand's rail transportation system covers 4,000 kilometers on three lines, intersecting in Bangkok. The system offers affordable transportation from the Malaysian border to northernmost provinces and Kanchanaburi in the west. The system connects with Malaysia's national system, providing direct linkages down to Singapore.

To alleviate traffic in Bangkok, the government has been developing mass transit systems. In 1999, the first system, known as the Skytrain ([www.bts.co.th](http://www.bts.co.th)), opened on overhead tracks. The system covers 55 kilometers, serving 23 stations on two lines, and carries approximately 300,000 passengers per working day.

The government plans to expand the system to 297 kilometers and 82 stations over the next six years.

### **Telecommunications:**

A wide range of telecommunication facilities is available across the country. Fixed line telephones and mobile phones are readily available, and access to the Internet is available through ADSL, satellite modems and dial-up connections.

In recent years, the speed of internet access has increased while costs have declined, and this trend seems certain to continue.

### **5-Year Infrastructure Budget (Major):**

Railway system - 900 billion baht (US\$22.5 billion)

Bullet train - 140 billion baht (US\$3.5 billion)

New roads & highways - 400 billion baht (US\$10 billion)

Infrastructure for Bangkok's new satellite city 100 billion baht (US\$2.5 billion)

Investors in Thailand to Benefit from UNESCAP

Asian Highway Agreement and Trans-Asian Railway

### India-Thailand bilateral trade

A bilateral agreement on non-conventional energy and another on cultural exchanges are among the agreements which have been signed when Thai Prime Minister Surayud Chulanont came to India on a two-day visit on June 26. Leading a 30-member business delegation, the visiting leader has pushed for an early conclusion of the free trade agreement (FTA) between India and Thailand. This FTA will lead to a major jump in the current \$2.2 billion bilateral trade between the two countries.

Surayud, a former army chief addressed the India-Thai Business Summit being co-organised by FICCI, CII and Assocham. The emphasis at the summit had been on pushing bilateral trade, which stood at \$2.86 billion last fiscal and has been projected by Ficci to touch \$7 billion by 2010.

Trade between India and Thailand has touched US \$ 2 billion in the first 8 months of the financial year 2006-07 (for which data is available), indicating strong growth in bilateral trade relations between the two countries. At a meeting here today between Shri Kamal Nath, Minister of Commerce & Industry and the Commerce Minister of Thailand, Shri Krirk-Krai Jirapaet, both the Ministers expressed satisfaction over the growth in bilateral trade and reiterated their commitment to further intensification of trade and economic relations between the two countries. Bilateral trade between India and Thailand has shown phenomenal growth over the last 5 years, both the Ministers noted.

Noting that Thailand has emerged as an important investor in India and now ranks as the **third largest investor in India from the ASEAN region after Singapore and Malaysia**, Shri Kamal Nath also expressed satisfaction over the growth in Thai investment in India and invited Thailand to explore more opportunities for joint ventures between the two countries.

Referring to the India-Thailand FTA, Shri Kamal Nath reiterated the need to simultaneously conclude negotiations so that the Agreement could cover not only Trade in Goods but also Trade in Services and Investment.

## FTA

India and Thailand are expected to sign a free-trade agreement (FTA) by the end of 2007, to boost bilateral trade by 20 % annually, Currently, trade between the two countries is 3.6 bln US \$, and this is expected to touch 4 bln US \$ by the end of 2007.

Rubber will be excluded from FTA.

Meanwhile Indian minister of state for industries, Ashwani Kumar, said despite a steep appreciation in the rupee the government was confident of achieving its export target of 160 bln US \$ in the current fiscal year due to incentives provided to exporters.

The country's exports for 2006-07 stood at 125 bln US \$.

As per the 'Early harvest scheme (EHS)' under the agreement, a common list of items for exchange of tariff concession at 6-digit level and tariff on these identified items is slated to be phased out by March 1, 2006. As per agreement, negotiations on goods will begin from January 2004 and will be concluded in March 2005 and the FTA for zero duty imports will be put into effect by 2010. Similarly negotiations on investment would start in January 2004 and is expected to be completed within two years. Currently, discussions are continuing on the framework of 'Rules of Origin'.

ROO lays down the rules for determining which product originates from the partner country and should qualify for benefits under the FTA. If ROO norms are loose, an FTA partner country can make superficial changes to imports made from third countries, and then export it into its other partner's market on preferential terms. To prevent this from happening while negotiating the EHP, India had insisted on twin criteria of ROO with strict guidelines under each criterion. Under the first criteria of value addition, it was agreed that a product would qualify as originating from a partner country only if the value added by the partner country to imported inputs is at least 40% of the total value of the final product.

To ensure adequate physical changes made in the imported input, the second criteria of change in tariff heading at four digit level was also imposed It requires that the finished product should belong to a different tariff classification than the imported input

Although Thailand agreed to India's ROO proposals while negotiating the EHP, it is not prepared to follow the same criteria for the FTA. It wants the ROO norms to be more relaxed

and in line with the ROO norms agreed under the India-Asean FTA being currently negotiated (Thailand is also a member of the Asean).

### **FTA India Thailand**

India and Thailand signed FTA on October 09, 2003 with four other accords for enhancing cooperation in agriculture, tourism and science. FTA for zero duty imports will be put into effect by 2010, both the countries signed MoU on agricultural cooperation, MoU on tourism cooperation, agreement on visa exemption for diplomatic and official passport holders and programme of cooperation in biotechnology.

The agreements were signed in the presence of the then Prime Minister Atal Bihari Vajpayee and the Thai counterpart Thaksin Shinawatar, in Bangkok.

Apart from a list of products for tariff free entry, the agreement also contains a provision regarding emergency measures to protect domestic producers in case of sudden surges in imports.

Agricultural cooperations MoU provides joint activities between the two states, covering agricultural and forestry research, biotechnology soil and water conservation, watershed management, land use planning and horticulture.

The agreement will be valid for five years from the date of signing (as mentioned then).

The agreement on tourism kept in view to create conditions for long-term bilateral cooperation in this sector through reciprocal establishment of representative offices of the tourism department of the India as well as Thailand.

The fifth agreement upon biotechnology envisages the establishment of an India-Thailand biotechnology panel for formulation, approval, monitoring and review of action plans.

Free trade agreement (FTA) between India and Thailand has been made for setting up of a free trade area covering goods, services and investments in 10 years time. The Indo-Thai FTA covers as many as 84 items and several areas in the first phase including services, investment, economic cooperation and goods like food items, tourism, auto parts, and electronics goods.

### **BIMSTEC**

The Bay of Bengal Initiative for MultiSectoral Technical and Economic Cooperation (BIMSTEC) is an international organisation involving a group of countries in South Asia and South

East Asia. The member nations of this group are: Bangladesh, India, Myanmar, Sri Lanka, Thailand, Bhutan and Nepal.

The framework agreement on the BIMSTEC Free Trade Area aims at strengthening and enhancing economic, trade and investment cooperation among the parties.

Secondly, the framework agreement will push for gradual liberalisation and promotion of trade in goods and services by creating a transparent, liberal and facilitative investment regime.

BIMSTEC aims to cover various sectors including science and technology, trade and investment, communication and transportation, energy, tourism, agriculture and fisheries, human resource development and people-to-people contact. In 2004, BIMSTEC countries signed a Free Trade Agreement that calls for tariff reduction/elimination by the member countries on goods. However, BIMSTEC FTA also provides each country to have 'Sensitive List' of items that will not qualify for tariff reductions/elimination under the FTA.

Out of the 1761 items, FICCI pointed out that 45% of the items belong to the two sectors i.e. chemical & allied products (including plastics) and textiles & garments. Hence, FICCI felt that the consultation with the representatives of these two sectors was very important. In terms of imports also, FICCI observed that around 30% of the non-agricultural goods imports from BIMSTEC countries belong to these two sectors. Out of India's total import of \$1.6 billion from BIMSTEC countries, around \$208 million was in chemical & allied products category and \$168 million in textiles & garments sector in 2003-04.

According to studies cited by the commerce ministry, promoting rapid tariff liberalisation in the Bimstec region could increase India's exports to Bimstec countries by 74% in comparison to the figures clocked in '03.

Bimstec has also agreed to work towards improved transport links between member countries. Setting up a Bimstec energy centre in India to strengthen cooperation within the energy sector is also in the pipeline. Members have agreed to strengthen cooperation in grid connectivity, gas pipelines, hydro power, renewable sources of energy, energy efficiency and access to energy in all areas. They wanted the pact to be finalised before the heads of state from Bimstec countries participate in the New Delhi summit in February '07. "The India-Bimstec FTA is very important as it provides for an agreement in services and investment which is to be negotiated later." Talks between India and Bimstec are stuck mainly due to disagreement over the number of products to be subject to liberal rules of origin (preferential list of items)

### ASEAN

India and the Association of South East Asian Nations (ASEAN) are negotiating a bilateral free trade agreement — with plenty of difficulty.

Under their initial bilateral framework agreement, signed in Bali on 8 October 2003, the India-ASEAN FTA for goods was supposed to be finalised by 30 June 2005. Negotiations on services would start in 2005 and end in 2007.

After a year's delay, discussions ground to a halt in June 2006 when India released its 'negative list' of items to be excluded from tariff reductions — with 900 products, both industrial and agricultural, figuring on the list. (This was down from India's initial negative list of 1,410 items.) India's agriculture ministry, in particular, was arguing hard to exclude commodities like rubber, pepper, tea, coffee and palm oil from the deal. Rules of origin have been the other thorny issue. Two months later, in August 2006, Delhi issued a revised list, pruned down to 560 items. However, tremendous fears about the impacts of the India-ASEAN FTA on farmers continued to rattle the discussion.

Since early 2007, given the explosion of biofuels development, India's tariffs on palm oil have taken central stage in the debate. (Malaysia and Indonesia are major exporters of palm oil.)

The target for finalisation of the agreement is now July 2007.

Under the India-Asean FTA, India has agreed to a 35% value addition and a change in tariff heading at six digit level. Under the relaxed norms, more products can qualify for preferential access.

### **India-Thailand cross border investments:**

#### **Thailand investments in India: \$ 77 million in 2006-07**

Sap labs India – Gurgaon- \$ 1 billion

Srithai Superware – Maharashtra, Gujarat and Goa - \$ 20- 30 million.- melamine

M/s Fascal Ltd, Interglobe Hotel Pvt Ltd, Ajinomoto India pvt. Ltd., Royal Embroideries Pvt. Ltd., Enland int. pvt. Ltd, Thai Summit Neel Auto Pvt. Ltd, Tigar Jewellery India Pvt. Ltd, Charoen Pokhpand Seeds, Gorbest Fest Corporation, Holley Meters.

The sectors that attract FDI are telecommunications 58%, hotel 14%, food 15%, textiles, fisheries.

### **Indian investments in Thailand: \$70 million**

Tata steel- Cementsai Holding Co. (Millennium Steel Co.) and Siam Industrial Wire Co. Ltd.

Nippon Denro (Ispat) JV Thai steel pic.

NIIT and Aptech Software development

Satyam computer services- wos

3i Infotech

Tata motors- jv- Thonburi Automotive assembly plant.

Aditya Birla Group- jv- Thai Rayon co. ltd.

Aditya Birla Chemicals Ltd.

Indorama Group, Baroda Rayon Group, Dabur, Usha Martin Industries, Ballarpur Industries, Ranbaxy Laboratories, Lupin Laboratories and the Ansals and Uniworth Internationals Ltd.

There are 144 in total, collaborations between India and Thailand.

The sectors are sponge iron.

Indian investments in Thailand are in technology and capital intensive. Rayon fibre, steel wires and rods, paper grade, pulp, chemicals, drugs, nylon tyre and real estate are the industries that India has invested in.

**Potential opportunities: there is the target of \$4 billion trade between two countries.**

### **Thailand investments in India :**

There is a huge opportunity for Thailand to invest in northeastern part of India. Due to varied climate and the agro climatic zones in the area affords wide range of agricultural and horticultural crops and forest produce. This can well be utilized for setting up suitable industries. Also the availability of educated labour at low cost is the advantage of this part. Also there are lots of subsidies given by this part of the country. The important sectors are power, rubber, road, real estate, tourism, herbal medicines, herbal cosmetics, telecommunications and fisheries,

**Manipur:** it is at the border of Myanmar. Human resources are available at low cost. The potential sectors are Bamboo industry, handicrafts industry, silk industry, tourism industry.

## Report on North East India-Thailand Trade & Investment Potential

---

**Tripura:** the potential sectors are pharmacy, power sector as cost per unit of power is Re. 1/unit, natural gas and electric power.

**Sikkim:** agro based products, it is worlds leading producer of cardumom, and it is very rich in metals (copper, lead, zinc, coal, graphite and limestone), handicraft industry, and leather industry.

**Nagaland:** infrastructure sector, furniture. This state is very rich in mineral and oil reserves. So there is very huge opportunity in this sector.

**Mizoram:** there is very huge opportunity of electronics and consumer goods in this state. Also in the handloom industry, grain milling, ginger processing.

**Meghalaya:** this state is very rich in the natural resources. Also there is the huge opportunity in cement, plywood, beverage, electronics industry.

**Assam:** this state is famous for Tea. Also there is huge scope of textile industry, cement production and silk industry.

**Arunachal Pradesh:** hydel power resources, timber industry, sericulture, oil industry. Other than this there is huge opportunity in automobile industry (CNG distribution).

### India investments in Thailand

There is the huge scope of Indian companies to invest in Thailand. The important sectors are Food processing, agro industries, oil and gas refinery, rubber industry, metal industry, Software industry, pharmaceutical industry, steel industry, automotive industry, Electronics industry and real estate.

### Market Research

#### Automotive Industry

##### Market Overview

- **Detroit of the ASEAN Region**

Thailand hosts assembling operations for Ford, GM, Toyota, Isuzu, Honda, Nissan, Mitsubishi, BMW, Daimler Chrysler, Mazda etc.

- **ASEAN largest vehicle assembling capacity**

Annual assembling capacity of 1 million units

- **Assembling industry of double-digits growth**

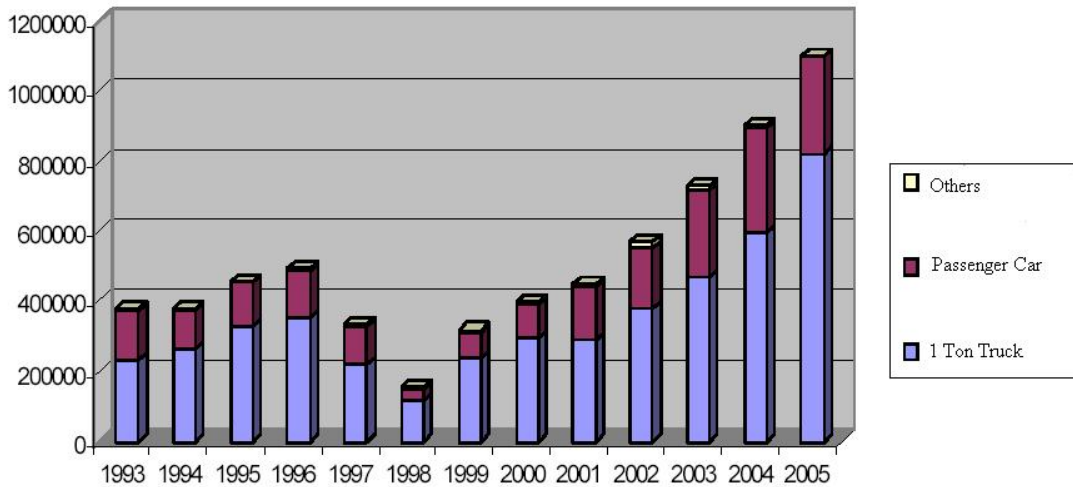
2006 vehicle production increases 16% from last year to exceed 1.3 million units

- **Parts manufacturing of highest quality**

Most competitive in manufacturing of casting & forging parts, stamping body parts, plastic & rubber parts and glass

**Vehicle Production**

**Vehicle Production 1993-2005**



- **Largest domestic market in ASEAN**

- ◆ Vehicles sales in 2006 is expected to conclude about 703,000 units
- ◆ One-ton pickup trucks share 62%
- ◆ Passenger cars share 28%

- **Domestic market of double-digits growth**

- ◆ Domestic sales grew at double digit annually since 1999

- **Exports market of double-digits growth**

- ◆ Account for 43% (560,000 units) of overall vehicle production in 2006
- ◆ Industry target exports to increase to 50% of the industry output by 2010

**Best Prospect**

- **After market Accessories & Performance parts**

- ◆ Suspension systems, wheels and tires for SUVs and pickups

- **Automotive service equipment & tools**

- ◆ Tire (wheel) & brake service equipment
- ◆ Body and paint repair service equipment

- Opportunities for OEM Manufacturers

### Market Challenges

- Intense Competition
- Strong Japanese Dominance

### Trade Events

- BANGKOK INTERNATIONAL MOTOR SHOW
  - ◆ Consumer show for automobile and accessories with primary focus on end users
  - ◆ Date: March 30 –April 8, 2007
  - ◆ Venue: Bangkok International Trade Exhibition Center (BITEC)
  - ◆ Website: <http://www.grandprixgroup.com/new/motorshow/2006/default.asp>
- Motor Expo 2007
  - ◆ Consumer show for automobile and accessories with primary focus on end users
  - ◆ Date: December 2007
  - ◆ Venue: Impact Exhibition & Convention Center, Bangkok
  - ◆ Website: [www.autoinfo.co.th](http://www.autoinfo.co.th)

### Thailand: Food Processing and Packaging Equipment Market

#### Thailand's Food Processing and Packaging Equipment

- Thailand is one of the world leaders in exporter of agricultural products.
- Most of agriculture products are exported in bulk and unprocessed, so food processing and packaging industries are key sector for Thailand.
- Average 20% growth
- The total market size for food processing and packaging equipment was approximately \$696 million in 2005.
- The market was increased 25% in 2005, due to the recovery of chicken and shrimp industries.
- In general, the market is growing by average of 20%, except for 2006, due to the political unrest, rising oil price and major flood in central area.

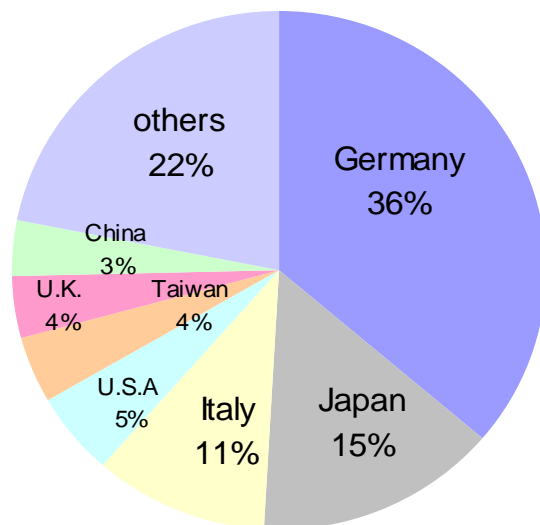
## Market Size of Food Processing and Packaging Equipment

	2004	2005	2006
Total market size	557	696	704
Local production	279	274	380
Exports	60	71	84
Imports	338	493	408

### Best Prospects

- Packaging Machinery and Supplies
- Food and Drink Processing Equipment
- Cooking and Heating Food Machinery
- Fruit, Vegetable and Herb Processing Equipment
- Fruit Juice Machinery
- Snack Food and Confectionary Equipment
- Meat Processing Equipment

### Key Suppliers:



- Total import market for food processing and packaging equipment in 2005 was \$493 million

## Report on North East India-Thailand Trade & Investment Potential

---

### Market Entry

- There are no restrictions imposed by Thai government on food processing and packaging equipment.
- Import duties are 5% and V.A.T. is 7%.
- The Thai electricity standard is 220 Volts/50 hertz.

### Medical Device Market Outlook

- The market growth in 2006 was approximately 24%
- Thailand is heavily dependent on imported medical devices
- Market growth will derive from healthcare facilities upgrade and improvement
- 60% of the demand comes from public hospitals and 40% from private hospitals.

### Number of Public Hospital and Beds in Thailand

	Bangkok	Provinces	Total
<b>Public</b>			
Hospitals	39	939	978
Beds	15,229	90,371	105,600
<b>Private</b>			
Hospitals	104	252	356
Beds	15,482	20,418	35,900

### Market Statistic

	Million U.S. \$			
	2004	2005	2006	Growth Rate
Imports	320	413	537	30 %
Local Production	450	517	595	15 %
Exports	385	456	547	19 %
Total Market	385	474	585	23 %

## Major Imports

Products	Total Imports U.S. \$
HS 3006: Surgical & Dental Supplies	34
HS 9019: Rehab	25
HS 9018: General Medical & Diagnostic Devices	222
HS 9022: X-Ray Apparatus	92
HS 9021: Orthopedic, Implants, Heart Valves	42
<b>Total</b>	<b>415</b>

## Equipment and Services Market Profile

- Imports accounted for 91 percent of the total market
- Products from the US led the market and controlled 38 percent of the total market
- Healthcare service gears more toward international patients
- Physicians obtained specialized training abroad and dictate the purchase of devices

## IT Sector in Thailand

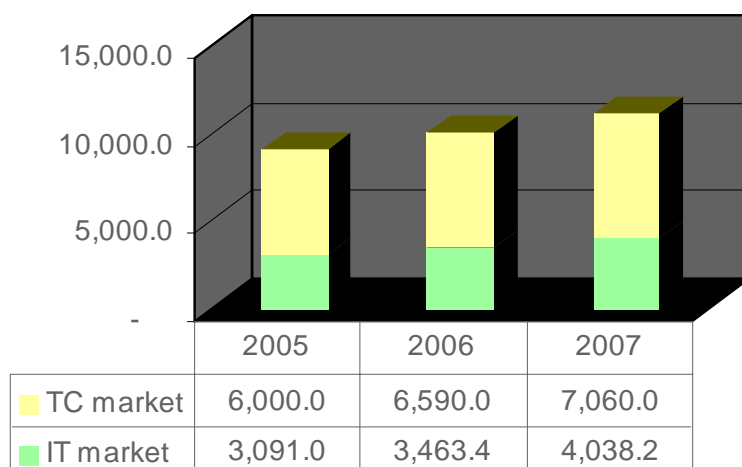
The future of ICT in Thailand is bright. Both the government and business sectors are well positioned to experience the benefits of ICT on a significant scale. The information infrastructure is becoming more universal and less expensive. A growing interest in digital lifestyle products among consumers and more ICT consumption among small and medium sizes businesses (SMEs) should fuel growth. Therefore, over the long term, the compound average growth rate of the ICT market between 2005-2008 is projected at 21 percent.

- The total value of the ICT market 2006 is estimated to grow 10% to \$10,053 million and will grow to \$11,098 million in 2007.

## Report on North East India-Thailand Trade & Investment Potential

- Sectors driving market demand will be mainly government, education, and enterprises. Meanwhile economic factors such as oil prices, inflation, and uncertain political situation will also have an impact.
- In 2006, Thailand has had 800,000 broadband subscribers which will grow to 1.5 million users next year.
- Over the long term, the compound average growth rate of the ICT market between 2005-2008 is projected at 21 percent.

### IT Market in Thailand



Value in million \$

### Number of fixed lines and cellular subscribers in million

Year	Fixed lines	Cellular
2004	6.5	30
2005	6.6	32
2006	7	36.2

The total value of the IT market 2006 is estimated to grow 10% to \$10,053 million and will grow to \$11,098 million in 2007.

Sectors driving market demand will be mainly government, education, and enterprises. Meanwhile economic factors such as oil prices, inflation, and uncertain political situation will also have an impact.

### **Best Prospects and Prospective Buyers**

- Specific opportunities include:
- Infrastructure (network, fiber optic, server)
- Security and enterprise software application
- 2G network maintenance
- 3G network upgrades
- Broadband internet infrastructure
- Wireless communication network
- Skilled IT people

Most high tech products (both hardware and software) are imported. Products from the United States, Germany, Japan are more popular than products from other parts of the world. This is based on customer perception about the latest technology and quality of IT devices.

### **Market Entry**

- Small and medium suppliers who do not establish a branch office here are strongly recommended to appoint a local sales representative to import their products and deal with customers.
- With a telecom equipment suppliers, import license and type approval are required to be approved by the National Telecommunications Commission (NTC) prior to importing products.

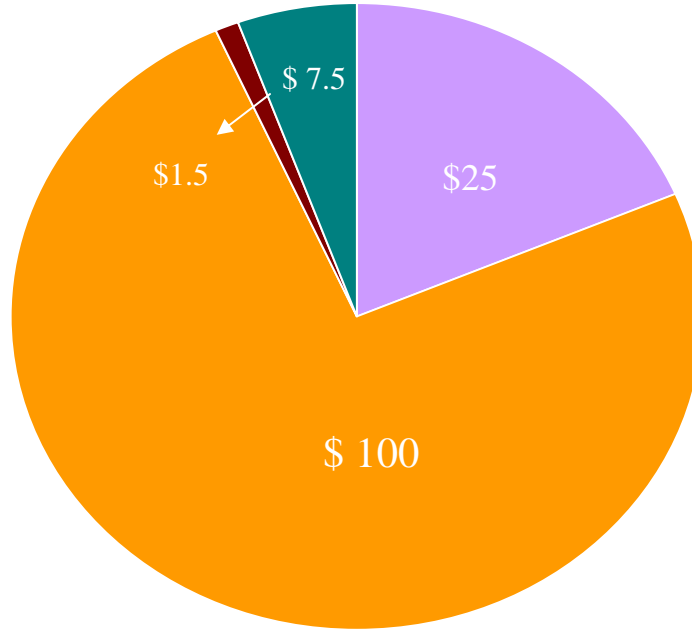
### **Challenges**

- Price sensitivity in Thailand
- Low cost products from China, Korea, and Taiwan

Most Chinese and Taiwanese products concentrated on telecommunication equipment and software automation that requires low production costs and much less research and development. Importantly, their products, offering the lower price, play a significant role in the purchasing decision in the Thai market, especially government projects.

**Thailand: Safety & Security Equipment Market**

**Market Overview**



**Total \$ 134 Millions**

**Market Classifications**

- Detection Devices (\$ 25 Millions Dollar)
- Video surveillance systems (\$100 Millions Dollar)
- Fire and gas detectors (\$1.5 Millions Dollar)
- Home Security Systems (\$7.5 Millions Dollar)

**Market Value: \$134 Million in 2006**

**Market Growth: 30% per year**

**Market Classifications**

- Detection Devices:
  - ◆ Major buyers: Embassies, banks, Hotels, Offices and manufacturing plants
- Video surveillance systems:
  - ◆ Major buyers: Commercial buildings including commercial banks, shopping complexes, residential buildings, manufacturing plants and warehouses
- Fire and gas detectors:

- ◆ Major buyers are petrochemical, oil refinery and gas industries
- Home Security Systems:
  - ◆ Major buyers: upper middle to high-end single detached house owners

### Best Prospects

- Access control systems: card technology systems (smart card, proximity-card, magnetic strip card), biometric devices, security doors and power fences
- Alarm systems: fire/ intruder alarm systems
- Video surveillance systems: digital video recording and network transmission, CCTV
- Detection equipment: handheld/ walkthrough metal detectors, motion detectors

### Market Challenges

- Intense Competition
- Fragmented Market

### Thailand: Water Pollution Control Equipment Market

- Total market size for wastewater treatment was approximately \$1.04 billion USD in 2005 (Government 40%, Private 60%)
- The construction and engineering services costs are 85% of the project and the rest 15% is for equipment.
- The total market size for wastewater treatment equipment market was estimated at \$156 million in 2005 with an average growth rate of 10%.
- The growth is expected due to the continue spending from the government sector and the booming real estate, industrial and aquaculture sectors.
- The U.S. shared 11% of import market.

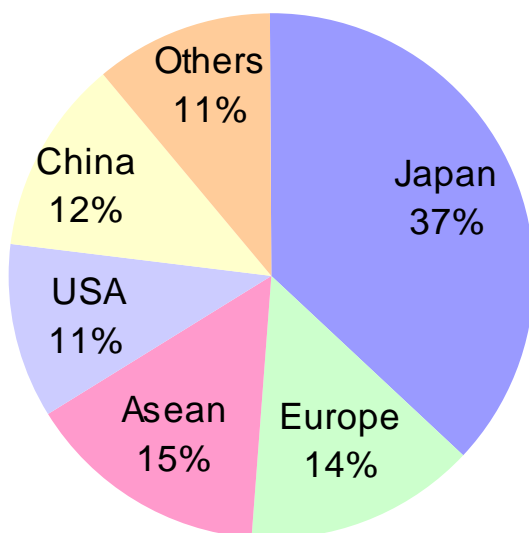
### Market Size of Water Pollution Control Equipment

	2004	2005	2006
Total market size	130	156	172
Local production	103	115	126
Exports	77	84	92
Imports	104	125	137
Imports from the U.S.	11	14	15

### Best Prospects and Prospective Buyers

- Best prospects:
  - ◆ Pumps (Submersible, centrifugal, aerator, dosing pumps)
  - ◆ Sludge Dewatering Equipment
  - ◆ Screening Machines
  - ◆ Consultants and Engineering Services
  - ◆ Advance Water Treatment Chemical
  - ◆ Water Testing Equipment

### Key Suppliers:



Total import market for wastewater equipment in 2005 was \$125 million

### Market Entry

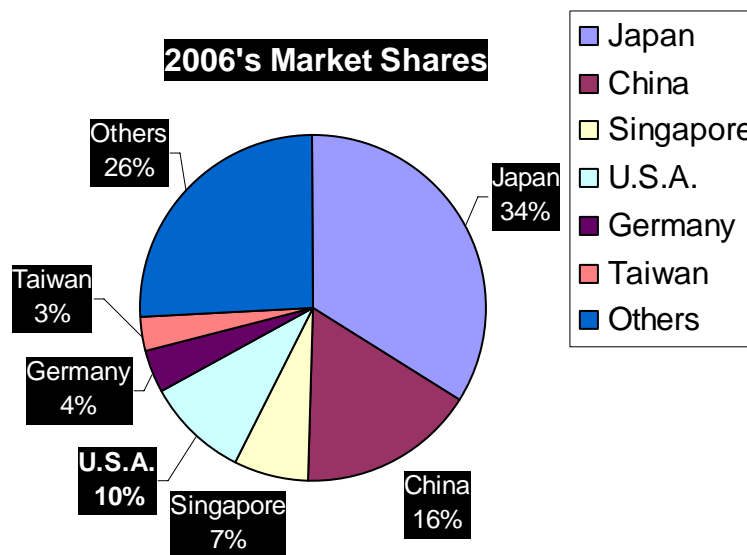
- International engineering and consulting companies should partnership with local consulting companies.
- Local partner can provide market expertise and low-cost local service.
- International companies can offer high value added content to the project.

- International companies interested in the Thai market should promote their companies to local engineering communities by organizing seminar or personal visit to the local companies.

### Thailand's Electric Power Equipment Market

- Thai government is revising its national energy policy and regulations, including the Power Development Plan (PDP) to reflect change in the country's economic growth.
- Invitation to participate in the new round of Private Power Producers bidding is expected in April 2007
- More renewable/alternative energy participation is expected, however, at a proportion to be determined.

### Market Size of Thailand's Electric Power Eq. Market



- The size in US\$ of Thai electric power equipment market is about \$3 billion with an estimate annual growth rate of 5% year-on-year.
- Products from Japan, China, and the United States capture about 60% of the total.

### Best Prospects and Buyers

- The best sales prospects are power generators, transmission and distribution infrastructure, substations, distribution networks, transformers and converters, switching apparatus and energy efficiency products.

## **Report on North East India-Thailand Trade & Investment Potential**

---

- Buyers of electric power equipment in Thailand are classified into two major groups: power generation, and power transmission and distribution.

### **Market Entry**

- Manufacturers can sell products directly to the end users, but having a local agent or distributors is highly recommended.
- To participate in large procurement projects, it is advisable to contact users early in the design specification phase - to increase the chance of winning bids as well as avoiding being excluded.

### **Challenges and Barriers**

- Challenges: Thai electric power market is not fully deregulated. It might take some time for newcomers to adapt to local needs and understand market and procurement practices.
- Barriers: Basically there are no barriers to entry but competition is high for large procurement projects.

## **International funding through IFC & Asian Development Bank**

### **Asian Development Bank:**

The core focus of ADB's strategy remains to facilitate poverty reduction through infrastructure-led growth, since 2004–2005 ADB has initiated operations in agriculture, rural infrastructure development, rural finance, sustainable water use, and other areas in line with the Government's focus on inclusive growth and development of the rural economy. Accordingly, in addition to core infrastructure operations in the transport, energy, and urban sectors, loans for strengthening commodity markets, agribusiness infrastructure, and irrigation and water management systems were included in the 2007–2009 program.

- Project loans such as Strengthening Commodity Markets (2008), Agriculture Infrastructure Support (2008), Orissa Integrated Irrigated Agriculture and Watershed Management (2008), the North Eastern States Flood and Riverbank Erosion Management (2008), and Integrated Coastal Zone Management and Sustainable Coastal Protection (2009) are included in the program to support the Government's agriculture and rural development initiatives.

North Eastern Region Capital Cities Development Investment  
Program (formerly North Eastern Region Urban Development (Phase I)) (MFF)

**Goal**

The investment program is expected to improve the quality of urban living conditions and enhance urban productivity by

- (i) increasing access to urban infrastructure and services for the city population, including the poor; and
- (ii) supporting urban institutional, management, service delivery, and financial reforms to create an environment and capacities for sustainable provision of urban infrastructure and services

The program will support the Government's goal of bringing the North Eastern Region at par with developed regions of India.

It will link capital investments to reforms to ensure sustainable impact. It will target cities that will spearhead the repositioning of the region as a gateway linking India to neighboring states as well as bridging the whole of South Asia to Southeast and East Asia. The cities to be covered are Agartala (Tripura), Aizawl (Mizoram), Gangtok (Sikkim), Kohima (Nagaland), and Shillong (Meghalaya).

**Major Components**

The outputs include

- (i) part A: urban infrastructure and service improvements including the rehabilitation, improvement, and expansion of water supply, sewerage and sanitation, solid waste management, urban transportation and roads, drainage and landslip protection, and slum upgrading; and
- (ii) part B: investment program management and implementation support, and comprehensive capacity building to support the attainment of the urban institutional and financial reform agenda and enhance capacities of service providers.

**Expected Outputs**

The expected results are

- (i) increased access to quality infrastructure and services by a population of 1.64 million living in these cities by 2017; and

- (ii) sustainable, equitable, and accountable service delivery through reforms and capacity building for enhanced urban governance, finance, and service delivery.

### North Eastern State Roads Project (MFF)

#### Goal

The North Eastern states have long suffered from poverty and impaired economic development, partly due to the chronic shortage of road capacity and weak capacity in effective sector management. This has been an increasingly serious constraint impeding economic growth of the states. The goal of this investment program is to alleviate this problem and contribute to economic growth and poverty reduction in the North Eastern Region.

#### Major Components

The project will have two components: an investment component and an institutional development and capacity building component. The investment program will be complementary to the recently announced SARDP-NE, a centrally sponsored road investment program to improve road connectivity to state capitals and district headquarters in the North Eastern Region. While the SARDP-NE

focuses on improving higher class roads including national highways and other roads with strategic importance, the investment program is developed to improve intrastate connectivity, mainly to district headquarters and other places of administrative and economic importance in the individual states, and to address

the perennial issue of inefficient road asset management.

#### Expected Outputs

##### Outputs include

- (i) about 1,300 km of priority road sections improved in the eight North Eastern states, and
- (ii) capacity-building support to the state governments for implementing the road improvement as well as developing capability in road management, road safety, and environmental and social assessment.

## IFC Funding to India

As part of the World Bank Group, IFC aims to help governments address these weaknesses, and support increased private investment as the business environment improves. Based in New Delhi, their regional operations cover Bangladesh, Bhutan, India, Maldives, Nepal, and Sri Lanka.

The SouthAsia Enterprise Development Facility (SEDF) is a multi-donor facility managed by the International Finance Corporation (IFC) of the World Bank Group. Launched in 2002, SEDF is based in Dhaka, Bangladesh. SEDF focuses on the needs of the Small and Medium Enterprises (SMEs) in Bangladesh, Bhutan, Nepal and North East India.

Since 1956, IFC has invested in 210 companies in India, providing nearly \$3.5 billion in financing for its own account and \$925 million for the accounts of participants in IFC's loan syndication program.

Their held portfolio of \$1.26 billion (as of July 2006) makes India IFC's third largest country of operations. In recent years, we have grown our business substantially, with new commitments reaching \$402.8 million in FY 2006.

To reduce poverty and promote sustainable economic growth, they believe that India needs a vibrant private sector which will:

- increase the availability of high-quality infrastructure
- accelerate rural growth
- develop competitive manufacturing and service industries
- strengthen the financial sector

They are therefore focusing our activities on supporting:

- private sector involvement in infrastructure financing
- restructuring and modernization of the manufacturing and services sectors to become internationally competitive
- the development of new financial institutions and products

## **Report on North East India-Thailand Trade & Investment Potential**

---

We are committed to working on the frontiers of private investment, helping bring commercial disciplines and entrepreneurial dynamism to new areas of the economy. We therefore also support private investment in health and education, and innovative applications of information technology.

**IFC's Strategy in India.** In its direct support to firms, IFC's strategy is to invest in companies which are: (i) developing new products and markets; (ii) restructuring and modernizing to become internationally competitive; and (iii) expanding and moving towards a regional or global presence. In doing so, IFC will focus on providing firms with long-term debt and equity which may not be available from domestic financial markets; and on adding value in the areas of global best practices, creating international partnerships, entering new markets, environmental and social sustainability and corporate governance.

### **IFC Funding to Thailand**

Since 1959, IFC has provided \$2.9 billion in financing to 64 companies in Thailand. Thailand has a vibrant private sector, yet most domestic companies still lack access to long-term local currency financing or structured finance that can meet their needs today. IFC works to support the development of capital markets through technical support and transactions. We pursue business in the infrastructure sector and with Thai companies that need support for restructuring or entering global markets

IFC also supports or pursues investment to the health and education sectors so that the private sector can make a bigger contribution to growing demands. IFC has provided technical assistance to help set standards, procedures, and regulations for the establishment of a derivatives market in Thailand. IFC has been providing advice several years to Thai Bond Dealing Centre to promote a more organized bond marketplace by improving trading infrastructure, rules, and regulations as well as surveillance. This work supports the development of a more liquid, transparent, and less volatile market.

## References

- 1) <https://www.cia.gov/library/publications/the-world-factbook/Factbook.css>
- 2) <http://commerce.nic.in/style.css>
- 3) <http://www.embassyofindia-bangkok.org/class.css>
- 4) <http://web.worldbank.org/shared/SiteResources/scripts/rtarl-head.js>
- 5) <http://www.thailandoutlook.com/thailandoutlook1/include/Styles.css>
- 6) <http://www.thailawforum.com/index.html>
- 7) <http://www.buyusa.gov/js>
- 8) <http://www.adb.org/textsizer.js>
- 9) [www.state.gov](http://www.state.gov)
- 10) [www.ficci.com](http://www.ficci.com)
- 11) [www.dipp.nic.in](http://www.dipp.nic.in)
- 12) [www.embassyofindia-bangkok.org](http://www.embassyofindia-bangkok.org)
- 13) [www.exim.indiamart.com](http://www.exim.indiamart.com)
- 14) [www.mdoner.gov.in](http://www.mdoner.gov.in)
- 15) [www.northeast.nic.in](http://www.northeast.nic.in)
- 16) [www.bilaterals.org](http://www.bilaterals.org)
- 17) [www.sikkimipr.org](http://www.sikkimipr.org)
- 18) [www.itd.or.th](http://www.itd.or.th)
- 19) [www.censusindia.net](http://www.censusindia.net)
- 20) [www.arunachalpradesh.nic.in](http://www.arunachalpradesh.nic.in)
- 21) [www.meghalaya.nic.in](http://www.meghalaya.nic.in)
- 22) [www.nagaland.nic.in](http://www.nagaland.nic.in)
- 23) [www.tripura.nic.in](http://www.tripura.nic.in)
- 24) [www.mizoram.nic.in](http://www.mizoram.nic.in)
- 25) [www.assam.nic.in](http://www.assam.nic.in)
- 26) [www.manipur.nic.in](http://www.manipur.nic.in)