Regional Disparity and Economic Linkage in the Greater Mekong Sub-region

(Abstract)

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The development of the Greater Mekong Sub-region (GMS) is attracting interest, as the region holds abundant population to supply the labor and to become huge consumption market. It includes relatively advanced Thailand and less developed countries such as Myanmar. In order to achieve the balanced development, the situation of the regional disparity is an important indicator. At the same time, regional disparity means the difference of the factor cost as presented by the wages, which plays an important role of the division of labor in production process.

In this paper, the author tries to measure the trend and level of the regional disparity of the GMS. The regional GINI coefficient of the GMS was calculated by using the per capita GDP/GRP converted by the purchasing power parity. It has been gradually shrinking from serious level in early 1990s to moderate in recent years, although it is still a larger level than ASEAN original members. One reason of the shrinking of the disparity is rapid growth of the Vietnam. This result is not surprising but is expected to be useful for other research and policy formulation. As cross border policies are undertaken or being planned, this findings can be used for the estimation of policy impact.

Economic linkage measured by intra-regional trade among the GMS shows the sign to be strengthening. Although the level of intra-regional trade is still low, it grows steadily. From the information of Thai bilateral trade, vertical division of labor in the manufacturing process is growing, although it is still in a primitive stage, particularly with Vietnam. At the same time, the intra-regional trade of items relating the natural resource plays an important role with lower income country such as Laos and Myanmar. We can expect that more deepening economic linkage will be realized with further economic development of the whole GMS region.

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