Executive Summary

The Average time taken for outward trade at Chiang Rai was lower than those of Mukdahan, Nongkai. The time required for inward trade transactions at airport stated less than 1 hour in Chiang Rai, while there are no airport in Mukdahan and Nongkai. Cost efficiency are analysed and in Chiang Rai 33% of respondents expressed of respondent showed efficiency of bank. With respect to domestic transport 46% of respondent reported that it was cost efficiency in Chiang Rai and 6.67% of respondents indicated efficiency in foreign transport services. The 20% of respondents mentioned that EDI was also used in transport services provider followed by banks and airport. The existence of 1-10% physical inspection was reported by 33.3% of interviewees (trade forwarders) in Chiang Rai and 2.94% of interviewees in Nongkai. In contrast, 10% of interviewees stated that about 1-10% Customs physical inspection was reported by interviewees. Most exporters used more than 50% of their goods from Chiang Rai through ports (33.3%) and road frontier (20%). Exporters from Mukdahan and Chiang Rai also have arranged transportation arrangements in exporting products to their customers. In Mukdahan they arranged 10% to 20% of their transportation arrangement. In contrast, 2.9 % of exporters and from Nongkai offered transportation arrangements.

Most traders about 100% in Mukdahan, 60% in Chiang Rai and 38% in Nongkai seek the required information at CCI. Based on the survey results, use of ROO were 46.6% in Chiang Rai, 30% in Mukdahan and 29% in Nongkia. With respect to export refund in association with ROO, 50% of interviewees stated as 'good' in Mukdhan. The 26.6% used 'full container load' in Mukdahan, while this ratio of such usage indicated 26.6% in Chiang Rai. Container clearance system at Customs were rated as 'good' (50% in Mukdahan and 33% in Chiang Rai). In Nongkai 38% reported that this system is 'very good'. With respect to custom clearance, valuation, description and ROO, 20% of interviewees reported problems in Chiang Rai, while the ratio accounted for 2.9% in Nongkai. The value of use of shipment covering more than 50 million include 60% traders in Chiang Rai and 10% in Mukdahan. With respect to 'TEU handled more than 40 tons' showed 10% in Mukdahan and 6.67% in Chiang Rai.

With respect to use of vehicle in operation, '1-4 vehicle' range indicated 26.6%, while '9-12' vehicle indicated 6.67% in Chiang Rai. Use of containerized "inward trading" with 5 million was 10% in Mukdahan and 20% in Chiang Rai. The over all assessment on Custom efficiency was rated as 'good' (20%) , 'very good' (10%) and 'normal' (20%) in Mukdahan, while in Chiang Rai it was rated as 'good' (26.6%) and 'normal' (33.3%). SME's evaluation on Customs in Nongkai indicated 'very bad' (2.94) and other SME did not express their evaluation on customs.

With respect to cost efficiency in Mukdahan, the rating scores of cost efficiency were same as With operation efficiency, in comparison, 2.9% of participating SME reported as 'normal', while 46.6% and 30% reported as normal and good respectively in Chiang Rai. An average time for release of vehicle at land frontier, 40% of respondents from SME reported that it was less than 30 minutes and 10% stated that it took 1 to 2 hours in Mukdahan. The time requirement was higher in Chiang Rai and 46.6% stated that it took 1 to 2 hours at Custom stationed at the land frontier.

Similarly the average time for release of vehicle at port, 40% of respondents from SME reported that it was less than 30 minutes and 10% stated that it took 1 to 2 hours in Mukdahan. Time requirement is higher in Chiang Rai and 46.6% of respondent stated that it took 1 to 2 hours at the customs stationed at the port while 6.6% of respondents described that more than 4 hrs at Chiang Rai Port.

The effects of financial liberalization on trade flows of GMS countries are examined using dynamic gravity model of trade with panel data, in which trade facilitation policy variables viz. trade cost, trading time domestic credits, inflows of foreign direct investment, and participations in regional trade agreements (RTA) under the Association of Southeast Asian Nations (ASEAN) and GMS development programme are incorporated in the context of trade-led recovery. The time-varying multilateral resistance terms are also incorporated in the model.

Our results suggest that trade cost, the domestic credits of home and host countries and FDI inflow strongly affect trade flows of GMS countries. Some other interaction effects are also insignificant. In addition, engagements in RTA and GMS development programmes have had larger positive effects on trade flows of GMS economies.

The contributions of the present research are as follows. First, this research provides evidence on the effects of trade cost in the context of location distance, domestic credit of GMS countries on bilateral trade. Finally, it seeks to model the effect of monetary and fiscal variables on bilateral trade flows applying the instrumental variable (IV) model in performing the sensitivity test of the dynamic model of bilateral trade with panel data. The capacity building on trade facilitation efforts are also highlighted in this report.