

India-CMLV: An Increasingly relevant relationship



- CMLV countries collectively have the third-largest economies in the ASEAN
- Rich in resources, CMLV also opens doors to China, Japan, Australia, EU and Asian markets
- India is creating a Project Development Fund to catalyse Indian economic presence in the CLMV geographies
- Development of India-Myanmar-Laos-Vietnam-Cambodia highway to boost trade

On August 14, India's Larsen & Toubro shipyard near Chennai in Tamil Nadu launched a project to build 12 high-speed vessels for the Vietnam Border Guard Force, funded by an Indian government credit package. This project flagged off the defence partnership between India and Vietnam, signifying collaboration by both nations to develop their shipbuilding strengths. Five of the high-speed patrol ships will be built at Kattupalli Shipyard of Larsen & Toubro, while the rest will be built at Hong Ha Shipyard of Vietnam, with support from the Indian firm. India and Vietnam have also agreed to strengthen cooperation for the peaceful

use of atomic energy and outer space, oil and gas, renewable energy agriculture and innovation-based sectors.

India and CMLV – mutually beneficial relations

Vietnam is one among the four CMLV nations – Cambodia, Myanmar, Laos and Vietnam, who are looking at building stronger ties with the growing economic powerhouse - India. India is an important trade partner, with bilateral trade growing to nearly US\$ 14 bn in 2018 – almost two times the US\$ 7.8 bn that was, three years ago. The shift in global economic power towards emerging economies is expected to gather strength and continue in the long run, with India and Vietnam emerging as star performers.

India is equally keen to strengthen ties with the other CMLV countries. After all, in addition to shared cultural and religious bonds, the nations have shared economic relations for centuries.

In India's eyes, Cambodia, Myanmar, Laos and Vietnam have a unique position in the regional value chains in SE Asia. Located close to India's North Eastern states, CMLV nations would be ideal destinations for cross-border trade, as well as entry points to trade with SE Asia.

Collectively, these nations are the third largest economy in ASEAN, followed by Indonesia and Thailand. The countries have witnessed high rates of economic growth and stability and have become important destinations for foreign direct investment.

Their USP also lies in the fact that they offer a gateway for market access to Australia, the European Union, China, Japan and other Asian markets, thanks to a slew of free trade agreements. The CMLV nations have increasing consumption and an industrious workforce. What's more, the countries are rich in natural resources such as oil, gas, copper, teak, gemstones and biodiversity.

Areas of economic cooperation

In the last 10 years, India's trade with the CLMV countries has grown from US\$1.5 bn to more than US\$10 bn. Initiatives are underway, between India and CLMV governments for greater economic cooperation. This includes the India-CLMV Business Conclave and the Mekong Ganga Cooperation Initiative.

India has also created a Project Development Fund of approx. US\$ 71.5 mn to catalyse Indian economic presence in the CLMV geographies. This also includes promoting Indian investments in the region, including the development of manufacturing hubs by Indian private sector organisations.

ONGC Videsh, the international arm of the Oil and Natural Gas Corporation (ONGC) has invested US\$114 mn between 2008-09 and 2017-18, in Vietnam. Marico Industries is

present in the food industry and in the personal care industry, while RK Marbles, India's largest marble company is producing and exporting white and yellow marble in the Yen Bai Province of Vietnam. The TATA Group, Adani Green Energy, and Shapoorji Pallonji Infrastructure Capital Co also have a large presence in Vietnam's renewable energy industry. India is an important supplier of raw materials to Vietnam's leather, textile and garments industry.

ONGC Videsh, GAIL India, and Essar Oil are among the top Indian investors in Myanmar. Apart from energy, two of India's leading manufacturers of plywood and veneers, Century Plyboards and Greenply Industries also put in investments worth US\$ 6.25 million and US\$ 2 million respectively, as per an ORF report.

According to RBI figures, between 2008-09 and 2017-18, Indian companies invested US\$ 15.7 mn in Cambodia and US\$ 12.8 mn in Laos. Indian companies are present in the automobile, mining, and pharmaceutical sectors in Cambodia. Grasim Industries, the TATA Group Bajaj Auto, Mesco Gold and VTSIX Group, a pharmaceutical company are some of the companies that have set up units in Cambodia and are creating jobs for thousands of residents.

In Laos, Indian investments are centred around plantation and mining sectors. Grasim Industries India, PT Indo Bharat Rayon, Apollo Tyres and SMM Group have investments in Laos.

Focused on the Act East policy, India is looking at avenues to strengthen trade and investment with CMLV countries. Under the Project Development Fund, GoI has identified Indian investments to set up a pharma manufacturing unit in Vietnam, an educational institute in Myanmar and a multi-speciality hospital in Cambodia. The development of the India-Myanmar-Laos-Vietnam-Cambodia highway and the extension of the India-Myanmar-Thailand trilateral highway to Laos and Cambodia will play an integral role in cementing relations and increasing trade.

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