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**Thailand's Foreign Policy in the post-Cold War Period: Uncovering
New Actors in the Foreign Policy-making Process towards
Neighbouring Countries**

Doctor of Philosophy

College of Arts, Society and Education

James Cook University

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Abstract

The main aim of this thesis is an in-depth study of new actors in Thai foreign policy-making in the post-Cold War period – particularly involving Thailand’s relationships with Cambodia, Laos, and Myanmar. With regard to actors in Thai foreign policy, most literature has focused on state-based actors, particularly those responsible for the security policy of the state. However, in the post-Cold War period, “new actors” have become more involved in policy-making. The lack of any serious empirical study of new actors in Thai foreign policy-making has resulted in rather superficial analyses of Thai foreign policy in recent years. These analyses do not accurately reflect the substantial changes in Thai foreign policy that emerged towards the end of the Cold War.

The Cold War conflicts (1950s-1990s) and the Cambodian conflicts (1970s-1990s) dominated foreign relations between Thailand and the neighbouring countries for several decades. They affected not only external foreign policy directions but also influenced internal domestic politics and the resultant economic and social circumstances of these countries. But the end of the Cold War in 1989/1990, and the end of the Cambodian conflict in the late 1980s, marked the end of ideological tension in Southeast Asia. The nature of these relationships shifted from predominantly military confrontation to more economic cooperation. Economic issues in the region became more prominent, and new institutions fostering economic cooperation emerged at the sub-regional, regional, and inter-regional level.

The emerging economic paradigm required expertise in such diverse areas as trade, investment, finance, labour, information technology and intellectual property. The military and the Ministry of Foreign Affairs which had dominated Thailand’s foreign policy-making for several decades were required to play different roles, especially in promoting economic relationships with Thailand’s neighbours. From the late 1980s, they were increasingly required to act as salespersons for Thai businesses, facilitators for the business community, and to improve the quality of diplomatic intelligence and advice on economic opportunities. These new roles have required new actors, both state and non-state, to implement new foreign policy objectives.

Moreover, in 1988, the new government instigated a new foreign policy direction that regarded Thailand's near neighbours as trade partners rather than security threats. To transform Thailand into a regional commercial hub, improved relationships with Cambodia, Laos, and Myanmar were achieved through trade and investment-based relationships.

Concurrently, the influence of economic-related government agencies and the private sector increased. Non-traditional state actors such as the Ministry of Commerce, the Ministry of Industry, and the National Economic and Social Development Board (NESDB) have been more directly and actively working in cooperation with the traditional actors to produce an effective foreign policy under a new international context. Non-state actors have utilised their connections with policy decision makers to influence policy direction, used their connections with party leaders, and provided financial support in exchange for reciprocal decisions in policy outcomes that benefited their businesses.

This thesis has also revealed that the new actors, were able to influence foreign policy both at the formulation and implementation stages. At the formulation stage, their influence was observed in the roles of the NESDB, the Ministry of Industry together with the Chambers of Commerce, especially the provincial ones in the border areas. Each organization has played a significant role in the establishment of considerable international economic cooperation such as Special Economic Zones (SEZs) in Chiang Rai and Tak Provinces. At the implementation stage, new actors, especially non-state actors, have also played a significant role cooperating with the government agencies. As a result of these new actors' influence, many projects have been carried out and policies developed that changed Thailand's relationships with Cambodia, Laos, and Myanmar.

Table of Content

<i>Acknowledgements</i>	<i>i</i>
<i>Statement of the Contribution of Others</i>	<i>ii</i>
<i>Abstract</i>	<i>iii</i>
<i>Table of Content</i>	<i>iv</i>
<i>List of Figures</i>	<i>v</i>
<i>Note</i>	<i>vi</i>
<i>Chapter I Introduction: Significance of Study, Theoretical Frameworks, and Methodology</i>	<i>1</i>
<i>Chapter II Thailand’s Foreign Policy: Historical Background</i>	<i>26</i>
<i>Chapter III Thailand’s Foreign Policy-making Process</i>	<i>64</i>
<i>Chapter IV Non-traditional State Actors in Thailand’s Foreign Policy-making</i>	<i>93</i>
<i>Chapter V Non-state Actors in Thailand’s Foreign Policy-making</i>	<i>117</i>
<i>Chapter VI New Actors in Thailand’s Foreign Policy-making towards Its Near Neighbours: the Economic Quadrangle and the North-South Economic Corridor</i>	<i>170</i>
<i>Chapter VII New Actors in Thailand’s Foreign Policy-making towards Its Near Neighbours: Ayewady – Chao Phraya – Mekong Economic Strategy (ACMECS) and Special Economic Zones (SEZs)</i>	<i>222</i>
<i>Conclusion</i>	<i>259</i>
<i>References</i>	<i>265</i>

List of Figures

<i>Figure 1: The Mekong River, flows north to south.....</i>	<i>172</i>
<i>Figure 2: The Economic Quadrangle.....</i>	<i>175</i>
<i>Figure 3: Greater Mekong Sub-region (GMS).....</i>	<i>192</i>
<i>Figure 4: GMS Economic Corridors.....</i>	<i>197</i>
<i>Figure 5: the R3 Route.....</i>	<i>208</i>
<i>Figure 6: ACMECS.....</i>	<i>225</i>
<i>Figure 7: Chiang Rai Province.....</i>	<i>249</i>
<i>Figure 8: Tak Province.....</i>	<i>257</i>

Note

Names of Thai people can appear in many styles in academic papers. In this thesis, however, the western convention of using surnames will be employed.

Chapter I

Introduction: Significance of Study, Theoretical Frameworks, and Methodology

Introduction

Thailand's relationships with its immediate Indo China neighbors, Cambodia, Laos, and Myanmar have been complex and at times intriguing. These relationships have covered various historical, political, security, cultural, social, and economic aspects. They are widely considered to be significant influences on international politics; resulting in both international conflict and economic cooperation. They have also been a topic of extensive debate in Thailand.

The most distinctive period in recent relationships between Thailand and its neighbors was the Cold War when Southeast Asia was politically divided by either the adoption of, or rejection of communism. Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand were non-communist. The Indochinese countries: Cambodia, Laos, and Vietnam, were communist. Myanmar was not a communist country but adopted an isolationist foreign policy which was viewed by Thailand as unfriendly.

During the Cold War period, Thailand's relationships with its neighbors were dominated by ideological conflict heavily influenced by the struggle between the world's major powers: the Peoples Republic of China, the Union of Soviet Socialist Republics (USSR), and the United States of America (US). However, the conflicts between Thailand and its neighbors; Cambodia, Laos, and Myanmar differed significantly from conflicts in other parts of the world. As well as the ideological struggles, Thailand's conflicts were also a consequence of complex historical connections in the region. Following the 1979 invasion of Cambodia by Vietnamese armed forces, there was a critical deterioration in Thailand's relationships with its neighbours.

The Cold War conflicts (1950s-1990s) and the Cambodian conflicts (1970s-1990s) dominated foreign relations between Thailand, Cambodia and Laos for several decades. They affected not only external foreign policy directions but also influenced internal domestic politics and the resultant economic and social circumstances of these countries. It should be also noted that

although Myanmar was not a communist state and was not directly involved in the Cambodian conflicts, Thailand's policy towards Myanmar still experienced several difficulties during this period.

The end of the Cold War in 1989/1990, and the end of the Cambodian conflicts in the 1990s, marked the end of tensions over ideological concepts in Southeast Asia. The nature of these relationships changed from military confrontation to economic cooperation. Economic issues in the region became more prominent, and new institutions fostering economic cooperation emerged at the sub-regional, regional, and inter-regional level. These included the Asia Pacific Economic Cooperation (APEC); the Association of South East Asian Nations (ASEAN) Free Trade Area (AFTA); the Asia Europe Meeting (ASEM); an Economic Growth Triangle (Thailand, Myanmar and China); the Greater Mekong Cooperation Scheme (Thailand, China, Vietnam, Cambodia, Laos and Myanmar); the Economic Growth Quadrangle, (Thailand, China, Myanmar and Laos); and the BIMST-EC (Bangladesh, India, Myanmar Sri Lanka and Thailand Economic Cooperation).

The emerging economic paradigm required expertise in such diverse areas as trade, investment, finance, labour, information technology and intellectual property. The military and the Ministry of Foreign Affairs which had dominated Thailand's foreign policy-making for several decades were required to play different roles; especially in promoting economic relationships with Thailand's neighbors. From the late 1980s, they were increasingly required to act as salespersons for Thai businesses, facilitators for the business community, and to improve the quality of diplomatic intelligence and advice on economic opportunities. These new roles have required new actors, both state and non-state, to implement new foreign policy objectives.

Non-traditional state actors include the Ministry of Commerce, the Ministry of Industry, and the National Economic and Social Development Board (NESDB). New non-state actors include the Chambers of Commerce, including Provincial Chambers of Commerce, the Federation of Thai Industries, and the Thai Bankers' Associations. Such private sector organizations play an important role in Thailand's foreign policy processes. Some have utilized their business connections with domestic and foreign policy leaders, which can shape the country's policy

directions. Another way non-state actors especially business associations influence the foreign policy direction of Thailand is through their connections with party leaders and financial support to political parties.

After the end of the Cold War and Cambodian conflicts, the traditional Thai foreign policy makers, the security-based government agencies and the Ministry of Foreign Affairs, had a diminished role in foreign policy. Concurrently the influence of economic-related government agencies and the private sector increased. The main aim of this thesis is an in-depth study of these new actors in Thai foreign policy-making in the post-Cold War period – particularly involving Thailand’s relationships with Cambodia, Laos, and Myanmar.

The timeframe for the emergence of new actors begins in 1988, when Prime Minister General Chatichai Choonhavan implemented far-reaching foreign policy changes. As a consequence of these events, foreign economic policy became central to Thailand’s foreign policy.

This thesis concentrates on relationships with three of Thailand’s neighbors namely; Cambodia, Laos, and Myanmar. Thailand’s relationships with these countries changed significantly in the post-Cold War period, while others such as Thai-Malaysian relations were less affected. Furthermore, Thailand’s foreign policies towards these three countries clearly reflected changes in foreign policy-making, especially in the way the process was influenced more by new actors, both state and non-state.

Significance of Study

With regard to actors in Thai foreign policy, most literature has focused on state-based actors, particularly those responsible for the security policy of the state. However, in the post-Cold War period, “new actors” have become more involved in policy-making. The lack of any serious empirical study of new actors in Thai foreign policy-making has resulted in rather superficial analyses of Thai foreign policy in recent years. These analyses do not accurately reflect the substantial changes in Thai foreign policy that emerged towards the end of the Cold War. This can be observed from the following evidence;

Khien Theeravit¹ pointed out that the spread of the communist influence affected Thailand's foreign policy tradition. Fearing the communism, Thailand had to orient its position to the anti-communist world by establishing close ties with the US and supporting resistance movements in neighboring countries. Khien Theeravit emphasized generally on the politics at the beginning of the Cold War period in Southeast Asia and the relationship of Thailand and Cambodia but did not examine the foreign policy-making process.

Puangthong Rungsawasdisab² argued that domestic politics in Thailand due to the uprising against the military regime in 1973, had a great influence on foreign policy during 1970-1979. Civilian groups such as the political parties, student, intellectual, media, non-governmental organizations, peasants and labor movements pressured the following governments to downgrade the relationship with the US and normalize the relationship with the communists. With the victory of communist movements, Thai governments necessarily improved the relationship especially with new communist regimes in the region; China, Laos, Cambodia, and Vietnam. Puangthong Rungsawasdisab not only addressed Thailand as a country or a single unit, but also indicated the role of Prime Ministers as the foreign decision makers. Nevertheless, she did not identify the involvement of other actors in foreign policy-making process for example, the Ministry of Foreign Affairs and the military.

Chulacheeb Chinwanno³ demonstrated that Thailand's foreign policy during 1979-1988 was overwhelmed by the conflicts in Cambodia originated by the Vietnamese invasion. The Cambodian conflicts threatened Thailand's security interests. The strategy that Thai political leaders employed was seeking and gaining support from outside in every aspect and every level. This led to pressures from the international stage over Vietnam to withdraw its forces from Cambodia and indirectly ending struggles between the government and the communist movement in Thailand as China pledged to stop supporting the Thai Communist party. Chulacheeb Chinwanno identified a prominent role in foreign policy-making of the Ministry of

¹ Theeravit, K 1982, Thai-Kamphuchean Relations: Problems and Prospects, *Asian Survey*, vol. 22, no. 6.

² Rungwasdisab, P 2009, Thailand's Response to the Cambodian Genocide, Cambodian Genocide Program, Yale University, viewed 9 October 2009, <http://www.yale.edu/cgp/thailand_response.html>.

³ Chinwanno, C 1992, *Thailand's Foreign Policy in 1980s*, International Studies Centre, Bangkok (in Thai).

Foreign Affairs with co-operation from the military and the National Security Council (NSC). However, his main focus was not the actors as a result; factors influencing actors' decisions such as organizational cultures, ideas, ideologies, or perceptions of national interests are not considered.

Sunai Pasuk⁴ and Venika Boonma-klee⁵ indicated that the policy of “turning a battlefield into marketplaces” of General Chatichai Choonhavan in 1988 was a turning point for Thailand's foreign policy particularly towards the Communist neighboring countries. The policy was initiated by the Prime Minister, his advisors, and business groups backing his political party. As a consequence of the policy, the relationship between Thailand and its neighbors improved through cross-borders trade, business, and investment from signing trade agreements including concessions by governments, border trades by local merchants, Thailand's role as a gateway to Indochina by constructing transportation infrastructures, multilateral co-operations. Furthermore, the policy influenced the peace progress in the region as it led to the withdrawal of Vietnamese troops from Cambodia, and the establishment of the Cambodian coalition government including the election under the UN supervision. Sunai Pasuk and Venika Boonma-klee examined not just the policy but also policy-making process with emphasis on actors; the Prime Minister, the advisory board, the Ministry of Foreign Affairs, the military, and NSC which involved in the process. Sunai Pasuk examined further on perceptions of national interests of actors through primary sources by interviewing key actors; General Chatichai Choonhavan, the Prime Minister, ACM Siddhi Savetsila, the Foreign Minister, M.R. Sukhumbhand Baripatra, the Prime Minister's advisor, General Chavalit Yongchaiyudh, the Army Chief. However, Sunai Pasuk's scope is the Chatichai administration (1988-1991), and policy towards Cambodia as the only case study. Consequently, the essence of the research is limited.

⁴ Pasuk, S 1997, *Thailand's Foreign Policy: A Study of Policy-making Process in General Chatichai Choonhavan administration towards Cambodian Problems*, The Institute of Asian Studies Chulalongkorn University, Bangkok (in Thai).

⁵ Boonma-klee, V 1997, *Burma: Thai Foreign Policy under the Chatichai Choonhavan's Government*, The Thailand Research Fund, Bangkok (in Thai).

Kusuma Snitwongse⁶ and Paul Battersby⁷ pointed out that as a consequence of General Chatichai's new policy including the uprising incident in 1992, the foreign policy-making was affected as it marked the openness of the process, the emergence of new actors; non-bureaucratic agencies such as business men, and provincial chambers of commerce. They influenced the policy by supporting political parties or entering politics in order to secure policy outcome benefiting their business. However, Kusuma Snitwongse and Paul Battersby did not identify sufficiently the new actors in terms of who they are and how important they are to Thailand's political structure including their exact involvements in the foreign policy-making process. They also did not examine factors enabling those actors to emerge as key actors in the policy process. Besides, Kusuma Snitwongse seemed to ignore their participation in the process thoroughly due to the fact that new actors are not only the business groups but provincial chambers of commerce and the branches of Federation of Industries.

This thesis, therefore, aims to fill a gap in existing knowledge of Thailand's foreign policy. It identifies new actors, both state and non-state; and explores the internal and external political contexts that gave rise to these new actors, and their roles in foreign policy-making. A study of the new actors in Thai foreign policy-making provides new empirical knowledge, and thus informs scholars and policy makers about the trajectory of change in Thai foreign policy. Not only does this study of new actors reveal new directions in Thailand's foreign policy, it also provides an understanding of the changing political, social and economic structures in Thailand.

Research Questions

This thesis aims to answer three questions:

1. Who are the "new actors" in Thailand's political structure that emerged in the post-Cold War period, and how they have participated in the foreign policy-making process?
2. What has enabled the "new actors" to emerge as key actors in the foreign policy-making process?

⁶ Snitwongse, K 2001, Thai Foreign Policy in the Global Age: Principle or Profit?, *Contemporary Southeast Asia*, vol. 23, iss. 2.

⁷ Battersby, P 2001, Border Politics and the Broader Politics of Thailand's International Relations in the 1990s: From Communism to Capitalism, *Pacific Affairs*.

3. To what extent do these “new actors” influence changes in Thailand’s foreign policies towards Thailand’s neighboring countries?

Theoretical Frameworks

The main aim of this thesis is to investigate new actors that engage in the foreign policy-making process. New actors, those sub-national organizations, both state and non-state, competing to influence foreign policy outcomes, are the central focus of the study. This thesis is informed mainly by the approach advocated by the theory of Liberalism. At the same time, Realism is used to explain Thai foreign policy before the rise of the new actors. This thesis also utilizes different models of foreign policy decision-making including Rational, Organizational and Bureaucratic, and Societal Models. The approach of Bureaucratic Politics is also applied to explain the foreign policy-making in which a number of agencies participate.

International Relations (IR) is a very complex field which covers various issues such as wars, revolutions, global gender inequalities, demands for international human rights, and international trade. Theory helps to generalize the complex field of study. IR theory does not just present what has happened in the world but also imposes its own vision of what the world looks like.⁸ Among a number of IR theories, Realism and Liberalism have been widely accepted as dominant theories in the academic world.

Realism

Most literature on foreign policy tends to view international politics as principally concerning relationships between states. The main unit of analysis of foreign policy and international relations is simply, the state. This is because most academic scholars, decision makers and policy practitioners have been influenced by Realism. Realism provides the most powerful explanation for the state of war which is the regular condition of life in the international system.⁹ Fundamentally, Realists emphasize the constraints on politics imposed by human selfishness

⁸ Weber, C 2001, *International Relations Theory: A Critical Introduction*, Routledge, London and New York, p.2.

⁹ Dunne, T 1997, ‘Realism’, in *The Globalization of World Politics: An Introduction to International Relations*, eds. J. Baylis and S. Smith, Oxford University Press, New York, p.109.

(egoism) and the absence of international government (anarchy) which requires 'the primacy in all political life of power and security'.¹⁰

Anarchy is the term used to describe international politics that is composed of sovereign nation-states beholden to no higher power. A sovereign state is a state with absolute authority over its territory and people, as well as independence internationally.¹¹ Under anarchy, there is no world government, and sovereign nation-states are obliged to no higher power. Anarchy highlights the lack of an orderer, or someone or something that self-consciously imposes order from above onto sovereign nation-states.¹² Anarchy also refers to the absence of any hierarchy of authority. Some states are clearly more powerful than others but there is no recognized authority higher than that of any state.¹³

For Realists, states are the principal actors. Non-state actors such as multinational corporations, international organizations and transnational organizations are less important. States are viewed as unitary and rational, as any differences of view between political leaders or bureaucracies within the state are ultimately resolved so that the state speaks with one voice.¹⁴ Rationality and state-centrism are identified as core Realist premises.¹⁵ Relations among sovereign states are what Realists attempt to study. These relations are observed through foreign policies; those strategies or approaches chosen by the legitimate body of each state to guide their actions in the international arena.¹⁶ It is the actions expressed in the form of explicit state goals, commitments or directives pursued by government representatives acting on behalf of their sovereign communities. These actions are directed towards objectives, conditions and actors both

¹⁰ Donnelly, J 1996, 'Realism', in *Theories of International Relations*, eds. Palgrave Macmillan, New York, p.30.

¹¹ Weber, International Relations Theory: A Critical Introduction, Routledge, London and New York, p.14.

¹² Weber, C 2001, *International Relations Theory: A Critical Introduction*, Routledge, London and New York, p.14.

¹³ Viotti, P & Kauppi, M V 1987, *International relations Theory*, Macmillan Publishing Company, New York, p.48.

¹⁴ Viotti, P & Kauppi, M V 1987, *International relations Theory*, Macmillan Publishing Company, New York, pp.32-33.

¹⁵ Donnelly, J 1996, 'Realism', in *Theories of International Relations*, Palgrave Macmillan, New York, p.30.

¹⁶ Hudson, V 2008, 'The History and Evolution of Foreign Policy Analysis', in *Foreign Policy: Theories, Actors, Cases*, eds. Steve Smith, Amelia Hadfield & Tim Dunne, Oxford University Press, New York, p.12.

governmental and non-governmental that states want to affect, and which lie beyond their territorial legitimacy.¹⁷

The primary objective of states is to survive. To do so, it is necessary to increase their power. Power can protect a state. For instance, a less powerful state might fear a relatively more powerful state, and would therefore be less likely to attack the more powerful.¹⁸ A state may seek economic advantages and a flourishing peaceful coexistence with other states, as well as peace and prosperity for its citizens, in order to protect its sovereignty, autonomy and independence.¹⁹ Actions of states are determined only by considerations of interest and power.²⁰ Foreign policy objectives are designed to maximize, or at least maintain, a state's power in order to secure its position in the global power hierarchy. Consequently, almost every action of a state, from initiating a war to keeping the peace has been intended to enhance or preserve its power, and thus the interest, of the nation-state.²¹

The term power in IR is generally developed relationally to indicate the ability of one group to influence and control either another group or outcomes and events that pertain to them.²² Power is an attribute of the state, and is the sum of a state's capabilities, either alone or relative to other states. Therefore all outcomes in Realist analyses are ultimately dependent on the relative power of the actors involved. States that have greater power will determine outcomes based on their own interests.²³

¹⁷ Smith S, Amelia, H & Dunn, T 2008, 'Introduction', in *Foreign Policy: Theories, Actors, Cases*, eds. Steve Smith, Amelia Hadfield & Tim Dunne, Oxford University Press, New York, p.2.

¹⁸ Weber, C 2001, *International Relations Theory: A Critical Introduction*, Routledge, London and New York, p.15.

¹⁹ Donnelly, J 1996, 'Realism', in *Theories of International Relations*, Palgrave Macmillan, New York, p.42.

²⁰ Donnelly, J 1996, 'Realism', in *Theories of International Relations*, Palgrave Macmillan, New York, p.48.

²¹ Russett, B Starr, H & Kinsella 2006, *World Politics: The Menu of Choice*, Thomson Wadsworth, Belmont, p.136.

²² Sterling-Folker, J 2006, 'Realism', in *Making Sense of International Relations Theory*, ed. J Sterling-Folker, Lynne Rienner Publishers, Colorado, p.13.

²³ Sterling-Folker, J 2006, 'Realism', in *Making Sense of International Relations Theory*, ed. J Sterling-Folker, Lynne Rienner Publishers, Colorado, p.13.

Hans Morgenthau explained that state objectives or “national interests” are what all governments pursue in the anarchy of world politics. National interests are generally acknowledged at three levels. The primary level is to preserve independence, national sovereignty, and territorial integrity. This is followed by the necessity to protect and promote the state’s security. Finally, states aim to protect and promote their political, economic, and social interests. Nonetheless, a state’s objectives are not constant, especially when states find themselves occupying new positions in the global power structure.²⁴ Realists indicate that national security is the most important issue since states use their power to serve their interests and achieve their objectives. Struggles for power among states are the core of international relations. As Morgenthau has argued, international politics, like all politics, is a struggle for power. Whatever the ultimate aims of international politics, power is always the immediate aim.²⁵ National interests are also the foundation of foreign policy-making. It is important for decision makers to clearly identify national interests in order to set and prioritize appropriate and essential goals.²⁶

The combination of anarchy and relative power leads to a behavioural pattern called the balance of power, in which power is sought by the relatively weak in order to counter the relatively strong.²⁷ Realists claim that the absence of a central authority explains why states come to rely on power; seeking to maintain or increase power positions relative to other states. However, the condition of anarchy enables each state to inevitably encounter self-help situation in which it is dangerous to place the security of one’s own country in the hands of another.²⁸ States will find themselves in a security dilemma where nation-states arm themselves for defensive purposes. This induces the same behaviour in neighboring states which become suspicious of the other’s

²⁴ Russett, B Starr, H & Kinsella 2006, *World Politics: The Menu of Choice*, Thomson Wadsworth, Belmont, p.135.

²⁵ Viotti, P & Kauppi, M V 1987, *International relations Theory*, Macmillan Publishing Company, New York, pp.33-34.

²⁶ Paholyothin, K 1987, ‘National Interest’, in *International Politics*, Lecture document, Ramkamhaeng University, Bangkok (in Thai), pp.82-83.

²⁷ Sterling-Folker, J 2006, ‘Realism’, in *Making Sense of International Relations Theory*, ed. J Sterling-Folker, Lynne Rienner Publishers, Colorado, p.14.

²⁸ Viotti, P & Kauppi, M V 1987, *International relations Theory*, Macmillan Publishing Company, New York, pp.48-49.

actual intentions in arming.²⁹ In other words, the more one state arms to protect itself from other states, the more threatened these states become and the more prone they are to resort to arming themselves to protect their own national security interests.³⁰

Kenneth Waltz explained that in international anarchy, there is no supreme authority such as an international government that can stop states from forcefully pursuing their own interests. War occurs because there is nothing to prevent it. International anarchy is also the limit of cooperation between states. As there is no entity to enforce cooperation, states will act in their own self-interests rather than in the interests of the state system.³¹ Moreover, security issues are never solved within the system as there is no orderer to prevent conflicts. Therefore, states are forced to ensure their own interests and survival. Because all states recognize that it is in their overriding self-interest to maximize their power; when one state recognises another increasing its power by strengthening its security; the first feels threatened and responds by increasing its power.³²

Realism greatly dominated IR especially during the Cold War. Since the end of that era, however, world politics has dramatically changed. The international system has experienced new phenomena such as the spread of democracy; an increasingly liberal free trade, a strengthening of international law, a renewed role for international institutions to undertake collective security initiatives; the proliferation of arms control agreements; and international humanitarian responses to state human rights violations.³³ Henry Kissinger wrote about this period stating: “the traditional agenda of international affairs-the balance among major powers, the security of nations-no longer defines our perils or our possibilities... Now we are entering a new era. Old

²⁹ Sterling-Folker, J 2006, 'Realism', in *Making Sense of International Relations Theory*, ed. J Sterling-Folker, Lynne Rienner Publishers, Colorado, p.14.

³⁰ Viotti, P & Kauppi, M V 1987, *International relations Theory*, Macmillan Publishing Company, New York, p.49.

³¹ Weber, C 2001, *International Relations Theory: A Critical Introduction*, Routledge, London and New York, pp.18-19.

³² Weber, C 2001, *International Relations Theory: A Critical Introduction*, Routledge, London and New York, p.21.

³³ Weber, C 2001, *International Relations Theory: A Critical Introduction*, Routledge, London and New York, p.39.

international patterns are crumbling; old slogans are un-instructive; old solutions are unavailing. The world has become interdependent in economics, in communications, in human aspirations.”³⁴

Previously, military security was the dominant goal of states and non-military issues were subordinate. However, since the end of the Cold War, balance of power theories and national security have become insufficient to analyze or explain problems of economic or ecological interdependence. Security and military force are not able to overcome certain threats or problems. Domestic, transnational and governmental interests are connected. As a result domestic and foreign policy have become closely linked.³⁵

Robert Keohane and Joseph Nye argued that the post-Cold War world has multiple channels to connect societies. Information ties between governmental officials and informal ties among non-governmental elites have become stronger. As a result, non-governmental elites from different countries have been able to get together in the normal course of business in the same way that bureaucrats from different countries interacted directly with one another. Therefore, the participation of organizations outside the control of government has become a normal part of foreign relations. Their activities can formulate government policies in such a way that they are more sensitive to one another. This provides opportunities for the domestic policies of different countries to affect one another; while foreign economic policy is related more with domestic economic activity. Lines between domestic and foreign policy have been blurred with an increasing number of foreign policy-related issues.³⁶

Issues in international relations agendas are no longer arranged in a clear and consistent hierarchy. Foreign policy issues have become larger, more complex, and none of them are considered subordinate to security issues. The absence of an issue hierarchy can lead to problems of formulating a coherent and consistent foreign policy. The goals of each state have been reshaped by the expansion of international issues. As a result, state agencies have encountered

³⁴ Keohane, R & Nye, J 2001, *Power and Interdependence*, Longman, New York, pp.3-7.

³⁵ Keohane, R & Nye, J 2001, *Power and Interdependence*, Longman, New York, pp.3-7.

³⁶ Keohane, R & Nye, J 2001, *Power and Interdependence*, Longman, New York, p.22.

difficulties reaching compromises on a number of issues. They have also been forced into a situation of maintaining a consistent pattern of policy. Governmental bodies are not permitted to employ military force against others in the region particularly when they deal with issues of economic and ecological welfare. The impacts of using military force may be costly and uncertain. This occasionally affects a state's other non-military targets and has been regarded as a threat to the industrially advanced countries. Consequently, states with military strength have found it more difficult to use their overall dominance to control outcomes on issues in which they are weak. Nevertheless, military power can still be operated against rival blocs as a deterrence, and indirectly serve to protect the state. It can also be used in negotiations with allies.³⁷

Previously, agendas in foreign relations had been set by shifts in the balance of power and by perceptions of agendas as threats to a state's security. Other issues became important only when they appeared to affect a state's security and military power. Recently, non-military issues have gradually been emphasized by sovereign bodies. International monetary politics together with problems involving trade, oil, food, and multinational corporations have become more vital in the agendas of the international community. Since the complexity of actors and issues in world politics has increased, and the use of force has declined, the line between domestic and foreign policy has blurred. As a result, the politics of agenda formation has become more subtle and differentiated.³⁸ Keohane and Nye explained that during this period the geographic domain of capitalism has extended. The failure of import substitution, the discrediting of the socialist state, and the absence of a powerful bloc promoting socialist ideas have led to a rapid increase in the integration of formerly protected regions into global capitalism. The advent and rapid growth of the information revolution coupled with similar developments in biotechnology has created new opportunities for entrepreneurship that have put a premium on technical intelligence and rapid adaptation to new situations. Consequently, the spread of capitalism and the information revolution have led to the call for democracy and the rule of law as represented by the West, and

³⁷ Keohane, R & Nye, J 2001, *Power and Interdependence*, Longman, New York, pp.22-26.

³⁸ Keohane, R & Nye, J 2001, *Power and Interdependence*, Longman, New York, p.28.

particularly the U.S.A.³⁹ This “post-Cold War trend” paved the way for Liberalism to challenge Realism.

Liberalism

Fundamentally, Liberals believe that there is a basic goodness in people that can be corrupted by bad forms of organization. However, this can be overcome when people unite and instigate rules and laws to temper conflict and facilitate cooperation.⁴⁰ For IR, Liberals believe that the individual is the most important unit of analysis. Consequently, the state is to play a minimal role in liberal society, and acts only as an arbiter in disputes between individuals, and to ensure individual rights.⁴¹ Liberalism emphasizes the positive role played by public opinion in providing guidance to state officials and producing good public policy, including foreign policy. The state then is not a unitary or solitary actor but rather composed of competing individuals, interest groups, and bureaucracies who represent a multitude of interests. There is no sole department acting in the name of the state.⁴² In other words, Liberalism suggests that to understand a country’s foreign policy thoroughly, it is essential that one moves below the layer of international politics to examine local agencies and domestic politics inside the state.

In this thesis, Liberalism is crucial to understanding the rise of new actors, the sub-national bodies, both state and non-state in Thai politics. Liberalism claims that the state is not a unitary actor in international politics but is influenced in foreign policy and international relations by various groups, particularly non-state actors.

Foreign policy decision-making

Moreover, this thesis also makes use of different models of foreign policy-making. Foreign policy is viewed as a “signal” sent by one country to influence the receiver’s image of the sender. It is occasionally considered as the heart of international relations as it implies means and

³⁹ Keohane, R & Nye, J 2001, *Power and Interdependence*, Longman, New York, pp.249-251.

⁴⁰ Weber, C 2001, *International Relations Theory: A Critical Introduction*, Routledge, London and New York, p.36.

⁴¹ Viotti, P & Kauppi, M V 1987, *International relations Theory*, Macmillan Publishing Company, New York, p.194.

⁴² Viotti, P & Kauppi, M V 1987, *International relations Theory*, Macmillan Publishing Company, New York, p.195.

directions that states express towards each other.⁴³ The objects of foreign policy are related to various branches in the social science field especially comparative politics and public policy. It has occasionally been utilized as a tool for domestic policy. Hans Morgenthau has commented that we are unlikely to separate domestic and foreign policy because foreign policy implementation requires not only diplomatic means and military power but also propaganda tools to influence people's minds.⁴⁴ In foreign policy, international relations academics tend to focus more on how policies are arrived at and implemented, rather than their contents.⁴⁵ Both policy-making and policy implementation are not readily separated because in practice, they are parts of a continuous and interactive process.⁴⁶

Foreign policy-making is a complex process of interaction between many actors from a wide range of different backgrounds. The interactions are a dynamic process leading to a constant evolution. In an "actors and structures" approach, states are not conceived as unitary actors but as an institutional structure within which, and on behalf of which, individual decision makers act. Consequently, a significant part of foreign policy-making is the study with focus on actor-specific.⁴⁷ Although the authority of foreign policy-making usually originates from an administrative body, especially the head of the government and the cabinet, they are not the sole actors in the process.⁴⁸ Heads of state, foreign ministers or secretaries of state, inner executives, security councils, politburos; or governments as a whole, parliaments, parliamentary committees, and political parties are the responsible decisions makers with a political mandate. They are situated not only in foreign services but also within military establishments, economic ministries,

⁴³ Chawanavirat, S 1989, *Media and Foreign Affairs*, Individual research document, National Defense College, Bangkok (in Thai).

⁴⁴ Sathavetin, T 1987, 'Foreign Policy', in *International Politics*, Lecture document, Ramkamhaeng University, Bangkok (in Thai), pp.159-160.

⁴⁵ Goldstein, J & Pevehouse J 2009, *International Relations*, 9th edn, Pearson, Boston, p.103.

⁴⁶ White, B 1997, 'Diplomacy', in *The Globalization of World Politics: An Introduction to International Relations*, J Baylis & S Smith (eds), Oxford University Press, Oxford, p.257.

⁴⁷ Carlsnaes, W 2008, 'Actors, Structure, and Foreign Policy Analysis', in *Foreign Policy: Theories, Actors, Cases*, eds. Steve Smith, Amelia Hadfield & Tim Dunne, Oxford University Press, New York, pp.88-89.

⁴⁸ Panupong, A 1986, *Diplomacy and Foreign Affairs*, Direk Jayanama's Memorial Lecture Series, Bangkok (in Thai).

intelligence services, lobbying firms as well as specialists, advisors, and opinion makers working within various think tanks, research institutes, and the media.⁴⁹ As a result, the study of foreign policy-making is a counter to the Realist assumption, as it concentrates on influences within the state particularly on the individual, and the domestic level of analysis.⁵⁰ In addition, the study of foreign policy-making can lead to an enhanced understanding of whose interests become the national interests.⁵¹

The foreign policy-decision making process is one of the government's functions which is participated in by many actors situated not only in foreign services but also in non-state bodies. Therefore, a study of decision making will greatly assist an understanding of foreign policy-making for this thesis. There are three models of decision making; the Rational, Organizational and Bureaucratic, and Societal Models. Each model can be applied to study how decisions are developed through different means, and how factors in different circumstances can influence decision outcomes.

Rational Model

The Rational Model is a common starting point for studying the decision making process. Decision makers play roles in setting goals, evaluating and calculating the costs and benefits of each possible course of action; ultimately choosing one with the highest benefits and lowest costs. They also have to include probabilities for each possible outcome of an action because the costs and benefits of each choice are uncertain. Besides, they have to include targets from the individuals or agencies involved.⁵²

At the foreign policy level, decision making is actions chosen by the national government to maximize its strategic goals and objectives.⁵³ Decision makers should possess all relevant

⁴⁹ Chawanvirat, S 1989, Media and Foreign Affairs, Individual research document, National Defense College, Bangkok (in Thai).

⁵⁰ Goldstein, J & Pevehouse J 2009, *International Relations*, 9th edn, Pearson, Boston, p.104.

⁵¹ Russett, B Starr, H & Kinsella 2006, *World Politics: The Menu of Choice*, Thomson Wadsworth, Belmont, p.137.

⁵² Goldstein, J & Pevehouse J 2009, *International Relations*, 9th edn, Pearson, Boston, pp.105-106.

⁵³ Mingst, K 1999, *Essentials of International Relations*, W.W Norton&Company, New York, p.131.

information. These raw materials or “input” are obtained from their own and other states.⁵⁴ When decision makers face any political, economic, or social challenges, they have to first clarify the state’s goals, and then determine which goals are a priority by applying national values as guidance, in search of the best policy response. Goals are changeable and it is essential for decision makers to accurately prioritize. They also have to evaluate consequences of alternative courses of action and their benefits and costs, and to acknowledge that every option has inherent costs and risks.⁵⁵ At the final stage, decision makers have to select a well-considered course of action with the high preference order.⁵⁶ However, decision –making must be re-assessed if results suggest that the chosen path may not be appropriate.⁵⁷

The Rational Model is relevant to this thesis because decision making in foreign affairs reflects actions chosen by government to maximize its strategic goals and objectives. It is useful in an analysis of Thailand’s foreign policy-making particularly during the period when Thailand faced external security threats, and decisions in foreign affairs were effected to preserve and advance national security interests.

Organizational and Bureaucratic Model

Foreign policy decisions are also products of interaction, adjustment, and politics at the sub-national organizations level, as governments are made up of many parts, individuals and organizations.⁵⁸ The organizational and bureaucratic model emphasizes the standard operating procedures and processes of an organization.⁵⁹ Decision-making can be achieved by referencing past decisions, precedents, or routines. As a result major changes in policy-making are

⁵⁴ Panupong, A 1986, *Diplomacy and Foreign Affairs*, Direk Jayanama’s Memorial Lecture Series, Bangkok (in Thai).

⁵⁵ Panupong, A 1986, *Diplomacy and Foreign Affairs*, Direk Jayanama’s Memorial Lecture Series, Bangkok (in Thai).

⁵⁶ Russett, B Starr, H & Kinsella 2006, *World Politics: The Menu of Choice*, Thomson Wadsworth, Belmont, pp.164-165.

⁵⁷ Panupong, A 1986, *Diplomacy and Foreign Affairs*, Direk Jayanama’s Memorial Lecture Series, Bangkok (in Thai).

⁵⁸ Russett, B Starr, H & Kinsella 2006, *World Politics: The Menu of Choice*, Thomson Wadsworth, Belmont, p.175.

⁵⁹ Mingst, K 1999, *Essentials of International Relations*, W.W Norton&Company, New York, pp.133-135.

unlikely.⁶⁰ Furthermore, it underscores the importance of individual role factors in decision making that can affect the way an individual thinks that he or she should act. Such roles can dictate individual responsibilities in policy-making and the traits that are expected to characterize a person who fills that position. Therefore, an individual in a government position who faces a recurrent situation might not take a political risk but instead follow a previous decision making path.⁶¹

The bureaucratic model occurs between members of the bureaucracy who represent different interests. Decisions result from the bureaucratic political push and pull, or “tug-of-war” between departments, groups, or individuals.⁶² Therefore, at the foreign policy-making level, decisions are not just the outcomes of organizations but are the results of bargaining games amongst other entities within the government.⁶³ Decisions may not always be the most rational but rather the ones that provide the greatest consensus for participants.⁶⁴ For example, the role of the foreign minister is one of the most important parts in the foreign policy-making process. Its officials also have important tasks in gathering information, reporting relevant news, and suggesting opinions to superior decision makers. However, the foreign ministry is not the only decision maker; there are many more agencies involved as foreign affairs covers both political and economic aspects. As a consequence, the foreign ministry has a duty to coordinate with its related agencies such as the military and economic ministries.⁶⁵

⁶⁰ Russett, B Starr, H & Kinsella 2006, *World Politics: The Menu of Choice*, Thomson Wadsworth, Belmont, p.174.

⁶¹ Russett, B Starr, H & Kinsella 2006, *World Politics: The Menu of Choice*, Thomson Wadsworth, Belmont, p.175.

⁶² Mingst, K 1999, *Essentials of International Relations*, W.W Norton & Company, New York, pp.133-135.

⁶³ Russett, B Starr, H & Kinsella 2006, *World Politics: The Menu of Choice*, Thomson Wadsworth, Belmont, pp.175-176.

⁶⁴ Mingst, K 1999, *Essentials of International Relations*, W.W Norton & Company, New York, pp.133-135.

⁶⁵ Panupong, A, Foreign Policy and Roles of the Ministry of Foreign Affairs, in *Roles of the Ministry of Foreign Affairs in the Security and Economic Development Aspects*, the Institute of Foreign Affairs, the Ministry of Foreign Affairs, Bangkok (in Thai).

Societal Model

The societal model focuses on decisions and bargaining among domestic sources such as public opinion, interest groups, and multinational corporations. These groups have many ways to influence decision making and each has unique capabilities. For example, a group may mobilize the media and public opinion and lobby the government agencies responsible for making a decision. They could also influence the appropriate representative bodies, organize transnational networks of people with comparable interests and, in cases of high-profile heads of multinational corporations, make direct contacts with the highest governmental officials.⁶⁶

Some private individuals, can influence the foreign policy decision making process, they may have the skills and resources to carry out independent actions in international relations. As they are not obliged by rules of the games or by institutional norms, they can engage in activities in which official representatives are unable or unwilling to participate. This is also known as “track-two diplomacy” which refers to the way of utilizing individuals outside governments to carry out the task of conflict resolution.⁶⁷

As the main aim of this thesis is to investigate the roles of new actors in Thailand’s foreign policy-making especially the non-state actors; the societal model is an appropriate model of analysis. Its relevance to this thesis is the claim that decisions are the outcomes of bargaining among various domestic factions. Private individuals with the necessary skills and resources can influence the country’s foreign policy-making and foreign affairs. Such individuals have influenced relationships between Thailand and its neighbours; Cambodia, Laos and Myanmar.

Bureaucratic Politics

In the study of foreign policy, most IR scholars focus on the policy formulation process or foreign policy behaviors, studying how policies are arrived at and implemented.⁶⁸ The policy

⁶⁶ Mingst, K 1999, *Essentials of International Relations*, W.W Norton&Company, New York, pp.136-137.

⁶⁷ Mingst, K 1999, *Essentials of International Relations*, W.W Norton&Company, New York, p.156.

⁶⁸ Rattanamongkolmat, A 2004, *Foreign Policy: Theory and Research Methodology*, Chulalongkorn University, Bangkok (in Thai).

formulation process contains two major stages; policy-making and policy implementation.⁶⁹ In policy-making, a state is an institutional structure within which, and on behalf of which, individual decision makers act. The policy outcomes depend on the individuals, on the type of society and government they are working within, and on the international and global context of their actions. As it is a central focus of the thesis, a study of the approach of Bureaucratic Politics will provide useful insights.

The main principle of Bureaucratic Politics is that governments are made up of many parts both individuals and organizations. The political leaders who sit on top of organizations are players in a central competitive game of bargaining. There is no unitary actor but many players who focus on many diverse intra-national problems, acting with no consistent set of strategic objectives but rather according to various conceptions, and making government decisions by pulling and hauling.⁷⁰ Bureaucratic politics occurs when members of the bureaucracy represent different interests, and decisions flow from the pull and haul or “tug-of-war” among departments, groups, or individuals.⁷¹ Accordingly, the decisions of governments are the result of the compromise, conflict, and confusion of officials who possess diverse interests at the sub-national level. Government decisions are the results of bargaining games among players at the national level⁷² which satisfy the most different constituents without ostracizing any.⁷³ Each unit can take policy positions to increase their own influence relative to that of other agencies or to enlarge their privileges and to take on the responsibilities of other units while gaining the powers that go with them.⁷⁴

⁶⁹ White, B 1997, ‘Diplomacy’, in *The Globalization of World Politics: An Introduction to International Relations*, J Baylis & S Smith (eds), Oxford University Press, Oxford, p.257.

⁷⁰ Allison, G 1971, *Essence of Decision: Explaining the Cuban Missile Crisis*, Scott, Foresman and Company, Glenview, pp.144-145.

⁷¹ Mingst, K 1999, *Essentials of International Relations*, W.W Norton&Company, New York, pp.133-135.

⁷² Allison, G 1971, *Essence of Decision: Explaining the Cuban Missile Crisis*, Scott, Foresman and Company, Glenview, p.6.

⁷³ Mingst, K 1999, *Essentials of International Relations*, W.W Norton&Company, New York, pp.133-135.

⁷⁴ Kegley Jr, & Wittkopf, E 1993, *World Politics: Trend and Transformation*, St.Martin’s Press, New York, p.53.

The idea of bureaucracy has become important since the extensive political, military, and economic relations of a state requires dependence on large-scale organizations and therefore foreign policy has involved more organizations. For example, in the USA, the State Department, the Defense Department, and the CIA are key elements in the nation's foreign policy machinery.⁷⁵ The Bureaucratic Politics approach has also challenged Realism and Neo-Realism by presenting a clear picture of the decision making process.⁷⁶ Decisions are, in fact, results of bargaining games among players within the government, namely; President, Prime Minister, First Secretary, Advisor, Senator, Foreign Minister, Generals, and Cabinet Members.⁷⁷ States have become an arena of competitions where players fight out their inward-looking games.⁷⁸

Under Bureaucratic Politics, organizations operate under great budgetary constraints and as a result these units are usually in competition for the allocation of scarce resources. In addition agencies in foreign policy and in national security usually have different concerns, different interests, and even different perceptions of "national interests".⁷⁹ Graham Allison demonstrated that "Members of an organization, particularly career officials, come to believe that the health of their organization is vital to the national interest...Games are played to determine decisions and actions. But decisions and actions advance and impede each player's conception of the national interest, his organization's interests, specific programs to which he is committed, the welfare of his friends, and his personal interests."⁸⁰

Methodology

In order to achieve the aims of the study, research was conducted primarily through the Qualitative Research Method. This thesis also makes use of other supporting methods, namely

⁷⁵ Kegley Jr, & Wittkopf, E 1993, *World Politics: Trend and Transformation*, St.Martin's Press, New York, p.50.

⁷⁶ Hill, C 2003, *The Changing Politics of Foreign Policy*, Palgrave Macmillan, New York, p.86.

⁷⁷ Russett, B Starr, H & Kinsella 2006, *World Politics: The Menu of Choice*, Thomson Wadsworth, Belmont, pp.175-176.

⁷⁸ Hill, C 2003, *The Changing Politics of Foreign Policy*, Palgrave Macmillan, New York, p.87.

⁷⁹ Dougherty, J & Pfaltzgraff Jr, R 1981, *Contending Theories of International Relations: A Comprehensive Survey*, Harper & Row Publishers, New York, p.472.

⁸⁰ Allison, G 1971, *Essence of Decision: Explaining the Cuban Missile Crisis*, Scott, Foresman and Company, Glenview, pp.167-168.

Historical-Comparative Research, Archival and Documentary Research, and semi-structured and unstructured Interviews.

Qualitative Research Method

The qualitative approach permits full consideration of interpretations expressed in interviews and documents since it is an interpretive and critical approach stressing an understanding of the social world by examining the ways in which participants interpret the world.⁸¹ The case study is an approach that underscores this method because it can gather a large amount of information while going into greater depth, and obtain more details on the cases being examined.⁸² Accordingly the roles of the “new actors” in projects and policies directed towards Thailand’s neighboring countries are analysed here as case studies.

Historical-Comparative Research Method

As this thesis deals with the period from the 1940s to 2010s. Historical-Comparative research is a suitable method since it is used to reinterpret data or challenge old explanations. William Neuman explained that “By asking different questions, finding new evidences, or assembling evidence in a different way, the H-C [historical-comparative] researcher raises questions about old explanations and finds support for new ones by interpreting the data in its cultural-historical context.”⁸³ This approach also suits questions such as which combinations of social factors produce a specific outcome. It is appropriate for comparing entire social systems to determine what is common across societies and what is unique, and to study long-term societal change.⁸⁴

The major task of this approach is to organize and give new meaning to the evidence. The first step is to locate primary sources which can be done by surveying secondary literatures and tracing their references. Primary Sources are existing data in the form of letters, diaries,

⁸¹ Bryman, A 2008, *Social Research Method*, 3rd edition, Oxford University Press, New York, pp.366-367.

⁸² Bryman, A 2008, *Social Research Method*, 3rd edition, Oxford University Press, New York, pp.366-367.

⁸³ Neuman, W L 1997, *Social Research Methods: Qualitative and Quantitative Approaches*, 3rd edition, Allyn and Bacon, Boston, p.384.

⁸⁴ Neuman, W L 1997, *Social Research Methods: Qualitative and Quantitative Approaches*, 3rd edition, Allyn and Bacon, Boston, p.383.

newspapers, and articles that can be found in archives, or in private collections. Published and unpublished written documents are the most important type of primary source as they are the only surviving record of the words, thoughts, and feelings of people in the past.⁸⁵ Secondary sources are “any further analysis of an existing data set which present interpretations, conclusions of knowledge additional to, or different from, those presented in the first report on the inquiry as a whole and its main results”.⁸⁶ In other words, they are writings of specialist analysts who have spent time studying primary sources.⁸⁷

Archival and Documentary Research Method

As this thesis depends on archival and documentary research it has made use of secondary sources, tracing their references to locate further primary sources. These sources were collected from various institutions in Thailand during fieldwork trips. Sources include, the Thailand National Archive, the National Library, the Library and Archives of the Ministry of Foreign Affairs and the Ministry of Commerce, the Library of the National Defence College, the Library of the Kingprajadhipok’s Institute, the Library of the Institutes of Asian Studies, the Libraries of Faculty of Political Science from various universities, and the archives of newspapers and publishing companies. This thesis also benefited from other published official documents.

Semi-Structured and Unstructured Interviews

A qualitative methodology also makes it possible to do semi-structured interviews and unstructured interviews in order to collect primary data. It is thus likely to provide greater understanding and interpretation. In such interviewing, a list of questions on specific topics to be covered serves as a standard interview guide for each interviewee.⁸⁸ The researcher might encounter obstacles locating some sources; for instance, the inaccessibility of some documents that are kept classified for national security reasons, or the inadequacy of some recorded

⁸⁵ Neuman, W L 1997, *Social Research Methods: Qualitative and Quantitative Approaches*, 3rd edition, Allyn and Bacon, Boston, p.396.

⁸⁶ David, M & Sutton, C 2004, *Social Research: The Basics*, Sage Publications, London, p.25.

⁸⁷ Neuman, W L 1997, *Social Research Methods: Qualitative and Quantitative Approaches*, 3rd edition, Allyn and Bacon, Boston, p.398.

⁸⁸ Bryman, A 2008, *Social Research Method*, 3rd edition, Oxford University Press, New York, p.437.

materials. Information from key interviewees is important for the aims of this thesis. An interview can help the researcher to obtain valuable information by providing a friendly environment for the interview. It allows more flexibility for interviewees to explain things in their own words, and appropriate data is more likely to be collected from open-ended questions. Alan Bryman stated that “In qualitative interviewing, interviewers can depart significantly from any schedule or guide that is being used. They can ask new questions that follow up interviewees’ replies and can vary the order and even the wording of questions.”⁸⁹ The key informants in this study are located in Thailand. They are current and former high-level officials from the economic-related government agencies, and the private sector organizations. Some of them are former key decision makers in the government.

Thesis Structure

The next chapter (**Chapter II**) discusses Thai foreign policy, providing the context within which new policy actors have emerged. The discussion focuses on changes in Thailand’s foreign policy from 1945-2006. **Chapter III** then examines the actors involved in the making of foreign policy. It discusses Thailand’s policy directions pre- and post-1988, using models of foreign policy decision-making. It also explores current Thai foreign policy formulation.

Chapter IV discusses non-traditional state actors – government/state economic-based bodies that participate in foreign policy-making of the country. These include the Ministry of Commerce, the Ministry of Industry, and the National Economic and Social Development Board (NESDB). This Chapter also investigates their historical backgrounds, functions, and performance in relation to Thailand’s foreign affairs.

Chapter V discusses non-state actors that play more direct roles in Thai foreign policy-making. These actors include business associations, the Chambers of Commerce, the Federation of Thai Industries, and the Thai Bankers’ Association. It explores the emergence of non-state actors and the establishment of channels enabling these actors to engage more in national policy-making. It

⁸⁹ Bryman, A 2008, *Social Research Method*, 3rd edition, Oxford University Press, New York, p.437.

also attempts to further explore the joint public-private committees; the Joint Public-Private Consultative Committee (JPPCC) and the Provincial-JPPCC.

Chapter VI discusses ways in which the new actors participated in Thailand's foreign policy-making towards its neighboring countries. The discussion is organized using a case study approach. Two cases are investigated: the Economic Quadrangle, and the North-South Economic Corridor under the Greater Mekong Sub-region (GMS) Economic Cooperation.

Chapter VII continues the discussion of the ways in which the new actors participated in Thailand's foreign policy-making towards neighboring countries by examining two further cases. This Chapter discusses ACMECS (Ayewady – Chao Phraya – Mekong Economic Strategy), and Special Economic Zones (SEZs).

The thesis now proceeds to outline and discuss the historical background to Thai foreign policy and international relations from 1945 to 2006.

Chapter II

Thailand's Foreign Policy: Historical Background

To provide a context within which new foreign policy actors have emerged, this Chapter discusses Thai foreign policy from 1945-2006, focusing separately on the Cold War and post-Cold War periods. Broadly speaking, the major concerns of foreign policy during the Cold War period were security-based. Since the post-Cold War period foreign policy has incorporated new economic aspects. During the Cold War period, Thai foreign policy was heavily focused on protecting and preserving national security interests. Security was threatened by a number of issues such as the ideological struggles of the world's major powers, communist expansion into the Indochinese states and inside Thailand, and the invasion of Cambodia by Vietnamese troops. During the post-Cold War period, foreign policy became more economically-oriented, focusing less on security issues, especially in relations with those neighboring countries with whom Thailand had previously experienced tensions. Now, more than two decades after the end of the Cold War, Thai foreign policy is mainly based on national economic development and growth.

To clearly demonstrate foreign policy development, analysis of each period will identify key themes in the context of domestic and international politics. In addition, the discussion will point out knowledge gaps in the existing literature. State-based actors especially those responsible for Thailand's security policy – the military, the National Security Council (NSC), and the Ministry of Foreign Affairs – have largely failed to notice the role of non-state actors. Even when new actors have had greater participation in policy-making, most literature has overlooked the study of new actors, both state and non-state.

Thailand's Foreign Policy during the Cold War Period

1945-1970: Security-prioritization: Countering Communist Expansion

Thailand's traditional foreign policy has been regarded as a successful model of smaller nation diplomacy because the country's location makes it impossible to pursue an isolationist policy in international relations.⁹⁰ The state was determined to protect its independence and national survival without becoming directly involved in international conflicts. The norm in Thai foreign

⁹⁰ Suhrke, A 1971, 'Smaller-Nation Diplomacy: Thailand's Current Dilemmas', *Asian Survey*, vol. 11, no.5, p.429.

policy was flexibility, referred to as the “bamboo in the wind”. Although solidly rooted, Thai foreign policy was flexible enough to bend whichever way the wind blew in order to survive.⁹¹ The preferred policy was to seek accommodation with the predominant regional power, in order to maintain territorial integrity and national sovereignty, and to minimize external interference with the domestic system. In other words, accommodation was used as an important strategy to appease the powerful, while not being overly concerned about pacifying or containing smaller states. For Thailand, the concept of balance of power differed from that offered by a Realist explanation. Thailand’s conception of balance of power was “keeping equidistant relations” with a number of influential military powers. Whenever there was pressure from one of these powers, Thailand would approach the rival party for assistance in warding off the perceived threat.⁹² This foreign policy tradition is evident in many major events in Thai history: for example, the confrontation with the European colonial powers at the end of the 19th Century and the cooperation with Japan during World War II.⁹³

From 1945-1970, Thailand’s foreign policy came under the strong influence of the US and was also largely characterized by anti-communism. Following World War II, the influence of former colonial powers began to decline, benefiting anti-colonialism movements in Southeast Asia. The policy of Thai Prime Minister, Field Marshal Plaek Phibunsongkram (Pibun) (1938 – 1944 and 1948 – 1957), who adopted Western-oriented foreign policies, was to support the colonially-established governments in Thailand’s neighboring countries and to suppress the movements in Indochina.⁹⁴ However, the victory of Chinese communism in 1949 forced Thailand to revise its neutrality and seek more international alliances to counter the communist influence.

Thailand perceived communism as a threat to its traditions, ideologies, values, and ways of life, especially the idea of loyalty to the three fundamental institutions: the Nation, the Religion, and the Monarch. Communism became a threat to Thailand as the independent movements in

⁹¹ Kislenko, A 2002, ‘Bending with the Wind: the Continuity and Flexibility of Thai Foreign Policy’, *International Journal*, vol. 57, no. 4, p.537.

⁹² Maisrikrod, S 1992, ‘Thailand’s Policy Dilemmas Towards Indochina’, *Contemporary Southeast Asia*, vol. 14, no. 3, p.288.

⁹³ Suhrke, A 1971, ‘Smaller-Nation Diplomacy: Thailand’s Current Dilemmas’, *Asian Survey*, vol. 11, no.5, p.429.

⁹⁴ Theeravit, K 1982, ‘Thai-Kamphuchean Relations: Problems and Prospects’, *Asian Survey*, vol. 22, no. 6, p.564.

Indochina, in their struggles against the colonial-established governments, were supported by China and the USSR. The defeat of French domination over North Vietnam (Vietminh) at Dien Bien Phu and the installation of a communist regime in Hanoi in 1954 seriously affected the position of Thailand. Consequently, Thailand decided to join the anti-communist movement led by the United States of America. It sent 4,000 troops on behalf of the United Nations (UN) to Korea in 1950 and signed the Manila Pact, the foundation of the Southeast Asia Treaty Organization (SEATO), in 1954. Although Thailand historically shared more cultural similarities with China and the neighboring Indochinese states, it was influenced by the ideology of capitalism and liberal democracy.⁹⁵ Moreover, Thailand cooperated with other countries in Southeast Asia such as Indonesia, The Philippines, Malaysia, and Singapore in establishing the Association of Southeast Asian Nations (ASEAN) in 1967. This organisation aimed to bring political and economic cooperation to the region, excluding security and military affairs from its agenda.⁹⁶

Establishing close ties with the US

Although Thailand joined ASEAN and supported the anti-communist movement and participated in activities with US-led alliances such as the Korean War and SEATO. Thailand's leaders still felt regionally insecure as a result of communist expansion. Thailand signalled its return to neutrality with the failure of SEATO. This organisation's success was stymied by the exclusion of Laos and Cambodia, the core targets of the communist expansion; the impractical unanimous agreement principle including the "veto-style" rights of members; its incapacity in the Lao civil war between the Western-backed government and communist troops supported by North Vietnam, from 1960 to 1962. Nevertheless, the US, welcoming Thailand as an anti-communist bastion and "forward base", quickly reacted by offering assurances that it would stand by Thailand in the fight against internal and possible external communist attacks.⁹⁷ Thus the Rusk-Thanat agreement (named after the then US Secretary of State, Dean Rusk, and then Thai

⁹⁵ Maisrikrod, S 1992, 'Thailand's Policy Dilemmas Towards Indochina', *Contemporary Southeast Asia*, vol. 14, no. 3, p.291.

⁹⁶ Khoman, T 1990, 'The Initiation of The ASEAN Establishment', in *Thai Foreign Policy on the Crossroads*, ed. C Aungsurak, Thammasat University Press (in Thai), pp.104-118.

⁹⁷ Kislenko, A 2002, 'Bending with the Wind: the Continuity and Flexibility of Thai Foreign Policy', *International Journal*, vol. 57, no. 4, p.542.

Foreign Minister, Thanat Khoman)⁹⁸ was signed in 1962. It enabled Thailand to enjoy extensive US military training and aid, in exchange for the presence of seven US military air bases on Thai soil.

Supporting communist resistances in neighboring countries

At the domestic level, Thai politics was security-oriented as a consequence of the political domination by the military. The military made extensive use of anti-communist rhetoric to legitimize its rule at the expense of other political groups.⁹⁹ Military domination of politics was apparent particularly when Field Marshal Sarit Thanarat took power in a *coup d'état* in 1958. Sarit was well known for his close relationship with the US, and the coup was partly supported by the US, which regarded Thailand as an invaluable anti-communist ally and a model for development in the Third World.¹⁰⁰ Sarit, who considered the communist expansion a great threat to Thailand's security, also allowed Thailand to be used as the primary base for a wide range of covert US anti-communist operations in the Indochinese states. Nearly 80% of bombing campaigns flown against North Vietnam were orchestrated out of Thailand. It was a major "rest and recreation" destination for the nearly 40,000 US servicemen deployed in Vietnam, and an important logistical base for US communications and transportation.¹⁰¹

In order to counter communist expansion, the military regime was also involved in neighboring domestic affairs. In Laos, it supported the Lao right-wing together with the minority troops fighting the communist movement. 22,000 Thai troops were deployed into Lao territory in 1964 with funding support from the US Central Intelligence Agency (CIA). In Myanmar, Thailand provided a safe haven to the irregular forces of the Chinese Kuomintang, many of whom joined rebellious ethnic minorities against the Myanmar government after the revolution in China. These forces were deeply involved with the lucrative opium trade and arms smuggling around

⁹⁸ Singh, L P, 1970, 'Thai Foreign Policy: The Current Phase', *Asian Survey*, p.541.

⁹⁹ Maisrikrod, S 1992, 'Thailand's Policy Dilemmas Towards Indochina', *Contemporary Southeast Asia*, vol. 14, no. 3, p.290.

¹⁰⁰ Kislenko, A 2002, 'Bending with the Wind: the Continuity and Flexibility of Thai Foreign Policy', *International Journal*, vol. 57, no. 4, p.543.

¹⁰¹ Kislenko, A 2002, 'Bending with the Wind: the Continuity and Flexibility of Thai Foreign Policy', *International Journal*, vol. 57, no. 4, p.543.

the “Golden Triangle”, a border region of Laos, Myanmar, and Thailand.¹⁰² In 1962 Khun Sa, leader of the Shan United Army (SUA) was also permitted to use bases in Chiang Rai, a Northern province in Thailand, to mount military campaigns against the Ne Win military government in Myanmar which threatened Thailand with its “the Burmese Way to Socialism” policy.¹⁰³ In Cambodia, the Norodom Sihanouk government was strengthening USSR relations and provided sanctuary for Vietnamese communists. The Thai Army responded by establishing a Special Unit cooperating with Cambodian officers to deal with Thai-Cambodian border conflicts.¹⁰⁴ The Special Unit covertly supported the overthrow of Sihanouk, by General Lon Nol, with 3,000 “Thai-Khmer volunteers” in 1970.¹⁰⁵

Thailand’s support of anti-communist movements in neighboring countries was partly a response to the “Nixon Doctrine” (also known as the “Guam doctrine”).¹⁰⁶ In July 1969 US President Richard Nixon announced his intention to withdraw support from the region and shift US strategic focus from Southeast Asia to the Middle East, Europe and Latin America: this would limit the future American military profile in Asia without undertaking any new security obligations. US economic assistance program to Thailand nevertheless continued. In 1969, the MAP (Military Assistance Program) estimated 75 Million US Dollars was devoted to various forms of rural development and protection against “counter-insurgency” especially in the north-eastern area of Thailand.¹⁰⁷

¹⁰² Kislenco, A 2002, ‘Bending with the Wind: the Continuity and Flexibility of Thai Foreign Policy’, *International Journal*, vol. 57, no. 4, p.550.

¹⁰³ Boonma-klee, V 1997, *Burma: Thai Foreign Policy under the Chatichai Choonhavan’s Government*, The Thailand Research Fund, Bangkok (in Thai), p.48.

¹⁰⁴ Leelayudha, Lt.Gen P 2005, *Guidelines on Solving Thai-Cambodian Problems by the Good Military Relationship*, Individual Research Paper, National Defence College, Bangkok (in Thai), p.38.

¹⁰⁵ Suhrke, A 1971, ‘Smaller-Nation Diplomacy: Thailand’s Current Dilemmas’, *Asian Survey*, vol. 11, no.5, p.434.

¹⁰⁶ Rattanamongkolmat, A 1991, ‘Relationship between Thailand and People’s Republic of China’, in *Thailand and Foreign Relations*, Lecture Documents, Sukhothai Thammathirat University, Bangkok (in Thai), p.501.

¹⁰⁷ Suhrke, A 1971, ‘Smaller-Nation Diplomacy: Thailand’s Current Dilemmas’, *Asian Survey*, vol. 11, no.5, p.432.

1970-1979: Peaceful Coexistence among the Enemies

In the 1970s, Thailand's foreign policy direction shifted. Although security was still a dominant issue in Southeast Asia as well as in Thai politics, policy became less hostile towards the communist countries. This change started with the domestic political transition of 1973. That year, after a decade of political domination, the military regime's influence in Thai politics began to weaken. This started with a demonstration led by the National Student Centre of Thailand (NSCT) which turned into an uprising against Sarit's successors, Field Marshal Thanom Kittikachorn and Field Marshal Praphat Jarusathien, Thai society became more open, with greater political participation by civilian groups such as political parties, students, intellectuals, media, non-government organizations, peasant and labour movements. These civilian advocacy groups influenced successive governments to change their main foreign policy approach. This saw the withdrawal of US forces from Thailand, and the normalization of relations with communist countries.

Downgrading Thai-US relations

Along with the political transition in Thailand in the early 1970s, there were a number of critics of the patron-client relationship between the Thai military and the US. Many Thai academics were anxious about the presence of US troops in Thailand, sharing concerns in neighboring countries about atrocities committed by US forces in the Indochinese states. The new civilian government was pressured to remove US forces from Thailand. As a consequence when the US Congress prohibited direct and indirect US combat activities in 1973, the royally appointed Prime Minister, Sanya Dhammasakti, announced that the US was no longer allowed to use Thai air bases in support of the Indochinese war. In 1976, the US decided to remove its military presence from Southeast Asia and withdraw all troops from Thailand. Some observers feared that the withdrawal of the US military presence would cause Thailand to fall, like a "domino", to communism. However, it presented Thailand with an opportunity to take an independent foreign policy line towards its Indochinese neighbors.¹⁰⁸

¹⁰⁸ Maisrikrod, S 1992, 'Thailand's Policy Dilemmas Towards Indochina', *Contemporary Southeast Asia*, vol. 14, no. 3, p.293.

Despite this, the US still had some influence in Thai foreign policy. The Thai military still kept in contact with US authorities, believing that such contact could be a deterrence against communist expansion in the region. Ties between the Thai military and the US were reflected in the Mayaguez incident in 1975 when the Cambodian communist Khmer Rouge seized a US cargo ship and charged it with trespassing in its waters. The US deployed its troops without Thai government permission. Using a secret contact in the Thai military, US marines were able to land at the U-Tapao air base and from there launch attacks on the Cambodian ports of Kampong Som and Tang Island. The ship was released days later.¹⁰⁹ Additionally, Prime Minister Thanin Kraivixien, installed by a coup in 1977, renowned for his anti-communist sentiments and a close confidant to the King, intended to restore the deteriorating relationship with the US and anticipated the return of US troops to Thailand.¹¹⁰

Normalizing relations with communist countries

As the government was pressured to normalize relations with communist countries, in 1975 Prime Minister M.R. Kukrit Pramoj, announced the establishment of diplomatic relations with China.¹¹¹ Thailand also signalled support for Chinese membership of the UN as well as confirming its position against the “two-China policy”.¹¹² North Vietnam’s final defeat of the South in 1975 marked a victory for the communist movements in Indochina. Thailand was then faced by communist states in the north and east; the rurally based Communist Party of Thailand (CPT), was well supported with training and weapon supplies.¹¹³ The establishment of the communist regimes in Indochina together with the growth of the CPT within the country posed an increased security threat. Hence Thailand made an agreement with Vietnam to normalize relations, and the two countries signed an accord on trade, economic, and technical cooperation. The communist victories in Laos and Cambodia in 1975 had achieved the goal of Ho Chi Minh, the North Vietnamese leader, to unite the “three branches of the same river” in an Indochinese

¹⁰⁹ Rungswasdisab, P 2009, *Thailand’s Response to the Cambodian Genocide*, Cambodian Genocide Program, Yale University, viewed 9 October 2009, <http://www.yale.edu/cgp/thailand_response.html>.

¹¹⁰ Neher, C D 1992, ‘Political Succession in Thailand’, *Asian Review*, vol. 32, no. 7, pp.592-593.

¹¹¹ *Foreign Affairs*, viewed 18 September 2009, <<http://countrystudies.us/thailand/83.htm>>.

¹¹² Suhrke, A 1971, ‘Smaller-Nation Diplomacy: Thailand’s Current Dilemmas’, *Asian Survey*, vol. 11, no.5, p.427.

¹¹³ Jayanama, R 1991, ‘Relationship between Thailand and Indochinese states’, in *Thailand and Foreign Relations*, Lecture Documents, Sukhothai Thammathirat University, Bangkok (in Thai), p.726.

Federation under Hanoi's guidance¹¹⁴. Subsequently, Thailand also normalized relations with these countries. The Kukrit government was among the first to recognize the new regimes in Laos and Cambodia.¹¹⁵

The normalization of relations was apparent in 1978 when Prime Minister, General Kriangsak Chomanan attempted to improve Thailand's economic position by expanding trade with the communist countries. Trade agreements were established with China, Laos, North Korea, and Vietnam. Kriangsak also tried to convince the communist states to stop supporting the CPT insurgency. The attempt was partly successful as China promised to help Thailand improve relations with Cambodia, and pledged that relations between the Chinese Communist Party and the CPT need not disrupt relations between China and Thailand.¹¹⁶ Thailand's foreign policy in this period appeared to be friendly towards the communist countries; however, the core of foreign policy was still security-oriented. Thailand's main goal was still survival, to protect the country from communist expansion, particularly from the CPT, and the surrounding communist controlled Indochinese regimes.

1979-1988: The Cambodian Conflicts: A New Security Threat

Communist expansion was a target of Thailand's foreign policy since the 1949 communist victory in China. This critically influenced Thai policy towards a security-orientation, that countered the communist threats from surrounding states, and also internally from the CPT. In the period from 1979 to 1988, Thailand also encountered another security threat, the Cambodian conflicts. These conflicts differed from previous threats, resulting from a struggle among the Indochinese communist regimes that directly affected Thailand's security. Hence, Thailand's foreign policy in this period was still conducted with a security emphasis although there remained some friendly aspects in policy direction similar to the policies of the earlier 1970s.

Progress toward normalizing relations with the Indochinese states came to a halt when Vietnamese forces invaded Cambodia and overthrew the Khmer Rouge regime in 1979. Vietnam

¹¹⁴ Cheow, E T C 1986, 'New Omnidirectional Overtures in Thai Foreign Policy', *Asian Survey*, vol. 26, no. 7, p.745.

¹¹⁵ Theeravit, K 1982, Thai-Kamphuchean Relations: Problems and Prospects, *Asian Survey*, vol. 22, no. 6, p.566.

¹¹⁶ Ramsay, A 1979, 'Thailand 1978: Kriangsak-the Thai Who Binds', *Asian Survey*, vol. 19, no. 2, pp.108-112.

claimed that the determination of the Cambodian regime to create a self-sufficient economy, cutting all links with the outside world except China and a few other countries, was too nationalistic and uncompromising on the issue of territorial disputes. An invasion of Vietnamese forces was seen as an escalated threat to Thailand's national security interests additional to the existing communist domination of the neighboring Indochinese states.¹¹⁷ Cambodia had been regarded by Thailand as a natural buffer state against stronger powers. Further, Thailand and Vietnam had been competing through direct military confrontation for decades, in the area between the Mekong and the Annamitic Chain.¹¹⁸

After the Vietnamese invasion, Cambodia was no longer a buffer against Vietnamese aggression.¹¹⁹ Thailand was regarded as threatened by 200,000 Vietnamese troops stationed across the border in Cambodia. Moreover, the strong Vietnamese presence in Laos confirmed Thai suspicions that the Vietnamese had ambitions of expanding their influence into Thailand, particularly the north-eastern region of the country.¹²⁰ Thailand was also host to a number of Cambodian refugees from the Khmer Rouge victory in 1975 and from struggles between the Vietnamese and Cambodian guerrilla resistance along the border.

The Vietnamese invasion of Cambodia led to another change in direction for Thailand's foreign policy, toward strengthening its security-orientation. Thailand therefore sought alliances at local, national, regional, and global levels to counter perceived Vietnamese aggression. This policy was known as the "omni-directions" policy: employing every relationship with major powers and regional countries in all security, economic and cultural aspects. This policy was similar to Thailand's foreign policy direction of the early 1970s. Although superficially attempting to forge alliances at all levels, the core of this policy was security-based, in order to counter threats presented by the Vietnamese aggression. The policy was initiated by the government of General

¹¹⁷ *Foreign Affairs*, viewed 18 September 2009, <<http://countrystudies.us/thailand/83.htm>>.

¹¹⁸ Suhrke, A 1971, 'Smaller-Nation Diplomacy: Thailand's Current Dilemmas', *Asian Survey*, vol. 11, no.5, p.425.

¹¹⁹ Theeravit, K 1982, 'Thai-Kamphuchean Relations: Problems and Prospects', *Asian Survey*, vol. 22, no. 6, pp.569-572.

¹²⁰ Maisirikrod, S 1994, ' "The Peace Dividend" in Southeast Asia: The Political Economy of New Thai-Vietnamese Relations', *Contemporary Southeast Asia*, vol. 16, no. 1, p.48.

Prem Tinsulanonda.¹²¹ It had four principles. The most important principle was active diplomacy to preserve Thailand's national security. The "omni-directions" policy was thus mainly a security-based foreign policy and Thailand's foreign relations were dominated by security issues. The second principle was to prioritize solidarity among ASEAN members; the third, to significantly develop and strengthen Thailand's relations with major powers. Finally, Thailand needed to conduct foreign policy that ensured every diplomatic tool was used for Thailand's economic and social development.¹²²

Foreign Minister, Air Chief Marshal Siddhi Savetsila, and the Ministry of Foreign Affairs were the key actors in the policy-implementation. They were largely commended by domestic and international communities¹²³ especially for their round-the-world diplomacy which they visited and built strong security and economic relationships with many countries, including France, Hungary, India, Italy, Kuwait, Portugal, Saudi Arabia, South Korea, the UK, the UN, and the US.¹²⁴ Thailand began to appear on the larger diplomatic stage, expanding diplomatic relations with Third World countries and gaining election as a non-permanent member of the UN Security Council in 1984.¹²⁵

Countering Vietnamese aggression: alliances with local resistant movements

Under the new foreign policy direction, in order to counter Vietnamese aggression, Thailand decided to establish an alliance with the local resistance movements, although some of them had previously been considered as adversaries. Despite previous conflicts with the Khmer Rouge, following the Vietnamese invasion and installation of the People's Republic of Kampuchea (PRK) led by Heng Samrin, Thailand changed its diplomatic approach towards the Khmer Rouge. In 1979, the government under General Kriangsak Chomanan announced the continuous recognition of the Khmer Rouge regime under Pol Pot as the sole and legitimate government of Cambodia. Thai authorities also assured the Khmer Rouge leaders of free passage through

¹²¹ Chinwanno, C 1992, *Thailand's Foreign Policy in 1980s*, International Studies Centre, Bangkok (in Thai), p.2.

¹²² Cheow, E T C 1986, 'New Omnidirectional Overtures in Thai Foreign Policy', *Asian Survey*, vol. 26, no. 7, p.747.

¹²³ Chinwanno, C 1992, *Thailand's Foreign Policy in 1980s*, International Studies Centre, Bangkok (in Thai), p.26.

¹²⁴ Cheow, E T C 1986, 'New Omnidirectional Overtures in Thai Foreign Policy', *Asian Survey*, vol. 26, no. 7, p.748.

¹²⁵ Funston, J 1998, 'Thai Foreign Policy: Seeking Influence', *Southeast Asian Affairs*, p.293.

Thailand.¹²⁶ In 1982 the government under Prem, spearheaded by Foreign Minister ACM Siddhi and the Thai military, initiated a campaign to form a Cambodian coalition government. This body was composed of three anti-Vietnamese resistant groups: Norodom Sihanouk, the Democratic Kampuchea (Khmer Rouge) of Khieu Samphan, and Son Sann's Khmer People's National Liberation Front (KPNLF) under the name of the Coalition Government of Democratic Kampuchea (CGDK).

In military affairs, a special unit of the Thai Army, code-named 838, was established to work exclusively with the Cambodian resistance. This unit operated directly under the Supreme Commander of the Royal Thai Armed Forces.¹²⁷ The policy of Thailand on Cambodian conflicts was implemented by many concerned agencies and cooperation was even received from the Thai communist movement. The CPT decided to abandon one of its military bases near the Thai-Cambodian border to facilitate military and non-military cooperation between the Thai military and the Khmer Rouge.¹²⁸ The Vietnamese invasion was widely conceived as the root of conflict and was regarded in some circles as even worse than the Khmer Rouge's notorious genocide of the Cambodian people.¹²⁹ Moreover, it was considered necessary for Thailand to have the militant Khmer Rouge as a buffer against the Vietnamese troops.

Nevertheless, the Thai government, especially some high-ranking military officers, was criticized by the international community for using the alliance with the Khmer Rouge to exploit Cambodia's natural resources.¹³⁰ Since the 1970s, the Thai military had been questioned for being closely involved in the border trade. Informal taxation on the trade provided a substantial source of income to Thai military units stationed in the area. It was believed that members of the

¹²⁶ Rungswasdisab, P 2009, *Thailand's Response to the Cambodian Genocide*, Cambodian Genocide Program, Yale University, viewed 9 October 2009, <http://www.yale.edu/cgp/thailand_response.html>.

¹²⁷ French, L 2002, 'From Politics to Economics at the Thai-Cambodian Border: Plus ça Change...', *International Journal of Politics, Culture and Society*, vol. 15, no. 3, p.443.

¹²⁸ Rungswasdisab, P 2009, *Thailand's Response to the Cambodian Genocide*, Cambodian Genocide Program, Yale University, viewed 9 October 2009, <http://www.yale.edu/cgp/thailand_response.html>.

¹²⁹ Rungswasdisab, P 2009, *Thailand's Response to the Cambodian Genocide*, Cambodian Genocide Program, Yale University, viewed 9 October 2009, <http://www.yale.edu/cgp/thailand_response.html>.

¹³⁰ Kislenco, A 2002, 'Bending with the Wind: the Continuity and Flexibility of Thai Foreign Policy', *International Journal*, vol. 57, no. 4, p.546.

military were well-positioned to engage directly in border transactions, which they did from the lowest ranking soldier to the highest levels of command.¹³¹ Trading enterprises were set up at the Thai-Cambodian border in the 1980s. These businesses initially operated through connections with the international NGO community which came to Thailand to provide emergency assistance to refugees. More specifically, many of the border encampments were organized by the Cambodian resistance factions around a market where Thai people brought goods to sell, and the Cambodian people sold whatever they had in the hope of making enough money to buy rice at the end of the day. Furthermore, corrupt local Thai business people aggressively pursued economic gain, taking control of the markets on the Thai side. They sold goods only to their associated Cambodian traders who then resold them inside the country.¹³²

International support and pressure from the Cambodian conflicts

The Thai government was determined to seek support from international organizations and various international forums to counter Vietnamese aggression and the Cambodian conflicts. Subsequently, the Cambodian conflicts arising from the Vietnamese invasion were brought to UN and ASEAN forums. The Cambodian issue was introduced to the UN conference in 1981 attended by delegates from seventy-nine countries and observers from fifteen others.¹³³ Most attendant countries adopted a resolution calling for a cease-fire by all armed Cambodian factions, the withdrawal of all foreign troops under the supervision of a UN observer group, the restoration of Cambodian independence, and the establishment of a nonaligned and neutral Cambodia. Moreover, in 1985, Thailand was one of the non-permanent seats in the United Nations Security Council (UNSC) and was able to use this position to lobby for Third World support against Vietnam.¹³⁴

¹³¹ French, L 2002, 'From Politics to Economics at the Thai-Cambodian Border: Plus ça Change...', *International Journal of Politics, Culture and Society*, vol. 15, no. 3, p.447.

¹³² French, L 2002, 'From Politics to Economics at the Thai-Cambodian Border: Plus ça Change...', *International Journal of Politics, Culture and Society*, vol. 15, no. 3, p.446.

¹³³ Rungswasdisab, P 2009, Thailand's Response to the Cambodian Genocide, Cambodian Genocide Program, Yale University, viewed 9 October 2009, <http://www.yale.edu/cgp/thailand_response.html>.

¹³⁴ Cheow, E T C 1986, 'New Omnidirectional Overtures in Thai Foreign Policy', *Asian Survey*, vol. 26, no. 7, p.749.

ASEAN was an important channel for Thailand to gain further support from other influential organizations such as the European Economic Community, the Commonwealth, and the Organization of Islamic Conference (OIC). ASEAN members were initially divided over the situation but their differences were turned aside when Vietnamese troops crossed the border into Thailand at Ban Non Mak Mun in 1980. The incursion into Thai territory marked a critical violation of Thailand's security interests, and confirmed Thai suspicions of Vietnamese ambitions. The situation was observed during the Malaysian Deputy Prime Minister's visit to a refugee camp in 1985, and also during the visit to the Thai-Cambodian border by the Singaporean leader, Lee Kuan Yew the same year.¹³⁵ The incursion was strongly condemned by the ASEAN Foreign Ministers as an act of aggression followed by a joint statement urging for increased military assistance to the resistance forces in Cambodia.¹³⁶

Support from major powers on the Cambodian conflicts

Another aspect of the "omni-direction" policy initiated by the Prem government was to develop and strengthen Thailand's foreign relations with the world's major powers. Thailand found itself involved with China and the US; all opposing the Vietnamese-backed government in Cambodia.¹³⁷ In 1984, the Thai military strengthened its ties with China. This was achieved through the visit of General Arthit Kamlang-ek, the Supreme Commander of the Royal Thai Armed Forces together with other visits of high-ranking officers from the Navy and the Air Force.¹³⁸ Since China had started a war with Vietnam in 1979 (in what it described as a "teaching lesson") Thailand had regarded China as another alternative to deter Vietnamese forces. Thailand and China both viewed resistance groups in Cambodia as potential forces to counter Vietnam. Hence, China acted as a sponsor, while Thailand was a conduit for the Chinese to the Cambodian resistance factions.¹³⁹

¹³⁵ Cheow, E T C 1986, 'New Omnidirectional Overtures in Thai Foreign Policy', *Asian Survey*, vol. 26, no. 7, p.752.

¹³⁶ Rungswasdisab, P 2009, Thailand's Response to the Cambodian Genocide, Cambodian Genocide Program, Yale University, viewed 9 October 2009, <http://www.yale.edu/cgp/thailand_response.html>.

¹³⁷ Kislenko, A 2002, 'Bending with the Wind: the Continuity and Flexibility of Thai Foreign Policy', *International Journal*, vol. 57, no. 4, p.546.

¹³⁸ Cheow, E T C 1986, 'New Omnidirectional Overtures in Thai Foreign Policy', *Asian Survey*, vol. 26, no. 7, p.755.

¹³⁹ Tasker, R 1992, 'Cambodia: Fortunes at Risk', *Far Eastern Economic Review*, vol. 155, no. 45, pp.12-13.

This cooperation greatly improved Sino-Thai relations, especially when China decided to reduce aid and support for the communist insurgencies in Southeast Asia. Consequently Prem's government, declared Order No.66/2523 and 65/2525 during 1980-1982 as the strategy for countering insurgency in Thailand. The orders convinced some communist party members to surrender before calling severe measures, to destroy CPT front organizations.¹⁴⁰ This largely ended domestic struggles between the Thai government and communism. The number of insurgents fell from 13,000 in 1979 to some 6,000 in 1981 and surrenders and defections increased in 1980 and 1981.¹⁴¹ In reducing one of the threats to the country's security, Thailand's foreign policy achieved one of its major goals.

Prime Minister, General Kriangsak Chomanan paid a visit to the US seeking reassurances of military support in 1980. As a result the Thai military again enjoyed growing US military assistance and cooperation. The US and Singapore also supplied arms to other Cambodian non-communist resistance factions, namely the Sihanouk and KPRLF factions.¹⁴² The US government declared that "the United States will always take into account the view of Thailand in dealing with the Cambodian problem".¹⁴³ The US also supported Thailand with F-16A fighters and the establishment of the War Reserves Stockpile in Thailand, which enabled it to become the first country without US bases to possess such a facility.¹⁴⁴

This manner of developing and strengthening relations with the major powers, especially the US, provided benefits for Thailand not only in the Cambodian conflicts but also at the wider international level. Thailand became one of the US's closest allies in the Asia-Pacific region. Being a US ally not only offered Thailand more security protection but also elevated the country's status in the international community.

¹⁴⁰ Samudavanija, C & Bunbongkarn, S 1985, 'Thailand', in *Military-Civilian Relations in South-East Asia*, eds. ZH Ahmad & H Crouch, Oxford University Press, New York, p.104.

¹⁴¹ Niksch, L 1982, 'Thailand in 1981: The Prem Government Feels the Heat', *Asian Survey*, vol. 22, no. 2, p.194.

¹⁴² Tasker, R 1993, 'Thailand: Caught in the Act', *Far Eastern Economic Review*, vol. 156, no. 51, p.12.

¹⁴³ Cheow, E T C 1986, 'New Omnidirectional Overtures in Thai Foreign Policy', *Asian Survey*, vol. 26, no. 7, p.752.

¹⁴⁴ Cheow, E T C 1986, 'New Omnidirectional Overtures in Thai Foreign Policy', *Asian Survey*, vol. 26, no. 7, p.757.

Conflict with Laos in 1984

The security threats that Thailand encountered in this period were not limited to the Cambodian conflicts. Territorial disputes led to military confrontations with other neighboring countries. These disputes were regarded as direct security threats to Thailand, which has long distance borders with Cambodia, Laos, Malaysia, and Myanmar. In 1984, Thailand quarrelled with Laos on the disputed border involving the villages of Ban Mai, Ban Klang, and Ban Savang.¹⁴⁵ Both sides based their sovereignty on different maps. Laos claimed sovereignty based on the survey by the Franco-Siamese Joint Border Committee in 1905-1907;¹⁴⁶ whereas Thailand raised a 1965 map prepared by the US CIA.¹⁴⁷ However, the core of the conflict related to the construction of a Sino-Thai strategic road in the area by which Laos felt threatened.¹⁴⁸ Thailand and Laos exchanged retaliations through diplomatic channels, military confrontations, and border closures. Thailand backed down from the dispute due to its intention of nominating for the non-permanent seat on the UNSC.¹⁴⁹ During the clash, General Charan Kullawanich engaged in informal contacts among the Foreign Ministry and the Defence Ministry. He was later appointed as Military-Political Coordinator attached to the Ministry of Foreign Affairs. This position still remains.¹⁵⁰

Thailand's Foreign Policy in the post-Cold War Period

1988-1997: The Turning Point of Thailand's Foreign Policy

After several decades of policy oriented towards preserving national security interests, Thailand reached a turning point in the late 1980s. Through a focus on non-security issues and the introduction of new non-security-based government agencies and non-bureaucratic organizations as participants in policy-making, Thailand's foreign policy became more oriented to economic issues.

¹⁴⁵ Dommen, A J 1985, 'Laos in 1984: The Year of the Thai Border', *Asian Survey*, vol. 25, no. 1, p.114.

¹⁴⁶ Dommen, A J 1985, 'Laos in 1984: The Year of the Thai Border', *Asian Survey*, vol. 25, no. 1, p.116.

¹⁴⁷ Ngaosyvathn, P 1985, 'Thai-Lao Relations: A Lao View', *Asian Survey*, vol. 25, no. 12, p.1244.

¹⁴⁸ Vichit-Vadakan, J 1985, 'Thailand in 1984: Year of Administering Rumours', *Asian Survey*, vol. 25, no. 2, p.234.

¹⁴⁹ Vichit-Vadakan, J 1985, 'Thailand in 1984: Year of Administering Rumours', *Asian Survey*, vol. 25, no. 2, p.234.

¹⁵⁰ Chinwanno, C 1992, *Thailand's Foreign Policy in 1980s*, International Studies Centre, Bangkok (in Thai), p.14.

When the newly elected government under General Chatichai Choonhavan came to power in 1988, a new policy of “turning battlefields into marketplaces” significantly eased hostilities in Southeast Asia. This aimed at turning Thailand’s neighboring countries into trade partners rather than security threats, and making Thailand a regional commercial hub. This was an attempt to re-position Thailand as a link between the world at large and Indochina.¹⁵¹ It was based on the belief that Thailand needed new markets and raw materials to support the growing export-oriented industries under the grand target of becoming one of the new industrial countries (NICs). Economic cooperation with other Southeast Asian states and peace in the region were essential in dealing with the growing trade blocs and protectionism from developed countries. Trade became a new diplomatic tactic to improve trust and build relations between Thailand and the Indochinese states.¹⁵² In other words, politics became secondary to economics while economic well-being became the guarantee of security.¹⁵³ The core principles of Chatichai’s policy dominated foreign policy for years, although his administration was toppled by an unexpected military coup in 1991. The coup was led by General Sunthorn Kongsompong, the Supreme Commander, and General Suchinda Kraprayoon, the Army Commander-in-Chief under the National Peace Keeping Council (NPKC), citing claims of pervasive corruption, the rise of a “parliamentary dictatorship”, and rampant vote-buying by the government.¹⁵⁴

Economic-based relationships with the neighboring countries

The new economically-focused foreign policy direction of “turning battlefields in to marketplaces” affected Thailand’s foreign relations with its neighbors at various levels, and changed political circumstances in the region. At the government-to-government level, it

¹⁵¹ Maisrikrod, S 1994, ‘ “The Peace Dividend” in Southeast Asia: The Political Economy of New Thai-Vietnamese Relations’, *Contemporary Southeast Asia*, vol. 16, no. 1, p.61.

¹⁵² Pasuk, S 1997, *Thailand’s Foreign Policy: A Study of Policy-making Process in General Chatichai Choonhavan administration towards Cambodian Problems*, The Institute of Asian Studies Chulalongkorn University, Bangkok (in Thai), pp22-26.; Boonma-kee, V 1997, *Burma: Thai Foreign Policy under the Chatichai Choonhavan’s Government*, The Thailand Research Fund, Bangkok (in Thai), p.7.

¹⁵³ Buszynski, L 1989, ‘New Aspirations and Old Constraints in Thailand’s Foreign Policy’, *Asian Survey*, vol. 29, no. 11, p.1059.

¹⁵⁴ Neher, C D 1992, ‘Political Succession in Thailand’, *Asian Review*, vol. 32, no. 7, pp.596-597.

encouraged successive Thai governments to overlook political matters with neighboring countries and to focus on economic perspectives. This led to economic activity between Thailand and Vietnam, and the Vietnamese backed government of Cambodia. Initiated by Chatichai's advisory board, comprising Phansak Vinyarat, M.R.Sukhumbhand Paribatra, Kraisak Choonhavan, and Surakiart Sathirathai, the new principles were contrary to the policies of previous governments. The board criticized the earlier policy on the Cambodian conflict as too aggressive and "short sighted". The Foreign Ministry under Siddhi still attempted to resolve the Cambodian issue before normalising relations with Vietnam. The primary requirement for a settlement was the total withdrawal of Vietnamese forces.¹⁵⁵ Additionally, the board argued that Thailand should separate economic issues from political issues when engaging in foreign relations with the communist Indochinese states. It also stated that Thailand should use a "step-by-step" approach rather than "comprehensive settlement".¹⁵⁶

As a result of the economically-oriented foreign policy, Thailand's previously tense relationships with its neighbours developed new facets. Following Thailand's rapprochement, inviting Prime Minister Hun Sen, of Cambodia's Heng Samrin government, to Thailand as a "personal guest", the first timber shipment from Cambodia to Thailand arrived in 1989.¹⁵⁷ In 1988 Laos also declared its intention to develop its economy with a "New Thinking" policy. Laos facilitated business activity between Lao and Thai business through a new taxation system¹⁵⁸ and the promotion of bilateral delegation exchanges.¹⁵⁹ This led to the Thai Minister of Commerce Subin Pinkayan and a 70-member delegation visiting Vientiane. Meeting with officials, a ban on raw timber exports was lifted, and agreement to build joint wood-processing plants was secured.¹⁶⁰

¹⁵⁵ Niksch, L A 1989, 'Thailand in 1988: The Economic Surge', *Asian Survey*, vol. 29, no. 2, p.170.

¹⁵⁶ Pasuk, S 1997, *Thailand's Foreign Policy: A Study of Policy-making Process in General Chatichai Choonhavan administration towards Cambodian Problems*, The Institute of Asian Studies Chulalongkorn University, Bangkok (in Thai), pp.10-11.

¹⁵⁷ Christensen, S 1990, 'Thailand in 1989: Consensus at Bay', *Asian Survey*, vol. 30, no. 2, p.182.

¹⁵⁸ Buraphachaisri, P 1992, *Thai-Lao and Thai-Cambodian Border Trades*, Individual research document, National Defense College, Bangkok (in Thai).

¹⁵⁹ Khongkhummee, B 1995, 'Thailand and Laos', in *Thailand and the Neighbors*, ed. Ukrist Pathmanand, The Institute of Asian Studies Chulalongkorn University, Bangkok (in Thai), pp.85-86.

¹⁶⁰ Christensen, S 1990, 'Thailand in 1989: Consensus at Bay', *Asian Survey*, vol. 30, no. 2, p.182.

Additionally, in 1989 a commission for joint development in science, technology, trade, banking, cross-border taxation, agriculture, and technical training was established, chaired by Army Chief, General Chavalit Yongchaiyudh, and his Lao counterpart, General Sisavat Keobounphan.¹⁶¹ As Laos was clearly attempting to open up its economy, joint ventures were also initiated, with the Thai Military Bank becoming the first foreign bank to operate in Laos.¹⁶²

At the non-government level, business entrepreneurs began to recognize economic opportunities in Thailand's neighbours, particularly the richness of natural resources such as timber in Laos and Myanmar, natural minerals and wild fauna in Myanmar, and gems in Cambodia. Under the new policy, officials and authorities in border areas helped to facilitate business transactions, particularly on the Thai-Cambodian border, which became a centre of commercial activity and transnational trade.¹⁶³ For instance, many temporary check points were upgraded to permanent check points and new permanent check points were opened. Restrictions on strategic, chemical, and construction materials were lifted, and the limit on financial trade was expanded to 100,000 Thai Baht.¹⁶⁴ As a result, business entrepreneurs were more likely to engage in cross-border trade than in the "black markets".¹⁶⁵

Some large business entrepreneurs also approached Thai political elites with close relationships to neighboring countries, to gain and secure access to abundant resources. This was demonstrated by the visit to Myanmar in 1988 of General Chavalit Yongchaiyudh, the Army Commander-in-Chief. The visit took place when Thai-Myanmar relations were criticized globally following the political crackdown in Myanmar.¹⁶⁶ It led to bilateral trade agreements

¹⁶¹ Ngaosyvathn, P 1990, 'Lao-Thai Trade: An Aggiornamento through Trial-and-Error', *Southeast Asian Affairs*, p.163.

¹⁶² Ngaosyvathn, P 1990, 'Lao-Thai Trade: An Aggiornamento through Trial-and-Error', *Southeast Asian Affairs*, p.163.

¹⁶³ French, L 2002, 'From Politics to Economics at the Thai-Cambodian Border: Plus ça Change...', *International Journal of Politics, Culture and Society*, vol. 15, no. 3, p.430.

¹⁶⁴ Khongkhummee, B 1995, 'Thailand and Laos', in *Thailand and the Neighbors*, ed. Ukrist Pathmanand, The Institute of Asian Studies Chulalongkorn University, Bangkok (in Thai), p.86.

¹⁶⁵ Yongsiri, W 2005, 'Thai-Cambodian border trade strategy', in *Border Trade: Thai and the Mekong Sub-Region*, ed. Wacharin Yongsiri, The Institute of Asian Studies Chulalongkorn University, Bangkok (in Thai), p.58.

¹⁶⁶ Nicksch, L A 1989, 'Thailand in 1988: The Economic Surge', *Asian Survey*, vol. 29, no. 2, pp.171-172.

and agreements on forestry and fishery concessions. These allowed access to natural resources under the Myanmar military-controlled areas, in exchange for a commitment from Thailand to withdraw support from ethnic insurgents in Myanmar.¹⁶⁷ Some Thai business people even attempted to directly negotiate with minorities or local resistance movements in neighboring countries in exchange for financial or material assistance. For example, Thai loggers paid commissions to access timber in the Lao province of Sayabouri, and in the Khmer Rouge controlled territory in Cambodia.¹⁶⁸

These developments resulted from the new aspect of Thailand's foreign affairs, particularly in policy formulation. New actors emerged with more influential roles in Thailand's Indochina policy.¹⁶⁹ The business-based private sector and non-state actors began to play direct roles in foreign relations with neighboring countries, where they expected major benefits for their business empires. This differed significantly from Thailand's foreign affairs in the previous period which was dominated by military and security-based officers, and officials from the Ministry of Foreign Affairs.

The new role: Thailand as a gateway to Indochina

As security-oriented political tensions in the region improved through the new economically-based relationships, Thai governments began to recognize the importance of Indochina to both Thailand's growing economy and future foreign business and investment. Hence, it influenced an attempt to make Thailand a gateway between Indochina and the outside world. It was believed this would benefit economic relationships between Thailand and its neighbors by attracting foreign business and investors from around the world. The government gave incentives and encouraged both Thai and foreign business people to use resources and facilities available in Thailand in their dealings with the Indochinese countries. The Bangkok International Banking

¹⁶⁷ Boonma-klee, V 1997, *Burma: Thai Foreign Policy under the Chatichai Choonhavan's Government*, The Thailand Research Fund, Bangkok (in Thai), p.6; Kislenko, A 2002, 'Bending with the Wind: the Continuity and Flexibility of Thai Foreign Policy', *International Journal*, vol. 57, no. 4, p.551.

¹⁶⁸ Battersby, P 2001, 'Border Politics and the Broader Politics of Thailand's International Relations in the 1990s: From Communism to Capitalism', *Pacific Affairs*, pp.477-486.

¹⁶⁹ Maisrikrod, S 1994, ' "The Peace Dividend" in Southeast Asia: The Political Economy of New Thai-Vietnamese Relations', *Contemporary Southeast Asia*, vol. 16, no. 1, p.49.

Facilities (BIBF) was established to encourage business transactions in Thailand, between Indochina and the world,¹⁷⁰

In addition, governments in the region promoted tourism “Package Tours”¹⁷¹ such as the joint project “Two Kingdoms, One Destination” by the Tourism Authority of Thailand (TAT) and the Cambodian Ministry of Tourism.¹⁷² As a result of this strategy, several new construction projects connecting Thailand with the Indochinese countries were developed. These projects included the Thailand-Cambodia-Laos-Myanmar road transportation links¹⁷³; four-lane highway networks from Bangkok and Thailand’s Eastern Seaboard (ESB) to Laos, Vietnam, and China; the Southern Seaboard Project (SSB); and the Thai-Myanmar Seaboard Development Zone to develop land bridges from the Gulf of Thailand to deep water ports at Tavoy and Mergui in Myanmar.¹⁷⁴ Prime Minister Chuan Leekpai (1992 – 1995) was also determined to turn Thailand into a “financial gateway” of the region with a bridging role for mainland Southeast Asia and the outside world.¹⁷⁵ Thailand’s economically-oriented foreign policy, led to more bilateral and multi-lateral economic cooperation between Thailand and its neighbors.

Regional security tensions replaced by economic cooperation

Following the policy of “turning battlefields into marketplaces”, trade became a new diplomatic tactic to build trust and improve relations between Thailand and the Indochinese states, as it was believed that economic well-being was the guarantee of security. This led to the end of regional security tensions caused by the Cambodian conflicts. The new policy had enabled a positive

¹⁷⁰ Maisrikrod, S 1994, ‘ “The Peace Dividend” in Southeast Asia: The Political Economy of New Thai-Vietnamese Relations’, *Contemporary Southeast Asia*, vol. 16, no. 1, p.54.

¹⁷¹ Khongkhummee, B 1998, ‘Thai-Lao Cooperation in Tourist Industry’, *Journal of Asian Review*, vol. 19, no. 3 (in Thai), p.37.

¹⁷² Yongsiri, W 2004, *Border Trading between Thailand and Cambodia: Problems and Solutions*, The Institute of Asian Studies Chulalongkorn University, Bangkok (in Thai), pp.165-169.

¹⁷³ Funston, J 1998, ‘Thai Foreign Policy: Seeking Influence’, *Southeast Asian Affairs*, p.297.

¹⁷⁴ Battersby, P 2001, ‘Border Politics and the Broader Politics of Thailand’s International Relations in the 1990s: From Communism to Capitalism’, *Pacific Affairs*, p.480.

¹⁷⁵ Buszynski, L 1994, ‘Thailand’s Foreign Policy: Management of a Regional Vision’, *Asian Survey*, vol. 34, no. 8, p.727.

attitude and mutual trust among the Indochinese countries by way of talks at the leadership level. This greatly helped the rapprochement in Thai-Vietnamese relations. General Chatichai and his advisors asserted that Vietnam was not a threat, and that they intended to include the Vietnamese-backed government of Cambodia in peace talks. Therefore, with pressure from ASEAN and the UN General Assembly together with serious financial problems inside Vietnam itself,¹⁷⁶ Vietnam decided to withdraw its troops from Cambodia in 1989.¹⁷⁷ Four Cambodian factions were brought to the negotiating table through great efforts from Indonesia and Thailand. As a result all factions signed the Paris Peace Accord in 1991 to set up Norodom Sihanouk as the head of state. The Accord led to the establishment of the United Nations Transitional Authority in Cambodia (UNTAC) to control the administration and supervision of a nationwide ceasefire.¹⁷⁸ However, the Khmer Rouge faction withdrew from the reconciliation process before an election scheduled in 1993 and continued its guerrilla war against the coalition government. The peace process in Cambodia encouraged Vietnam to open up the country to more trade and economic relations with the outside world. Vietnamese leaders began to realise that cooperation, particularly in the economic field, with Southeast Asian countries would help Vietnam succeed in its reforms. It was thought that a closer relationship with the ASEAN countries might also influence countries such as the USA to change their policies towards Vietnam in the future.¹⁷⁹ This was observed during the visit of General Chavalit Yongchaiyudh and an 80-member delegation to Hanoi, and a meeting between Thai and Vietnamese leaders in Bangkok.¹⁸⁰

Under the new policy, the previously abandoned economic development programs for the Mekong Delta, the Greater Mekong Sub-region (GMS) Economic Cooperation were restored. These projects were initiated by the UN's Economic and Social Committee for Asia and the

¹⁷⁶ French, L 2002, 'From Politics to Economics at the Thai-Cambodian Border: Plus ça Change...', *International Journal of Politics, Culture and Society*, vol. 15, no. 3, p.448.

¹⁷⁷ Pasuk, S 1997, *Thailand's Foreign Policy: A Study of Policy-making Process in General Chatichai Choonhavan administration towards Cambodian Problems*, The Institute of Asian Studies Chulalongkorn University, Bangkok (in Thai), pp.22-76.

¹⁷⁸ Visitstump, M 2008, *Thai-Cambodian Relations under the Thaksin Shinawatra's Administration (2001-2006)*, Thesis Paper, Thammasat University, Bangkok, p.39.

¹⁷⁹ Maisrikrod, S 1992, 'Thailand's Policy Dilemmas Towards Indochina', *Contemporary Southeast Asia*, vol. 14, no. 3, p.296.

¹⁸⁰ Christensen, S 1991, 'Thailand in 1990: Political Tangles', *Asian Survey*, vol. 31, no. 2, p.201.

Pacific (ESCAP). GMS Economic Cooperation was a forum made up of six member countries sharing the Mekong River namely Cambodia, Laos, Myanmar, China, Thailand, and Vietnam. The forum gathered to foster economic cooperation and policy coordination which produced cross-border cooperation between private and public sectors.¹⁸¹

As a result of the new policy direction, the increased focus on cooperation between public and private sectors created new roles for the private sector in Thailand's foreign affairs. The Thai private sector, a non-bureaucratic actor, had started to engage in economic cooperation with Thailand's neighbors. These projects led to further cooperation among China, Myanmar, Laos and Thailand to develop a Growth Quadrangle, and to promote further economic relations with India and Russia.¹⁸² Furthermore, in order to alleviate controversy among its ASEAN friends, Prime Minister Anand Punyarachun conducted the policy towards the neighboring Indochinese states with more subtlety and sophistication than had Chatichai.¹⁸³ He also proposed an Asian Free Trade Area (AFTA) and proposed a series of cross-border tariff cuts within 15 years to strengthen cooperation among ASEAN members; including establishing protective measures for competing against major powers.¹⁸⁴

AFTA was initiated with the aim of giving a group of smaller countries greater political and economic strength in a fragmented world trading system. By creating a single market, it was hoped that the ASEAN states could continue to attract Foreign Direct Investment (FDI) against increasing competition from the emerging Eastern European and Latin American economies, as well as fulfilling a long-held desire to deepen intra-ASEAN economic cooperation.¹⁸⁵ This proposal indicated that Anand looked not only "south" to traditional allies in ASEAN but "north"

181 Chomchai, P 1995, 'Thailand and Countries on Mekong River', in *Thailand and the Neighbors*, ed. Ukrist Pathmanand, The Institute of Asian Studies Chulalongkorn University, Bangkok (in Thai), pp.14-17.

182 Snitwongse, K 1994, 'Thailand in 1993: Politics of Survival', *Asian Survey*, vol. 34, no. 2, p.151.

183 Maisrikrod, S 1992, 'Thailand's Policy Dilemmas Towards Indochina', *Contemporary Southeast Asia*, vol. 14, no. 3, p.297.

184 Bunbongkarn, S 1992, 'Thailand in 1991: Coping with Military Guardianship', *Asian Survey*, vol. 32, no. 2, pp.138-139.

185 Hay, S J 1995, 'The 1995 ASEAN Summit: Scaling a Higher Peak', *Contemporary Southeast Asia*, vol. 18, no. 3, p.256.

by inviting China and Myanmar to join cooperatives such as the GMS Economic Cooperation scheme. In addition, the Anand administration also made development aid an important component of Thai foreign policy, with a focus on the Indochinese countries and Myanmar.¹⁸⁶ Thailand was also committed to reduce 80% of all tariff lines to 0% by 2007. In terms of markets for goods, Thailand has attempted to achieve full integration of market for services under the ASEAN Framework Agreement on Services (AFAS) which was signed in 1995. Three packages of service commitments were concluded, and Thailand signed the General Agreement on Trade and Services (GATS), plus concessions in all seven priority sectors: air transport, business services, construction, financial services, maritime transport, telecommunications, and tourism. Thailand remained committed to the ASEAN Investment Area (AIA) agreement signed in 1998, aiming to increase foreign investment from ASEAN and non-ASEAN regional sources by removing barriers to all ASEAN investors by 2010 and for all investors by 2020. Thailand also took an active part in directing the future form of ASEAN economic integration known as the ASEAN Economic Community (AEC).¹⁸⁷ The establishment of the AEC was regarded as an opportunity to dramatically affect investment and trade in the ASEAN economies. The objective of establishing the AEC by 2015 was to present this region of about 530 million people to the global community as a single market and production base with a free flow of goods and services and relatively free flows of capital and labour.¹⁸⁸

Thailand's Ministry of Foreign Affairs was ill-equipped to manage foreign policy predisposed towards economic issues. Consequently, the economics-related ministries became the lead agencies in areas of international economic cooperation.¹⁸⁹ The Thai economic Ministers also became active participants in many regional affairs such as in the Asia Pacific Economic Cooperation (APEC), the ASEM meeting, and the ASEAN Summit.¹⁹⁰ The participation of the

¹⁸⁶ Funston, J 1998, 'Thai Foreign Policy: Seeking Influence', *Southeast Asian Affairs*, p.295.

¹⁸⁷ Talerngsri, P & Vonkhorporn, P 2005, 'Trade Policy in Thailand: Pursuing a Dual Track Approach', *ASEAN Economic Bulletin*, vol. 22, no. 1, p.70.

¹⁸⁸ Green, D J 2008, 'The Role of ASEAN Economic Community as a Commitment to Policy Certainty', *ASEAN Economic Bulletin*, vol. 25, no. 2, p.209.

¹⁸⁹ Funston, J 1998, 'Thai Foreign Policy: Seeking Influence', *Southeast Asian Affairs*, p.294.

¹⁹⁰ King, D E 1996, 'Thailand in 1995: Open Society, Dynamic Economy, Troubled Politics', *Asian Survey*, vol. 36, no. 2, p.141.

economic Ministers in many international forums was a substantial change in Thailand's foreign affairs since the late 1980s. Previously, Thailand's representatives in international forums were mostly assigned from the Ministry of Foreign Affairs, while other agencies were excluded.

Calls for openness in politics and foreign policy-making from Thai society

Despite the crucial role of the “turning battlefields into market places” policy, in engaging new economically motivated actors with foreign affairs policy; another important event hastened the entry of non-traditional policy makers into policy formulation. In May 1992, the Thai people demonstrated after a member of the 1991 coup junta, General Suchinda Kraprayoon, was elected to the Prime Ministership by the military-backed political parties, despite his previous statement expressing no intention to get involved in politics. This led to bloody chaos in Bangkok, where soldiers were deployed to control the situation and suppress the protesters. The reconciliation suggested by the King ended the conflict and forced the military to withdraw from Thai politics. The political leaders began to assert that Thailand needed a more suitable political system for the integrated world economy. They called for transparency and accountability in economic, political, bureaucratic structures, and even in foreign policy.¹⁹¹ Foreign policy-making needed to be open to more public participation by non-bureaucratic agencies such as business groups, and people at the grassroots level.¹⁹²

As well as internal political pressures, and despite the changes in foreign policy direction that had eased tensions within Indochina, Thailand still experienced conflict with its neighboring countries for various reasons.

Conflict with Laos in 1987-1988

The “Ban Rom Klao Incident” or “100 Days War” of 1987-1988 started with a dispute between Thai and Lao timber loggers across a disputed border in Phitsanulok Province. Thai loggers had paid commissions to access the timber resource in the Lao province of Sayabouri but they

¹⁹¹ Snitwongse, K 2001, ‘Thai Foreign Policy in the Global Age: Principle or Profit?’, *Contemporary Southeast Asia*, vol. 23, iss. 2, p.189.

¹⁹² Snitwongse, K 2001, ‘Thai Foreign Policy in the Global Age: Principle or Profit?’, *Contemporary Southeast Asia*, vol. 23, iss. 2, pp.189-190.

clashed with Lao militias. The conflict escalated until the Thai Army became involved causing a number of Thai casualties. This incident also led to “Thailand’s lost face”.¹⁹³

However, trust was restored through diplomatic tactics and foreign policy relationship-building. Chatichai and the new 1988 government intended to turn Laos into “Thailand’s friend” and did so by launching a Prime Minister’s visit to Laos, opening up border crossings, reducing the prohibition on exports to Laos, and proposing a Joint Border Commission.¹⁹⁴ Thailand also invited Kaysone Phomviharn, the Lao Prime Minister, to visit Bangkok.¹⁹⁵ Moreover, with the concept of “Suvannabhumi” (Golden Land) making Thailand the centre of access and economic development in the region, Thailand initiated many major development projects in Laos such as a four-lane highway from Bangkok through Vientiane and beyond.¹⁹⁶ This project was stimulated by Thailand’s interest in Laos, especially its natural resources, access to the Vietnamese, Cambodian, and Chinese domestic markets for Thai goods, and access to markets beyond the region, especially Europe and the USA, through factories set up in Laos.¹⁹⁷

Conflicts with Cambodia since 1991

Although Thai-Cambodian relations significantly improved after the Peace Accord in 1991, the withdrawal of the Khmer Rouge faction from the reconciliation process and its guerrilla war against the coalition government significantly affected the relationship between the two countries. Some Thai business people tried direct negotiations with the Khmer Rouge in exchange for permission to undertake illegal logging and gem mining despite Thai recognition of the elected Cambodian government. Thailand was criticized for supporting the Khmer Rouge forces. During the late 1980s, when the resistant Khmer Rouge faction had become firmly

¹⁹³ Battersby, P 2001, ‘Border Politics and the Broader Politics of Thailand’s International Relations in the 1990s: From Communism to Capitalism’, *Pacific Affairs*, p.484.

¹⁹⁴ Ngaosyvathn, P 1990, ‘Lao-Thai Trade: An Aggiornamento through Trial-and-Error’, *Southeast Asian Affairs*, p.164.

¹⁹⁵ Niksch, L A 1989, ‘Thailand in 1988: The Economic Surge’, *Asian Survey*, vol. 29, no. 2, p.171.

¹⁹⁶ Kislenco, A 2002, ‘Bending with the Wind: the Continuity and Flexibility of Thai Foreign Policy’, *International Journal*, vol. 57, no. 4, p.549.

¹⁹⁷ Ngaosyvathn, P 1990, ‘Lao-Thai Trade: An Aggiornamento through Trial-and-Error’, *Southeast Asian Affairs*, pp.170-171.

entrenched, Thai businesses had been involved in the organized extraction of timber and gems from the border areas.¹⁹⁸ In the Khmer Rouge controlled territory, the military leader Ta Mok controlled logging in the Northern Cambodian Border area, former Foreign Minister Ieng Sary supervised the central border logging areas, and the supreme leader Pol Pot oversaw the Southern part of the border where gem mining provided much of their income.¹⁹⁹ It was estimated that the Khmer Rouge earned more than 1 million US Dollars a month from the gem trade alone and Thai companies made an estimated 20 million Thai Baht from gem mining around the south-western Cambodian town of Pailin. Thai loggers paid about 197 US Dollars per cubic metre of timber to extract logs worth 10 million Thai Baht a month through 17 official Thai border posts.²⁰⁰ The payments allowed the Khmer Rouge to purchase weapons for its 9,000 militias. There were also arms smuggling arrests in the Eastern Thai Chantaburi Province near the Cambodian border. In addition guns supplied by the resistance's international backers were sold to Thai middlemen, who transported them to the Myanmar border to sell to less well-endowed resistance fighters there.²⁰¹ However, Thailand argued that it had ceased to provide military supplies to the Cambodian factions following the 1991 Peace Accord.²⁰²

Conflicts with Myanmar in the 1990s

Thai-Myanmar relations were tense after Myanmar adopted an isolationist foreign policy that Thailand regarded as unfriendly. However, once Thailand initiated the foreign policy changes described above, particularly towards its neighbors, the relationship between the two countries improved significantly. In the early 1990s, Thailand employed a policy of “Constructive Engagement” to articulate its commitment to the national reconciliation policy of the Myanmar government and to emphasize non-interference in matters related to ethnic minorities such as the

¹⁹⁸ French, L 2002, 'From Politics to Economics at the Thai-Cambodian Border: Plus ça Change...', *International Journal of Politics, Culture and Society*, vol. 15, no. 3, p.447.

¹⁹⁹ Tasker, R 1992, 'Cambodia: Fortunes at Risk', *Far Eastern Economic Review*, vol. 155, no. 45, p.12.

²⁰⁰ Tasker, R 1992, 'Cambodia: Fortunes at Risk', *Far Eastern Economic Review*, vol. 155, no. 45, p.12.

²⁰¹ French, L 2002, 'From Politics to Economics at the Thai-Cambodian Border: Plus ça Change...', *International Journal of Politics, Culture and Society*, vol. 15, no. 3, p.447.

²⁰² Tasker, R 1993, 'Cambodia: Caught in the Act', *Far Eastern Economic Review*, vol.156, no.51, p.13.

expulsion of 170,000 Muslim Rohingyas to Bangladesh in 1992.²⁰³ Thereafter, delegates from Myanmar were invited to many important regional meetings.²⁰⁴ In 1997 Myanmar was admitted to ASEAN membership. However, since the international community pressured Thailand to accelerate its democratic progress after the domestic political unrest of 1992, the Chuan Leekpai government shifted the emphasis to the principle of “Flexible Engagement”. This proposed that although non-interference in the internal affairs of member nations still remained ASEAN’s official policy, member states could take their own initiative. The proposal was agreed by other ASEAN members as an “enhanced interaction”.²⁰⁵ As a result, in 1993 the Thai government allowed eight Nobel laureates campaigning for Aung San Suu Kyi to protest inside Thailand against human rights abuse. This caused severe resentment in Myanmar.²⁰⁶ Furthermore, allegations were made that Thailand supported minority resistance against the Myanmar military regime by providing resistance members with sanctuary, humanitarian medications, and supplies including arms and weapons via Thai merchants.²⁰⁷ Consequently, Thai-Myanmar relations deteriorated, evidenced by many border conflicts.²⁰⁸

1997-2006: The New Age of Thailand’s Foreign Policy

Thailand’s economically-oriented foreign policy strengthened relationships between Thailand and other nations. It also highlighted Thailand’s increasingly influential role in the international community. New actors became involved in foreign policy formulation and implementation. With less security concerns, Thailand had been able to initiate greater economic cooperation and participation in international economic forums. Nevertheless, an economically focused foreign

203 Buszynski, L 1994, ‘Thailand’s Foreign Policy: Management of a Regional Vision’, *Asian Survey*, vol. 34, no. 8, p.728.

204 King, D E 1997, ‘Thailand in 1996: Economic Slowdown Clouds Year’, *Asian Survey*, vol. 37, no. 2, p. 165.

205 Kislenko, A 2002, ‘Bending with the Wind: the Continuity and Flexibility of Thai Foreign Policy’, *International Journal*, vol. 57, no. 4, p.559.

206 Snitwongse, K 1994, ‘Thailand in 1993: Politics of Survival’, *Asian Survey*, vol.34, no. 2, p.152.

207 Boonma-kee, V 1997, *Burma: Thai Foreign Policy under the Chatichai Choonhavan’s Government*, The Thailand Research Fund, Bangkok (in Thai), pp.77-80.

208 Trichot, P 1995, ‘Thailand and Myanmar’, in *Thailand and the Neighbors*, ed. Ukrist Pathmanand, The Institute of Asian Studies Chulalongkorn University, Bangkok (in Thai), pp.68-70.

policy brought not only prosperity to Thailand but also involved the nation in new threats it had not before experienced.

One of these new threats was a severe economic crisis. Chavalit Yongchaiyudh resigned his office after 11 months because of the Asian economic crisis of 1997. The financial crisis gripped much of Asia raising fears of a worldwide economic meltdown due to financial contagion. It started in Thailand, and spread to most Southeast Asian countries. After exhaustive efforts to support the Thai baht in the face of a severe financial overextension from real estate investment, the decision to float the currency and cut its peg to the US dollar resulted in the financial collapse of the Baht. Even before the currency collapse, Thailand had acquired a burden of foreign debt making the country bankrupt. Moody's Investor Services downgraded Thailand's sovereign debt rating to just one notch above junk bond status. The Thai government was granted emergency aid from the International Monetary Fund (IMF), which imposed a recovery plan including a precondition for 17.2 billion US Dollar reserves.²⁰⁹ Thailand's foreign policy was also dominated by this critical economic crisis and by political-economic instabilities, including a decline in Thailand's bargaining power. They were issues that the Chuan Leekpai (1997 – 2001) and Thaksin Shinawatra (2001 – 2006) administrations had to deal with.

New economic relationship with neighbors: recovery from economic crisis

Following the government's 1998 financial reform program, by 1999 Thailand's growth rate had reached 3-4%, and the economy seemed poised for recovery. With rises in private investment and the utilization of capital in industrial sectors, the Thai economy did indeed turn around with GDP growth of 4.7% in 1999 and over 6% in 2000. The increase was due mainly to expansion in the non-agricultural sector, including manufacturing and services. Rising domestic demand and increased exports also fueled the expansion. Private sector investment and government expenditure for employees, as well as purchases of goods and services, increased.²¹⁰ The Thai economy began to rebound because of fiscal stimulus, growing exports, an improvement in the

²⁰⁹ Punyaratabandhu, S 1998, 'Thailand in 1997: Financial Crisis and Constitutional Reform', *Asian Survey*, vol. 38, no. 2, pp.161-164.

²¹⁰ Bowornwathana, B 2000, 'Thailand in 1999: A Royal Jubilee, Economic Recovery, and Political Reform', *Asian Survey*, vol. 40, no. 1, p.89.

manufacturing sector, a rise in domestic demand, the reduction of external vulnerabilities, stable low inflation, and continued supportive macroeconomic policies.²¹¹

Foreign economic relations with Thailand's neighbours were also affected by the recovery from economic crisis. Previous to the crisis, Thailand's appetite for natural resources put considerable strain on Thailand's already tense relations with its neighbors.²¹² Thai businesses had established a reputation of exploiting business relationships between Thailand and its neighbors. This can be seen in the way Thai culture was depicted in TV programs produced in neighboring countries.²¹³ However, following the economic crisis, Thailand attempted to improve its image to secure the resources for economic recovery. Industries such as textiles, footwear, and toys, that had long propelled Thailand's growth, were unable to compete with China and others.²¹⁴ Therefore, the government tried to create a peaceful regional environment. The policy of "Flexible Engagement" was a component of this effort.²¹⁵ Moreover, Thailand attempted to build steel, refining, and petrochemical industries²¹⁶ which induced cooperation with neighboring countries on natural resource projects. For example, the Petroleum Authority of Thailand partnered with France's Total, California-based Unocal, and the state-owned Myanmar Oil and Gas Enterprise to build the Yadana gas pipeline.²¹⁷

In addition, the government under Thaksin Shinawatra, the former police officer who became a billionaire businessman and leader of the ruling Thai Rak Thai Party (TRT), continued to

²¹¹ Bowornwathana, B 2000, 'Thailand in 1999: A Royal Jubilee, Economic Recovery, and Political Reform', *Asian Survey*, vol. 40, no. 1, p.90.

²¹² Kislenko, A 2002, 'Bending with the Wind: the Continuity and Flexibility of Thai Foreign Policy', *International Journal*, vol. 57, no. 4, p.538.

²¹³ Chomchai, P 1995, 'Thailand and Countries on Mekong River', in *Thailand and the Neighbors*, ed. Ukrist Pathmanand, The Institute of Asian Studies Chulalongkorn University, Bangkok (in Thai), p.20.

²¹⁴ Overholt, W H 1999, 'Thailand's Financial and Political Systems: Crisis and Rejuvenation', *Asian Survey*, vol. 39, no. 6, p.1024.

²¹⁵ Montesano, M J 2001, 'Thailand in 2000: Shifting Politics, Dragging Economy, Troubled Border', *Asian Survey*, vol. 41, no. 1, p.180.

²¹⁶ Overholt, W H 1999, 'Thailand's Financial and Political Systems: Crisis and Rejuvenation', *Asian Survey*, vol. 39, no. 6, pp.1024-1025.

²¹⁷ Snitwongse, K 2001, 'Thai Foreign Policy in the Global Age: Principle or Profit?', *Contemporary Southeast Asia*, vol.23, iss. 2, p.195.

promote relations with Thailand's neighbors. The new government acknowledged the importance of neighboring natural resources to Thailand's economic recovery. The government declared an emphasis on business driven policy without reference to human rights or democratic principles, to avoid upsetting its neighbors, especially the Myanmar military regime. The government also repositioned the economy for more competition in manufacturing. This was achieved through the export of value-added products, diversifying markets and developing new niche industries. A new generation of domestic entrepreneurs was stimulated in small and medium-sized firms with a focus on agro-industry, tourism, new exports and new markets.²¹⁸ Privatization was another new government initiative. Privatization in Thailand has appeared in several forms, for example: partial and complete transfers of ownership from the public to the private sector, leasing of public enterprises to private companies, and setting up new companies in cooperation with the private sector to carry out services that were done by state enterprises. Privatization began when Thai governments gradually invited the private sector to invest in many infrastructure projects as contractual partners. This changed the relationship between the state and private sector companies from a hierarchical to a contractual one.²¹⁹ Many organizations were expected to be privatized²²⁰ for example, Bangkok Petroleum, Electricity Generating Authority of Thailand (EGAT), Thai Airways, the Telephone Organization of Thailand, and Krung Thai Bank.²²¹ However, the economic restructuring advanced mainly the economic interests of business groups that were represented in cabinet, and which controlled the ruling TRT party, including the Prime Minister's own family. The assets of Shinawatra enterprises more than doubled between 2000 and 2003.²²²

²¹⁸ Brown, A & Hewison, K 2005, ' "Economics is the Deciding Factor": Labour Politics in Thaksin's Thailand', *Pacific Affairs*, vol. 78, no. 3, pp.359-360.

²¹⁹ Siroros, P & Haller, Kenneth J 1994, ' "Thai-Style" Contractual Relationships: Two Case Studies', *Contemporary Southeast Asia*, vol. 16, no.3, p.318.

²²⁰ None of these organizations were privatized eventually

²²¹ Overholt, W H 1999, 'Thailand's Financial and Political Systems: Crisis and Rejuvenation', *Asian Survey*, vol. 39, no. 6, p.1021.

²²² Brown, A & Hewison, K 2005, ' "Economics is the Deciding Factor": Labour Politics in Thaksin's Thailand', *Pacific Affairs*, vol. 78, no. 3, p.372.

Thailand's role on the international stage

After Thailand's international reputation had dropped during the economic crisis, Thaksin, was determined to seek political consolidation and closer bilateral ties with countries worldwide. His government employed the new policy of "Forward Engagement", to strengthen ties to countries without a previously close relationship with Thailand, and to expand the scope of relations in existing close relationships. He also intended to lead Southeast Asia, through the ASEAN framework, in reinvigorating the region from its economic woes by promoting "people-to-people" contact among ASEAN members.²²³ The people-to-people contact then became a new tactic in Thailand's foreign affairs. Through this contact, Thailand was able to strengthen relationships with other countries in many aspects that had not been achieved before. It also emphasises the increased participation of non-state actors in Thailand's foreign policy. Therefore, ASEAN became a major component of Thai foreign policy, and in the process it acquired credibility amongst its member countries.²²⁴

In 2003, Thailand hosted the 11th Asia-Pacific Economic Cooperation (APEC) summit under its self-created topic "World of Difference: Partnership for the Future". The government tried to impress APEC leaders with Thai cultural experiences.. For example, the conference was organized at the Anantasamakom Palace with sub-conferences at major provincial cities throughout Thailand; visiting dignitaries viewed the Royal Barge Procession, and were presented with traditional Thai gifts as souvenirs.²²⁵ The government was also determined to link ASEAN with the East Asian countries namely China, Japan, and South Korea as ASEAN+3 in order to reach higher goals such as the East Asian Community and the Asia Cooperation Dialogue (ACD). Further, the government focused on developing the national defence system to protect sovereignty and economic interests and to support UN peacekeeping missions in the region.²²⁶

²²³ *Forward Engagement*, 2005, the Ministry of Foreign Affairs of the Kingdom of Thailand, Bangkok (in Thai), p.66.

²²⁴ Kislenko, A 2002, 'Bending with the Wind: the Continuity and Flexibility of Thai Foreign Policy', *International Journal*, vol. 57, no. 4, p.559.

²²⁵ *Forward Engagement*, 2005, the Ministry of Foreign Affairs of the Kingdom of Thailand, Bangkok (in Thai), pp.151-155.

²²⁶ Yupraphat, N 2006, *The Role of The Military in Thailand's International Relations: The Case Study of the Royal Thai Air Force (RTAF)*, Thesis Paper, Thammasat University, Bangkok, p.41.

The government was determined to change Thailand's role from a "receiver" to a "donor".²²⁷ For instance, in 1999, the Thai military contributed 1,500 troops, the largest number next to Australia, to help stabilize East Timor prior to the arrival of UN peacekeepers.²²⁸ And, when Thailand sent a small contingent to Iraq in 2003 the US administration under President George W. Bush officially designated Thailand a "major non-NATO ally (MNNA)".²²⁹

Team Thailand: a new strategy for more complex foreign affairs

Although Thailand's foreign policy heavily focused on security issues and was directed by the Ministry of Foreign Affairs, Thai foreign affairs had also been involved in numerous activities including agriculture, commerce, military affairs, education, culture, science and technology, environment, tourism, industry, and investment. Various Thai government agencies established overseas offices in order to promote and protect Thailand's interests. This demonstrates that agencies other than the Ministry of Foreign Affairs thus became important in Thailand's international affairs. It also implies that these units, particularly the economically-related ones, have played a more influential role in the foreign policy-making. These offices abroad were not only assigned to perform as government representatives in their specific fields but were also responsible for collecting relevant and useful information that underpinned government decision making.

The pattern of Thai administration in foreign countries reflects the nature of "Thai-style" politics and bureaucracy, in which each unit performs separately, within their specialization. Coordination between services based on personal relationships without a consistent approach, always creates conflicts of interests. Additionally, increased globalization caused an increase in the complexity of state affairs. This complexity involved the merging of various issues for example, trade and politics, environment and democracy, and investment and human rights. In order to remain effective, it became necessary for various agencies to work collaboratively. As a

²²⁷ *Forward Engagement*, 2005, the Ministry of Foreign Affairs of the Kingdom of Thailand, Bangkok (in Thai), p.170.

²²⁸ Kislenco, A 2002, 'Bending with the Wind: the Continuity and Flexibility of Thai Foreign Policy', *International Journal*, vol. 57, no. 4, p.559.

²²⁹ Grinter, L 2006, 'China, the United States, and Mainland Southeast Asia: Opportunism and the Limits of Power', *Contemporary Southeast Asia*, vol. 28, no. 3, p.457.

result, in 1998, the Ministry of Foreign Affairs established “Team Thailand” as an administrative reform. The aim was to establish a “new working culture” through “inter-agency coordination” towards three main targets; a Unified Work Plan, a Unified Command, and a Unified Structure. For Thai administrations abroad, it was proposed that each Thai Ambassador would be the leader of all agencies. Prime Minister Thaksin preferred to call these ambassadors, the “CEO Ambassadors”. Collective plans were produced and were divided into three levels a master Plan, country Plan, and business Plan. In Bangkok, the Foreign Minister was to take the leading role, and desk officials in the Foreign Ministry were to become the most important mechanism in cooperation and coordination between the government and all services abroad.²³⁰

Although Thailand’s foreign relations both at the regional and broader international level were greatly improved through the economically-oriented foreign policy, incorporating “Forwards Engagement” and greater participation from the non-traditional state actors and non-state actors, Thailand still struggled with its neighbors.

Conflicts with Myanmar in the late 1990s

During the late 1990s, Thai-Myanmar relations deteriorated through a number of conflicts. In 1999, the Myanmar Embassy in Bangkok was seized by a group of exiled Myanmar students. The Thai government agreed to the students’ demands and flew them to the border held by the rebel militants, God’s Army, in exchange for the release of hostages. One of the Thai Ministers in charge of the hostage negotiations described the students as “activists fighting for democracy”. This infuriated Myanmar, which retaliated by closing the border and banning Thai fishing boats from entering Myanmar waters.²³¹ During 2000-2001, conflicts on the Thai-Myanmar border became more severe as a splinter group of the Karen National Union (KNU) rebels seized a Thai provincial hospital in Ratchaburi. The Thai military took forceful action, killing ten of the

²³⁰ Pagnakon, Pol.Ct S 2001, *Team Thailand*, Thesis Paper, Chulalongkorn University, Bangkok (in Thai); Chittranukroh, S 1999, *The Administrative Reform in Foreign Countries: Team Thailand*, Thesis Paper, King Prajadhipok’s Institute, Bangkok (in Thai); Kullatornthien, V 2002, *CEO Ambassador: Evolution and Factors for Success*, Thesis Paper, King Prajadhipok’s Institute, Bangkok (in Thai).

²³¹ Bowornwathana, B 2000, ‘Thailand in 1999: A Royal Jubilee, Economic Recover, and Political Reform’, *Asian Survey*, vol. 40, no. 1, p.97.

militants.²³² Thailand was also concerned by the extent of narcotics coming across the border from Myanmar, which was considered a security threat. Thai authorities suspected the United Wa State Army (UWSA), Kokang, Eastern Shan State Army (ESSA), MTA (former Khun Sa clan), and the former Communist Party of Burma (CPB) as the largest producers of drugs coming into Thailand.²³³ From 1994, 80% of methamphetamines coming into Thailand came from Myanmar through the Northern border in Chiang Rai, Chiang Mai, Mae Hong Son, and Tak together with sections of the Western border in Kanchanaburi.²³⁴ In addition, whenever the Myanmar military suppressed the minority armed troops, it caused a number of refugees to flee across the border into Thailand and led to other non-traditional threats such as illegal immigration and transnational crimes along the border.²³⁵

Prime Minister Thaksin Shinawatra, suggested that the Thai military not “over-react” to the incursions on Thai territory by Myanmar and to essentially ignore Myanmar’s shelling of Thai military positions along the border where the Shan insurgents hid.²³⁶ Thaksin then appointed General Somdhat Attanand as the Army Commander-in-Chief, bringing the army and government policy on Myanmar closer into line and opening the way for closer cooperation.²³⁷ In addition, the government established the Border Committee of the Thai Chamber of Commerce to resolve border trade problems and to bolster commerce. This demonstrates that trade and commerce were a new diplomatic tactic in Thailand’s foreign policy implementation. Members of the Committee included former general and Prime Minister Chavalit Yongchaiyudh

²³² Kislenko, A 2002, ‘Bending with the Wind: the Continuity and Flexibility of Thai Foreign Policy’, *International Journal*, vol. 57, no. 4, p.553.

²³³ Trichot, P 2005, ‘Thai-Myanmar border trade strategy’, in *Border Trade: Thai and the Mekong Sub-Region*, ed. Wacharin Yongsiri, The Institute of Asian Studies, Chulalongkorn University, Bangkok (in Thai), p.15; Chowkittisophon, N 2002, *Thai-Myanmar Relations: Cooperation in Narcotics Prevention and Suppression*, Individual research document, King Prajadhipok’s Institute, Bangkok (in Thai).

²³⁴ Chowkittisophon, N 2002, *Thai-Myanmar Relations: Cooperation in Narcotics Prevention and Suppression*, Individual research document, King Prajadhipok’s Institute, Bangkok (in Thai).

²³⁵ Montesano, M J 2001, ‘Thailand in 2000: Shifting Politics, Dragging Economy, Troubled Border’, *Asian Survey*, vol. 41, no. 1, p.178.

²³⁶ Kislenko, A 2002, ‘Bending with the Wind: the Continuity and Flexibility of Thai Foreign Policy’, *International Journal*, vol. 57, no. 4, p.553.

²³⁷ Mutebi, A 2003, ‘Thailand in 2002: Political Consolidation amid Economic Uncertainties’, *Asian Survey*, vol. 43, no. 1, p.109.

and the former Army Chief, General Chettha Thanajaro who had a close personal relationship with Army Chief General Maung Aye, the Vice Chairman of the State Peace and Development Council (SPDC), as well as other key figures in the Myanmar government.²³⁸

Conflict with Cambodia in 2003

In 2003, there was a riot in Phnom Penh, Cambodia in which the Royal Thai Embassy and other Thai properties suffered substantial fire damage. The incident started with a statement by Thai actress, Suwanan Kongying who claimed that the temple of Angkor Wat, Cambodia's national treasure, rightfully belonged to Thailand. This statement outraged the nationalistic sentiments of Cambodian people, especially students and intellectuals.²³⁹ The words of the Thai actress were broadcast immediately before the Cambodian general election. The statement was used by politicians as a political campaign tool at a time when the Cambodian people were highly irate. As a result, the Thai Embassy was surrounded and broken into by protesters.

Thaksin threatened Cambodian Prime Minister Hun Sen with sending Thai troops into Cambodia. However, the Chairman of the Advisory Board of the Royal Thai Army, General Vichit Yathip, who had close personal connections with Cambodian elites, especially the Cambodian Minister of Defence, General Tea Banh, was assigned to coordinate with the Cambodian authority and led the C-130 aircraft that returned Thais, particularly embassy officials, from Cambodia.²⁴⁰ The Thai government declared a downgrading of diplomatic relations with Cambodia from the ambassadorial level to Chargé d'Affaires, requesting the Cambodian government to recall its Ambassador. Thailand also suspended all cooperation projects and assistance rendered to Cambodia, including prohibiting the travel of Thai officials to Cambodia. Eventually, Cambodia apologised to Thailand pledging to investigate the incident and promising to pay for damage to Thai property.²⁴¹

²³⁸ Atipatya, S 2001, *The Military and the Thai Foreign Affairs: A Case Study of the Role of the Royal Thai Army in the Thai-Burmese Relations (1996-1998)*, Thesis paper, Chulalongkorn University, Bangkok (in Thai), pp.13-14.

²³⁹ Mutebi, A 2004, 'Thailand in 2003: Riding High Again', *Asian Survey*, vol. 44, no. 1, p.79.

²⁴⁰ Leelayudha, Lt.Gen. P 2005, *Guidelines on Solving Thai-Cambodian Problems by the Good Military Relationship*, Individual Research Paper, National Defence College, Bangkok (in Thai), pp.39-40.

²⁴¹ Visitstump, M 2008, *Thai-Cambodian Relations under the Thaksin Shinawatra's Administration (2001-2006)*, Thesis Paper, Thammasat University, Bangkok, p.86.

Conclusion

Thailand's location in mainland Southeast Asia has rendered it a significant target for major powers for decades - not only in terms of political strategy but also economic benefits. The goal of Thailand's foreign policy has been to protect and preserve its national interests. The state traditionally employed a strategy that sought accommodation with influential powers while avoiding direct involvement in international conflicts. However, the victory of communism in China in 1949, followed by communism's expansion into Southeast Asia particularly Cambodia, Laos, and Vietnam during the early 1970s, affected the direction of foreign policy. The growth of a domestic communist party supported by the surrounding communist regimes severely threatened Thailand's national security interests. In 1979, when Vietnamese troops invaded Cambodia and overthrew the ruling regime, Thailand felt extremely insecure. As a result, the Thai government strengthened its security-oriented foreign policy towards those threats.

The security-oriented foreign policies that Thailand implemented between 1945 and 1988 enabled Thailand to successfully preserve its national security interests. Thailand resisted the communist expansion into Southeast Asia even when most of its neighbors had installed communist regimes. The surrender of communist party members in the country during 1980-1982 led to the end of domestic struggles against communism. During this period Thailand's foreign policy was formulated and carried out only by the security-based government agencies. The military and the Ministry of Foreign Affairs were solely responsible for the country's foreign relations.

Thailand's foreign policy reached a turning point between the late 1980s and the early 1990s when international politics was influenced by the end of the Cold War and the post-Cold War period. Foreign policy in this period, unlike during the Cold War era, became more economically-oriented and its main focus was on non-security issues. This resulted from the new intention of the Thai administration in 1988, and successive governments, to turn Thailand's neighbors into trade partners rather than security threats, and to make Thailand a regional commercial hub. As Thailand required new markets and new sources of raw material for the growing export-oriented industries; peaceful economic cooperation with other Southeast Asian countries was considered essential. Trade and investment have been employed as effective

diplomatic tactics in order to improve relations between Thailand and Cambodia, Laos and Myanmar.

Consequently, Thailand's foreign policy since the late 1980s developed an increasingly economic orientation. Non-security issues especially economic issues in association with its neighbors have become more important. Under the economic-oriented foreign policy, Thailand was able to strengthen relationships with its communist neighbors leading to an end of regional tensions, particularly the Cambodian conflicts in the early 1990s. Moreover, it also enabled Thailand to play a more influential role in the international community through economic cooperation. Thailand's stature was shown in its proposal to establish the free trade area in Southeast Asia, as well as a future regional economic community.

Thailand's economically-oriented foreign policy enabled it to concentrate on national economic interests becoming increasingly involved with the international economic community. Consequently, new participants were introduced into the country's traditional foreign policy-making process. These new actors were from non-security-based government agencies and non-bureaucratic organizations, and Thailand's foreign policy was no longer dominated by the Ministry of Foreign Affairs, the military, and the security-based government agencies.

This Chapter has discussed Thailand's foreign policy from 1945-2006 during the Cold War and the post-Cold War periods. The discussion demonstrates significant changes in direction for Thailand's foreign policy especially in the post-Cold War period. It demonstrates the evolution of Thailand's foreign policy particularly towards its neighboring countries and the primary context within which new foreign policy actors emerged. The specific new actors and their involvement in Thailand's foreign policy-making process are presented in the following Chapters.

Chapter III

Thailand's Foreign Policy-making Process

Foreign policy-making typically involves many actors situated not only in the foreign service and other government agencies, but also including non-state bodies. This Chapter analyses the process of policy-making, focusing on the emergence and importance of such non-state actors. The Rational, Organizational and Bureaucratic, and Societal models are applied to the discussion to illuminate how decisions can be achieved through different methods, different influences, and in different contexts. The analysis of Thailand's foreign policy-making is again divided into two periods: before 1988 (Cold War period), and after 1988 (post-Cold War period). The discussion concludes by exploring recent policy formulation, describing how it is influenced by various domestic actors.

This Chapter will demonstrate that 1988 marks the key shift in the direction of foreign policy from security-orientation to economic-orientation, although security issues remained important. As a result, the process of policy-making shifted from domination by the military solely to involvement of other agencies, principally and obviously the Ministry of Foreign Affairs, and then further to non-state actors. This shift was gradual, and to some extent informal, and influenced by factors both external and internal to Thailand. It had its roots before 1988, but accelerated rapidly thereafter.

Actors and Thailand's foreign policy-making before 1988

(Cold War period)

Thailand has a long unbroken tradition of participation in international politics. The top priority on the international stage has been to protect its independence and national survival without any intention of direct involvement in any international conflicts. At the domestic level, during the 1950s-1970s, Thai politics was dominated by military-bureaucratic politics which enabled the sovereign body whose members had military or government official backgrounds to control national policy-making. In the context of security-focused international politics, Thailand's foreign policy-making process was totally overseen by the Armed Forces with the National

Security Council (NSC) and the Ministry of Foreign Affairs.²⁴² Foreign affairs was a topic discussed solely among the so-called “elites” of Thai society such as military officers, diplomats, foreign service officials, political leaders, and academic scholars.²⁴³

When Thailand was governed by military or military-backed governments and Prime Ministers were almost always from the Army, security was the national agenda and the military had the major influence on foreign policy. The military insisted that foreign policy towards Thailand’s neighboring countries, the US as the main alliance, and China as the principle threat was essentially a security issue. In accordance with senior officials in the Ministry of Foreign Affairs who were Thailand’s “elitists”, they shared a conservative, anti-communist world view with the military. The influences on the country’s foreign policy-making during this period of the military together with security-based government agencies and the Ministry of Foreign Affairs limited the roles and engagements of other government non-security bodies and the non-bureaucratic organizations in the formulation of foreign policy.

Nevertheless, the domination of the military and security-based agencies in Thai politics and foreign policy-making began to decline during the 1970s and 1980s due to several factors. First, by the early 1970s, economic development and growth in Thailand brought changes in society with rapid expansion of urban industry and the educational system fostering greater political awareness and pluralism.²⁴⁴ Thailand began to promote export-oriented industry which proved beneficial to overall economic progress. The economy was transformed from import substituting to export-led since 1972 when the Industrial Promotion Act came into force.²⁴⁵ Since the shift in economic policy from import substitution to export-led growth in 1972, Thailand’s trade policy has been liberal and outward-oriented. As a result, the market-oriented reform programs were

²⁴² Bunbongkarn, S 1992, ‘Political Liberalization and Foreign Policy: A Case of Thailand’ in *5 Decades of Thailand’s Foreign Affairs: From Conflict to Cooperation*, ed. C Chulasiriwong, the Office of National Cultural Committee (in Thai).

²⁴³ Wattanayakorn, P 1998, *The New Direction of Thailand’s Foreign Policy in the Next Decade*, Research report, the faculty of Political Sciences, Chulalongkorn University, Bangkok (in Thai).

²⁴⁴ Paribatra, S 1993, ‘State and Society in Thailand: How Fragile the Democracy?’, *Asian Survey*, vol. 33, no. 9, pp.881-882.

²⁴⁵ Talerngsri, P & Vonkhorporn, P 2005, ‘Trade Policy in Thailand: Pursuing a Dual Track Approach’, *ASEAN Economic Bulletin*, vol. 22, no. 1, p.61.

continuously implemented while various measures were undertaken to reduce or eliminate trade and investment barriers and also to integrate Thailand into the global economy.²⁴⁶ The export-oriented promotion was also an attempt to become one of the new industrial countries (NICs). In terms of foreign trade, the growth in volume and value of exports of Thailand was recognized as one of the most important factors contributing to its status as a newly-industrializing country.²⁴⁷ The higher the level of industrialization Thailand achieved, the deeper the level of integration of the economy into the world economic system.²⁴⁸ Thailand became an increasingly attractive location for assembly activities in machinery and transport equipment.²⁴⁹ Moreover, industrial and service expansions connected Thailand with the outside world more than previously.²⁵⁰ This enabled countries such as China, Japan, and South Korea to target industrial investments in textiles, food processing, and integrated circuits.²⁵¹

Second, the decline from power of the military regime in 1973 also led to a shift in Thailand's foreign policy-making. With a coalition government in power or even with a retired military officer as Prime Minister, the military was unable to totally control the administration as it had done.²⁵² Meanwhile the number of politicians with business backgrounds increased.²⁵³ These former business entrepreneurs began to recognize benefits that they could obtain from Patron-Client relationship with bureaucrats as well as from influential roles in a number of government

²⁴⁶ Talerngsri, P & Vonkhorporn, P 2005, 'Trade Policy in Thailand: Pursuing a Dual Track Approach', *ASEAN Economic Bulletin*, vol. 22, no. 1, p.60.

²⁴⁷ Krongkaew, M 1995, 'Thailand's Internationalization and Its Rural Sector', *ASEAN Economic Bulletin*, vol. 11, no. 3, p.307.

²⁴⁸ Maisrikrod, S 1994, ' "The Peace Dividened" in Southeast Asia: The Political Economy of New Thai-Vietnamese Relations', *Contemporary Southeast Asia*, vol. 16, no. 1, pp.61-62.

²⁴⁹ Athukorala, P & Suphachalasai, S 2004, 'Post-crisis Export Performance in Thailand', *ASEAN Economic Bulletin*, vol. 21, no. 1, p.21.

²⁵⁰ Nuchpiem, T 1992, 'Thailand's Foreign Policy in the post-Cold War Period' in *5 Decades of Thailand's Foreign Affairs: From Conflict to Cooperation*, ed. C Chulasiriwong, the Office of National Cultural Committee (in Thai).

²⁵¹ Niksch, L A 1989, 'Thailand in 1988: The Economic Surge', *Asian Survey*, vol. 29, no. 2, p.166; Phongpaichit, P 1980, 'The Open Economy and Its Friends: The "Development" of Thailand', *Pacific Affairs*, vol. 53, no. 3..

²⁵² Chinwanno, C 1992, 'Thailand's Foreign Policy in the Cold War Period' in *5 Decades of Thailand's Foreign Affairs: From Conflict to Cooperation*, ed. C Chulasiriwong, the Office of National Cultural Committee (in Thai).

²⁵³ Laothamatas, A 1988, 'Business and Politics in Thailand: New Patterns of Influence', *Asian Survey*, vol. 28, no. 4, p.456.

policy-makings. The Foreign Ministry became a main organization advising governments, and professional diplomats have played a greater role in foreign policy-making. The mindsets from non-military officials and the new-entry politicians enabled Thailand's foreign policy to have a less confrontational approach to neighboring communist countries.²⁵⁴ By reducing the military confrontation, Thailand's foreign policy-making changed. Foreign policy was encouraged to embrace a more economic aspect in accordance with economic development and growth of the country.

In the 1980s, the military also had to adjust its tactics towards the communist insurgencies which had preoccupied Thailand's security situation for decades. The military had to adapt political measures into the counter-insurgency policy. This changing domestic circumstance reduced the engagements of the military in policy formulations. The Ministry of Foreign Affairs then became a key actor in foreign policy-making²⁵⁵ particularly in 1980, when Air Chief Marshal Siddhi Savetsila became Foreign Minister. Siddhi's close relationship with Prime Minister Prem Tinsulanonda together with his military and intelligence background allowed him to achieve cooperation from the Foreign Ministry, the military, the NSC, and the National Intelligence Agency (NIA) to conduct effective foreign policy towards conflicts in Southeast Asia. This enabled Thailand to lead the ASEAN policy of opposing Vietnam's occupation of Cambodia. Siddhi was also able to combine an understanding of foreign affairs with strong military and civilian credentials. One of his main achievements was to contain the clashes between the military and the Foreign Ministry by appointing a high-ranking military officer to a new position as Military-Political Coordinator responsible for liaising between the two sides, and by organizing frequent meetings between the Ministry of Foreign Affairs and the security-based institutions.²⁵⁶

²⁵⁴ Wattanayakorn, P 1998, *The New Direction of Thailand's Foreign Policy in the Next Decade*, Research report, the faculty of Political Sciences, Chulalongkorn University, Bangkok (in Thai).

²⁵⁵ Bunbongkarn, S 1992, 'Political Liberalization and Foreign Policy: A Case of Thailand' in *5 Decades of Thailand's Foreign Affairs: From Conflict to Cooperation*, ed. C Chulasiriwong, the Office of National Cultural Committee (in Thai).

²⁵⁶ Funston, J 1998, 'Thai Foreign Policy: Seeking Influence', *Southeast Asian Affairs*, p.293.

In this period, it can be observed that when Thailand was bordered by the Indochinese communist regimes; as well as when it was internationally pressured by the major powers, China and the US, the Rational Model is appropriate to explain Thailand's foreign policy-making. This model proposes that decision making especially in foreign affairs comprises actions chosen by the government to maximize its strategic goals and objectives in regard to the country's national security. During this period, the military had considerable influence on Thai politics and played a key part in foreign affairs. The Ministry of Foreign Affairs, a leading player in foreign policy-making also shared the military's perspective about the way to preserve and advance the country's security interests. This accords with the Rational Model in the way that decision makers evaluate consequences of alternatives courses of action that involve benefits and costs mainly for the country's security integrity and economic prosperity, and to acknowledge that every option contains costs and risks relating to political instability and the border integrity violation.²⁵⁷

In addition, during this period, the country's foreign policy-making was dominated by the military, the Ministry of Foreign Affairs, and the security-based agencies, the Organizational and Bureaucratic Model can also explain Thailand's foreign policy-making. That is in the way decisions are products of interaction, adjustment, and politics in the sub-national organizations level as governments are made up of many parts, individuals and organizations. In this model, decisions are not exactly the outcomes of organizations but results from bargaining games among players within the government.²⁵⁸

Actors and Thailand's foreign policy-making after 1988 (post-Cold War period)

After being conducted with a prime security orientation for several decades, Thailand's foreign policy in this period focused more on economic aspects. At the same time, policy formulation opened up for greater participation from non-security government bodies and non-bureaucratic

²⁵⁷ Panupong, A 1986, *Diplomacy and Foreign Affairs*, Direk Jayanama's Memorial Lecture Series, Bangkok (in Thai).

²⁵⁸ Russett, B Starr, H & Kinsella 2006, *World Politics: The Menu of Choice*, Thomson Wadsworth, Belmont, pp.175-176.

organizations. The foreign policy-making of the country changed from the previous period mainly because of the economic development of the country. The free market, internationally-open economic system, the greater wealth of the industrial economies in the West, and increasingly the newly-industrialized economies in Asia also shaped this shift.²⁵⁹

Since business and industry were prioritized as a result of economic development and growth during the 1970s and the 1980s, business entrepreneurs both at the national and local levels attempted to establish relationships with political parties with a view to participate in national policy-making.²⁶⁰ The partial withdrawal from politics by the military in the 1970s led to calls for more open and transparent national policy-making. Many business people joined political parties stood for candidature in regional and national elections, and provided financial support for the parties. In other words, during the economic boom period of the 1980s-1990s, politicians and the business community walked hand in hand and “money politics” became apparent.²⁶¹ Money has become the ultimate source of power and status in Thai politics because it is a major resource in Patron-Client relationship.²⁶² For example, the Chart Thai Party, one of the most influential political parties in Thai politics, was dominated by former Major General Pramarn Adireksarn and former General Chatichai Choonhavan, retired generals turned textile business tycoons, Banham Silpa-archa, a prominent businessman well known in the Suphanburi Province, and the Democrat Party, another political giant in Thai politics, were influenced by the business families of Tejapaibool, Prompan, and Amornwiwat.²⁶³ Joining political parties and having greater direct political participation provided these business entrepreneurs opportunities to

259 Krongkaew, M 1995, ‘Thailand’s Internationalization and Its Rural Sector’, *ASEAN Economic Bulletin*, vol. 11 , no. 3, p.306.

260 Wattanayakorn, P 1998, *The New Direction of Thailand’s Foreign Policy in the Next Decade*, Research report, the faculty of Political Sciences, Chulalongkorn University, Bangkok (in Thai); Bunbongkarn, S 1992, ‘Political Liberalization and Foreign Policy: A Case of Thailand’ in *5 Decades of Thailand’s Foreign Affairs: From Conflict to Cooperation*, ed. C Chulasiriwong, the Office of National Cultural Committee (in Thai).

261 Pongsapich, A 1999, ‘Politics of Civil Society’, *Southeast Asian Affairs*, p.327.

262 Robertson Jr., P S 1996, ‘The Rise of the Rural Network Politician: Will Thailand’s New Elite Endure?’, *Asian Survey*, vol. 36, no. 9, p.925.

263 Laothamatas, A 1988, ‘Business and Politics in Thailand: New Patterns of Influence’, *Asian Survey*, vol. 28, no. 4, p.453.

influence national policy-making including foreign policy which can be significantly beneficial for their businesses.

The political influence of business entrepreneurs affected Thailand's foreign policy-making by introducing new non-military players with different perspectives towards national interests. These new players increased their scrutiny of executive branch performance even in national security affairs and security related foreign policy through affiliations with political parties and through government initiated or government related channels.²⁶⁴ They influenced the policy outcomes through political parties to which the business sector lends financial and political support.²⁶⁵ In addition, when these business people and bankers were appointed as Ministers, they participated in the regulatory process while having their interests taken into account in policy decisions that benefit their business empires.²⁶⁶ They also employed state power to implement laws and regulations and even influence institutional development to limit or handicap their business competitors.²⁶⁷ The more influential role of the business community was a significant shift in Thai politics and especially in foreign policy-making as previously only military officers and government officials held key positions in the cabinet and had the capacity to influence national policy formulation. Business inputs into government policies were also made through the Joint Public-Private Consultative Committee (JPPCC) which was established in 1981 as a consultative body to the government in economic and trade policy.²⁶⁸ This committee brought together top government officials and top business representatives under the chairmanship of the prime minister.²⁶⁹ It became one of the most important channels for the

²⁶⁴ Paribatra, S 1993, 'State and Society in Thailand: How Fragile the Democracy?', *Asian Survey*, vol. 33, no. 9, p.883.

²⁶⁵ Maisrikrod, S 1994, ' "The Peace Dividened" in Southeast Asia: The Political Economy of New Thai-Vietnamese Relations', *Contemporary Southeast Asia*, vol. 16, no. 1, p.62.

²⁶⁶ Bunkanwanicha, P & Wiwattanakantang, Y 2009, 'Big Business Owners in Politics', *The Review of Financial Studies*, vol. 22, no. 6, pp.2134-2135.

²⁶⁷ Bunkanwanicha, P & Wiwattanakantang, Y 2009, 'Big Business Owners in Politics', *The Review of Financial Studies*, vol. 22, no. 6, pp.2143-2144.

²⁶⁸ Lucas, J 1997, 'The Politics of Business Associations in the Developing World', *The Journal of Developing Areas*, vol. 39, p.83.

²⁶⁹ Maisrikrod, S 1994, ' "The Peace Dividened" in Southeast Asia: The Political Economy of New Thai-Vietnamese Relations', *Contemporary Southeast Asia*, vol. 16, no. 1, p.62.

business sector to engage in national policy-making. The joint committee created close cooperation between bureaucrats and executives of the private sector at the top as well as at the lower-levels where policies are refined and executed.²⁷⁰

The pro-business Chart Thai Party under former General Chatichai Choonhavan won the election in 1988. Trade became a main principle of the Prime Minister's "new diplomacy". As a result, the new focus was transformed into a policy of "turning battlefields into marketplaces" wherein the core target was to expand trade and search for resources in Indochina and Myanmar.²⁷¹ This policy is one reason why 1988 is considered a significant turning point for Thailand relative to other international events in the dawn of the end of the Cold-War. The new policy was based on the ideas that economic issues would produce collective peace in the region, and that Thailand's booming economy depended on the growing export-oriented industries which required new markets and new sources of raw materials.²⁷² The government also attempted to provide opportunities for various experts to participate more in the policy-making process as it wanted the most appropriate policy for every part of the country.²⁷³ These opportunities provided by the Chatichai government were the first time in Thai politics that national policy-making particularly in foreign affairs was officially opened for greater engagement by the non-security government agencies as well as the private sector. "Turning battlefields into marketplaces" was the substantial turning point in Thailand's foreign policy. It changed not only the policy approach towards the neighboring countries from military confrontation to economic cooperation but also introduced greater participation by new players who had not previously played direct roles in foreign policy-making and policy implementation.

²⁷⁰ Maisirikrod, S 1994, ' "The Peace Dividened" in Southeast Asia: The Political Economy of New Thai-Vietnamese Relations', *Contemporary Southeast Asia*, vol. 16, no. 1, p.62.

²⁷¹ Nuchpiem, T 1992, 'Thailand's Foreign Policy in the post-Cold War Period' in *5 Decades of Thailand's Foreign Affairs: From Conflict to Cooperation*, ed. C Chulasiriwong, the Office of National Cultural Committee (in Thai).

²⁷² Pasuk, S 1997, *Thailand's Foreign Policy: A Study of Policy-making Process in General Chatichai Choonhavan administration towards Cambodian Problems*, The Institute of Asian Studies Chulalongkorn University, Bangkok (in Thai), pp22-26.; Boonma-kee, V 1997, *Burma: Thai Foreign Policy under the Chatichai Choonhavan's Government*, The Thailand Research Fund, Bangkok (in Thai), p.7.

²⁷³ Choonhavan, C Gen. 1999, 'Thailand in the Changing Atmosphere', in *Articles and Speeches on Thailand's Foreign Affairs vol.1-2*, eds K Pheungkasem, K Wanakamin, P Thepchatrri & S Watchrawalku, the faculty of Political Science, Thammasat University, Bangkok (in Thai).

The new policy was intended to strengthen national security through rapprochement with countries with different political interests or strategies. This was achieved first by creating opportunities in trade with the Indochinese countries and constructive and active diplomacy with the outside world. Second, rapprochement was achieved by non-aggressive policy towards neighboring countries in order to prevent economic impacts on Thailand and by promoting more political openness in Thai society.²⁷⁴ This new foreign policy direction was initiated because economic development was one of the top priorities of the new government. The number of business entrepreneurs- turned-politicians especially in the ruling party significantly increased contributing to the more economic-oriented policy.

Under the new direction, the Ministry of Foreign Affairs had to foster good relations with major economic and potential partners. It had to maintain and strengthen ties with major trading and investment countries for example, members of ASEAN, members of the EU, Japan, South Korea, Taiwan, and the US. It also had to improve ties with Cambodia, China, Laos, Myanmar, and Vietnam which were important sources of raw materials, energy, and labor, and important destinations for outward investment - although these countries were considered security threats because of their political regimes. Several new institutions were established at the ministerial level such as Joint Commissions co-chaired by Foreign Ministers, which met and discussed bilateral issues, ranging from political matters to economic cooperation.²⁷⁵ This indicates that the non-security government agencies began to play an important part in Thailand's foreign policy-making. The Foreign Minister Siddhi, stated that the Ministry of Foreign Affairs would change the conduct of foreign policy in accord with the world's reality and "the diplomacy will be increasingly business".²⁷⁶

The policy of "turning battlefields into marketplaces" changed the traditional role of the traditional foreign policy makers who had dominated policy formulation. The Ministry of

²⁷⁴ Phongpaichit, P & Baker, C 1997, 'Power in Transition: Thailand in the 1990s', in *Political Change in Thailand*, ed K Hewison, Routledge, London and New York, pp.27-28.

²⁷⁵ Phrompote, S 1991, *Roles of the Ministry of Foreign Affairs in International Trade Problems*, Individual research document, National Defense College, Bangkok (in Thai).

²⁷⁶ Krailerk, S 1989, *Roles of the Royal Thai Embassies in Protecting and Promoting Economic Interests*, Individual research document, National Defense College, Bangkok (in Thai).

Foreign Affairs now played a more direct economic role. This can be seen in its participation in the weekly Economic Ministers' Meeting. It also had an important supporting role to the main economic ministries such as the Ministry of Commerce and Finance. The Foreign Ministry became directly involved in lobbying to gain acceptance of Thailand's agenda in the WTO, and lobbying for Thai representation in international economic institutions. In addition, Foreign Ministers often accompany Commerce and Finance Ministers on overseas visits, frequently delivering speeches on economic and business cooperation. These visits typically included a number of business people or representatives from the private sector. This reflected the increasing importance of the non-security government Ministries together with the private sector to the Foreign Ministry since the late 1980s.²⁷⁷

The Chatichai government included a number of politicians with business backgrounds or who were business and industrial entrepreneurs turned politicians. For example, Boonchu Rojanasathien, Chairman of the Thai Bankers' Association was appointed as Deputy Prime Minister, and former Chairmen of the Federation of Industries such as Arch Taolanont and Arsa Sarasin were appointed as Minister of Agriculture and Cooperatives and Foreign Minister respectively.²⁷⁸ The necessity for material sources and new markets in Thailand's neighboring countries inevitably inspired local business entrepreneurs in the border areas to engage more in politics. This was achieved by direct participations as Members of Parliament and as Ministers where their influences can shape the government decisions.²⁷⁹ On the other hand, this encouraged politicians to develop close relations with many business groups particularly those in the financial sector, telecommunications, real estate, media, and entertainment and services.²⁸⁰ The political participation from business entrepreneurs then strengthened the Patron-Client

²⁷⁷ Interview with Dr.Som Jatusripitak.

²⁷⁸ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

²⁷⁹ Seriraksa, N, *Businessmen in Thai Politics*, Thesis paper (Political Science), Thammasat University, Bangkok (in Thai).

²⁸⁰ Paribatra, S 1993, 'State and Society in Thailand: How Fragile the Democracy?', *Asian Survey*, vol. 33, no. 9, pp.882-883; Brown, A & Hewison, K 2005, ' "Economics is the Deciding Factor": Labour Politics in Thaksin's Thailand', *Pacific Affairs*, vol. 78, no. 3, p.355.

relationship among business entrepreneurs, politicians, and bureaucrats. This relationship had significant influences on Thai politics including the country's foreign policy direction.

Provincial business people became increasingly rich and powerful due to many factors. Firstly, they benefited from an expansion of cash crop in which local merchants developed a profitable link between the agribusiness company and the cultivator. Secondly, they invested in trade and services buoyed up by local demand which included highly profitable local monopolies such as the distribution of local whisky, pick-ups and motorcycles dealerships, hotels, large retail developments and land speculation. Thirdly, they secured construction contracts with the government including a supply of materials. Finally, they profited from an array of semi-legal and illegal businesses.²⁸¹ The provincial business people began to dominate electoral politics as elections involved huge investments in campaigning as well as vote-buying which leading to a spiral of corruption.²⁸²

The local business community generated resource managements and a business model to build effective protection systems through special ties with local officials and gangs of enforcers. Since they were close to voters under the Patron-Client networks, they were able to manipulate votes in benefit exchange to increase their power.²⁸³ As a result, these activities eventually brought them into the political milieu.²⁸⁴ In other words, since 1988, the source of power moved from bureaucratic position to money, giving the upper hand to a new group of elites. This new emerging group can be also called the "rural network politicians". They were elected Members of Parliament who had built influence in a provincial district through distribution of money and business concession. While many were "carpet-baggers", seeking an electoral district they can control. Besides some of them were business people reliant on patronage and contracts from

²⁸¹ Phongpaichit, P & Baker, C 1997, 'Power in Transition: Thailand in the 1990s', in *Political Change in Thailand*, ed K Hewison, Routledge, London and New York, pp.29-30.

²⁸² Brown, A & Hewison, K 2005, ' "Economics is the Deciding Factor": Labour Politics in Thaksin's Thailand', *Pacific Affairs*, vol. 78, no. 3, p.356.

²⁸³ Ockey, J 2004, 'State, Bureaucracy and Polity in Modern Thai Politics', *Journal of Contemporary Asia*, vol. 34, no. 2, p.152.

²⁸⁴ Phongpaichit, P & Baker, C 1997, 'Power in Transition: Thailand in the 1990s', in *Political Change in Thailand*, ed K Hewison, Routledge, London and New York, p.30.

provincial military and civilian officials.²⁸⁵ For example, in the Khon Kaen Province, Peerapol Pattanapeeradej, owner of the shopping center in Khon Kaen “Fairy Plaza” was elected as 2-times Mayor, Charoen Patdumrongchit, owner of Charoen Thani Princess Hotel Khon Kaen, developed a close relationships with political parties and politicians, and Vinyoo Kuvanant, founder and Chairman of KOWYOOHAH Motors Co.,Ltd., and continuous Chairman of the Khon Kaen Provincial Chamber of Commerce was one of the most influential lobbyist to many governments during the 1980s and 1990s.²⁸⁶ Moreover, since political parties became more dependent on rural support, this has strengthened influence of rising provincial business people who have possessed the local network of influence. This network provided political parties with an influential constituency and individual candidates with a ready-made public mobilization system.²⁸⁷

Provincial business people-turned-politicians directed government funding into provinces they dominated the local electorates and where their businesses are based.²⁸⁸ This can be observed from the economic development programs for Mekong Delta under the Greater Mekong Sub-region (GMS) framework. The project produced cross-border cooperation such as irrigation, electric-generated dams, hydrological stations, maritime transportation ports, and the Thai-Lao bridge construction from Nong Khai to Vientiane.²⁸⁹ The Bridge also aimed to increase number of tourists especially international tourists as Nong Khai has been considered one of the most popular tourism destination of Thailand’s Northeastern region for transit to the Indochinese countries and for the region’s cultural and natural tourism resources.²⁹⁰ The new government

285 Robertson Jr., P S 1996, ‘The Rise of the Rural Network Politician: Will Thailand’s New Elite Endure?’, *Asian Survey*, vol. 36, no. 9, pp.924-925.

286 Khankaew A, *Regional Businessmen and Political Participations*, Thesis paper (Political Science, Thammasat University, Bangkok (in Thai).

287 Robertson Jr., P S 1996, ‘The Rise of the Rural Network Politician: Will Thailand’s New Elite Endure?’, *Asian Survey*, vol. 36, no. 9, pp.928.

288 Phongpaichit, P & Baker, C 1997, ‘Power in Transition: Thailand in the 1990s’, in *Political Change in Thailand*, ed K Hewison, Routledge, London and New York, p.30.

289 Chomchai, P 1995, ‘Thailand and Countries on Mekong River’, in *Thailand and the Neighbors*, ed. Ukrist Pathmanand, The Institute of Asian Studies Chulalongkorn University, Bangkok (in Thai), pp.14-17.

290 Maneepong, C & Wu, C 2004, ‘Comparative Borderland Developments in Thailand’, *ASEAN Economic Bulletin*, vol. 21, no. 2, p.149.

projects in Thailand's provincial mostly increased benefits for local merchants and business entrepreneurs especially those who were also the local politicians.

Furthermore, due to trade liberalization in the late 1980s, the provincial business people engaged in a competition with Bangkok-based firms for opportunities in the global market. As a consequence, success of provincial business people was recognised by the government.²⁹¹ This can be seen from the visit of Subin Pinkayan, the then Minister of Commerce accompanied by 70 business delegations to Laos in 1988, and a direct economic development fund through the support of the military²⁹² including a delegation of businessmen who accompanied General Chavalit Yongchaiyudh, the then Army Chief during the visit to Myanmar in 1988 leading to many Bilateral Trade Agreements particularly forestry and fishery concessions.²⁹³ Visits of the non-security Ministers together with representatives from the private sector, although it cannot obviously reflect their direct roles in foreign policy-making but it implied that these new actors engaged more and more in Thailand's foreign affairs which they had been excluded in the previous period.

A necessity for material sources and new markets in Thailand's neighboring countries in accordance with an intention of political leaders to improve a circumstance in Southeast Asia fostered the new role of Thailand in establishing peace and prosperity in the region.²⁹⁴ The close ties with Indochina were the key condition for Thailand's role to strengthen the cracks in relations and to create a unified community in Southeast Asia. This reflected in the proposal of the Asian Free Trade Area (AFTA) by Anand Punyarachun, the then Prime Minister with an intention to promote trade among member countries and to strengthen the negotiating power of

²⁹¹ Chotiya, P 1997, 'The Changing Role of Provincial Business in the Thai Political Economy', in *Political Change in Thailand*, ed K Hewison, Routledge, London and New York, p.254.

²⁹² Overholt, W H 1999, 'Thailand's Financial and Political Systems: Crisis and Rejuvenation', *Asian Survey*, vol. 39, no. 6, p.1029.

²⁹³ Interview with General Chavalit Yongchaiyudh.

²⁹⁴ Nuchpiem, T 1992, 'Thailand's Foreign Policy in the post-Cold War Period' in *5 Decades of Thailand's Foreign Affairs: From Conflict to Cooperation*, ed. C Chulasiriwong, the Office of National Cultural Committee (in Thai); Snitwongse, K 1992, 'Thailand's Foreign Policy in the post-Cold War Period' in *5 Decades of Thailand's Foreign Affairs: From Conflict to Cooperation*, ed. C Chulasiriwong, the Office of National Cultural Committee (in Thai).

ASEAN by introducing a series of cross-the-board tariff cuts within 15 years.²⁹⁵ This idea was mainly based on the view that Asian countries have no experience of democracy or democratic culture, so economic development must have priority in the short and medium term.²⁹⁶ With the emergence of unprecedented trade blocs and protectionism, natural bounty alone does not guarantee nations' survival.²⁹⁷ ASEAN was considered to be a framework for the new regional order establishment and now includes all countries in Southeast Asia.²⁹⁸ The roles of Thailand to establish peace and prosperity in the Southeast Asian region especially under the ASEAN framework indicates that Thailand's foreign policy direction has substantially changed from the military confrontation to the economic cooperation which is totally different from the previous period. In addition, as a result of this initiative, it led to further cooperation among the ASEAN member countries to establish the ASEAN Economic Community (AEC) by 2015. The establishment of the AEC represents an opportunity to dramatically affect investment and trade in the ASEAN economies. The commitment to the AEC, in the Southeast Asian political context could fill a credibility gap by ameliorating policy uncertainty at a significant time, thus providing a "tipping point" for dramatically expanding trade and investment in Southeast Asia. Creating an AEC will also demand continued progress on reducing tariff barriers within ASEAN.²⁹⁹ In other words, the establishment of the AEC represents a potentially unique opportunity to broaden trade potential and encourage investment in the region. The AEC is expected to represent a means to further develop a common tariff regime.³⁰⁰

295 Bowles, P & Maclean, B 1996, 'Understanding Trade Bloc Formation: The Case of the ASEAN Free Trade Area', *Review of International Political Economy*, vol. 3, no. 2, p.319.

296 Girling, J 1994, 'Thailand: Twin Peaks, Disturbing Shadows', *Southeast Asian Affairs*, p.308.

297 Pitsuwan, S 1999, 'Thailand's Foreign Policy during the Economic and Social Crises', in *Articles and Speeches on Thailand's Foreign Affairs vol. 1-2*, eds K Pheungkasem, K Wanakamin, P Thepchatri & S Watchrawalku, the faculty of Political Science, Thammasat University, Bangkok (in Thai).

298 Snitwongse, K 1992, 'Thailand's Foreign Policy in the post-Cold War Period' in *5 Decades of Thailand's Foreign Affairs: From Conflict to Cooperation*, ed. C Chulasiriwong, the Office of National Cultural Committee (in Thai).

299 Green, D J 2008, 'The Role of ASEAN Economic Community as a Commitment to Policy Certainty', *ASEAN Economic Bulletin*, vol. 25, no. 2, pp.209-210.

300 Green, D J 2008, 'The Role of ASEAN Economic Community as a Commitment to Policy Certainty', *ASEAN Economic Bulletin*, vol. 25, no. 2, p.224.

The direction of Anand normalized the relationships between Thailand and the Indochinese countries. Not only the political conflicts and military confrontations dramatically dropped but a number of economic cooperation as well as investments also significantly increased. In relations with Laos, the conflicts expressed through arms confrontations ended with diplomatic, political, and economic agreements. Laos received an estimated THB100 million aid program. Thailand became the biggest investor in Laos where 80 projects mostly in cloth and textile industries and more than \$US127 million were invested during 1988-1992.³⁰¹ The amount of Thai-Lao border trade was also gradually increased from THB2,872 million in 1995 to THB12,301 million in 1998.³⁰² In the Thai-Cambodian relations, Thai investors began to invest more after the Peace Accord agreed in the early 1990s. Forty-three Thai companies received permission to proceed with 79 projects in Cambodia. This investment allowed Thailand to be the major investor in Cambodia. With the military contact, the Thai-Myanmar relations was tightened paving the way for agreements on development and fishery concessions.³⁰³

Thailand's policy of "Constructive Engagement", which was initiated by Thailand's successive governments to strengthen relationships with the neighboring countries, with the military regime in Yangon was maintained for almost ten years. This policy is a part of a broader attempt to place issues such as democracy and human rights at the forefront of Thai foreign policy by not interfering with the internal affairs but rather introducing them to the international community. Under this policy, officials of the Ministry of Foreign Affairs were among the first to encourage ASEAN to reach out to the Indochinese countries and Myanmar, proposing an interim establishment of a Southeast Asian Ten group that would exist side-by-side with ASEAN. This proposal was set aside in favour of moving directly to an ASEAN-10. Integrating these countries into ASEAN was believed to also reduce their isolation and limit the ability of external powers to become involved in the region particularly in case of Myanmar that was aimed to prevent

³⁰¹ Buraphachaisri, P 1992, *Thai-Lao and Thai-Cambodian Border Trades*, Individual research document, National Defense College, Bangkok (in Thai).

³⁰² Sujanal, A 1999, *Thai-Lao Border Trade*, Individual research document, King Prajadhipok's Institute, Bangkok (in Thai).

³⁰³ Snitwongse, K 1992, 'Thailand's Foreign Policy in the post-Cold War Period' in *5 Decades of Thailand's Foreign Affairs: From Conflict to Cooperation*, ed. C Chulasiriwong, the Office of National Cultural Committee (in Thai).

Myanmar from becoming too dependent on China after the 1988 crackdown.³⁰⁴ To these Indochinese countries and Myanmar, the regional cooperation within ASEAN has offered them a helpful hand for market networking, access to know-how and risk capital, and institution building at easier terms than has been provided by joining the multi-lateral institutions which require a more tedious process.³⁰⁵ Arsa Sarasin, former Foreign Minister, named the term “Constructive Engagement” for relations with Myanmar in 1991, and this also became the official ASEAN approach.³⁰⁶ General Charan Kullavanich, the then Secretary-General of the National Security Council (NSC) also commented on the ASEAN integration with the Indochinese countries and Myanmar that “Brothers in the same region should develop together so people of this region enjoy well-being. Differences in development will eventually become dangers”.³⁰⁷ The “Constructive Engagement” policy was built on top of successful outcomes shown in relationships between Thailand and neighboring countries that the policy “turning a battlefield into marketplaces” had produced.

In sum, after 1988, new actors, non-security government agencies and non-bureaucratic organizations have emerged and play more significant roles in Thailand’s foreign policy-making which has been also economically-oriented. The more openness of Thailand’s foreign policy-making process after 1988 can be observed from the statement of former Foreign Minister Prachuab Chaiyasan that “Our approach is to become more open, economically and politically, domestically and abroad. This is already apparent from our economic policies, where we are steadily liberalizing our trade and investment regimes. But will also apply to our efforts towards political reform, our internal mechanism for policy coordination and our foreign relations in general. Accordingly, Thai foreign policy will seek to be more open, in the sense of providing access to information and encouraging broader participation in policy formulation, coordinating more closely with domestic agencies, and reaching out to new and traditional partners with shared interests...We recognize that in addition to substance, a successful foreign policy also

³⁰⁴ Hay, S J 1995, ‘The 1995 ASEAN Summit: Scaling a Higher Peak’, *Contemporary Southeast Asia*, vol. 18, no. 3, p.262.

³⁰⁵ Langhammer, R 1997, ‘How Far is Indochina from ASEAN?’, *ASEAN Economic Bulletin*, vol. 14, no. 2, p.159.

³⁰⁶ Funston, J 1998, ‘Thai Foreign Policy: Seeking Influence’, *Southeast Asian Affairs*, p.295.

³⁰⁷ Hay, S J 1995, ‘The 1995 ASEAN Summit: Scaling a Higher Peak’, *Contemporary Southeast Asia*, vol. 18, no. 3, p.260.

depends on coordination and teamwork. Foreign policy, of course, is not and cannot be conducted by the Foreign Ministry alone. As the world becomes ever more complex and Thailand's interests become more far-flung, we need to be more open ourselves. But even close to home, coordination among Thai agencies involved in working with our next-door neighbors is of the utmost importance, particularly as we seek to build goodwill and understanding with the people of those countries. It is important that we improve the coordination among the various agencies and actors involved in the formation and implementation of foreign policy, and foreign economic policy in particular. Simply put, we need to conceive of our foreign policy apparatus as an integrated network, not as stand-alone units, each doing its own work independently of the others... Not only is coordination within the public sector agencies important, we also need to be more open towards private actors such as NGOs, local communities and the general public. At the most basic level, the people need to have broad access to information on Thailand's foreign relations so that they develop an appreciation of how foreign policy pertains to their lives. By tradition, the foreign policy process tends to be rather arcane, but we need to make it more transparent and more open, so that people can see how it serves their interests and perhaps be motivated to participate."³⁰⁸

It can be seen that since 1988, Rational Model and Organizational and Bureaucratic Model are still capable to explain Thailand's foreign policy-making in the way that national interests especially in the security aspect are still the most priority and decisions still need to be based on the cost and risk basis, and in the way that that decisions are products of interaction, adjustment, and politics in the sub-national organizations level and decisions are results from bargaining games among players within the government. However, these models seem not to explain Thailand's foreign policy-making in this period efficiently. This is mainly because the country's foreign policy-making process has included not only the so-called traditional actors; the military, the NSC, the NIA, and the Ministry of Foreign Affairs, but also more participants from economic Ministers and particularly non-bureaucratic groups which are business-based organizations. As a consequence, Societal Model is another decision making model that can be used to effectively

³⁰⁸ Chaityasan, P 1999, 'Conducting Thai Foreign Policy amidst the Emerging Crisis', in *Articles and Speeches on Thailand's Foreign Affairs vol. 1-2*, eds K Pheungkasem, K Wanakamin, P Thepchatri & S Watchrawalku, the faculty of Political Science, Thammasat University, Bangkok (in Thai).

explain Thailand's foreign policy-making after 1988. This model claims that decisions are the outcomes of a bargaining among domestic sources such as public opinion, interest groups, and multinational corporations. Private individuals in Thailand such as the Chambers of Commerce, the Federation of Thai Industries, and the Thai Banker's Association can influence the foreign policy-making. Besides, they also have skills or resources enabled them to carry out independent actions in international relations.

This transformation in the foreign policy-making can be seen from a direction of the Ministry of Foreign Affairs, a "Public Diplomacy"³⁰⁹. This can be considered an important gesture leading to a more openness of Thailand's foreign policy-making particularly from the agency that responsible for this process. "Public Diplomacy" is a diplomatic practice adjusting to the world situation with a more democratic development influencing the public society to play more roles in policy decision making.³¹⁰ It has broadened the Thai diplomatic performance from Government-to-Government (G-to-G) to Government-to-Public (G-to-P) and further to Public-to-Public (P-to-P) level. This direction was highlighted in the statement of former Foreign Minister, Surin Pitsuwan that "One of the jobs and responsibilities of the Foreign Ministry during the economic crisis is to serve as an interface for understanding between Thai society and the outside world. On the domestic front, therefore, we try to educate the Thai people at all levels of society about international affairs, and what they mean for their lives. We believe that when the people recognize how interconnected the world we live in really is, they will agree that we need to transform ourselves to meet those international standards and expectations."³¹¹

The Foreign Ministry has not only taken over more responsibilities from other governmental departments but also utilized means and patterns to build allied connections with businessmen, youths, scholars, democratic groups, the private sector, and media. The cultural diplomatic

309 Interview with Mr.Paitoon Mahapunnaporn.

310 Khitchob, W 2009, *Public Diplomatic Reorganization*, Individual research document, National Defense College, Bangkok (in Thai).

311 Pitsuwan, S 1999, 'The Thailand's Foreign Policy during the Economic and Social Crises', in *Articles and Speeches on Thailand's Foreign Affairs vol. 1-2*, eds K Pheungkasem, K Wanakamin, P Thepchatratri & S Watchrawalku, the faculty of Political Science, Thammasat University, Bangkok (in Thai).

practice becomes an important mean that the Ministry can employ its “soft power” to encourage other interest groups to influence more on governmental decision making. This new practice can be seen from the Thai cultural promotions through the Thai Festivals in major cities such as at Sydney Darling Harbor and London Trafalgar Square, an establishment of Thai Corner at the British Library, and activities of Thai Studies in various leading educational institutions around the world including an establishment of Thai Clubs in universities.³¹² Public participation in Thailand’s foreign affairs can also be seen from activities under many cultural associations for example, the Thai-Myanmar Cultural and Economic Cooperation Association, the Thailand-Cambodia Friendship Association, and the Thai-Lao Association.³¹³ In addition, the “track-two diplomacy”, the way of utilizing individuals outside governments to carry out the task of conflict resolution, provides more opportunities for Thailand to elevate its leading role at the international stage through the non-government channels. The Ministry of Foreign Affairs can incorporate the Southeast Asian countries in ASEAN by proposing a Southeast Asian Ten which will move directly to an ASEAN Ten by including Cambodia, Laos, Myanmar, and Vietnam. Moreover it has strengthened regional institutions particularly APEC, a large economic institution with an important political dimension, and ARF, the forum for security discussions in Asian region.³¹⁴

Since the diplomatic performance has expanded, the Ministry of Foreign Affairs has sustained the practice of keeping close relations with the “public” such as academics, journalists, and businessmen who follow foreign development closely. The Ministry of Foreign Affairs has initiated the “Visiting Buakaew”, an out-reach program traveling across the country to approach local public, officials and businessmen by receiving problems, exchanging opinions, and presenting up-to-date information together with opportunities in foreign countries.³¹⁵ The Ministry of Foreign Affairs also came in contact with people at frequent seminars. Some of them

³¹² Khitchob, W 2009, *Public Diplomatic Reorganization*, Individual research document, National Defense College, Bangkok (in Thai).

³¹³ *Public Diplomacy*, The Department of Information, The Ministry of Foreign Affairs of the Kingdom of Thailand, viewed 28 April 2011, <<http://www.mfa.go.th>.>

³¹⁴ Interview with Dr.Sarasin Virapol.

³¹⁵ Interview with Mr.Paitoon Mahapunnaporn.; Interview with Dr.Surakiart Sathirathai.; Khitchob, W 2009, *Public Diplomatic Reorganization*, Individual research document, National Defense College, Bangkok (in Thai).

are organized by the Ministry's own International Studies Centre while others were hosted by some organizations such as the Institute of Security and International Studies.³¹⁶ To this point, Surakiart Sathirathai, former Minister of Foreign Affairs described this new practice as "one and a half track diplomacy"³¹⁷. The Ministry of Foreign Affairs has posted its Action Plan including a comprehensive list of global and regional issues on the website and also run "Radio Saranrom", its own short-wave radio station broadcasting in six languages.³¹⁸

With more participants in Thailand's foreign policy-making process, the new strategic working group, "the Economic Cooperation Committee with Neighboring Countries" where various state agencies have involved, has been established.³¹⁹ As a result, for policies towards the neighboring countries, the Ministry of Foreign Affairs has cooperated more with the provincial Governors and local agencies in border provinces for example, conference forums among the Thai Ambassadors to the neighboring countries and the provincial Governors in the border areas.³²⁰ Furthermore, the business sector has also been included in the process. The roles of non-state actors in foreign policy-making have been more prominent than the previous period. The civil society began to realize that "foreign affairs" is no longer a too-far issue while officials increasingly accept their opinions more.³²¹ Nevertheless, although roles and engagements of non-traditional state actors and non-state actors in Thailand's foreign policy-making have significantly increased, but they have been limited only in foreign economic policy which is a part of the country's foreign policy. Participations of the non-bureaucratic groups have been considered only in some specific policies, not the government's grand foreign policy or national strategy. The foreign policy-making is still based on the interest coordination between the ruling political parties and officials in the Ministry of Foreign Affairs.³²² This is due to the fact that Thailand's foreign policy also includes the foreign security aspect which still requires an

316 Interview with Dr.Surakiart Sathirathai.

317 Interview with Dr.Surakiart Sathirathai.

318 Interview with Mr.Paitoon Mahapunnaporn.

319 Interview with Dr.Surakiart Sathirathai.

320 Interview with Mrs.Rattikul Chansuriya.

321 Interview with Dr.Surakiart Sathirathai.

322 Interview with Mrs.Rattikul Chansuriya.

expertise from the professional diplomats as well as security officers. In addition, Thailand's foreign relationships are still highly oriented by security issues especially with neighboring countries such as Cambodia and Myanmar.

Pattern of Thailand's foreign policy-making process

The Thai foreign policy-making process is a combination of performances between bureaucratic officials and political groups. The bureaucratic system spearheaded by the Ministry of Foreign Affairs has considerable duties such as to gather information, data, and public opinions and to trace and analyze news from the international community which all of these need to be advised to the cabinet. The Thai bureaucracy particularly the Ministry of Foreign Affairs requires to consider both endogenous and exogenous variables for example, domestic political structure, economic and environmental prosperity, military capability, perceptions of leaders, national characteristics including integrity of people within nation, roles of domestic interest groups and political parties, current international circumstances, behaviors and conflicts between major powers, strategic and political geographic advantage and disadvantage.³²³

There are many agencies participating in the process both at the formulation and implementation stages. During the Cold War period, these agencies, aside from the Ministry of Foreign Affairs, included the military and the security-based agencies, but after the end of the Cold War they have included the non-security agencies such as the Ministry of Commerce, the Ministry of Industry, and the National Economic and Social Development Board (NESDB). These agencies usually intend to put their own standards, traditions, ideas, and patterns of thinking into the policy. The process also needs to include public opinions from academic institutes and the private sector and to manage many competing interests groups that expect benefits from the policy outcomes. These non-state actors have played a significant role both in foreign economic policy formulation and implementation along with the gradual economic development and growth of the country. Therefore, the process becomes interest mediation as the policy may not

³²³ Sathavetin, T 1987, 'Foreign Policy', in *International Politics*, Lecture document, Ramkhamhaeng University, Bangkok (in Thai), pp.162-163; Chinwanno, C 1987, *International Relations*, Lecture document, Thammasat University, Bangkok (in Thai).

always be the most ideal alternative but the most acceptable choice for every part in the process.³²⁴

Generally, states have two agencies dealing with foreign affairs; the military who has a duty to prepare manpower and weapons to counter external threats, and the Ministry of Foreign Affairs who performs with diplomatic engagement through negotiations.³²⁵ Although the Thai Foreign Ministry, so called the “diplomatic machinery of the government”³²⁶, is a professional well-structured organization and has dedicated and experienced staffs³²⁷ with links to networks of Embassies abroad, domestic foreign Embassies and diplomatic corps in international conferences³²⁸, however its influence over foreign policy was overshadowed for a several decades by the military. The military also dominated the National Security Council (NSC), the highest advisory body on international and domestic security issues, and the National Intelligence Agency (NIA). The domination of security-based agencies in the foreign policy-making also turned Thailand’s foreign policy to be heavily security-oriented especially towards the neighboring countries; Cambodia, Laos, and Myanmar expressing by a number of military confrontations during the 1950s-1970s.

The military officer corps is a professional body with an expertise in training the military force, planning of activities, and directing the operation in and out of combat in order to enhance the military security of the state.³²⁹ The military has been one of the major institutions with a

³²⁴ Chawanavirat, S 1989, *Media and Foreign Affairs*, Individual research document, National Defense College, Bangkok (in Thai).

³²⁵ Panupong, A 1986, *Diplomacy and Foreign Affairs*, Direk Jayanama’s Memorial Lecture Series, Bangkok (in Thai).

³²⁶ Goldstein, J & Pevehouse J 2009, *International Relations*, 9th edn, Pearson, Boston, p.103.

³²⁷ Hill, C 2003, *The Changing Politics of Foreign Policy*, Palgrave Macmillan, New York, p.78.

³²⁸ Savetsila, ACM S, ‘Speech: The Ministry of Foreign Affairs’, in *Roles of the Ministry of Foreign Affairs in the Security and Economic Development Aspects*, the Institute of Foreign Affairs, the Ministry of Foreign Affairs, Bangkok (in Thai).

³²⁹ Huntington, S 1957, *The Soldier and the State: The Theory and Politics of Civil-Military Relations*, Belknap Press, Cambridge, pp.11-12.

powerful political force in Thailand due to its cohesiveness, organizational complexity and adaptability, high status, wealth and control of mass communications.³³⁰ It has a strong “esprit de corps” particularly on the military supremacy. The “esprit de corps” built by a common recruitment, training, selection, and promotion process, has strengthened the military through ties among graduates of the same classes at the Military Preparatory Schools, the Military Academy, and the National Defense College.³³¹

However, the overthrow of the military regime in 1973 and political instability together with the economic crash in 1990s have limited the political role of the military and as a consequence direct intervention of the military became less acceptable.³³² This has brought the Foreign Ministry to its traditional role but with more challenges. With a partial withdrawal from Thai politics of the military, officials of the Ministry of Foreign Affairs began to favour a less confrontational approach to neighboring countries and a less fulsome approach to the US alliance. Members of the Ministry increasingly sought ways to influence the policy formulation. The Foreign Ministry then has to cover some security and economic missions. In the security aspect, it has been “eyes and ears” of Thailand by analyzing the international circumstances, tendencies of the international politics, and possible impacts on Thailand, and also as a “mouth” by conducting diplomacy through negotiations.³³³ The Ministry of Foreign Affairs can also support national security through the ASEAN framework by strengthening its negotiating power and by assisting the neighboring countries with economic and social developments and extending

³³⁰ Samudavanija, C & Bunbongkarn, S 1985, ‘Thailand’, in *Military-Civilian Relations in South-East Asia*, eds ZH Ahmed & H Crouch, Oxford University Press, New York, pp.110-111.

³³¹ Paribatra, S 1993, ‘State and Society in Thailand: How Fragile the Democracy?’, *Asian Survey*, vol. 33, no. 9, pp.880-881.

³³² Bumrungsuk, S 2001, ‘Thailand: Military Professionalism at the Crossroads’, in *Military Professionalism in Asia: Conceptual and Empirical Perspectives*, ed. M Alagappa, East-West Center, Hawaii, p.85.

³³³ Chaiyasan, P 1999, ‘The Ministry of Foreign Affairs and the National Security Policy Development’, in *Articles and Speeches on Thailand’s Foreign Affairs vol. 1-2*, eds K Pheungkasem, K Wanakamin, P Thepchatri & S Watchrawalku, the faculty of Political Science, Thammasat University, Bangkok (in Thai).

cooperation based on equality and mutual interests.³³⁴ In the economic aspect, the Ministry of Foreign Affairs performs through the Department of International Economic Affairs to promote economic relations and participate in missions of regional and international organizations. Moreover, as the Foreign Ministry still requires an expertise especially in order to conduct economic relationships with foreign countries especially the neighbors which their essences are growing, therefore the Ministry of Foreign Affairs has performed as a focal point for other economic-related agencies and the private sector.³³⁵ This has greatly strengthened involvements of new actors in the foreign policy-making process.

The Ministry of Foreign Affairs is mainly responsible for information gathering, policy advice, representation, and consular services.³³⁶ It has desk offices as a direct channel towards other countries. They have a duty to verify information and data from agencies abroad before passing to the superior decision makers. The information can be gathered from formal and informal sources. The former is the local media and governmental reports, and the latter includes personal contacts among local political elites and other diplomatic corps. The Ministry of Foreign Affairs also holds an ability to initiate new policy directions as it can validate policy feedbacks from Embassies abroad, and evaluate the current policy before proposing to the cabinet.³³⁷ However, foreign policy has to cover military affairs, security, economic, and social issues as foreign policy of the country includes both foreign security and foreign economic aspects. Therefore the policy has to be the outcome of the whole government, not just the Foreign Ministry solely. Since Thailand's foreign affairs has expanded its agendas and issues thus the foreign policy of

³³⁴ Chaiyasan, P 1999, 'The Ministry of Foreign Affairs and the National Security Policy Development', in *Articles and Speeches on Thailand's Foreign Affairs vol. 1-2*, eds K Pheungkasem, K Wanakamin, P Thepchatri & S Watchrawalku, the faculty of Political Science, Thammasat University, Bangkok (in Thai).

³³⁵ Krailerk, S 1989, *Roles of the Royal Thai Embassies in Protecting and Promoting Economic Interests*, Individual research document, National Defense College, Bangkok (in Thai).

³³⁶ Panupong, A, 'Foreign Policy and Roles of the Ministry of Foreign Affairs', in *Roles of the Ministry of Foreign Affairs in the Security and Economic Development Aspects*, the Institute of Foreign Affairs, the Ministry of Foreign Affairs, Bangkok (in Thai); Krailerk, S 1989, *Roles of the Royal Thai Embassies in Protecting and Promoting Economic Interests*, Individual research document, National Defense College, Bangkok (in Thai).

³³⁷ Choomak, S 1999, 'Thailand's Foreign Policy-making Process', in *Articles and Speeches on Thailand's Foreign Affairs vol.1-2*, eds K Pheungkasem, K Wanakamin, P Thepchatri & S Watchrawalku, the faculty of Political Science, Thammasat University, Bangkok (in Thai).

Thailand can be formulated by two main processes; foreign security policy, and foreign economic policy.

Process of foreign security policy

The security-related issues require further considerations at the national level before they are put forward for a final decision. These issues will be sent for consideration of the National Security Council (NSC) which is the government's highest advisory body on all security issues. The NSC was established in 1959 and chaired by the Prime Minister. The Deputy-Prime Minister, the Minister of Defense, the Minister of Finance, the Minister of Foreign Affairs, the Minister of Interior, the Minister of Transportation, the Supreme Commander of the Royal Thai Armed Forces are the permanent members. The NSC is headed by Secretary-General appointed by the Prime Minister with a requirement to attend meetings of the cabinet.³³⁸

The NSC has been established to launch a small-sized council which is comprised of persons who are involved in the national security and are in high positions for security decision making with multiple duties. Firstly, the NSC has to advise the cabinet on domestic, foreign, military, and economic policies relating to national security. Secondly, members of the NSC have to consider national security issues assigned by the cabinet. Thirdly, the NSC has an authority to launch a committee to consider or function in any assignments on behalf of the Council. Finally, the established committees can invite any person to attend or to give opinions on national security issues.³³⁹ Moreover, the NSC is a policy-coordinator between the political officials and the high-level civil servants. Requirements from officials are very important because they are the policy practitioners therefore coordination will produce high benefits for both groups.³⁴⁰

³³⁸ Choomak, S 1999, Thailand's Foreign Policy-making Process, in *Articles and Speeches on Thailand's Foreign Affairs vol.1-2*, eds K Pheungkasem, K Wanakamin, P Thepchatri & S Watchrawalku, the faculty of Political Science, Thammasat University, Bangkok (in Thai).

³³⁹ Choomak, S 1999, 'Thailand's Foreign Policy-making Process', in *Articles and Speeches on Thailand's Foreign Affairs vol.1-2*, eds K Pheungkasem, K Wanakamin, P Thepchatri & S Watchrawalku, the faculty of Political Science, Thammasat University, Bangkok (in Thai).

³⁴⁰ Choomak, S 1999, 'Thailand's Foreign Policy-making Process', in *Articles and Speeches on Thailand's Foreign Affairs vol.1-2*, eds K Pheungkasem, K Wanakamin, P Thepchatri & S Watchrawalku, the faculty of Political Science, Thammasat University, Bangkok (in Thai).

Process of foreign economic policy

The economic policy is far more complex and getting more indispensable than the security policy. Hence, the international economic policy-making process has to inevitably involve many agencies. The process of foreign economic policy is a type of product and service which responds to the “Demand and Supply” approach. Its Demand comes from at least four groups in the society; general population, media, academics, and economic interest groups, while Supply is the responsibility of at least four groups or institutions namely power elites, technocrats or middle-level executives, political parties, and the parliament.³⁴¹

There are three major agencies that have the greatest influence in the economic policy. The Ministry of Finance and the Bank of Thailand play a crucial role in making financial and monetary policy including public debt administrative policy while the National Economic and Social Development Board (NESDB) is the key mechanism in selecting development strategy and screening massive investment projects.³⁴² However, in the consideration of foreign economic policy, issues have to be sent through the process of the Council of International Economic Advisors (CIEA) which was established in 1988.³⁴³ The CIEA is chaired by the Prime Minister or the assigned Deputy-Prime Minister. The Council members consist of the Minister of Foreign Affairs, the Minister of Commerce, the Minister of Finance, the Minister of Agriculture and Cooperatives, the Minister of Education, the Minister of Health, and the Minister of Industry. The Permanent Secretaries from the Foreign and Commerce Ministries together with the Foreign Ministry’s Director-General of the Department of International Economic Affairs act as the Secretary-General to the Council.³⁴⁴

³⁴¹ Thanapornpun, R 2003, *The Process of Economic Policy Decision Making in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

³⁴² Thanapornpun, R 2003, *The Process of Economic Policy Decision Making in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

³⁴³ Phrompote, S 1991, *Roles of the Ministry of Foreign Affairs in International Trade Problems*, Individual research document, National Defense College, Bangkok (in Thai).

³⁴⁴ Phrompote, S 1991, *Roles of the Ministry of Foreign Affairs in International Trade Problems*, Individual research document, National Defense College, Bangkok (in Thai).

The CIEA has been established as government's consultative body to oversee policies or issues in relations with international economic.³⁴⁵ Through the consideration of the CIEA, it can be proved the greater participation of new actors, both non-traditional state actors and non-state actors, in Thailand's foreign policy-making although only in the foreign economic aspect. The CIEA has been assigned by the government to have responsibility in many duties. Firstly, the CIEA has to majorly consider the international economic policy as the Council is comprised of economic-related Ministers as well as high-ranking officials. Secondly, the CIEA has to formulate an international cooperative policy in consultation with economic or trade organizations. Thirdly, the Council sets up strategies, directions, and gestures in international economic and trade negotiations. Fourthly, the CIEA has to coordinate with other assigned or involved committees in order to effectively formulate an appropriate policy direction. Finally, the Council has to coordinate with related public and private sector to follow the government's international economic policy.³⁴⁶

Furthermore, essential mechanisms of the CIEA are based on operations of sub-committees that are responsible for specific issues for example, Sub-Committee on Thai-US Economic and Trade Relations, Sub-Committee on Thai-Japanese Economic and Trade Relations, Sub-Committee on Thai-EU Economic and Trade Relations, Sub-Committee on Thai-ASEAN Economic and Trade Relations. The sub-committees are always attended by related Ministers and other heads of related bodies such as the Secretary-General to National Economic and Social Development Board (NESDB), the Secretary-General to the Board of Investment of Thailand (BOI), the Governor of the Bank of Thailand, Chairman of Board of Trade of Thailand (the Thai Chamber of Commerce), Chairman of the Federation of Thai Industries, and Chairman of the Thai Banker's Association.

³⁴⁵ Talerngsri, P & Vonkhorporn, P 2005, 'Trade Policy in Thailand: Pursuing a Dual Track Approach', *ASEAN Economic Bulletin*, vol. 22, no. 1, p.71.

³⁴⁶ Phrompote, S 1991, *Roles of the Ministry of Foreign Affairs in International Trade Problems*, Individual research document, National Defense College, Bangkok (in Thai).

Conclusion

Thailand's foreign policy can be widely divided into two periods; the Cold War and post-Cold War. In terms of actors participating in the policy-making process, differences between these periods can be marked by 1988 when the influential foreign policy of "turning a battlefield into marketplaces" was employed. Before 1988, when Thailand encountered with security threats in the region and when Thai politics was controlled by the military-bureaucratic polities as well as being governed mostly by the military regime, Thailand's foreign policy-making was dominated by military officers and officials of the Ministry of Foreign Affairs. But after 1988, when Thailand began to integrate its economy with the world economic system leading to the business and industrial prioritization in the country and when business entrepreneurs including the local ones began to play parts in Thai politics, the foreign policy-making has been changed significantly.

The process of foreign policy-making has not only been introduced with non-traditional participants, namely economic-related government agencies and business-based private sector, but it has also changed performances of the military and the Ministry of Foreign Affairs who are the traditional actors to focus more on economic-related issues including to cooperate more with those newly introduced agencies. By analysing Thailand's foreign policy-making using different models of decision making, it can be seen that during the Cold War period, Rational Model and Organizational and Bureaucratic Model were the most appropriate models to be applied to explain Thailand's foreign policy-making. However, in the post-Cold War period, with the emergence of non-bureaucratic organizations and their greater participation in the country's foreign affairs, it seems that only Rational Model and Organizational and Bureaucratic Model have not been able to explain Thailand's foreign policy-making accurately. Societal Model which focuses more on influences in decision-making by domestic sources has then become the most appropriate model to efficiently analyse Thailand's foreign policy-making during this period.

Furthermore, since Thailand has to deal with the changing international circumstance and foreign policy has to cover military affairs, security, economic, and social issues during the post-Cold War period, the policy then has to be formulated through both the process of foreign security

policy, and the process of foreign economic policy. Although the Ministry of Foreign Affairs has played a leading role in all processes of foreign but both of them have been dominated by different agencies. The process of foreign security policy has still been highly influenced by the so called “traditional actors”; the military, the Foreign Ministry, and the security-based government agencies. On the other hand, the process of foreign economic policy has been influenced by the so called “new actors”; economic-related government agencies and business-based private sector namely, the Ministry of Commerce, the Ministry of Industry, the National Economic and Social Development Board (NESDB), the Chambers of Commerce, the Federation of Thai Industries, and the Thai Banker’s Association. The following Chapters will mainly focus on the foreign economic policy where these new actors have gradually involved in. Furthermore the discussions will explore further on each actor in various aspects from who they are, their emergences, and their engagements in Thailand’s foreign policy-making.

Chapter IV

Non-traditional State Actors in Thailand's Foreign Policy-making

The new actors in Thailand's foreign policy-making are categorized into two main groups; non-traditional state actors and non-state actors. This Chapter focuses on non-traditional state actors. The next Chapter (Chapter V) will discuss non-state actors: business associations, the Chambers of Commerce, the Federation of Thai Industries, and the Thai Bankers' Association. Non-traditional state actors are government/state economic-based agencies that participate in foreign policy-making. These include the Ministry of Commerce, the Ministry of Industry, and the National Economic and Social Development Board (NESDB). Before 1988, these agencies did not play a direct role in foreign policy formulation. Thailand's political transitions in the post-Cold War period led an orientation to economic management. The economic-based government agencies thus acquired more direct roles in national policy-making. However, it should be reminded that such roles have been performed only in the foreign economic policy while main dominants in foreign policy-making process are still those traditional state actors such as the Ministry of Foreign Affairs. The discussion will investigate the historical background, functions, and performance of these agencies particularly in relation to Thailand's foreign affairs.

Non-traditional state actors

Before 1988 (the Cold War period), Thailand's relationships with foreign countries were oriented with security and military confrontation. However, since 1988, Thailand's foreign relationships have significantly changed by focusing more on the economic and non-security aspects particularly towards neighboring countries that Thailand previously had tensions with. With the end of the Cold War, the international system was occupied with new trends: for example, the spread of democracy, increasing liberal free trade, a strengthening of international law, and a new role for international institutions. The new economic agendas required expertise in such diverse areas as trade, investment, finance, labour, information technology, and intellectual property. A new international focus on human rights also weakened previous doctrines of non-intervention among states. These new challenges required a more proactive approach to demonstrate the accountability of national policy-makings.

As a result, government bodies in Thailand that had previously played influential roles in foreign affairs such as the military, security-based agencies and the Ministry of Foreign Affairs faced new challenges.³⁴⁷ Since 1988 (the post-Cold War period), these traditional actors have worked in cooperation with the economic-related government bodies in order to produce an effective foreign policy in the new international context. Although they were assigned different tasks, duties, and responsibilities, they all gradually became involved in Thailand's foreign affairs with a view to preserving and protecting national economic interests. In terms of foreign economic policy-making, these non-traditional actors worked under the Council of International Economic Advisors (CIEA) which was established in 1988. As it is chaired by the Prime Minister or the assigned Deputy-Prime Minister and involves various economic-related Ministers and Department heads, the CIEA has become an important government consultative body overseeing policies and issues in the international economy.

The Ministry of Commerce

The Ministry of Commerce of Thailand was among the first twelve ministries established in 1892 during the massive administrative reforms under King Chulalongkorn. It was established with responsibility for Thailand's internal and foreign trade. It has multiple duties. For example, it administers the regulation of trade institutions, product controls, and trade registration including business reporting and compliance. Trade promotion is another responsibility of the Ministry of Commerce. It also has an obligation to undertake research on Thai products as well as to seek new markets for Thai producers.³⁴⁸

Tasks, responsibilities, and functions of the Ministry of Commerce

At the domestic level, the Ministry of Commerce has a duty to generate income and to increase product values. It aims to strengthen the domestic economy and trade as well as create opportunities for Thai entrepreneurs. In addition, the Ministry of Commerce is responsible for ensuring free and fair trade. Strengthening consumer and producer protections, and enhancing

³⁴⁷ Panitchpakdi, S2001, *Roles of Thailand in the World Economic Stage*, The Ministry of Commerce, Bangkok (in Thai), p.14.

³⁴⁸ Tullayananda, V 1974, *International Trade Administration of the Ministry of Commerce*, Thesis paper (Commerce and Accounting), Chulalongkorn University, Bangkok (in Thai).

intellectual property are included in the Ministry's missions at this level. The Ministry of Commerce also has to develop and manage commerce systems to enhance competition amongst businesses. At the international level, the Ministry of Commerce participates in a number of international trade negotiations.

International trade negotiations are a central aspect of current international relations. This includes negotiations under the World Trade Organization (WTO) framework, Free Trade Agreement (FTA) frameworks with bilateral and multilateral counterparts, and negotiations in regional and sub-regional frameworks. Owing to its expertise in trade, in most international trade negotiations, the Ministry of Commerce has played a more important role than the Ministry of Foreign Affairs. The Ministry of Commerce also regulates and administers imports, exports, and trade at the government-to-government level for products included in agreements with foreign countries. In this role, the Ministry of Commerce is considered the main representative for the Thai government in dealing with foreign countries. Its officials have a duty to prepare for the negotiation and those high level officials have been mostly assigned as the head of the delegates in such missions. Moreover, the Ministry has a responsibility for many technical international trade issues such as the Generalized System of Preference (GSP) and anti-dumping measures.

Missions of the Ministry of Commerce are managed by two groups, the Internal Trade and the Foreign Trade Clusters. The Foreign Trade Cluster handles Thailand's foreign trade and export promotion. The departments involved in this cluster undertake research and advice about related and important issues. For example, the status of imported product in terms of quantity and production costs, the expenses and prices of Thailand's exports, and product quality together with impediments to export activities. In addition the Ministry of Commerce has to track the circumstances of foreign markets in various aspects such as demand for export products, competition between Thai and foreign goods as well as customs tariffs encountered by Thai exporters.³⁴⁹

In promoting foreign trade and export, the Ministry of Commerce monitors imports and exports, supervise foreign exchange as well as trading conditions and trade balances. These duties are a

³⁴⁹ Interview with Mrs.Vibulluck Ruamraksa.

crucial part of Thailand's foreign economic policy although principally at the policy implementation stage. The Ministry of Commerce also aims to reduce export impediments and has a duty to organize an appropriate system for exports and negotiating trade agreements with foreign countries.³⁵⁰

In addition, the Ministry of Commerce extended and improved the efficiency of the Offices of Commercial Affairs abroad. A number of representatives and delegates from the Ministry of Commerce are posted around the world to negotiate and search for new markets. They also organize trade exhibitions or establish Thai product-exhibition centres in foreign countries. In a post critically essential to Thailand's trade, the head of the diplomatic mission to the WTO is appointed by the Ministry of Commerce.³⁵¹ Normally, representatives of Thailand are appointed from the ranks of professional diplomats in the Ministry of Foreign Affairs. Representatives and delegates from the Ministry of Commerce have been assigned different tasks. Their duties are mainly to oversee the trading relationship between Thailand and the country they are posted to. They also report back to Ministry headquarters in Thailand on the current trading situation. Information together with suggestions sent by Commerce representatives is included in the formulation of foreign economic policy. For example, trade and export plans towards countries in the Middle East and Africa after the 1997 economic crisis received from representatives in the mentioned region which were later included as a policy since 2001.³⁵² Accordingly, the Ministry of Commerce has played a more direct role in Thailand's foreign affairs particularly in foreign economic policy-making.

Moreover, with the determination of governments to increase exports particularly in product category diversity, the Thai Ministry of Commerce seeks markets by coordinating and closely cooperating with other agencies such as the Ministry of Agriculture and Cooperatives, and the Ministry of Industry. The Ministry of Commerce gains assistance from private marketing

³⁵⁰ Interview with Mrs.Vibulluck Ruamraksa.

³⁵¹ Interview with Mrs.Vibulluck Ruamraksa.

³⁵² Tullayananda, V 1974, *International Trade Administration of the Ministry of Commerce*, Thesis paper (Commerce and Accounting), Chulalongkorn University, Bangkok (in Thai).

institutions such as the Board of Trade of Thailand, and the Chambers of Commerce.³⁵³ This indicates that both economic-related government bodies and the private sector have become more essential to Thailand's foreign economic policy both at the policy formulation and policy implementation stages.

Trade negotiation is another main mission of the Foreign Trade Cluster. The Ministry of Commerce began this role in 1957 when Thailand was dealing with bilateral trade negotiations with Japan. Trade negotiation under the Ministry of Commerce can be developed in various forms; Joint Trade Committee (JTC), Joint Economic Commission (JEC), and trade problem negotiation task forces.³⁵⁴ Later, Thailand was involved in many negotiations as it was one of the foundation members of the Association of Southeast Asian Nations (ASEAN). Ministry of Commerce participation at various stages of negotiations involved officials, senior economic officials, up to economic ministerial levels. Engagements by the Ministry of Commerce at various levels in the international stages were very important in Thailand's foreign economic policy. This is due to the fact that these international frameworks especially ASEAN have been top priorities of Thai governments since the 1970s and outstandingly so since the late 1980s.³⁵⁵ Moreover, as the Ministry of Commerce has expertise in trade and economics its role in foreign economic policy through various international trade negotiations is more prominent than other government agencies. In 1977, the Ministry of Commerce was involved in the ASEAN Preferential Trading Arrangement (ASEAN PTA). At the broader level, the Ministry of Commerce took part in the Asia-Pacific Economic Cooperation (APEC) framework from the conferences of general cooperation to the establishment of the Committee on Trade in 1993. In 1973, the Ministry of Commerce also began to engage in multilateral negotiations under the General Agreement on Tariffs and Trade (GATT) framework at the Tokyo Round. The Ministry of Commerce was an observer at the negotiating table to prepare for GATT membership and further negotiations under this framework. Since Thailand became a member of GATT in 1982 and WTO in 1994, the Ministry of Commerce has participated in many stages particularly in the Uruguay Round multilateral negotiations during 1986-1993. Moreover, Thailand was one of the

353 Interview with Mrs.Vibulluck Ruamraksa.

354 Interview with Mrs.Vibulluck Ruamraksa.

355 Interview with Mrs.Vibulluck Ruamraksa.

co-founders of the United Nations Conference on Trade and Development (UNCTAD) and has contributed to this forum since UNCTAD's inception in 1964. The Ministry of Commerce played essential roles in other negotiations for example, in the forum for the Generalized System of Preferences (GSP) in 1964 and Global System of Trade Preferences among Developing Countries (GSTP) forum in 1988.³⁵⁶ In 1986 the Ministry of Commerce by the then Minister Surat Osathanukroh participated in the Minister Meeting in Cairns, Australia which led to the establishment of Cairns Group comprise of 17 member countries. The Group played a crucial role in including agricultural product free trade into the WTO Agreement on Agriculture. Besides, the Ministry of Commerce by the Representative to the WTO is still an active participant in Cairns Group's activities.³⁵⁷

The Ministry of Commerce has three Departments that operate under the Foreign Trade Cluster: the Department of Foreign Trade (DFT) which is mainly responsible for bilateral negotiations; the Department of Trade Negotiation (DTN) which is in charge of regional and multilateral negotiations; and the Department of Export Promotion (DEP) which oversees the implementation of finalized agreements in order to promote Thailand's trade and exports.³⁵⁸

Department of Foreign Trade (DFT)

The DFT is the main unit under the Ministry of Commerce with an influential role in Thailand's foreign economic policy. The DFT's principal duty is to regulate and administer Thailand's imports and exports. The DFT monitors import and export under many laws and regulations such as the law of products, the law of export products standards, the law of export promotion, and the law of export by ship protections. It also acts as Thailand's representative in trade affairs dealing with foreign counterparts. In order to protect and preserve Thailand's trade interests, the DFT has a duty to approach and solve problems in trade protectionist measures from other countries. Furthermore, the DFT is required to prevent discrimination activities against Thai exports. The

³⁵⁶ Jirapaet, K 1994, *Thailand's International Trade Negotiation*, Individual research document, National Defense College, Bangkok (in Thai).

³⁵⁷ Vibulthanakul, S 2004, *Cairns Group*, the WTO Watch document, Thammasat University, Bangkok (in Thai).

³⁵⁸ Jirapaet, K 1994, *Thailand's International Trade Negotiation*, Individual research document, National Defense College, Bangkok (in Thai).

DFT also has a great responsibility to acquire the trade privileges for all Thai export entrepreneurs.³⁵⁹

Under the DFT, operation units have been organized into eleven Bureaus, three Sections, and six Offices. Seven of these Bureaus have been an essential mechanism for serving and protecting Thailand's trade interests. They have turned the Ministry of Commerce into a key representative of the country in dealing with trades which are considered a central part of the country's current foreign affairs.

First, *the Bureau of Import Administration* has a duty to study and analyze the overall picture of Thailand's import circumstances. It has established an early warning system that suggest appropriate measures for both the government and trade entrepreneurs. plays an important role in export privileges possession for Thai products, for example, certifying Certificate of Origin, approving rules of origin under the Generalized System of Preferences (GSP) and the Free Trade Agreements (FTAs), and investigating the possible "circumvention" of Thai products.

Second, *the Bureau of Trade Measures* has a duty to analyze protectionist trade measures in terms of other countries' regulations. Its early warning system is designed to detect any protectionism-involved activities by Thailand's trade counterparts. The Bureau of Trade Measures also acts as the Intelligence Centre to publicize information on Thailand's trading partners' trade regulations and measures. It develops import-export administrative regulations in accordance with the WTO's direction. The Bureau of Trade Measures also developed the Export Control System in accordance with international treaties and agreements.

Third, *the Bureau of Trade Privileges* analyzes and protects Thailand's trade privilege system and the free trade areas that involve Thailand. It investigates possibilities and impacts on Thailand's imports and exports from any privilege terminations. The Bureau of Trade Privileges also played a part in negotiations on Rules of Origin under many frameworks such as the WTO, ASEAN, and the FTAs.

³⁵⁹ Interview with Mrs.Vibulluck Ruamraksa.

Fourth, *the Bureau of Rice Trade Administration* is responsible for analyzing rice production, rice trade, and rice markets. It has authority to set measures or plans for rice exports. It also has a duty to improve rice import-export administrative measures as well as regulations in accordance with current trade markets and its international obligations. Moreover, the Bureau of Rice Trade Administration promotes Thai rice as an outstanding commodity to the world market.

Fifth, *the Bureau of General Trade Administration* analyzes policies and trade administrative regulations that can impact on Thai products. The Bureau of General Trade Administration also announces details about laws and regulations on import and export administration as well as obligations under various international trade agreements.

Sixth, *the Bureau of Anti-Trade Dumping* investigates activities in relation to market dumping and trade protectionism. It represents Thailand in cooperation with the private sector to protect market dumping at the international level. It also defends Thailand against any allegations of market dumping and trade protectionism. The Bureau of Anti-Trade Dumping has participated in many conferences of regulation alignments under the WTO and other international agreements in order to develop procedures for anti-dumping. The Bureau's analysis of anti-dumping and trade protectionism has been utilized by the Ministry of Commerce and the cabinet as one of sources in policy formulation.

Finally, *the Bureau of Trade and Investment Cooperation* examines related policies, measures, current trade and investment opportunities, and business networks in order to evaluate Thailand's competitive capabilities in trade and investment expansion towards the neighboring countries and Southeast Asia. The Bureau proposes opinions and solutions to the government about obstacles that can affect Thailand's trade and investment. One of its important roles is to support and cooperate with neighboring countries to create opportunities for trade and investment in the region. It also improves new trade patterns by studying policies, measures, and previous patterns from other countries. In addition, the Bureau of Trade and Investment Cooperation has been

active as the hub of ASEAN with the aim of coordinating and providing relevant information on trade and investment in this area for members and interested counterparts.³⁶⁰

Department of Trade Negotiations (DTN)

The DTN is another unit under the Ministry of Commerce that plays a crucial role in Thailand's foreign economic policy. Involvements in international trade negotiations by the DTN have increased the role of the Ministry of Commerce in both foreign policy formulation and foreign policy implementation particularly in policies associated with trade affairs. The DTN has acted not only as the country's representative at various negotiation stages, but also provided useful information as well as influential suggestions for the government consideration on foreign policy direction. It also carried out decisions considered by the government in order to promote closer relationships between Thailand and other countries through trades. Such roles can be observed from the policy "Look West" of the Thaksin administration during 2001 - 2006 aiming to search for new markets and trading counterparts in South Asia, Middle East, and Africa. The DTN received information from the Ministry's representatives and suggested that Thailand should strengthen economic relations with these regions especially India which also had "Look East" policy aiming to strengthen ties with Thailand and ASEAN.³⁶¹

The DTN has a priority to preserve Thailand's trade interests and to seek new trade benefits for the country through negotiations. In other words, in terms of trade negotiations, the DTN is mainly responsible for bilateral, regional, and multilateral trade negotiations, although some bilateral trade negotiations are led by the Ministry of Foreign Affairs and some are led by Thailand Trade Representatives (TTR)^{362, 363}. The DTN analyzes and proposes policies, positions, and tactics in international trade negotiations. It participates in multilateral trade negotiations with related international organizations, in bilateral trade negotiations at the regional and sub-

³⁶⁰ *Department of Foreign Trade*, The Ministry of Commerce of the Kingdom of Thailand, viewed 20 October 2010, <<http://www.dft.go.th>>.

³⁶¹ Interview with Dr. Sarasin Virapol.

³⁶² TTR was established in 2002 under the Thaksin administrative as a mechanism to expand Thailand's market and to search for new cooperation.

³⁶³ Talerngsri, P & Vonkhorporn, P 2005, 'Trade Policy in Thailand: Pursuing a Dual Track Approach', *ASEAN Economic Bulletin*, vol. 22, no. 1, p.71.

regional levels, and in the Free Trade Agreement (FTA) frameworks. This responsibility is a significant contribution of the Ministry of Commerce to Thailand's foreign affairs as the FTA frameworks have been included in the main strategy of Thai governments since the 1990s. Furthermore, the DTN consults with other government and non-government agencies both during the pre- and post-negotiation process. To formulate negotiation positions, the DTN interacts with related agencies such as the Fiscal Policy Office (the Ministry of Finance), the Office of Industrial Economics (the Ministry of Industry), the Ministry of Foreign Affairs, and the Office of Agricultural Economics (the Ministry of Agriculture and Co-operatives) as well as private sector bodies.³⁶⁴ In addition, the DTN analyzes impacts of trade negotiations on Thailand from economic policies and trade measures of the country's trade partners.

The DTN has been responsible for five key activities. Firstly, negotiations under the Free Trade Areas which is an attempt to increase Thailand's competitive capabilities and to draw Foreign Direct Investments (FDI) into the country as well as to enhance Thailand's export opportunities. The dialogue counterparts of the DTN bilaterally and multilaterally include Australia, New Zealand, India, Peru, Japan, the European Free Trade Association (EFTA), Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMST-EC), ASEAN-China, ASEAN-Japan, ASEAN-Korea, ASEAN-India, ASEAN-EU, and ASEAN-Australia-New Zealand. Secondly, the DTN engages in bilateral trade negotiations in order to solve trade problems, reduce trade obstacles, and expand trade and investment between Thailand and its counterparts. Thirdly, the DTN participates in multilateral trade negotiations under the WTO and other international organizations frameworks in order to protect Thailand's trade interests through dispute settlements. Fourthly, the DTN engages in negotiations in services and investments both at multilateral and bilateral levels. In these negotiations, the DTN has a duty to distribute information to trade entrepreneurs in Thailand such as trade measures in services, revisions of law, and rules and regulations that impact on Thailand's services. Finally, the DTN engages in trade, economic, and cooperation at the regional and sub-regional levels such as ASEAN, the ASEAN Economic Community (AEC), the Asia-Pacific Economic Cooperation (APEC), Asia-Europe Meeting (ASEM), and Bangladesh, Bhutan, India, Myanmar, Nepal, Sri

³⁶⁴ Talerngsri, P & Vonkhorporn, P 2005, 'Trade Policy in Thailand: Pursuing a Dual Track Approach', *ASEAN Economic Bulletin*, vol. 22, no. 1, p.71.

Lanka, and Thailand Economic Cooperation (BIMST-EC).³⁶⁵ It can be seen that the DTN is heavily involved in Thailand's foreign relations. Moreover, agreements and results from international trade negotiations are essential for the government to produce an effective foreign economic policy.

The DTN also has operated in supportive activities for important negotiation frameworks. It has fostered and disseminated to the public knowledge and understanding of international trade negotiation by organizing seminars on results of negotiations and the endorsement of agreements. The DTN has also publicized and distributed information about trade negotiations, the international economy, and trade cooperation through many forms of media. It has promoted public participation in trade negotiation through public hearings and public consultations. Moreover, the DTN has developed an information system on international trade negotiations by creating practical mechanisms to deliver information to the public more effectively. These activities of the DTN are one of the channels that were established for non-bureaucratic organizations to contribute to policy-making. This demonstrates that Thailand's foreign policy-making process has been opened for greater participation from new actors, both state and non-state.

The DTN has been organized into nine Bureaus and one Section. Some of them have been comprehensively involved in many trade negotiations that are beneficial for Thailand's trade interests. The following part will discuss six units that have operated in this essential role. Furthermore, most of these units have been assigned responsibility to oversee negotiations specifically with regions around the world. This reflects that the Ministry of Commerce has played an increasingly leading role in Thailand's foreign economic relations particularly in dealing with foreign countries and international organizations.

First, *the Bureau of Multilateral Trade Negotiations* takes charge of trade negotiations at the multilateral level within the WTO and other international organization frameworks. It has a duty to protect the trade interests of Thailand in dispute settlements and to provide advice to the

³⁶⁵ *Department of Trade Negotiations*, The Ministry of Commerce of the Kingdom of Thailand, viewed 20 October 2010, <<http://www.dtn.go.th>>.

cabinet on international trade law and trade regulations. The Bureau of Multilateral Trade Negotiations implements international obligations under frameworks such as APEC and ASEM. It prepares strategies and analyses the impact of economic activity in order to suggest policies and approaches to the government for the expansion of cooperation on international trade.

Second, *the Bureau of ASEAN Affairs* is responsible for activities in connection with negotiations under the ASEAN economic and trade cooperation as well as the establishment of the ASEAN Economic Community (AEC). It also has the responsibility to follow up project funding at the bilateral level together with technical support and cooperation to the new ASEAN members.

Third, *the Bureau of America and Pacific Affairs* is responsible for negotiations for free trade area agreements and negotiations in this region. It aims to find solutions to trade problems and enhance cooperation with trade partners in the America and the Pacific region at bilateral and regional levels. The Bureau of America and Pacific Affairs also monitors the fulfillment of obligations under the concluded agreements.

Fourth, *the Bureau of European, Middle East, and African Affairs* is responsible for negotiations in the European, Middle East, and African regions. The focus of its duties are on free trade area agreements and solutions to trade problems, and enhancement of trade cooperation with trading partners at bilateral and regional levels.

Fifth, *the Bureau of Asian Affairs* is responsible for bilateral negotiations between ASEAN-Thailand and dialogue countries in the Asian region. It has established economic cooperation, concluded free trade area agreements, sought appropriate solutions to trade problems, and enhanced trade cooperation between Thailand and other Asian countries. The Bureau of Asian Affairs is also responsible for activities under the BIMST-EC framework.

Finally, *the Bureau of Goods Negotiations* is responsible for negotiations on market access of agricultural and industrial products at the multilateral, regional and bilateral levels in respect to tariff and non-tariff measures. It also has a duty to monitor compliance with international obligations and commitments which are related to the market access of agricultural and industrial

products. Moreover the Bureau of Goods Negotiations prepares product profiles for key agricultural and industrial goods from Thailand and dialogue countries.³⁶⁶

*Department of Export Promotion (DEP)*³⁶⁷

The responsibility that the DEP has been assigned by the Ministry of Commerce is to strengthen Thailand's traditional export markets, expand new markets, and cultivate new exporters in regional areas. Although these tasks are not closely related to foreign policy-making but they have supported the role of the Ministry of Commerce in foreign economic policy implementation. The DEP has carried out Thailand's foreign policy by strengthening foreign economic relations through exports. The DEP is also responsible for internationalization of Thai companies by encouraging outward business investment and brands creation. The DEP has to develop product and enhance value creation. It also promote and enhances the trade in services sector as well as promoting and developing International Trade Mark by maximizing the utilization of trade negotiations under the Free Trade Agreements (FTAs).³⁶⁸

The DEP is organized with many functions to formulate policy recommendations and export promotion action plans to the Ministry of Commerce and further to the government. These functions assist exporters in entering international markets. For example, by pursuing current market strategy, expanding distribution channels for Thai exporters to the world market, and providing market platforms as well as organizing sales promotion activities for export entrepreneurs in Thailand. It is also responsible for constructing international trade networks and increasing channels of product distribution between Thai exporters and the growing markets around the world through the DEP's representative offices. These representatives are one of the mechanisms that the Ministry of Commerce has utilized to implement foreign economic policy. In terms of export promotion which is an important part of Thailand's foreign economic policy, the DEP representatives abroad are able to perform far more effectively than officials from the

³⁶⁶ *Department of Trade Negotiations*, The Ministry of Commerce of the Kingdom of Thailand, viewed 20 October 2010, <<http://www.dtn.go.th>>.

³⁶⁷ In 2012, members of the cabinet agreed to change the name into the Department of International Trade Promotion (DITP) as it can cover missions in all aspects.

³⁶⁸ *Department of Export Promotion*, The Ministry of Commerce of the Kingdom of Thailand, viewed 20 October 2010, <<http://www.depthai.go.th>>.

Ministry of Foreign Affairs who mostly lack expertise in trade and economic fields. In addition, units under the DEP are tasked with strengthening Thailand's brand, Thai-owned-product brands, and enhancing the export image of Thai products and services by means of public relations and the media as well as participating in the international cooperation frameworks. These units develop export competitiveness through capacity building programs for manufacturers and exporters such as Small and Medium Enterprises (SMEs) and One Tambon One Product (OTOP)³⁶⁹ business. The units develop trade information data base systems and provide a trade information service to exporters, importers, and the general public. Functions under the DEP aim to improve efficiency and reduce trade logistics costs in order to increase Thailand's competitiveness.³⁷⁰

The Ministry of Industry

The Ministry of Industry is another economic-related agency that has played a more influential role in Thailand's foreign economic policy both in policy formulation and policy implementation since business and industry were prioritized as a result of economic development and growth during the 1970s and the 1980s. Industry has been considered one of the most important aspects in Thailand's foreign economic policy as it stimulates the economic development and growth of the country. Moreover, Thailand's foreign economic relations can be established and strengthened through industrial cooperation. The Ministry of Industry was established in 1936 as the Industrial Division in the Ministry of Commerce. When the Ministry of Commerce was reorganized in 1941, the Industrial Division was upgraded as the Industrial Department with a duty to develop a plan and to promote industrial factories together with home and cottage industries. However, in 1942 the Industrial Department was combined with other industrial units from the Ministry of Commerce and established as the Ministry of Industry.³⁷¹

³⁶⁹ The project initiated by the Thaksin administration to stimulate local business aiming to support unique products in each districts (Tambon).

³⁷⁰ *Department of Export Promotion*, The Ministry of Commerce of the Kingdom of Thailand, viewed 20 October 2010, <<http://www.depthai.go.th>>.

³⁷¹ *The Ministry of Industry of the Kingdom of Thailand*, viewed 18 November 2010, <<http://www.industry.go.th>>

Sub-Ministry organizations and state enterprises under the Ministry of Industry

The Ministry of Industry is organized with many operating organizations and state enterprises under its auspices. It has responsibility to supervise the performance of these organizations and state enterprises as their functions and capabilities are essential for Thailand's overall economic stability. They have performed not only at the domestic level but also at the international stage. This is due to the fact that some of their missions are associated with Thailand's foreign economic policy towards various countries. The following discussion will demonstrate some of the important sub-Ministry organizations and state enterprises chronologically.

Firstly, in 1968, under the Act of Parliament on Standards of Industrial Product, the Thai Industrial Standards Institution (TISI) was established under the Ministry of Industry. TISI was assigned to set standards of industrial products in accordance with international standards, International Organization for Standardization (ISO) and International Electro-technical Commission (IEC). TISI supervises product manufacture by verifying and certifying their standards.³⁷²

Secondly, in 1972, under the Declaration of Revolutionary Council, the government established the Industrial Estate Authority of Thailand (I-EA-T) as a state enterprise with an equal status to Departments under the Ministry of Industry. I-EA-T was responsible for the development and establishment of the industrial estates. It is also a government mechanism which aims to expand Thai industrial developments to other regional areas.³⁷³

Thirdly, in 1978, the Petroleum Authority of Thailand (PTT) was established during the world crisis of petroleum shortages. PTT expedited the procurement of adequate oil supplies for domestic consumption. The PTT was also given responsibility to seek additional indigenous petroleum reservoirs for the country. Under the 1999 Corporatization Act which reflected the new direction of the government to privatize state enterprises, the "Petroleum Authority of

³⁷² *Thai Industrial Standards Institution*, viewed 19 November 2010, <<http://www.tisi.go.th>.>

³⁷³ *Industrial Estate Authority of Thailand*, viewed 19 November 2010, <<http://www.ieat.go.th>.>

Thailand”, PPT Public Company Limited was reorganized and registered with more private administrative principles.³⁷⁴

Fourth, in 1984, the Office of the Cane and Sugar Board (OCSB) was established under the Ministry of Industry. OCSB was assigned by the government and the Ministry of Industry to promote the cane and sugar industries which are one of the largest industries in Thailand in order to achieve sustainable development and competitive capability in the world market.³⁷⁵

Finally, in 2000, the Office of Small and Medium Enterprises Promotion (OSMEP) was established to work under a Committee chaired by the Permanent-Secretary of the Ministry of Industry. OSMEP was to perform as a central planning office to coordinate the action plans of all relevant offices in order to promote the development of SMEs in Thailand. OSMEP also assists SMEs promotional activities.³⁷⁶

Tasks, responsibilities, and functions of the Ministry of Industry

The Ministry of Industry’s main responsibility is in the industrial policy-making and also in the strategic development of Thailand’s industries. As this is one of the central aspects of foreign economic policy, the Ministry of Industry has a prominent engagement in foreign policy-making. It provides guidance to the industrial sector and keeps the sector informed of current trends in the domestic and international markets. The industrial private sector has thus been regarded as the main focus of the Ministry of Industry as well as the government. It has also been an influential actor in foreign policy-making and implementation. By working in cooperation with the industrial private sector, it has influenced Thailand’s foreign policy direction including the policy-making process. The policy-making process then involved more actors especially those who are non-state organizations. The Ministry aims to create opportunities and environments for investment in Thailand particularly by foreign investors. Foreign investment is viewed as an important aspect of Thailand’s foreign economic relations. This is due to the fact

³⁷⁴ Petroleum Authority of Thailand, viewed 19 November 2010, <<http://www.pttplc.com>.>

³⁷⁵ Office of the Cane and Sugar Board, viewed 20 November 2010, <<http://www.ocsb.go.th>.>

³⁷⁶ Office of Small and Medium Enterprises Promotion, viewed 20 November 2010, <<http://www.sme.go.th>.>

that foreign investments can strengthen relationships between Thailand and counterparts.³⁷⁷ The Ministry of Industry is also responsible for promoting and strengthening the competitive capability of Thailand's industries, enterprises, and entrepreneurs in the world market. It supervises industrial developments with the aim of achieving balance, sustainability, environmental friendliness, and Corporate Social Responsibility (CSR). The Ministry of Industry also has responsibility to coordinate and follow up performances under industrial development policies and strategies with related agencies and sectors in order to ensure that targets are met.³⁷⁸

The Ministry of Industry is organized into eight Departments. In terms of foreign economic policy, the Ministry of Industry is mostly involved in the policy implementation stage. Its Departments can be categorized into three groups based on their mission statements. Firstly, the mission units on industrial economics propose and suggest policy on industrial economics. These units prepare industrial development plans and monitor an industrial warning system in cooperation with international organizations or agencies. In addition these units have to provide the industrial community in Thailand with current information on industrial economics.³⁷⁹ The Office of Industrial Economics (OIE) is one of the operating units critically engaged in this mission. OIE integrates and implements industrial development policies, plans and strategies with an objective to increase the value and capacity of sustainable competitiveness.³⁸⁰ Secondly, the mission units on supervising and monitoring production processes have a duty to supervise, monitor, and promote industrial business in the mining, metallurgy, and fundamental industries. These units promote and enforce industrial safety, environment controls, and health and sanitation requirements.³⁸¹ Finally, the mission units on industries and entrepreneur promotion promote and support the development of industries and entrepreneurs in the country especially small and medium size industries as well as community industries. The Thai Industrial Standards Institution (TISI), the Office of Small and Medium Enterprises Promotion (OSMEP), the Industrial Estate Authority of Thailand (I-EA-T), and the Board of Investment of Thailand (BOI)

³⁷⁷ Interview with Dr.Surakiart Sathirathai.

³⁷⁸ *The Ministry of Industry of the Kingdom of Thailand*, viewed 18 November 2010, <<http://www.industry.go.th>.>

³⁷⁹ *The Ministry of Industry of the Kingdom of Thailand*, viewed 18 November 2010, <<http://www.industry.go.th>.>

³⁸⁰ *The Office of Industrial Economics*, viewed 19 November 2010, <<http://www.oie.go.th>.>

³⁸¹ *The Ministry of Industry of the Kingdom of Thailand*, viewed 18 November 2010, <<http://www.industry.go.th>.>

are agencies engaged in this mission. The government has legislated for these units to create and promote opportunities for investment in Thailand. As earlier mentioned, foreign investment promotion is one of the ways to establish and strengthen foreign relations between Thailand and other countries, and here, the Ministry of Industry plays an influential role in Thailand's foreign affairs. This mission panel also has a task to improve capabilities of Thailand in terms of competitiveness and to provide services on investment.³⁸²

The National Economic and Social Development Board (NESDB)

Among a number of economic-related government agencies, the NESDB has been a key agency in national economic policy formulation, including foreign economic policy. The NESDB was established in 1950 under the *National Economic and Social Development Act*. Initially, the council was known as the "National Economic Council" with a duty to provide advice, guidance, and clarification to the government regarding the country's economy. The Council was modified and its duties and roles increased in accordance with a new Act of Parliament in 1959 which reorganized it as a central agency with responsibility for the National Economic and Social Development (NESD) Plan. It should be noted that when formulating Thailand's trade policies, responsible ministries have to take into account the National Economic and Social Development Plan, which is set and monitored by the NESDB.³⁸³ In 1972, when the Plan-making process was expanded to include economic development, the Council was renamed "the National Economic and Social Development Board". Since 1978, under a new Act of Parliament, operations of the NESDB have been under the supervision of the Prime Minister's Office. The NESDB is the central planning agency responsible for strategic formulation of balanced and sustainable development while upholding the national interests.³⁸⁴ This reflects a significant role for the NESDB in Thailand's foreign economic policy-making as economics has been regarded as one of the central aspects of foreign policy.

³⁸² *The Board of Investment of Thailand*, viewed 20 November 2010, <<http://www.boi.in.th>>

³⁸³ Talerngsri, P & Vonkhorporn, P 2005, 'Trade Policy in Thailand: Pursuing a Dual Track Approach', *ASEAN Economic Bulletin*, vol. 22, no. 1, p.71.

³⁸⁴ *Office of the National Economic and Social Development Board*, viewed 21 October 2010, <<http://www.nesdb.go.th>>; Interview with Mr.Ampon Kitti-amphon, 28 December 2011.

Under the 1978 Act, the roles, functions, and directions of the NESDB were divided into two levels, the National Economic and Social Consultative Council, and the Office of National Economic and Social Development Board. The National Economic and Social Consultative Council has a duty to suggest and present opinions about national economic and social development to the cabinet. It also has to consider the NESD Plan together with other proposals before submitting them to the cabinet for consideration. Furthermore the National Economic and Social Consultative Council has a duty to consider issues requested by the Prime Minister regarding Thailand's economic and social development. These responsibilities have made the NESDB an influential participant in national economic policy formulation. The National Economic and Social Consultative Council, also known as a "mirror council"³⁸⁵ has a duty to coordinate between the NESDB and other related government agencies including state enterprises in the implementation of the NESD Plan, which is a major framework and a direction for national development. The Office of National Economic and Social Development Board has to review and revise the NESD Plan at five year intervals. This duty can reflect significant roles for the NESDB in national economic policy implementation. In order to implement the Plan, the NESDB has a considerable number of goals to accomplish. For example, it has to conduct surveys, studies, and analysis in relation to the current economic and social situation. This is utilized in Plan formulation and to propose policy measures to the government. The NESDB also has to analyze, monitor, and evaluate development plans together with projects from government agencies and state enterprises with the aim of achieving the intended purpose of the Plan. Furthermore, the NESDB participates as a development coordinator to convert plans into actions. The NESDB also aims to enhance public participation for national development through its public relations exercises.³⁸⁶ Enhancing public participation is an important indication that not only the non-traditional state actors but also the non-state actors play more direct roles in Thailand's foreign economic policy.

³⁸⁵ Chawapanan, S 2002, *Roles of the National Economic and Social Development Board and Thailand's Democratic Development*, Individual research document, King Prajadhipok's Institute, Bangkok (in Thai).

³⁸⁶ *Office of the National Economic and Social Development Board*, viewed 21 October 2010, <<http://www.nesdb.go.th>>; Interview with Mr. Ampon Kitti-amphon.; Chawapanan, S 2002, *Roles of the National Economic and Social Development Board and Thailand's Democratic Development*, Individual research document, King Prajadhipok's Institute, Bangkok (in Thai).

Tasks and responsibilities of the NESDB

The NESDB has many tasks in relation to Thailand's foreign economic policy. The NESDB aims to increase Thailand's trade and industrial capabilities in order to compete with others in the world market. The NESDB also has promoted economic coordination with Thailand's neighboring countries and ASEAN, and enhanced Thailand's reliability and creating strategic partnerships with influential countries or groups of powerful countries, and by strengthening Thailand's existing ties with its economic counterparts.³⁸⁷ The NESDB has accomplished and influenced several important plans and projects. When developing the master plan and the operating cooperation plan between Thailand and neighboring countries at the bilateral level, the NESDB was successful in negotiation with other countries to ensure the implementation of these plans. For example, in 2004, the NESDB participated in the making of Thailand-Malaysia Committee on Joint Development Strategy for border areas (JDS)³⁸⁸ and, in 2005, the NESDB participated in the making of Thailand-Vietnam Joint Strategy for Economic Partnership (JSEP).

In the formulation of strategic agreements on free trade and expansion of cooperation with international organizations, the NESDB was a member of the panel for strategic agreement-making on free trade. The panel was established in the late 1980s to create economic opportunities for countries with massive market and consumer capabilities. Free trade cooperation has been one of the main targets in the national foreign policy of governments since the 1990s and the NESDB then became a crucial actor in the establishment of these relationships. The NESDB also participated in negotiation conferences for free trade agreements with Thailand's important traders such as the US, Japan, the European Union, and Australia. As a participant in such conferences with Thailand's economic counterparts, the NESDB has played a more leading role than the Ministry of Foreign Affairs. This is because the NESDB has an economic expertise that the Foreign Ministry does not possess. Furthermore, the NESDB analyses points of issue in the negotiations and informs the government of the outcome of these negotiations and how the agreements affect Thailand's overall economic position. The NESDB also prepares measures to alleviate any negative impacts arising from these negotiations. These tasks are important in terms of Thailand's foreign economic policy-making as they inform

387 Interview with Mr. Ampon Kitti-amphon.

388 Interview with Mr. Ampon Kitti-amphon.

decision makers. The NESDB also has the responsibility to ensure that Thailand receives the highest possible benefits from other negotiation frameworks such as Asia-Pacific Economic Cooperation (APEC), ASEAN, and the WTO.³⁸⁹

In pushing forward strategic cooperation between Thailand and neighboring countries, the NESDB has engaged at many levels and stages since 1992. At the government leader level, the NESDB supported summit meetings among the member countries under various frameworks. For example, under the Greater Mekong Sub-region (GMS) with Cambodia, China (Yunnan Province and Guangxi Zhuang Autonomous Region), Laos, Myanmar, Thailand, and Vietnam, under the Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT), and under the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) with Cambodia, Laos, Myanmar, Thailand, and Vietnam. The NESDB engaged in a number of projects under the ACMECS framework to create jobs and increase incomes for Thai people who live on the border and for people in neighboring countries who live close to the Thai border. At this level, it can be seen that the NESDB's role in foreign economic cooperation is more prominent than the Ministry of Foreign Affairs particularly in dealing with the neighboring countries.

The NESDB also supported people living on the borders by providing access to education and financial opportunities in order to improve their quality of life and employment capabilities. This demonstrates not only the role of the NESDB in foreign economic policy-making but also indicates the involvement of the private sector particularly in foreign economic policy towards the neighboring countries. In this case, the NESDB performed as a coordinator in introducing non-state actors to the policy formulation process. In 2005, the NESDB coordinated government and private agencies in the Contract Farming Project along Thailand's borders. This project was initially pioneered in three provinces: Tak in the west, connecting with Myanmar; Chanthaburi in the east, connecting with Cambodia; and Loei in the northeast, connecting with Laos.³⁹⁰ This project became one of the signatures of the NESDB in Thailand's foreign economic policy towards the neighboring countries. It not only strengthened the relationships between Thailand

³⁸⁹ *Office of the National Economic and Social Development Board*, viewed 21 October 2010, <<http://www.nesdb.go.th>>; Interview with Mr. Ampon Kitti-amphon.

³⁹⁰ Interview with Mr. Ampon Kitti-amphon.

and the others but also improved economic development for people in the areas. The benefits of Contract Farming to the farming community at large depend on state policies for agricultural development in general, and for regulation and management of Contract Farming in particular, besides the promotion of local institutions. There are certain sectors that may require a more effective public sector or state intervention especially in technological and institutional innovations. The public sector has a role to play in institutional arrangements and innovations in the factor markets (land, labour, and capital), product markets (pricing, linkages, and standards), and product upgrading (R&D).³⁹¹ The significant role of the NESDB in Contract Farming which became a part of Thailand's foreign economic policy was also included in government's overall policy direction. The sixth NESD Plan (1986-1991) thus stated that "Contract Farming has proved viable and should be further promoted, on condition that the provisions of such agreements are amended to be more effective and beneficial to all parties concerned".³⁹² In addition, the NESDB supported the development of industrial bases in Thailand's neighboring countries by establishing industrial communities in Laos, Myanmar, and Cambodia under the ACMECS framework. The NESDB also supported neighboring countries in massive infrastructure developments through the Thailand International Development Cooperation Agency (TICA) and the Neighboring Countries Economic Development Cooperation Agency [Public Organization] (NEDA).³⁹³

The NESDB has increased Thailand's competitive capability particularly in the area development such as the border economic zone and the Special Economic Zone (SEZ). The NESDB conducted a development strategy for constructing an "economic zone" as a potential area for investments both from inside and outside the region since 1960s-1970s. This project was carried out by building new investment sources for investors in order to receive the highest interest especially from reduced costs and convenient access to markets in the region. As a result, the NESDB established border economic zones in many areas. For instance, the Special Border

³⁹¹ Singh, S 2005, 'Role of the State in Contract Farming in Thailand: Experience and Lessons', *ASEAN Economic Bulletin*, vol. 22, no. 2, p.218.

³⁹² Singh, S 2005, 'Role of the State in Contract Farming in Thailand: Experience and Lessons', *ASEAN Economic Bulletin*, vol. 22, no. 2, p.219.

³⁹³ Interview with Mr. Ampon Kitti-amphon.

Economic Zone in Chiang Rai Province which was established in 2003 to connect the Southern part of China with other Northern provinces of Thailand such as Chiang Rai, Chiang Mai, and Lamphun, and the Special Border Economic Zone in Tak Province which was established in 2004 and was developed to serve as an investment base particularly for the agricultural sector in accordance with a development in Myawadi District, a principal city in Myanmar under the GMS framework.³⁹⁴

Conclusion

As a consequence of the end of the Cold War, international politics has focused more on new issues in which administrations in many countries including Thailand have had insufficient expertise. The new international trends mostly involved issues of trade, investment, finance, labour, information technology, and intellectual property. Challenged by these new complex issues, government bodies in Thailand that had previously played direct roles in foreign affairs such as the military, security-based agencies and the Ministry of Foreign Affairs were unable to formulate and implement effective foreign policy. As a result, these traditional actors had to cooperate more with new actors; both non-traditional state actors and non-state actors.

This Chapter discussed non-traditional state actors, in other words the economic-related government agencies, which included the Ministry of Commerce, the Ministry of Industry, and the National Economic and Social Development Board (NESDB). These agencies were established before the late 1980s and gradually engaged in Thailand's foreign policy in both the formulation and implementation processes. Nevertheless, since 1988, their involvements in Thailand's foreign affairs have become prominent and they have been recognized as important participants. For example, representation by the Ministry of Commerce and the Ministry of Industry in various international forums especially international trade negotiations, posting representatives and delegates from the Ministry of Commerce for non-traditional diplomatic tasks in countries and cities essential to Thailand's economy particularly at the World Trade Organization (WTO) where the top diplomatic positions are recruited from the Ministry of Commerce instead of the Ministry of Foreign Affairs. Further, the NESDB's had responsibility

³⁹⁴ *Office of the National Economic and Social Development Board*, viewed 21 October 2010, <<http://www.nesdb.go.th>>; Interview with Mr.Ampon Kitti-amphon.

for the formulation of the National Economic and Social Development (NESD) Plan together with advice to cabinet about national economic and social development and coordinating with related government agencies including state enterprises in the implementation of the Plan.

However, as stated earlier that the involvement of these non-traditional state actors in Thailand's foreign policy-making were limited to foreign economic policy. Moreover, although these agencies worked under the Council of International Economic Advisors (CIEA) to oversee policies and issues in international economic relations, they still perform separately based on their assigned tasks and responsibilities. Furthermore, these actors participated only in some aspects of foreign policy and only in policy towards specific countries essential for Thailand's economic interests. Most of the country's foreign policy-making process is still based on the interest coordination between the ruling political parties and officials in the Ministry of Foreign Affairs. The next Chapter will discuss the other group of new actors, non-state actors, whose involvement in Thailand's foreign policy-making has gradually become crucial and prominent since the late 1980s. As they are non-state actors, differ significantly from the state actors appearing in this Chapter in various aspects: origins, characteristics, performance, and engagement in politics as well as in national policy-making.

Chapter V

Non-state actors in Thailand's Foreign Policy-making

This Chapter discusses non-state actors that play a direct role in Thai foreign policy-making. These actors have emerged as a new influence for several reasons including domestic political transitions, economic circumstances, the new foreign policy direction of the government, and the trend of the post-Cold War world. They include business associations, the national and provincial Chambers of Commerce, the Federation of Thai Industries, and the Thai Banker's Association. Such organizations can influence Thailand's foreign policy-making in various ways. They can utilize their business connections with policy decision makers. They can also exercise influence through their financial support to political parties. When party leaders form government, they may subsequently produce beneficial foreign policy outcomes, particularly for their supporters in business and commerce. In addition, the non-state actors can play more influential roles in Thai foreign policy formulation through established channels that connect the public and private sectors.

The following discussion is in three parts. The first part will explain the emergence of non-state actors by uncovering their rise through several important events in Thailand namely; the economic crisis in the 1980s, the policy of "turning battlefields into marketplaces" in 1988, the 1992 uprising, and the 1997 Asian economic crisis. The second part is an in-depth study of the non-state actors describing who they are, their genesis, their development, and how they have become a crucial part of society. This also includes the establishment of channels enabling these non-state actors to engage more in national policy-making through the Joint Public-Private Consultative Committee (JPPCC), as well as at the provincial level. The third part will further explore the joint public-private committees; the JPPCC and the Provincial-JPPCC which have been employed by the non-state actors to influence Thai foreign policy directions. This will provide an analysis of these processes based on how effective they are as a connecting channel between the government and the private sector.

The emergence of non-state actors

According to the theory of Liberalism, the state is not a unitary actor in international politics, while the individual is also an important unit of analysis. Moreover, non-state actors are significant entities in world politics since these non-state and transnational actors are gradually breaking down nation-state boundaries, thereby transforming International Relations (IR) in the process. Such non-state actors would include International Organizations, Non-governmental Organizations, and Multinational Corporations.

Since the 1970s, non-state actors have emerged as a new player in world politics and have achieved greater participation in the global political economy. Keohane and Nye demonstrated that “International commercial arbitration is basically a private justice system and credit rating agencies are private gate-keeping systems. Along with other such institutions, they have emerged as important governance mechanisms whose authority is not centered in the state.”³⁹⁵ These actors have been increasingly involved in many crucial issues at the international level. They can also form an important part of the worldwide environment which affects the possibilities and probabilities of state actions.

There are multiple forms of non-state actors. Through different structures, these actors can be construed with different objectives, functions, and capabilities to exert influence in the international arena. They can be roughly divided into three types.

Firstly, International Organizations (IOs) are actors composed of states, and consist of individuals sent as delegates to an organization to represent the interests and policies of their governments. IOs serve in limited ways by performing specific functions on behalf of member states. They have become an influential player in interstate relations because they are capable of affecting the policy behavior of members. Currently IOs are regarded as an essential mechanism in the international community that involves not only state affairs but also the daily life of individuals in the state. IOs include the United Nations (UN), the European Union (EU), the

³⁹⁵ Keohane, R & Nye, J 2001, *Power and Interdependence*, Longman, New York, p.261.

World Health Organization (WHO), the International Labor Organization (ILO), and the Association of Southeast Asian Nations (ASEAN).³⁹⁶

Secondly, international Non-governmental Organizations (NGOs) are private international actors that cut across national boundaries. They are made up of individuals or national groups which usually deal with a variety of interests, and would include religious bodies, professional organizations, sports organizations, trade union groups, and political parties. The distinct functional tasks of NGOs for example, lightly based themselves with the bureaucracy and working more on people-to-people level allows them to perform below the state level by promoting contact across state boundaries on matters of common interest and providing non-governmental means of communication among individuals of many nations.³⁹⁷

Finally, Multinational Corporations (MNCs) are non-state actors with large economic resources. They have their own spheres of influence through the division of world markets. Their performances can affect the policies of governments and the welfare of people. MNCs have become deeply involved in the domestic political processes of host countries through outright bribery, support of specific political parties or candidates, and financing coups. Oil companies, for example, would still have tremendous impact with their pricing and marketing policies even if they did not directly try to change the policies or personnel of national governments.³⁹⁸

However, non-state actors are not only transnational figures, they also include sub-national organizations. Although these organizations mostly perform at a national level, they have capabilities to engage in a state's foreign affairs. Their actions can also shape foreign policy. These actors exist in many forms for example, interest groups, business associations, and chambers of commerce. They are important representatives of domestic factions that have never traditionally participated in politics and national policy-making. As a result of the engagement of

³⁹⁶ Russett, B Starr, H & Kinsella 2006, *World Politics: The Menu of Choice*, Thomson Wadsworth, Belmont, pp.65-69.

³⁹⁷ Russett, B Starr, H & Kinsella 2006, *World Politics: The Menu of Choice*, Thomson Wadsworth, Belmont, pp.69-70.

³⁹⁸ Russett, B Starr, H & Kinsella 2006, *World Politics: The Menu of Choice*, Thomson Wadsworth, Belmont, pp.70-71.

sub-national organizations in domestic and international politics, decision makers and policy practitioners are “forced” to concentrate more on the organizations’ performance and critically consider their project proposals.³⁹⁹

The emergence of non-state actors in Thailand

In Thailand’s case, non-state actors comprise the economic and business-based private sector organizations. Their emergence and involvement in Thai politics especially in foreign policy-making can be observed through four major events.

Economic crisis in the 1980s

The influence of the new potential political actors began in the early 1980s when Thailand experienced a severe economic crisis. The crisis began with increases in oil prices in 1980 that brought Thailand a balance of trade deficit. The deficit rate of 6% of Gross National Product (GNP) in 1978 increased to 8% in 1979 and 1980. Failure to make an oil payment critically worsened Thailand’s foreign debt from an average 14.3% per year in 1971-1975 to 47% in 1979-1980.⁴⁰⁰ Moreover, massive public investment to achieve a goal of self-sufficiency in energy, together with the uncertainty of oil prices, led to state enterprises being responsible for half of the public deficit from 1977-1980 followed with high inflation during 1977-1979.⁴⁰¹ These factors reduced economic growth from an average of 7.7% annually in the 1970s to 5.3% in the 1980s. The economic growth rate was less than expected. The economic growth rate in 1981 was between 6.5%-7% which was lower than the average growth rate of 8%-9% in the late 1970s.⁴⁰²

In order to maintain the national growth rate without any negative effects on financial status, the government had to reduce investment and the expenses of the public sector. These measures included tariff reductions to make industries more competitive, lifting domestic price controls on petroleum, and eliminating controls that limited exports. In 1981 the government also devalued

³⁹⁹ Russett, B Starr, H & Kinsella 2006, *World Politics: The Menu of Choice*, Thomson Wadsworth, Belmont, p.71.

⁴⁰⁰ Neher, C D 1992, ‘Political Succession in Thailand’, *Asian Review*, vol. 32, no. 7, p.593.

⁴⁰¹ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

⁴⁰² Niksch, L 1982, ‘Thailand in 1981: The Prem Government Feels the Heat’, *Asian Survey*, vol. 22, no. 2, p.195.

the Baht against the US Dollar to increase exports, and reduce trade and balance of payments deficits.⁴⁰³ The government had to develop a new means of cooperation with the private sector as an essential mechanism for national growth. This enabled the government to establish a stable channel of communication with the private sector in order to support its roles in business and economic aspects.⁴⁰⁴ The cooperation with the private sector was the first time that the roles of the private sector were recognized by the government. It led to an unprecedented official public-private cooperation in Thailand, mainly in economic affairs. In addition, the private sector, especially in areas such as the export industry, grew and became an engine for development. Thus the business sector exerted a great influence on the policy-maker.⁴⁰⁵ As a result of cooperation between the government and the private sector, Thailand was able to recover from the crisis. Thailand then enjoyed political stability for eight years under the administration of General Prem Tinsulanonda. Furthermore, Thailand became a destination for foreign investment. All of these factors led to a rapid economic expansion of the country. The economic expansion also produced massive benefits for the private sector. Many business and industrial elites were persuaded to enter politics, and provided financial and political support for political parties. When in government these recipients implemented beneficial policies for the business empires of their supporters.

The policy of “turning battlefields into marketplaces” in 1988

The role of non-state actors particularly in Thai foreign economic policy-making became more prominent in the late 1980s. This was mainly due to the foreign policy direction of the newly elected government. After Prime Minister Chatichai Choonhavan introduced his new direction of “turning battlefields into marketplaces” in 1988, the Thai economy began to strengthen. Thailand’s economy had been transformed from an import substitution to an export-led economy after 1972 when the Industrial Promotion Act came into force.⁴⁰⁶ The economic interests of the

⁴⁰³ Nicksch, L 1982, ‘Thailand in 1981: The Prem Government Feels the Heat’, *Asian Survey*, vol. 22, no. 2, p.196.

⁴⁰⁴ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

⁴⁰⁵ Siroros, P & Haller, Kenneth J 1994, ‘“Thai-Style” Contractual Relationships: Two Case Studies’, *Contemporary Southeast Asia*, vol. 16, no.3, p.320.

⁴⁰⁶ Talerngsri, P & Vonkhorporn, P 2005, ‘Trade Policy in Thailand: Pursuing a Dual Track Approach’, *ASEAN Economic Bulletin*, vol. 22, no. 1, p.61.

country became a government priority. The government wanted to create opportunities for the private sector to increase trade with the Indochinese countries. The government believed that trade relations with neighboring countries could establish collective trust that would lead to regional stability. As a result, political openness, through the participation of the non-security agencies, was introduced into Thai society in order to avoid economic impacts, particularly on trade-based relations, with neighboring countries. This stimulated more engagement in trade policy-making from various groups in both the public and private sectors.

Since the late 1980s Thailand has moved increasingly and rapidly into the ranks of the newly industrializing countries (NICs). In 1988, growth in Gross Domestic Product (GDP) was over 10%, arising from a strong expansion in many sectors such as industrial output, agriculture, and construction. Furthermore, prudent financial management stabilized the inflation rate within the maximum band of 5% per annum during the early 1990s.⁴⁰⁷ A strong cycle of private investment together with foreign investment and manufactured exports also stimulated growth. An increase in tourism bolstered financial stability, and prevented any rise of external debt.⁴⁰⁸ Overall exports grew by over 34% in 1988 reaching \$USD8.46 billion, while foreign investment was financing most of the account deficit. Favorable interest rates and export growth reduced the ratio of foreign debt repayment to export earnings to 14%.⁴⁰⁹ The major exported products were mostly agricultural and processed food, accounting for almost 50% of the total average export value.⁴¹⁰ After 1986, manufactured exports grew at an annual rate of 31.8% compared with 14% growth in primary products.⁴¹¹ In addition, the education rate rose significantly with an increase in the number of people with higher education from 2% of the population in the 1960s to over 15% in the 1980s. This new Thai middle class that were young, well educated, and employed in the professions, in executive, managerial, administrative, or technical positions, represented over

⁴⁰⁷ Talerngsri, P & Vonkhorporn, P 2005, 'Trade Policy in Thailand: Pursuing a Dual Track Approach', *ASEAN Economic Bulletin*, vol. 22, no. 1, p.61.

⁴⁰⁸ Nicksch, L A 1989, 'Thailand in 1988: The Economic Surge', *Asian Survey*, vol. 29, no. 2, p.165.

⁴⁰⁹ Nicksch, L A 1989, 'Thailand in 1988: The Economic Surge', *Asian Survey*, vol. 29, no. 2, p.166.

⁴¹⁰ Talerngsri, P & Vonkhorporn, P 2005, 'Trade Policy in Thailand: Pursuing a Dual Track Approach', *ASEAN Economic Bulletin*, vol. 22, no. 1, p.61.

⁴¹¹ Athukorala, P & Suphachalasai, S 2004, 'Post-crisis Export Performance in Thailand', *ASEAN Economic Bulletin*, vol. 21, no. 1, p.21.

7% of the total number of employed persons.⁴¹² Most of them were urban white-collar workers, professionals, and business owners.⁴¹³ This new middle class later became the influential political force that gradually challenged the key dominant group, the so called “elites” of Thai society, such as military officers and political leaders. This economic development and growth was due to both the prudent fiscal and financial policies pursued by officials at the Ministry of Finance and the Bank of Thailand, who managed to remain relatively independent of political interference, and to the entrepreneurialism of local business people.⁴¹⁴

The economic transition of the 1980s strengthened the links between technocrats and business. This significantly boosted the role of technocrats whose skills were needed to manage major changes in economic pace and direction. For instance, the National Economic and Social Development Board (NESDB) was elevated to a more prominent role in making and implementing economic policy.⁴¹⁵ Unelected individuals, technocrats, politicians and wealthy party backers were increasingly appointed to key government economic posts.⁴¹⁶ Thailand’s foreign relations were increasingly associated with economics, resulting in high-level business and industrial entrepreneurs, as well as some specific occupational groups, having greater participation in the policy-making process.

The 1992 Uprising

Although this event was not directly involved with the increased engagement of non-state actors in Thai foreign policy-making, it was an important event that influenced the withdrawal from politics by the military. It led to more openness in Thai politics including foreign policy formulation. In addition, as politics and foreign policy were expected to be less security-oriented,

⁴¹² Paribatra, S 1993, ‘State and Society in Thailand: How Fragile the Democracy?’, *Asian Survey*, vol. 33, no. 9, p.884.

⁴¹³ Englehart, N A 2003, ‘Democracy and the Thai Middle Class: Globalization, Modernization, and Constitutional Change’, *Asian Survey*, vol. 43, no. 2, p.256.

⁴¹⁴ Chotiya, P 1997, ‘The Changing Role of Provincial Business in the Thai Political Economy’, in *Political Change in Thailand*, ed K Hewison, Routledge, London and New York, p.251.

⁴¹⁵ Phongpaichit, P & Baker, C 1997, ‘Power in Transition: Thailand in the 1990s’, in *Political Change in Thailand*, ed K Hewison, Routledge, London and New York, p.27.

⁴¹⁶ Niksch, L A 1989, ‘Thailand in 1988: The Economic Surge’, *Asian Survey*, vol. 29, no. 2, p.168.

due to the decline in military influence; the business-based private sector was able to play a more influential role in economically-oriented policy-making in various ways.

The 1992 uprising enabled the middle class of Thai society such as business owners, managers and professionals that had emerged in the late 1980s to gain dominance over the security-oriented state. The conflict began with a demonstration encouraged by Bangkok Governor, retired Major General Chamlong Srimuang, the leader of the Phalang Dharma Party. Chamlong decided to instigate a hunger strike as a protest against the military regime. Despite a previous statement expressing no intention to get involved in politics, a member of the 1991 coup junta⁴¹⁷, General Suchinda Kraprayoon was voted to be the Prime Minister by the military-backed political parties. General Suchinda, Supreme Commander and Head of the Army, had previously pledged that neither he nor his fellow National Peace Keeping Council (NPKC), Air Chief Marshal Kaset Rojananin, wanted to be Prime Minister.⁴¹⁸ In addition Suchinda announced a controversial cabinet which comprised eleven Ministers who had been investigated by an anti-graft panel and declared to be “unusually wealthy”.⁴¹⁹ The outcome of the uprising was bloody chaos in Bangkok, where soldiers were deployed to control the situation and suppress the protesters.

The demonstrations included professionals, health-care workers, business people, slum dwellers, workers, and farmers.⁴²⁰ Although the demonstrators were mostly middle class residents of Bangkok and surrounding urban areas,⁴²¹ they were described as cell phone-wielding demonstrators pulling up in their Mercedes’.⁴²² The uprising occurred not just in Bangkok but expanded to many major provincial cities and towns across the country, where provincial

⁴¹⁷ Neher, C D 1992, ‘Political Succession in Thailand’, *Asian Review*, vol. 32, no. 7, p.603.

⁴¹⁸ Moncrieff, A 1992, ‘Thailand: staggering back to democracy’, *The World Today*, vol. 48, no.3, 49.

⁴¹⁹ Neher, C D 1992, ‘Political Succession in Thailand’, *Asian Review*, vol. 32, no. 7, pp.601-602.

⁴²⁰ Callahan, W A 1995, ‘Non-Governmental Organization, Non-Violent Action, and Post-Modern Politics in Thailand’, *Sojourn: Journal of Social Issues in Southeast Asia*, vol. 10, no. 1, p.91.

⁴²¹ Paribatra, S 1993, ‘State and Society in Thailand: How Fragile the Democracy?’, *Asian Survey*, vol. 33, no. 9, pp.888-889.

⁴²² Englehart, N A 2003, ‘Democracy and the Thai Middle Class: Globalization, Modernization, and Constitutional Change’, *Asian Survey*, vol. 43, no. 2, p.262.

businessmen joined hands with NGO activists.⁴²³ The anti-Suchinda movement was broad based including elected politicians, former bureaucrats and military officers, NGO leaders, to former 1970s student activists who were now in successful careers in the private sector. The reconciliation suggested by His Majesty King Bhumipol Adulyadej ended the turmoil. The King called for calm and compromise between all factions through an agreement of an amnesty for everyone involved in the demonstrations. In exchange for this, the reconciliation required constitutional amendments designed to reduce the military's dominance, and this encouraged Chamlong and Suchinda to peacefully resolve the crisis.⁴²⁴

As a result, the military was forced to withdraw from politics. The political roles of the military were drastically reduced and the purposes of the Armed Forces were only to safeguard Thailand's military and security interests, including arms procurement.⁴²⁵ Military officers who had been appointed to advisory boards in various state enterprises were removed. For example, General Issarapong Noonpakdi, the Army Commander-in-Chief, was ousted as the Chairman of the Telephone Authority, Air Chief Marshal Kaset Rojananin, the Supreme Commander of the Royal Thai Armed Forces was removed as the Chairman of Thai Airways International, and Air Chief Marshal Anant Kalinta was ousted as the Chairman of the Communications Authority in Thailand.⁴²⁶

With the withdrawal from politics of the military, the public began to call for transparency and accountability in political and bureaucratic structures. The requirement for "good governance" was gradually highlighted amidst claims that the lack of transparency, prevalence of nepotism, cronyism, and corruption were sources of Thailand's political instability.⁴²⁷

⁴²³ Chotiya, P 1997, 'The Changing Role of Provincial Business in the Thai Political Economy', in *Political Change in Thailand*, ed K Hewison, Routledge, London and New York, pp.251-252.

⁴²⁴ Neher, C D 1992, 'Political Succession in Thailand', *Asian Review*, vol. 32, no. 7, p.604.

⁴²⁵ Samudavanija, C 1997, 'Old soldier never die, they just bypassed: military, bureaucracy, and globalization', in *Political Change in Thailand*, ed K Hewison, Routledge, London and New York, p.55.

⁴²⁶ Handley, P 1992, 'Military in Retreat', *Far Eastern Economic Review*, vol. 155, no. 31, p.57.

⁴²⁷ Pongsapich, A 1999, 'Politics of Civil Society', *Southeast Asian Affairs*, p.333.

Official policy-making now concentrated on improving the people's economic well-being, especially for business groups and the community at the grassroots level. Furthermore, there were hopes that the middle class would play a leading role in introducing more liberal and democratic changes which would then lead to a more benign state.⁴²⁸ This encouraged many new players from the business-based private sector to participate in national policy formulation. They realized the more influence they had, the more benefits they accrued, particularly when economic relations between neighboring countries were vastly improved.

Thus the private sector was able to influence economic and trade policies in many ways. Firstly, they had access to established Patron-Client relationships with elites and technocrats. Secondly, they hired academic scholars to conduct research on economic policy, and thereafter presenting the research findings publicly. These findings were utilized to initiate public support for a referendum in order to create changes in policy direction. Thirdly, they created a strong relationship with the media by offering to pay their commercial expenses, and by organizing reception activities, in exchange for valuable information on policy formulation and favourable news and opinions. Finally, they tightened their close relationships with Members of Parliament, especially those in specific committees who were potential channels for lobbying an agenda to receive higher government consideration.⁴²⁹

The 1997 Asian economic crisis

The economic crisis of 1997 was significantly similar to the one in the 1980s in that it intensified the influence of non-state actors in Thailand's foreign policy-making. Both crises required greater engagement of business-based private sector organizations, particularly through public-private cooperation. Furthermore, as the crisis involved other Asian countries, the roles of Thai non-state actors in Thailand's foreign affairs were prominent at the regional level.

⁴²⁸ Chotiya, P 1997, 'The Changing Role of Provincial Business in the Thai Political Economy', in *Political Change in Thailand*, ed K Hewison, Routledge, London and New York, p.252.

⁴²⁹ Thanapornpun, R 2003, *The Process of Economic Policy Decision Making in Thailand*, Kobfai Publishing Project, Bangkok (in Thai); Pongsutthirak, T & Sally, R 2008, *International Trade Negotiation*, Chulalongkorn University, Bangkok (in Thai).

Generally, major economic crises serve as a kind of reality check. In other words, economies may only be able to temporarily resist or marginalise the implications of change in the global environment. For many countries in Asia, the 1997 crisis brought them face-to-face with the realities of the new global economic order.⁴³⁰ The 1997 economic crisis was primarily a currency issue. It was the consequence of many issues such as speculative attacks, an artifact of premature liberalization of capital flows, a bankers' panic, and a crisis of Asian values. In Thailand, the crisis emerged despite the fact that the Thai system had been managed with fiscal conservatism and competence, achieving a full government budget surplus and limited foreign debt. However, this quickly developed into a huge domestic real estate bubble and an unstable level of short-term foreign debt. The emerging financial bubble meant huge but profitless investment.⁴³¹ This can be illustrated chronologically. In 1995, Bangkok real estate residential property exhibited a 40% vacancy. In 1996, 4,700 condominiums were sold with 12,500 remaining unsold. In 1997, 60% of all newly completed office space remained vacant while prices stayed flat despite the huge oversupply. Demand and supply eventually converged squeezing the real estate bubble until it popped with a bang that destroyed Thailand's entire economy and financial system.⁴³² Nevertheless, although the Thai bubble was produced by overpriced real estate, overextended banks, and inflated primarily with foreign currency; bubbles in China and Japan worsened the crisis. When the affected real estate in Thailand and Japan together with industrial companies in China and South Korea imploded, companies were unable to pay their loans which threatened to bankrupt the banks.⁴³³

Moreover, Thailand had previously maintained high interest rates to contain inflation in a booming economy and controlled the exchange rate in order to stabilize trade prices and limit inflation. Therefore, the Thai authorities gradually allowed a freer flow of foreign currency

⁴³⁰ Phongpaichit, P & Baker, C 2007, 'Thai Capital after the Asian Crisis', *Economic and Political Weekly*, vol. 42, no. 50, p.58.

⁴³¹ Overholt, W H 1999, 'Thailand's Financial and Political Systems: Crisis and Rejuvenation', *Asian Survey*, vol. 39, no. 6, p.1010.

⁴³² Overholt, W H 1999, 'Thailand's Financial and Political Systems: Crisis and Rejuvenation', *Asian Survey*, vol. 39, no. 6, p.1011.

⁴³³ Overholt, W H 1999, 'Thailand's Financial and Political Systems: Crisis and Rejuvenation', *Asian Survey*, vol. 39, no. 6, pp.1012-1013.

exchange. Arbitrageurs borrowed the US Dollar at low interest rates and turned them into Baht to earn high interest rates with a confidence that the currency was controlled and earnings could be converted back into the Dollar without fear of loss. The exchange liberalization process was accelerated by a Thai institution, the Bangkok International Banking Facility (BIBF). BIBF was an offshore banking facility that allowed international banking business to be conducted in Thailand under an equivalent tax and regulatory environment offered by other financial centres in the world.⁴³⁴ The government also allowed banks licensed by the BIBF to take deposits and lend in foreign currency to overseas customers at highly preferential tax rates. When foreign banks received an opportunity from the BIBF to create new branches in Thailand and expand their presence in the Thai market, foreign money was heavily invested in Thailand's finance companies and banks with little hope of financial return. The consequence of this was a collapse in corporate earnings growth, the current account balance, and the credit worthiness of the entire financial system. 47% of all loans from banks and finance companies were not repaid which led to the immediate closure of 58 failed finance companies.⁴³⁵ Furthermore, economic suffering generated fears of an undemocratic intervention in Thai politics, such as military pressure on the elected government, the installation of an unelected prime minister, or even a military coup.⁴³⁶

The financial crisis gripped many countries in Asia, raising fears of a worldwide economic meltdown due to a spread of a financial contagion from the collapse of the Thai Baht. The exchange rate of the Thai Baht plunged from 24.53 = \$USD1 in April 1997 to 53.74 = \$USD1 in January 1998. Thailand's stock market declined from 1,415 points on February 1996 to a low of 207 points on September 1998. Fifty-six finance companies were closed and the entire capital of the banking system was wiped out. Over half of all bank assets turned into nonperforming loans (NPLs) which the percentage increased to 7.7%. Some 69,000 companies went into debt

⁴³⁴ Krongkaew, M 1995, 'Thailand's Internationalization and Its Rural Sector', *ASEAN Economic Bulletin*, vol. 11, no. 3, p.309.

⁴³⁵ Overholt, W H 1999, 'Thailand's Financial and Political Systems: Crisis and Rejuvenation', *Asian Survey*, vol. 39, no. 6, pp.1013-1014.

⁴³⁶ Englehart, N A 2003, 'Democracy and the Thai Middle Class: Globalization, Modernization, and Constitutional Change', *Asian Survey*, vol. 43, no. 2, p.266.

restructuring, and two-thirds of all Thai companies had no capital.⁴³⁷ When the government decided to float the Thai currency, cutting its peg to the US Dollar, after exhaustive efforts to support it in the face of a severe financial overextension driven by real estate, it was necessarily granted emergency aid from the International Monetary Fund (IMF). However, unlike in Malaysia and South Korea, Thai policy makers had no strategy to rescue Thai domestic capital. Hence, there was no attempt to bargain with the IMF over the initial strategy to manage the crisis. The IMF proposals were designed to manage a crisis brought on by government mismanagement and public indebtedness and were totally inappropriate for a crisis brought on by failure to manage flows of commercial finance.⁴³⁸ Aid from IMF provided Thailand a recovery plan with high interest rates to defend the currency, and fiscal austerity in order to reduce imports and increase reserves.⁴³⁹

The government also decided to implement a number of measures to alleviate Thailand's severe economic circumstances. Some of these measures included, streamlining import and export procedures, improving transparency in customs practices, the continuation of tariff reduction, strengthening the anti-corruption regime, privatizing state-owned enterprises, introducing competition law, modifying intellectual property legislation to implement World Trade Organization (WTO) agreements on Trade Related Intellectual Property Rights (GATS), and encouraging regional partners.⁴⁴⁰ Furthermore, the government attempted to stimulate the economic recovery by reducing the value-added tax from 10% to 7% and encouraged a substantial reduction in interest rates. The government also set a stimulative budget deficit of 6% of GDP and spent the Japanese Miyazawa funds, amounting to 2.5% of GDP, to create as

⁴³⁷ Overholt, W H 1999, 'Thailand's Financial and Political Systems: Crisis and Rejuvenation', *Asian Survey*, vol. 39, no. 6, p.1010.

⁴³⁸ Phongpaichit, P & Baker, C 2007, 'Thai Capital after the Asian Crisis', *Economic and Political Weekly*, vol. 42, no. 50, p.59.

⁴³⁹ Overholt, W H 1999, 'Thailand's Financial and Political Systems: Crisis and Rejuvenation', *Asian Survey*, vol. 39, no. 6, p.1015.

⁴⁴⁰ Talerngsri, P & Vonkhorporn, P 2005, 'Trade Policy in Thailand: Pursuing a Dual Track Approach', *ASEAN Economic Bulletin*, vol. 22, no. 1, p.61.

many as 500,000 jobs.⁴⁴¹ Thailand had to decrease its level of industrial protection as well as general trade protectionist measures while embracing freer foreign investments. The government also assured foreigners that Thailand had sufficient funds to pay \$USD90,000 million debt which would be obtained from exporting Thai products.⁴⁴²

The crisis was widely seen as linked to deep flaws in Thailand's political and economic institutions whereby the private sector had lived beyond its means. Additionally, the government had failed to regulate private speculators. This convinced the public that major constitutional changes creating a more domestically accountable and transparent system were necessary.⁴⁴³ Since most problems were occurring in the private sector, the government cooperated more with that sector, creating a "business friendly environment" to facilitate business resolutions. The private sector, on the other hand, had to participate more in state enterprises.⁴⁴⁴ The Provincial Chambers of Commerce became an important mechanism for coordination between businesses and the public sector.⁴⁴⁵ In addition, Thailand had to restructure some of its bureaucracies and private firms. The government also undertook bold steps to address weak corporate governance after the 1997 financial crisis, including enhanced accounting practices, information disclosure, and strengthened auditing regulations that met international standards.⁴⁴⁶ In 1999, the government endorsed the new bankruptcy law introducing the financial principle of transparency to every dimension of society through a freedom of information facility.⁴⁴⁷ The Siam Commercial Bank (SCB) was then restructured to implement transparent accounting practices,

⁴⁴¹ Overholt, W H 1999, 'Thailand's Financial and Political Systems: Crisis and Rejuvenation', *Asian Survey*, vol. 39, no. 6, p.1024.

⁴⁴² Panitchpakdi, S2001, *Roles of Thailand in the World Economic Stage*, The Ministry of Commerce, Bangkok (in Thai), p.8.

⁴⁴³ Pongsapich, A 1999, 'Politics of Civil Society', *Southeast Asian Affairs*, p.329.

⁴⁴⁴ Panitchpakdi, S2001, *Roles of Thailand in the World Economic Stage*, The Ministry of Commerce, Bangkok (in Thai), pp.16-17.

⁴⁴⁵ Panitchpakdi, S2001, *Roles of Thailand in the World Economic Stage*, The Ministry of Commerce, Bangkok (in Thai), p.49.

⁴⁴⁶ Talerngsri, P & Vonkhorporn, P 2005, 'Trade Policy in Thailand: Pursuing a Dual Track Approach', *ASEAN Economic Bulletin*, vol. 22, no. 1, p.61.

⁴⁴⁷ Overholt, W H 1999, 'Thailand's Financial and Political Systems: Crisis and Rejuvenation', *Asian Survey*, vol. 39, no. 6, p.1019.

realistic asset valuations, and improved information technology which resulted in a more than 30% reduction in the amount of its NPLs.⁴⁴⁸ Thailand was expected to have more liberalization in its monetary services and communications.⁴⁴⁹ The crisis forced Thailand to embrace more free trade and foreign investments. For example, in 1998, the Netherland's ABN Amro Bank purchased a 75% stake in Thailand's Bank of Asia, and the Development Bank of Singapore became a major shareholder of Thai Danu Bank. In 1999, Britain's Standard Chartered Bank purchased a 75% stake in Nakornthon Bank, US Citibank and Hong Kong and Shanghai Banking Corp. were in negotiations to buy a bank in Thailand, and Bangkok Bank and Thai Farmers Bank allowed foreign partners to own considerable shares in them.⁴⁵⁰

These severe circumstances influenced Thailand to concentrate less on security issues, and more on economic aspects such as trade and investment, especially with foreign countries. The crisis also forced Thailand to focus more on export-oriented production. Moreover, the composition of Thailand's exports after the economic crisis significantly changed. Machinery and manufactured products became the major export products, signifying the emergence of intra-industry trade, partly governed by networking of multinational enterprises.⁴⁵¹ The direction of Thailand's trade policy has not changed substantially since this financial crisis. Thailand has remained committed to trade and investment liberalization, as a means of improving competitiveness and achieving the objective of alleviating poverty, by strengthening the domestic economy and integrating Thailand into the global economy. This was also known as the "dual-track" approach. ASEAN had become the major trading partner of Thailand in addition to the EU, Japan, and the USA. Thailand has also intended to expand bilateral regional trading arrangements with various countries namely Australia, China, and India. These policies were implemented to enhance and

448 Bowornwathana, B 2000, 'Thailand in 1999: A Royal Jubilee, Economic Recover, and Political Reform', *Asian Survey*, vol. 40, no. 1, p.91.

449 Pongsutthirak, T & Sally, R 2008, *International Trade Negotiation*, Chulalongkorn University, Bangkok (in Thai).

450 Bowornwathana, B 2000, 'Thailand in 1999: A Royal Jubilee, Economic Recover, and Political Reform', *Asian Survey*, vol. 40, no. 1, p.91.

451 Talerngsri, P & Vonkhorporn, P 2005, 'Trade Policy in Thailand: Pursuing a Dual Track Approach', *ASEAN Economic Bulletin*, vol. 22, no. 1, p.61.

maintain competitiveness, protect economic benefits, gain greater access to overseas markets, and transform the country into an investment hub in the region.⁴⁵²

Moreover, in 2001, when Prime Minister Thaksin Shinawatra, took office, he focused on an economic recovery that would stimulate the domestic economy and promote domestic capital. His new policy intended to reform and give opportunities for company restructures by enhancing competitiveness and profitability. As the crisis threatened the economic power of the domestic capitalist class, the new policy was directed at rural producers.⁴⁵³ The government also reduced the pace of liberalization in many ways such as slowing state enterprise privatization, suggesting limits on foreign ownership, delaying the establishment of independent agencies in the media and telecommunications sectors, and downplaying investigations into financial irregularities, in order to assist the recovery of domestic capital.⁴⁵⁴

Thaksin seriously focused on the dual economy with an intention of integrating the Thai economy with the world economic system by elevating the level of production, and strengthening the economy at the grassroots level. He intended to develop a better skilled and more productive workforce in local industries and in the lucrative labour-export market through bureaucratic and educational reforms. The Prime Minister realised that Thailand needed to develop a more knowledge-intensive economy, and that poor labour standards could negatively impact on foreign investment, and Thailand's access to the markets of developed countries. Thus, the government encouraged a number of initiatives to foster public-private sector cooperation that developed the workforce. For instance, the government established industrial skills standards and developed centres for worker training.⁴⁵⁵

⁴⁵² Talerngsri, P & Vonkhorporn, P 2005, 'Trade Policy in Thailand: Pursuing a Dual Track Approach', *ASEAN Economic Bulletin*, vol. 22, no. 1, pp.62-63.

⁴⁵³ Brown, A & Hewison, K 2005, ' "Economics is the Deciding Factor": Labour Politics in Thaksin's Thailand', *Pacific Affairs*, vol. 78, no. 3, pp.353-354.

⁴⁵⁴ Brown, A & Hewison, K 2005, ' "Economics is the Deciding Factor": Labour Politics in Thaksin's Thailand', *Pacific Affairs*, vol. 78, no. 3, p.359.

⁴⁵⁵ Brown, A & Hewison, K 2005, ' "Economics is the Deciding Factor": Labour Politics in Thaksin's Thailand', *Pacific Affairs*, vol. 78, no. 3, pp.367-368.

Thaksin was also determined to make Thailand a centre for Foreign Direct Investment (FDI) through financial policies and industry support measures. Thailand's foreign investment regime has remained liberal with the Board of Investment of Thailand (BOI) allowing 100% foreign ownership in a number of areas. The 1999 Foreign Business Act allowed foreign investors to have ownership of up to 75%, or 100% in a wide range of business activities subject to certain restrictions and requirements.⁴⁵⁶ Free Trade Agreements (FTAs) under bilateral and multilateral frameworks have become the heart of Thailand's trade policy. Regional FTAs have also been a part of Thailand's strategy to become an investment hub in Asia. This has happened through ASEAN, in which Thailand joined forces with other members in the negotiations for ASEAN-China, ASEAN-India, and ASEAN-Japan FTAs.⁴⁵⁷ The government attempted to accomplish the dual-track policy with a focus on internal direction and by highlighting the need for cooperation from the private sector and individuals inside the country.⁴⁵⁸ This emphasis can be observed from Thailand's direction through the ASEAN framework. It was designed to alleviate Southeast Asia from economic suffering by promoting people-to-people contact among members as a fundamental base for further cooperation.⁴⁵⁹ Such contact encouraged the ASEAN private sector to cooperate more, and led to considerable beneficial projects which stimulated the regional economy. Cooperation at the private sector level among the ASEAN member countries also greatly increased the involvement of the Thai private sector in Thailand's foreign affairs, as expressed on the international stage. The emphasis under the ASEAN framework also enabled Thailand to remain committed to the ASEAN Investment Area (AIA) agreement, which aimed to increase foreign investment from ASEAN and non-ASEAN regional sources by removing barriers to all ASEAN investors by 2010 and for all investors by 2020. In addition, Thailand also

⁴⁵⁶ Talerngsri, P & Vonkhorporn, P 2005, 'Trade Policy in Thailand: Pursuing a Dual Track Approach', *ASEAN Economic Bulletin*, vol. 22, no. 1, p.63.

⁴⁵⁷ Talerngsri, P & Vonkhorporn, P 2005, 'Trade Policy in Thailand: Pursuing a Dual Track Approach', *ASEAN Economic Bulletin*, vol. 22, no. 1, p.70.

⁴⁵⁸ Pongsutthirak, T & Sally, R 2008, *International Trade Negotiation*, Chulalongkorn University, Bangkok (in Thai).

⁴⁵⁹ *Forward Engagement*, 2005, the Ministry of Foreign Affairs of the Kingdom of Thailand, Bangkok (in Thai), p.66.

took an active part in directing the future form of ASEAN economic integration, widely acknowledged as the ASEAN Economic Community (AEC).⁴⁶⁰

Non-state actors in Thailand

In the context of this thesis, non-state actors in Thailand refers to business-based private sector organizations. This part will discuss their historical background, how business entrepreneurs came together as groups, how business associations were established as official organizations, and how they perform as key private sector representatives. In addition, it will reveal how these non-state actors have built channels to connect with the government, to influence national decision making.

The private sector: the power outside the Thai civil service system

In Thailand, the bureaucratic system was once the key dominant structure in all aspects of national politics; including security, economic, and social. This was due to the dominance of bureaucrats in most law-making processes. The civil service in Thailand had been able to subsume policy-making because of weaknesses in other factions of society. Since 1932, Thai politics was directed by groups of civil servants who attempted to dominate the administrative authority. The coup group that overthrew the Absolute Monarchy intended to clear away the fiscal trappings of imperialism, and build up indigenous industries to counter the effects of the Depression in world trade. For example, they raised tariffs and used public funds to buy out some foreign firms such as the British-American Tobacco Company and the British Tramway Company. They also took an entrepreneurial role in industrial development and set up state enterprises to produce glass, textiles, chemicals, cement, iron and steel products, milled rice, and pottery.⁴⁶¹ As a result, the bureaucratic polity developed political strength, while other factions such as business entrepreneurs and the middle class tended not to get involved, and political parties were hindered by numerous military coups.

⁴⁶⁰ Talerngsri, P & Vonkhorporn, P 2005, 'Trade Policy in Thailand: Pursuing a Dual Track Approach', *ASEAN Economic Bulletin*, vol. 22, no. 1, p.70.

⁴⁶¹ Phongpaichit, P 1980, 'The Open Economy and Its Friends: The "Development" of Thailand', *Pacific Affairs*, vol. 53, no. 3, pp.442-443.

The business entrepreneurs of Thailand during the 1940s and 1950s were mostly Chinese or had Chinese ancestry. Seventy percent of small and large businesses in Bangkok were run by the Chinese. They had to contend with many nationalist measures from the government such as; buying out Chinese businesses, restricting Chinese immigration, and discriminating against the Chinese in certain occupations.⁴⁶² As a result, Chinese business entrepreneurs decided to specifically influence policy-making through several means, for instance; regulatory evasion, bribery, and establishing Patron-Client relationships with leaders in the civil services. This can be observed from the number of commercial banks that still appoint directors from the political elite, civil servants, and military officers.⁴⁶³ As such, the leading figures from Bangkok business groups became office-holders in political parties, while corporate interests gave the parties financial support.⁴⁶⁴

Nevertheless, in the 1950s, especially during the Korean War, the associated boom in international trade revived Thailand's export-import business. Some of those in Thailand's business community were strengthened by the war. Previously, export-import trade had been the staple activity of the business community, and business entrepreneurs had little sympathy for tariff policies and state enterprises. However, in the 1950s, the business community successfully undermined the economic-nationalist stance of the government by enticing many prominent bureaucrats and key military figures into partnerships in the newly-lucrative commercial sector.⁴⁶⁵ As a consequence, in the 1960s, officials and businessmen gradually strengthened their alliances. Officials provided the framework for commercial growth and, in return, business

⁴⁶² Phongpaichit, P 1980, 'The Open Economy and Its Friends: The "Development" of Thailand', *Pacific Affairs*, vol. 53, no. 3, p.443.

⁴⁶³ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

⁴⁶⁴ Phongpaichit, P & Baker, C 1997, 'Power in Transition: Thailand in the 1990s', in *Political Change in Thailand*, ed K Hewison, Routledge, London and New York, p.26.

⁴⁶⁵ Phongpaichit, P 1980, 'The Open Economy and Its Friends: The "Development" of Thailand', *Pacific Affairs*, vol. 53, no. 3, p.444.

people accepted more civil and military leaders into partnerships in their commercial enterprises.⁴⁶⁶

Since the 1970s, Thailand has had considerable economic development which has stimulated involvement outside the civil service system. The Investment Promotion Act in 1972 provided the Board of Investment (BOI) with more opportunities to attract foreign investments. This led to an increase in Foreign Direct Investment (FDI) from THB800 million in 1971 to 1.6 billion in 1973, and 3.8 billion in the first half of 1977. Most investments were in real estate, agribusiness, transportation, manufacture of machinery, textiles, and tourism.⁴⁶⁷ By 1988, Thailand had faster economic growth than many countries. Moreover, between 1986 and 1990, Thailand stood as one of the fastest growing economies in the world with an average real GDP growth rate of 11.5%.⁴⁶⁸ The economic growth in Thailand had influenced the emergence of the private business sector as an influential group. Furthermore, during the political stability of the 1980s, the role of business associations became crucial. After the late 1970s, business associations developed significantly and by 1980 the business faction had established important connections in public-private relationships. The number of business associations and Chambers of Commerce rapidly and dramatically increased, from 75 business associations in 1975 to 124 in 1979 and 177 in 1987. The number of Provincial Chambers of Commerce also increased from one chamber for four provinces in 1979, to all provinces in Thailand having one each by 1987.⁴⁶⁹ Moreover, the government could not ignore requests from business associations especially as the Prime Minister was the Chairman of many public-private cooperating committees at the provincial and national levels.

⁴⁶⁶ Phongpaichit, P 1980, 'The Open Economy and Its Friends: The "Development" of Thailand', *Pacific Affairs*, vol. 53, no. 3, p.449.

⁴⁶⁷ Phongpaichit, P 1980, 'The Open Economy and Its Friends: The "Development" of Thailand', *Pacific Affairs*, vol. 53, no. 3, pp.453-454.

⁴⁶⁸ Talerngsri, P & Vonkhorporn, P 2005, 'Trade Policy in Thailand: Pursuing a Dual Track Approach', *ASEAN Economic Bulletin*, vol. 22, no. 1, p.61.

⁴⁶⁹ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

The rise of the business-based private sector in Thailand

Business association is a pattern of relationships among business entrepreneurs. These entrepreneurs form groups and associations, which are often legally recognized, in order to strengthen their negotiating power with other groups and the government. These associations are considered a key driving force in the private sector of many countries. In other words, the role of the private sector depends on the position of these business associations. There are two main factors that greatly influenced the emergence of business associations. Firstly, a new class arose in society that resulted from economic growth and international competition. The efforts of states to transform their economies allowed the new class to become an opponent of the state's hegemonic role. This new class comprised of entrepreneurs, with confidence in their ability to promote their country's development. They emerged from the state's success in assuming some aspects of capitalism such as; establishing public enterprises, and nationalizing foreign firms.⁴⁷⁰ In Thailand, the middle class has grown in accordance with the economy, which has expanded and diversified. The economic growth that generated the Thai middle class was financed largely through imported capital, from the massive US infusion of cash during the Vietnam War through to the investment boom of the late 1980s and early 1990s.⁴⁷¹ Secondly, globalization has shifted the balance of power between business and government. Globalization refers to an increase in international economic integration as a result of changes in technology, communications, transportation, and production. This can be seen from freer trade, the dispersion of production processes, the growing mobility of capital, and the prominence of multinational corporations (MNCs). In Thailand, the Thai economy has steadily integrated into international trade and financial networks since the mid-1980s.⁴⁷² Globalization has reduced the control of governments over their economies. Furthermore, it has placed a new premium on economic competitiveness making it difficult for the government to sustain inefficient interventionist policies.⁴⁷³

⁴⁷⁰ Lucas, J 1997, 'The Politics of Business Associations in the Developing World', *The Journal of Developing Areas*, vol. 39, pp.76-77.

⁴⁷¹ Englehart, N A 2003, 'Democracy and the Thai Middle Class: Globalization, Modernization, and Constitutional Change', *Asian Survey*, vol. 43, no. 2, p.256.

⁴⁷² Englehart, N A 2003, 'Democracy and the Thai Middle Class: Globalization, Modernization, and Constitutional Change', *Asian Survey*, vol. 43, no. 2, p.265.

⁴⁷³ Lucas, J 1997, 'The Politics of Business Associations in the Developing World', *The Journal of Developing Areas*, vol. 39, p.80.

In Thailand's case, business associations began their activities in 1898 when Western merchants established the foreign chamber of commerce in Bangkok with European business members. In order to counter its influence, the Chinese chamber of commerce was formed in 1908 by the local business people with an extra duty to increase the competitive capabilities of Chinese merchants.⁴⁷⁴ However, the Thai government was aware that such an association might have been related to the anti-Monarchy movement in China which was regarded as a great threat to the Thai political regime.⁴⁷⁵ The revolution in 1932 also stimulated nationalism among Thai and Thai-Chinese merchants. The ruling government attempted to prevent the influence of foreign merchants especially the Chinese. As a consequence, a group of Thai merchants headed by Lek Komes and Phraya Pirompakdi established the first Thai business association, the Siamese Chamber of Commerce.⁴⁷⁶

The association was reorganized and registered as a trading association in 1943 which led to a dramatic increase in the number of Thai business associations.⁴⁷⁷ This was in line with the government policy after 1932, of using Thai business and trade associations to reduce the influence of foreigners in Thai economics.⁴⁷⁸ The government intended to encourage the establishment of state enterprises in many activities, for instance; paper factories, military garment factories, sugar factories, and crude oil refineries. Previously, the Thai state had controlled infrastructure projects by setting up state enterprises to control and administer them. There were also close links between military leaders and state enterprises, and some state enterprises were established to provide political support for the ruling groups. Moreover, the state enterprises became a source of political reward for people who supported the ruling military

⁴⁷⁴ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

⁴⁷⁵ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

⁴⁷⁶ Mitrkeukul, A 2004, *The Improvement of Provincial Chamber of Commerce into an Organization that Potentially Develop Regional Economy*, Individual research document, National Defense College, Bangkok (in Thai).

⁴⁷⁷ Theprasertwangsa, A 2001, *Thailand's Chamber of Commerce in the Thai Political Process*, Thesis paper (Political Science), Chulalongkorn University, Bangkok (in Thai), pp.72-76.

⁴⁷⁸ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

elites. In other words, patronage became a working culture in these agencies.⁴⁷⁹ The government also aimed to transfer some activities to state ownership or reserve some businesses for Thai people, for example, oil refineries and oil distribution factories, import businesses, rice exports, and food shipments.⁴⁸⁰

Between 1948 and 1957, when Thailand faced the communist expansion, Prime Minister Field Marshal Plaek Phibunsongkram (Pibun) employed many nationalist policies against the Chinese. The government claimed that the Chinese economically dominated Thailand, particularly on the local end of the rice-export business.⁴⁸¹ The Chinese were also viewed as “pariah entrepreneurs”.⁴⁸² The government initiated policies under the Un-Thai Activities Act of 1952 to harass ethnic Chinese under the guise of suppressing communism and restricting Chinese activities. Many Chinese business people were charged with being communists and were either thrown into jail or deported.⁴⁸³ Furthermore, in 1955, the Trade Council was established to control private economic institutions in Thailand. The Council was determined to allocate a budget for the expansion of state enterprises to compete with the Chinese enterprises, and to control Chinese trading business activities.⁴⁸⁴

As a result, the Chinese merchants tried to respond with political measures rather than directly confronting the Thai authorities. They attempted to evade strict regulations by using various strategies, for example; bribing law-enforcement officers, registering companies with Thai names, and inviting politicians or civil officials to join a board of directors and to hold stock at

⁴⁷⁹ Siroros, P & Haller, Kenneth J 1994, ‘“Thai-Style” Contractual Relationships: Two Case Studies’, *Contemporary Southeast Asia*, vol. 16, no.3, pp.318-319.

⁴⁸⁰ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

⁴⁸¹ Phongpaichit, P 1980, ‘The Open Economy and Its Friends: The “Development” of Thailand’, *Pacific Affairs*, vol. 53, no. 3, p.443.

⁴⁸² Laothamatas, A 1988, ‘Business and Politics in Thailand: New Patterns of Influence’, *Asian Survey*, vol. 28, no. 4, p.451.

⁴⁸³ Phongpaichit, P 1980, ‘The Open Economy and Its Friends: The “Development” of Thailand’, *Pacific Affairs*, vol. 53, no. 3, p.445.

⁴⁸⁴ Patcharinthanakul, P 2008, *Political Economy in Thailand’s Business Interest Groups: Case Study; Board of Trade of Thailand in International Trade Negotiation*, Thesis paper (Economic) Chulalongkorn University, Bangkok (in Thai).

no cost. As a consequence of the success of these strategies, the Chinese chamber of commerce became the most prominent association in Thailand.⁴⁸⁵ The Thai associations and businesses deteriorated due to insufficient regulatory and financial support from the government, leading the way for Chinese business interests to control 90% of Thai enterprises.⁴⁸⁶

However, the policies of the Pibun administration particularly of running state enterprises with state officials was opposite to the direction of the US, which supported free play of market forces with minimal roles for the state in economic affairs.⁴⁸⁷ In 1957, Pibun was overthrown by a military coup led by Field Marshal Sarit Thanarat who had a close relationship with the US. The US was seeking ideological allies in Southeast Asia to assist its “containment policy”. It offered grant aid and loans to countries that would follow the free-market model of development. It also offered military assistance to countries that would help resist the communist expansion.⁴⁸⁸

When Thailand and the US became important allies, the new direction of the Thai government on national development was supported by the US and the World Bank. With assistance from the International Bank for Reconstruction and Development (IBRD), the US supported the Thai government by providing economists to assist in economic policy-making.⁴⁸⁹ In 1961 the first National Economic and Social Development (NESD) Plan was initiated (1961-1966). During the 1960s, over 80% of the population resided in rural areas and agriculture was the dominant way of life. In addition, as Thai people suffered from a lack of basic necessities, national security and economic stability were emphasized as development priorities. The first NESD Plan had a single objective to stimulate economic growth by constructing basic infrastructure such as roads, ports,

485 Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

486 Patcharinthanakul, P 2008, *Political Economy in Thailand's Business Interest Groups: Case Study; Board of Trade of Thailand in International Trade Negotiation*, Thesis paper (Economic) Chulalongkorn University, Bangkok (in Thai).

487 Burchill, S 1996, 'Liberalism', in *Theories of International Relations*, Palgrave Macmillan, New York, p.71.

488 Phongpaichit, P 1980, 'The Open Economy and Its Friends: The "Development" of Thailand', *Pacific Affairs*, vol. 53, no. 3, p.444.

489 Thanapornpun, R 2003, *The Process of Economic Policy Decision Making in Thailand*, Kobfai Publishing Project, Bangkok (in Thai); Phongpaichit, P 1980, 'The Open Economy and Its Friends: The "Development" of Thailand', *Pacific Affairs*, vol. 53, no. 3, p.446.

multipurpose dams, and electricity generation plants.⁴⁹⁰ The government began to suspend the nationalist policy and reduced the role of state authorities, becoming only a provider of economic infrastructure, a supervisor of law and regulations, and an inspector of domestic security, so as to facilitate private economic growth. Many state enterprises were increasingly privatized.⁴⁹¹ Prime Minister Sarit did not encourage the Thai associations to replace Chinese businesses and associations. On the contrary, he allowed full participation of the Chinese in Thailand's economy. The military emerged as defenders of the Chinese associations since they had developed trusteeships to care for the people, especially for the peasantry.⁴⁹² Nevertheless, under the new Plan, there were no tangible policies to support Thai business associations. Their roles were associated with duties to certify the origins of goods, and to initially host product exhibitions in Thailand.⁴⁹³

However, the status of Thai business associations changed significantly after Field Marshal Sarit passed away. His successor Field Marshal Thanom Kittikachorn initiated a tangible policy on business associations in 1966 under two laws namely; the Act of Parliament on Trade Associations, and the Act of Parliament on Chambers of Commerce. Both laws were designed to reorganize the structure of associations by dividing business associations into two categories.

Firstly, Trade Associations refer to clubs or business groups that have members drawn from companies, private enterprises, and industries conducting the same type of business. Trade Associations can greatly influence trade and the national economy by representing their members in government appointed committees, and paying special visits to high level government

⁴⁹⁰ Teokul, W 1999, 'Social Development in Thailand: Past, Present and Future Roles of the Public Sector', *ASEAN Economic Bulletin*, vol. 16, no. 3, p.361.

⁴⁹¹ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai); Phongpaichit, P 1980, 'The Open Economy and Its Friends: The "Development" of Thailand', *Pacific Affairs*, vol. 53, no. 3, pp.446-447.

⁴⁹² Phongpaichit, P & Baker, C 1997, 'Power in Transition: Thailand in the 1990s', in *Political Change in Thailand*, ed K Hewison, Routledge, London and New York, p.23.

⁴⁹³ Mitrkeukul, A 2004, *The Improvement of Provincial Chamber of Commerce into an Organization that Potentially Develop Regional Economy*, Individual research document, National Defense College, Bangkok (in Thai).

officials.⁴⁹⁴ However, Trade Associations still require close monitoring from the government. Trade Associations have been assigned with multiple duties. For instance, Trade Associations have to promote enterprises with common objectives, help members to overcome difficulties, negotiate with their counterparts, and make agreements with outsiders for collective trade, monetary, economy, and security interests. Trade Associations have to undertake research on enterprises and broaden academic knowledge including providing useful information to members and the public, and collecting statistics from members. Trade Associations have to improve product quality in terms of manufacturing and distribution among members, and ensure production of sufficient quantity to supply domestic and international markets. Trade Associations also have a duty to cooperate with the government to promote trade and industry, implement strong monetary policy, and make agreements and regulations for members.⁴⁹⁵

Secondly, Chambers of Commerce refer to clubs or associations which were established to gather merchants and trading business entrepreneurs. Chambers of Commerce exist to support, help, protect, and promote the interests of members. Chambers of Commerce were under the control of the Department of Internal Trade, the Ministry of Commerce. Chambers of Commerce are assigned considerable duties. For example, they have responsibility to promote trade, industry, agriculture, efficient monetary management, and general business of the country by collecting statistics, disseminating useful information, promoting tourism, certifying Certificates of Origin, establishing and verifying the quality standard of products, verifying a standard of products, organizing and hosting trade exhibitions, researching trade and economy, and acting as an arbitrator for members in trade conflicts. Chambers of Commerce consult and advise members on trade, industry, agriculture, monetary, and economic issues. Chamber of Commerce

⁴⁹⁴ Laothamatas, A 1988, 'Business and Politics in Thailand: New Patterns of Influence', *Asian Survey*, vol. 28, no. 4, p.457.

⁴⁹⁵ Phittayawattanachai, Y 1982, *The Administration of the Chamber of Commerce and Trade Association for Thailand's Export Promotion*, Thesis paper (Commerce and Accounting), Chulalongkorn University, Bangkok (in Thai).

also have a duty to consult and to put proposals to the government on national development, as well as to coordinate between traders and state agencies.⁴⁹⁶

In 1971, the status of Trade Associations and Chambers of Commerce was raised when the government included the business organization development issue into the third NESD Plan (1972-1976). As a result of past development, inequitable benefit from economic infrastructure became apparent. Therefore, the development strategies in this Plan aimed at economic growth and stability as well as social justice and fairer income distribution.⁴⁹⁷ Strategies in the Plan were based on data, information, and opinions of business associations derived from the Chambers of Commerce. The Plan suggested that the government should promote business associations to engage more in consultations for economic policy-making. It also indicated that the associations should be promoted by gathering experts from important fields such as export, tourism, and monetary management to participate in established committees. These joint public-private committees improved cooperation between both sectors. This enabled the National Economic and Social Development Board (NESDB) to invite delegates from the Board of Trade of Thailand, the Thai Banker's Association, and the Federation of Thai Industries to participate in planning and policy formulations with various committees.⁴⁹⁸ However, some business associations still do not recognize their roles as private representatives. They have never taken part in drafting legislation or the policy-making process. Therefore, many business associations formed during 1966-1973 have yet to emerge as influential interest groups in Thailand.

In addition, most business companies still invited many high-level officials to become a member on their board of directors or even as the Chairman. In 1969, 80 high-level military officers were involved with at least one private company. Contacts between the legislature and business associations have gradually increased from an average of 0.3 persons a month during 1975-1976

⁴⁹⁶ Phittayawattanachai, Y 1982, *The Administration of the Chamber of Commerce and Trade Association for Thailand's Export Promotion*, Thesis paper (Commerce and Accounting), Chulalongkorn University, Bangkok (in Thai).

⁴⁹⁷ Teokul, W 1999, 'Social Development in Thailand: Past, Present and Future Roles of the Public Sector', *ASEAN Economic Bulletin*, vol. 16, no. 3, p.361

⁴⁹⁸ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

to 0.4 persons a month during 1977-1978 and to 4.45 persons a month during 1984-1987 for testimony and consultation.⁴⁹⁹ Business people still considered that a strong Patron-Client relationship was more beneficial to them than membership of an official association. This was due to the fact that relevant and powerful bureaucrats could reduce problems associated with poor public service organizational culture, and enable the client to receive more privileges or concessions from state authorities.⁵⁰⁰

The three leading private institutions in Thailand

There are three business associations that have played leading roles in strengthening the status of the private sector, and direct roles in national policy-making. These associations are the Chambers of Commerce, the Federation of Thai Industries, and the Thai Banker's Association.

The Chambers of Commerce

The Chambers of Commerce have been one of the most influential non-state actors to play a direct role in Thailand's foreign economic policy-making. They also have various subsidiary functions that have strengthened their involvement in the country's foreign affairs, particularly in the business and economic aspects. According to the Act of Parliament on Chamber of Commerce, Chambers of Commerce in Thailand have been divided into four types; the Thai Chamber of Commerce, the Provincial Chamber of Commerce, the Foreign Chamber of Commerce in Thailand, and the Board of Trade of Thailand. They were structured in a hierarchy, and assigned with different objectives and duties in order to become the key representatives of business entrepreneurs across the country.

The Thai Chamber of Commerce

The Thai Chamber of Commerce is the national Chamber of Commerce and the Chamber of Commerce for Bangkok. It cooperates with other domestic economic institutions such as the Provincial Chamber of Commerce, the Foreign Chamber of Commerce, and the Board of Trade

⁴⁹⁹ Laothamatas, A 1988, 'Business and Politics in Thailand: New Patterns of Influence', *Asian Survey*, vol. 28, no. 4, p.458.

⁵⁰⁰ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

of Thailand. It also represents the business sector by cooperating and participating with the government, sharing opinions on problems, and presenting members' problems to government for consideration through the Joint Standing Committee on Commerce, Industry, and Banking (JSCCIB) and the Joint Public-Private Consultative Committee (JPPCC). These two Committees are the established connecting channels between the government and the private sector in national policy-making. They will be discussed in detail later in this chapter. In addition to the above, the Thai Chamber of Commerce has to cooperate with international counterparts, for example, with foreign business people and trading institutions in other countries in order to promote the expansion of Thailand's trade markets. Dealing with foreign counterparts through business relationships became a new aspect of Thailand's foreign affairs and points to the prominence of the Chambers of Commerce in such activities, over the traditional actors such as the Ministry of Foreign Affairs.

The Thai Chamber of Commerce has a function to collect and synthesize issues and problems before transferring them to state authorities. Under the 1966 Act of Parliament on Chambers of Commerce, the Thai Chamber of Commerce has to provide useful information to the government. In order to perform this duty, the Provincial Chambers of Commerce were included as one of the Thai Chamber of Commerce members. Thus the Thai Chamber of Commerce receives trade and economic information from local bodies. This enabled it to become a lobby group with strong political power.⁵⁰¹ Moreover, the Thai Chamber of Commerce is a legal interest group with the capability to communicate and cooperate with government. It also acts as a mediator for its members. Members can make a request to the Thai Chamber of Commerce before it is sent to the government for consideration. This role enabled the Chambers of Commerce to become participants in economic policy-making, from which they had previously been excluded. Furthermore, the Thai Chamber of Commerce is not only a consultative body to the government; it occasionally has duties at the international level. For instance, it is a member of the ASEAN-Chamber of Commerce and Industry (CCI) which can propose opinions and ideas to other counterparts. This can be seen from a conference of the Preference Trade Arrangement

⁵⁰¹ Theprasertwangsa, A 2001, *Thailand's Chamber of Commerce in the Thai Political Process*, Thesis paper (Political Science), Chulalongkorn University, Bangkok (in Thai).

(PTA) in Singapore.⁵⁰² Participation at the international level demonstrates the rising influence of non-state actors in Thailand's foreign relations. Previously, the Ministry of Foreign Affairs was the only agency that had engaged in international conferences on the country's behalf. Moreover, the Ministry of Foreign Affairs and other state-agencies were unable to cover all international issues, especially in trade and investment, due to limitations in expertise. Therefore, greater participation by the business-based private sector Chambers of Commerce was necessary.

The Provincial Chambers of Commerce

The Provincial Chambers of Commerce consist of local enterprises, merchants, and business people in every province of the country except Bangkok. They can present their members' problems for state consideration through several channels, such as; the Thai Chamber of Commerce, the Provincial-JPPCC, and local offices of state agencies. This shows the Chambers of Commerce can have a direct role in policy-making as they are able to represent and gather information for government consideration from their links and connections throughout the country. With a greater focus on regional economic growth, the role of the Provincial Chambers of Commerce has become more significant than it previously was. This can be observed from numerous articles about its work in new regional news section in many leading newspapers.⁵⁰³

In 1982, Prime Minister Prem Tinsulanonda asked for support from the USA for an expansion of the Thai private sector for national development. The US Bureau of Private Enterprise under the Agency for International Development (AID), in accordance with the direction of President Ronald Reagan to increase the role of the private sector in national development of Third World countries, gave USD300,000 for Provincial Chamber of Commerce improvement. The USA offered a further USD10 million to initiate the Thai-US Institute for Management of Education for Thailand (IMET). This institute provided short-term training sessions for Thai private sector

⁵⁰² Phittayawattanachai, Y 1982, *The Administration of the Chamber of Commerce and Trade Association for Thailand's Export Promotion*, Thesis paper (Commerce and Accounting), Chulalongkorn University, Bangkok (in Thai).

⁵⁰³ Phekanun, A 1991, *Roles of JPPCC on the National Economic Security*, Individual research document, National Defense College, Bangkok (in Thai).

elites in provincial areas. The course was organized by a group of lecturers from the National Institute of Development Administration (NIDA).⁵⁰⁴ The Centre for International Private Enterprises (CIPE), an affiliate of the US Chamber of Commerce, created and funded by the National Endowment for Democracy and approved by the US Congress, also played a crucial role in the development of Thai provincial business associations.⁵⁰⁵ These factors paved the way for the Chambers of Commerce to become one of the influential participants in Thailand's foreign economic policy-making.

In order to effectively perform as business representatives and achieve the best outcomes for provincial business entrepreneurs, each Provincial Chamber of Commerce has divided responsibility into zones, based on their location.⁵⁰⁶ Local relationships between Thai people and people in neighboring countries, especially in the border areas, are based on characteristically informal personal relations. They share a common history, language, customs, economies, social, and cultural perspectives. For example, on the Thai-Cambodian border, personal relationships were the foundation of cross-border trade. Business arrangements between Thai and Cambodian people have been made in the traditional way: among people who knew each other from their

504 Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

505 Laothamatas, A 1988, 'Business and Politics in Thailand: New Patterns of Influence', *Asian Survey*, vol. 28, no. 4, p.461.

506 - Zone 1; Chanthaburi, Chon Buri, Rayong, Trat

- Zone 2; Chachoengsao, Nakhon Nayok, Prachin Buri, Samut Prakan, Sa Kaeo
- Zone 3; Nonthaburi, Pathum Thani, Phra Nakhon Si Ayutthaya, Ang Thong
- Zone 4; Chai Nat, Lop Buri, Sarburi, Sing Buri
- Zone 5; Prachuap Khiri Khan, Samut Songkhram, Samut Sakhon, Phetchaburi
- Zone 6; Kanchanaburi, Nakhon Pathom, Ratchaburi, Suphan Buri
- Zone 7; Khamphaeng Phet, Tak, Nakhon Sawan, Uthai Thani
- Zone 8; Phichit, Phitsanulok, Phetchabun, Sukhothai, Uttaradit
- Zone 9; Chiang Mai, Lampang, Lamphun, Mae Hong Son
- Zone 10; Chiang Rai, Nan, Phayao, Phrae
- Zone 11; Nakhon Phanom, Loei, Sakon Nakhon, Udon Thani, Nong Khai
- Zone 12; Kalasin, Khon Kaen, Maha Sarakham, Roi Et
- Zone 13; Chaiyaphum, Nakhon Ratchasima, Buriram, Surin
- Zone 14; Mukdahan, Yasothon, Si Sa Ket, Ubon Ratchathani
- Zone 15; Chumphon, Ranong, Surat Thani, Nakhon Si Thammarat
- Zone 16; Krabi, Phangnga, Phuket
- Zone 17; Trang, Phatthalung, Satun
- Zone 18; Narathiwat, Pattani, Yala, Songkhla

earlier interactions along the border. In other words, the border businesses were built primarily upon trust and the quality of the pre-existing relationships between traders on both sides of the border.⁵⁰⁷ Therefore, the border Provincial Chambers of Commerce can promote excellent relationships through local cooperation. In order to prevent some cross-border issues, they have assisted the government by establishing “Sister Cities” with cities, towns, and villages in neighboring countries; and they provide relevant and useful information on potential conflicts.⁵⁰⁸ Such local relationships are another new aspect of Thailand’s foreign relationships with neighboring countries spearheaded by the non-bureaucratic organizations.

Additionally, some Provincial Chambers of Commerce benefit from these relationships. They can cooperate with each other to initiate policy. This is evidenced in a joint lobbying campaign for trade liberalization with Thailand’s socialist neighbors.⁵⁰⁹ According to Phairat Buraphachaisri, Vice Chairman of the Thai Chamber of Commerce during the period from 1975 to the early 1980s; after the communist regimes successfully ousted the existing Indochinese regimes, trade between Thailand and Laos was greatly restricted, mainly to preserve and protect “national security”.⁵¹⁰ There were also a number of strict regulations placed upon import-export between both countries particularly in strategic and medical materials.⁵¹¹ The restrictions also included border crossings to limit the extent of financial transactions in cross-border trade.⁵¹² The activities of the Provincial Chambers of Commerce greatly affected the value of Thai-Lao border trade as it can be seen from the amount in Nong Khai and Mukdahan provinces where 48% of the entire Thai-Lao cross-border trade occurred. It amounted to only THB70.5 and

507 French, L 2002, ‘From Politics to Economics at the Thai-Cambodian Border: Plus ça Change...’, *International Journal of Politics, Culture and Society*, vol. 15, no. 3, p.452.

508 Lorcharoenwattanachai, B 2007, *Roles of the Sa Kaeo Provincial Chamber of Commerce in the National Economic Security*, Individual research document, National Defense College, Bangkok (in Thai).

509 Laothamatas, A 1988, ‘Business and Politics in Thailand: New Patterns of Influence’, *Asian Survey*, vol. 28, no. 4, p.459.

510 Interview with Mr.Phairat Buraphachaisri.

511 Interview with Mr.Phairat Buraphachaisri.

512 Interview with Mr.Phairat Buraphachaisri.

\$TH99.7 million in 1984 and 1985 respectively.⁵¹³ Moreover, during 1981-1989, Thai-Cambodian border trade was strictly controlled by the militaries of both countries. In fact, there was no trade between the two countries, not even through black markets which had been outlawed during 1978-1981.⁵¹⁴

According to Bumrung Lorcharoenwattanachai, Chairman of the Sa Kaeo Provincial Chamber of Commerce, the Provincial Chambers of Commerce in the Northeastern part of Thailand were able to put pressure on national security-related issues which had always been the responsibility of civil sector elites and military officers.⁵¹⁵ After 1986 they attempted to abrogate the trade restrictions against the communist countries by raising the issue in the JPPCC mobile conference.⁵¹⁶ The request was received by Prime Minister Prem Tinsulanonda. Thus, he assigned the Ministry of Foreign Affairs, the National Security Council (NSC), the Ministry of Interior, and the Ministry of Commerce to take control of such issues.⁵¹⁷ This was the first time that the non-bureaucratic organizations were able to influence foreign policy direction, particularly policies towards the neighboring countries during the Cold War period, which was extremely security-oriented.

Moreover, according to Phairat Buraphachaisri, in 1987, sixteen Provincial Chambers of Commerce under the leadership of the Udon Thani Provincial Chamber of Commerce, hosted a conference on Thai-Lao border trade, in association with many renowned business newspapers.⁵¹⁸ Months later, there was a discussion on Thai-Cambodian border trade at a conference organized by the Ubon Ratchathani Provincial Chamber of Commerce.⁵¹⁹ The requests to re-establish trade relationships with Laos and Cambodia were rejected at first by the

⁵¹³ *Department of Foreign Trade*, The Ministry of Commerce of the Kingdom of Thailand, viewed 20 October 2010, <<http://www.dft.go.th>>.

⁵¹⁴ Buraphachaisri, P 1992, *Thai-Lao and Thai-Cambodian Border Trades*, Individual research document, National Defense College, Bangkok (in Thai).

⁵¹⁵ Interview with Mr. Bumrung Lorcharoenwattanachai.

⁵¹⁶ Interview with Mr. Bumrung Lorcharoenwattanachai.

⁵¹⁷ Interview with Mr. Bumrung Lorcharoenwattanachai.

⁵¹⁸ Interview with Mr. Phairat Buraphachaisri.

⁵¹⁹ Interview with Mr. Phairat Buraphachaisri.

Armed Forces and the Ministry of Foreign Affairs.⁵²⁰ Both agencies argued that the requests were inappropriate either in military or diplomatic terms.⁵²¹ Nevertheless, when General Chatichai Choonhavan took office in 1988 with a strong determination to make rapprochement with the Indochinese states, those Provincial Chambers of Commerce had a great opportunity to push forward their requests.⁵²² In 1989, the Prachin Buri Provincial Chamber of Commerce was able to arrange a meeting with Hun Sen, the Cambodian Prime Minister to discuss important trade issues between the Northeastern provinces of Thailand, and Cambodia.⁵²³ This further demonstrates the leading roles of the Chambers of Commerce in Thailand's foreign affairs. Consequently, according to Bumrung Lorcharoenwattanachai, during 1989-1990, cross-border trade between Thailand and Cambodia was eventually established but only for 73 controlled goods and 12 controlled strategic materials.⁵²⁴ Making contact with foreign political leaders has enabled the Chambers of Commerce to become one of the influential actors in Thailand's foreign policy. Furthermore, according to Phairat Buraphachaisri, the Sakon Nakhon and Ubon Ratchathani Provincial Chambers of Commerce were able to initiate a negotiation with the Lao regional authority on trade problems.⁵²⁵ Agreements between the Thai Provincial Chambers of Commerce and the Lao Trade and Industry Council indicated that both sides have withdrawn a ban on strategic products. They also agreed to increase the maximum amount that people can carry across the border to THB100,000 without the necessity to inform the National Bank.⁵²⁶ As a consequence, the activities of these Provincial Chambers of Commerce led to an increase in border trade between Thailand and Laos in Nong Khai and Mukdahan provinces from THB70.5-99.7 million during 1984-1985 to THB140.6 million in 1990.⁵²⁷ In addition, during the period 1988-1992, as a result of the open-wide economic policy influenced by the Provincial Chambers

520 Interview with Mr.Phairat Buraphachaisri.

521 Interview with Mr.Phairat Buraphachaisri.

522 Interview with Mr.Phairat Buraphachaisri.

523 Interview with Mr.Phairat Buraphachaisri.

524 Interview with Mr.Bumrung Lorcharoenwattanachai.

525 Interview with Mr.Phairat Buraphachaisri.

526 Buraphachaisri, P 1992, *Thai-Lao and Thai-Cambodian Border Trades*, Individual research document, National Defense College, Bangkok (in Thai).

527 *Department of Foreign Trade*, The Ministry of Commerce of the Kingdom of Thailand, viewed 20 October 2010, <<http://www.dft.go.th>>.

of Commerce, there were 80 projects in Laos supported by Thai investors to the value of THB3,186 million equivalent to 40% of foreign investment in Laos.⁵²⁸ The increased cross-border trade and investment between Thailand and its neighbors was driven by various Thai Provincial Chambers of Commerce. It marked better foreign relationships between these countries. Trade and investment between Thailand and the Indochinese states was not permitted during the Cold War when each side considered the other as an “enemy”. Thus, an increase in trade and investment indicates the significant change of Thailand’s foreign relations with its neighbors during and following the Cold War period as a result of the activities of these non-state actors.

The Foreign Chamber of Commerce in Thailand

The Foreign Chambers of Commerce were established by foreign merchants and business entrepreneurs in Thailand in order to preserve and promote the interests of members. They can only be located in Bangkok and a foreign country can only be represented by one Foreign Chamber of Commerce.⁵²⁹ The Foreign Chambers of Commerce regularly have meetings to consider issues that significantly affect foreigners and foreign businesses in Thailand such as immigration problems. Moreover, they can present problems to high-level Thai government officials for discussion.. The Foreign Chambers of Commerce can also make requests for government consideration through the channels of the Thai Chamber of Commerce, and the Board of Trade of Thailand, as they are one of its members.⁵³⁰

The Board of Trade of Thailand

Under the 1966 Act of Parliament on Chambers of Commerce, the Trade Council that was established in 1955 was renamed as “the Board of Trade of Thailand”. It consists of members from the Thai Chamber of Commerce, the Foreign Chamber of Commerce in Thailand, the Trade

⁵²⁸ Prachachart Thurakit, 18-21 October 1987 (in Thai).

⁵²⁹ Mitrkeukul, A 2004, *The Improvement of Provincial Chamber of Commerce into an Organization that Potentially Develop Regional Economy*, Individual research document, National Defense College, Bangkok (in Thai).

⁵³⁰ Phittayawattanachai, Y 1982, *The Administration of the Chamber of Commerce and Trade Association for Thailand’s Export Promotion*, Thesis paper (Commerce and Accounting), Chulalongkorn University, Bangkok (in Thai).

Association, state enterprises, and cooperatives. The Board of Trade of Thailand's main objective is to perform as a centre for Thai and foreign merchants as well as business entrepreneurs. These groups are promoted, regulated, and consulted; while they have to provide the Board with updated information on trade, industry, transportation, finance, and monetary issues. The Board has been the leading body of all Chambers of Commerce in Thailand.⁵³¹ According to Vibulluck Ruamraksa, former Deputy Director-General, the Department of Foreign Trade, the Ministry of Commerce; among the agencies from the private sector, the Board of Trade of Thailand has achieved the best relationship with state authorities, especially the Ministry of Commerce.⁵³² This was because it was established by the government as a centre for the private sector and as a policy coordinator.⁵³³ It is an "artificial corporate" organization, a private organization approved by the government to represent the business sector and to support state policy.⁵³⁴ In order to cooperate with the public sector, the Board has assigned many representatives to government committees and sub-committees. However, participation by the Board of Trade of Thailand has only been on subsidiary issues and not at the policy-making level, or on important trade issues.⁵³⁵

According to Som Jatusripitak, Advisor to the Board of Trade of Thailand, under the changing circumstances of international trade, the Board of Trade of Thailand has to adapt itself by engaging more in trade negotiations.⁵³⁶ In order to achieve this aim, the Board has performed many activities.⁵³⁷ For example, it has sent delegates to participate in many committees established by the government, initiated considerable private committees to propose ideas and

⁵³¹ Phittayawattanachai, Y 1982, *The Administration of the Chamber of Commerce and Trade Association for Thailand's Export Promotion*, Thesis paper (Commerce and Accounting), Chulalongkorn University, Bangkok (in Thai).

⁵³² Interview with Mrs.Vibulluck Ruamraksa.

⁵³³ Interview with Mrs.Vibulluck Ruamraksa.

⁵³⁴ Interview with Mrs.Vibulluck Ruamraksa.

⁵³⁵ Patcharinthanakul, P 2008, *Political Economy in Thailand's Business Interest Groups: Case Study; Board of Trade of Thailand in International Trade Negotiation*, Thesis paper (Economic) Chulalongkorn University, Bangkok (in Thai).

⁵³⁶ Interview with Dr.Som Jatusripitak.

⁵³⁷ Interview with Dr.Som Jatusripitak.

suggestions to the cabinet, and spread news and useful information to its members.⁵³⁸ These activities have enabled the Chambers of Commerce to become a participant in Thailand's foreign economic policy-making, particularly in the country's trade affairs.⁵³⁹ Moreover, the Board of Trade of Thailand has accompanied government delegates visiting other countries, as well as attending a number of international conferences.⁵⁴⁰ Having private representatives attend international conferences was another great change in Thailand's foreign affairs.⁵⁴¹ This situation is unlike the previous period in which only bureaucratic delegates, headed by the Ministry of Foreign Affairs, were assigned as Thailand's representatives on the international stage.⁵⁴² This is because the Board of Trade of Thailand, the leading body of the Chambers of Commerce, possesses more expertise in trade and investment than the government agencies.⁵⁴³ The most important advantage is in terms of human resources, as the Board of Trade of Thailand including the Chambers of Commerce are the organizations comprised of various business entrepreneurs with expertise in business and economic affairs.⁵⁴⁴

The Board of Trade of Thailand was assigned by the Ministry of Commerce to be the representative of private institutions in negotiations with the Japanese counterpart on corn issues. It also participated with a Japanese representative, Keidanren, in the Thai-Japanese Joint Committee in 1970. This was the starting point of a strong relationship between both countries that led to an exchange of information and further cooperation on trade and investment.⁵⁴⁵ The contact made with the Japanese indicates that relationships between the private sectors can strengthen foreign relationships between Thailand and other countries particularly through economic and trade cooperation. Between 1986-1993, at the Uruguay Round, a multilateral trade

538 Interview with Dr.Som Jatusripitak.

539 Interview with Dr.Som Jatusripitak.

540 Interview with Dr.Som Jatusripitak.

541 Interview with Dr.Som Jatusripitak.

542 Interview with Dr.Som Jatusripitak.

543 Interview with Dr.Som Jatusripitak.

544 Interview with Dr.Som Jatusripitak.

545 Patcharinthanakul, P 2008, *Political Economy in Thailand's Business Interest Groups: Case Study; Board of Trade of Thailand in International Trade Negotiation*, Thesis paper (Economic) Chulalongkorn University, Bangkok (in Thai).

negotiation within the GATT framework comprising 123 countries as contracting parties that was later transformed into the WTO, the Board of Trade of Thailand sent delegates to a national committee on trade and development under the UN framework. Its delegates also attended a national committee on general agreements of customs and tariffs chaired by the Minister of Commerce. In 1995, the Board arranged a conference on GATT solutions with the agricultural committee. It also organized a Luncheon Talk on ASEAN Free Trade Area (AFTA) with various committees on monetary and investment issues, industry, and jewelry and accessories. In 1998 and 1999, the Board of Trade participated in many international frameworks and attended a number of bilateral and multilateral international trade conferences such as; the ASEAN-Chamber of Commerce and Industry (CCI), the APEC Business Council, the WTO Ministerial, and the ASEM conference.⁵⁴⁶ The Board also took part in numerous seminars and conferences with public and private representative counterparts from other countries under the supervision of the International Trade Commission (ITC). Furthermore, the Board of Trade of Thailand has become a member of institutions and international business organizations for example, International Chamber of Commerce (ICC), the Confederation of Asian Chambers of Commerce and Industry (CACCI), Federation of Asian Shippers' Council, and the ASEAN-CCI. According to Som Jatusripitak, the mentioned tasks and responsibilities are substantial evidence of the significant roles the Chambers of Commerce have played in Thailand's foreign affairs by representing the country at various important international economic conferences that were essential to Thailand's economic interests.⁵⁴⁷ Such representation also increased the importance of the private sector in foreign economic policy-making.⁵⁴⁸

Som Jatusripitak, Advisor to the Board of Trade of Thailand, further explained that in 2002, the government set up a number of committees with missions on international regulations and trade.⁵⁴⁹ They consisted of the negotiation-related state agencies such as the Ministry of Commerce, the Ministry of Finance, the Ministry of Industry, and the Ministry of Foreign

⁵⁴⁶ Patcharinthanakul, P 2008, *Political Economy in Thailand's Business Interest Groups: Case Study; Board of Trade of Thailand in International Trade Negotiation*, Thesis paper (Economic) Chulalongkorn University, Bangkok (in Thai), pp.81-83.

⁵⁴⁷ Interview with Dr.Som Jatusripitak.

⁵⁴⁸ Interview with Dr.Som Jatusripitak.

⁵⁴⁹ Interview with Dr.Som Jatusripitak.

Affairs together with the increasingly indispensable private sector representatives such as Trade Associations and individuals.⁵⁵⁰ With the aim to provide information for related private entrepreneurs and companies under the direction of Prime Minister Thaksin Shinawatra, the committees organised meetings every month. Results and outcomes of the meeting were organized and publicized by the University of the Thai Chamber of Commerce through the website of the Board of Trade of Thailand.⁵⁵¹ The committees have also provided experts to accompany state officials to inform other private organizations, particularly those in the provincial areas, in joint-seminars with the Provincial Chambers of Commerce.⁵⁵²

The Federation of Thai Industries

The Federation of Thai Industries is another significant private institution that has played direct roles in Thailand's foreign economic policy-making alongside the Chambers of Commerce. The Federation of Thai Industries has been considered a key representative of the private sector in Thailand. This is because industry has become an essential element in Thai economics. Since 1967, each industrial sector has been gathered into a group known as the "Thai Industrial Association". It was established as a gathering centre for industrial entrepreneurs following the government's direction as set out in the NESD Plan. The Industrial Association supported the government by solving industrial problems inside and outside the country and by delivering useful information on industry to the government such as; costs of production, new technology, and labor issues.⁵⁵³ Collecting relevant information for the government was the first step for the Industrial Association to play a role in government decision making. Its capabilities were well recognized and some of its leaders were invited to join the cabinet. For instance, Major General Pramarn Adireksarn, Chairman of the Industrial Association between 1969 and 1980 was appointed as the Minister of Finance between 1975 and 1976, and then also Deputy Prime

550 Interview with Dr.Som Jatusripitak.

551 Interview with Dr.Som Jatusripitak.

552 Interview with Dr.Som Jatusripitak.

553 Aksaranun, C, *Private Institutes and the National Security*, Individual research document, National Defense College, Bangkok (in Thai).

Minister in 1980.⁵⁵⁴ However, under the Acts of Parliament on Trade Associations and Chambers of Commerce, the status of the Industrial Association still remained that of a normal business association with no difference in legal terms to other associations. Subsequently, following a study by the NESDB and a great effort from the Industrial Association, an Act of Parliament on the Federation of Thai Industry was ratified in 1988. This Act changed the status of the organization from association to federation. It also enabled the Federation of Thai Industries to become an independent organization and a formal representative of the private industrial sector with an equal status to the Board of Trade of Thailand.⁵⁵⁵

The Federation of Thai Industries has been working under the supervision of the Ministry of Industry. Under the Act of Parliament on the Federation of Thai Industry, the Federation has the authority to categorize members into industrial groups for example, plastic industrial group, food industrial group, leather industrial group, glass and mirror industrial group, automobile industrial group, and electronic device industrial group. With legislative approval and support from industrial experts, the negotiating power of the Federation of Thai Industries with its international counterparts has been strengthened.

According to Santi Vilassakdanont, former Chairman of the Federation of Thai Industries, the Federation of Thai Industries has participated in many conferences and has coordinated with many foreign private industrial business organizations such as the ASEAN-CCI, the Japanese Keidanren, European Economic Community (EEC), Confederation of British Industry, Confederation of Finnish Industry, and Federation of Malaysian Manufacturers to promote effective cooperation.⁵⁵⁶ It also took part in the establishment of the Thai-Singapore Business Council, the Thai-Australian bilateral cooperation, and Asia-Pacific business cooperation. The Federation has organized a number of important conferences for instance, the 46th-47th ASEAN-

⁵⁵⁴ Phekanun, A 1991, *Roles of JPPCC on the National Economic Security*, Individual research document, National Defense College, Bangkok (in Thai).

⁵⁵⁵ Tinsantisuk, P 1994, *Roles and Duties of the Federation of Thai Industries*, Individual research document, National Defense College, Bangkok (in Thai); Wongsurawat, K 1994, *The Provincial Federation of Industries and the National Development*, Individual research document, National Defense College, Bangkok (in Thai).

⁵⁵⁶ Interview with Mr.Santi Vilassakdanont.

CCI with government representatives to establish a foundation for AFTA such as the Common Effective Preferential Tariff (CEPT) Scheme, the 5th Thai-Taiwan Economic Cooperation Committee Conference, the India-Thai Business Council Conference, the 2nd Japan Economic Foundation (JEF) Conference on Asia-Pacific Issues, and the Thai-Singapore Business Council Conference.⁵⁵⁷ In order to promote excellent relationships with its foreign industrial counterparts, the Federation of Thai Industries has received many leaders, as well as trade and investment representatives, from many countries as its guests, for example; the Australian Prime Minister and the Japanese Minister of International Trade and Industry (MITI).⁵⁵⁸ These duties and responsibilities show the influential roles that the Federation of Thai Industries has played in Thailand's foreign economic policy. Representing Thailand in various international forums both bilaterally and multi-laterally, together with playing a key role in establishing and organizing many economic cooperatives, has enabled the Federation of Thai Industries to become an influential actor in Thailand's foreign affairs alongside the key responsible agency for Thai foreign relations at all levels, the Ministry of Foreign Affairs. This is because, in terms of industry, the Federation of Thai Industries has the capability to play a significant role in dealing with foreign industrial counterparts. According to Mr. Santi Vilassakdanont, the Federation of Thai Industries' advantage in terms of human resources is that it consists of industrial sector elites from across the country enabling it to become a key representative in Thailand's industrial affairs.⁵⁵⁹

Under the law, the Federation of Thai Industries also has the authority to organize members in provincial areas, as the Provincial Federation of Industry. According to Santi Vilassakdanont, the Provincial Federation of Industry has also played roles at the international level particularly in Southeast Asia.⁵⁶⁰ For example, the Khon Kaen Federation of Industry organized a seminar on Thai-Lao economic relations under globalization, and a discussion session on Thai-Lao trade and investment with Khon Kaen business entrepreneurs. The Udon Thani Federation of Industry

557 Interview with Mr.Santi Vilassakdanont.

558 Interview with Mr.Santi Vilassakdanont.

559 Interview with Mr.Santi Vilassakdanont.

560 Interview with Mr.Santi Vilassakdanont.

organized a seminar with Lao officials and business entrepreneurs on Thai-Lao trade and investment⁵⁶¹, and the Kanchanaburi Federation of Industry organized a seminar with the Board of Investment (BOI) on ways of investing in the Indochinese countries under the Greater Mekong Sub-region (GMS) Economic Cooperation framework.⁵⁶² Additionally, even with Myanmar, which was up until the 1980s viewed as unfriendly to Thailand mainly after its “the Burmese Way to Socialism” policy of 1962, the Provincial Federations of Industry was able to push forward an idea and turn it into cooperation, and the country’s foreign policy. Santi Vilassakdanont explained that the Provincial Federations of Industry in the Central part of Thailand supported logistical development by constructing the regional logistics centre as well as a project of regional road linkages.⁵⁶³ They also encouraged the agricultural processing industry, especially in transporting fisheries products on international highways from Kanchanaburi to Tavoy and from Prachuab Khiri Khan to Mergui creating an area to be known as Thailand’s “Western Seaboard”.⁵⁶⁴ Furthermore, in 2004, the Kanchanaburi Federation of Industry initiated the construction of Kanchanaburi-Tavoy Landbridge to open up new routes for agricultural exports to Thailand’s neighboring countries and others in the region. The idea was pushed forward through the Kanchanaburi Provincial-JPPCC with agreement from the Regional Army.⁵⁶⁵ This project was a cooperative between Thailand, Myanmar, and the Japan Bank for International Cooperation (JBIC).⁵⁶⁶ The project was aimed to establish Kanchanaburi as an important economic gateway in the western part of the country by linking with the East-West Economic Corridor under the GMS Economic Cooperation and the Mekong-Japan cooperation.⁵⁶⁷ These initiatives of the Provincial Federations of Industry strengthened Thailand’s relationships with its neighbors through a range of activities and their diverse

561 Interview with Mr.Santi Vilassakdanont.

562 Khosakanchit, A 2009, *The Federation of Thai Industries and the Regional Economic Development*, Individual research document, National Defense College, Bangkok (in Thai).

563 Interview with Mr.Santi Vilassakdanont.

564 Interview with Mr.Santi Vilassakdanont.

565 Interview with Mr.Santi Vilassakdanont.

566 Interview with Mr.Santi Vilassakdanont.

567 Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: East-West Economic Corridor*, ADB, Manila.

capabilities. These activities promoted not only economic and investment cooperation at the local level but they also promoted cooperation at the national level.

The Thai Banker's Association

The Thai Banker's Association is a representative of the private sector in the monetary field. It was established in 1958 with sixteen commercial bank members. In comparison to the other business associations, the Thai Banker's Association has been the organization with the least bureaucratic polity.⁵⁶⁸ However, in terms of legal status, it is only a normal association in comparison with other major private sector associations. The Thai Banker's Association has no independence; it is under the supervision of the Bank of Thailand, and has no authority to make its own decision but is dependent on central policy. As a result, it plays fewer roles in government's economic policy-making than other institutions. The Thai Banker's Association has no particular function to directly serve the activities of the later-established joint public-private committee, hence its engagement in national policy formulation is not as obvious as other members.⁵⁶⁹

Strengthening the roles of the private sector: the establishment of the joint public-private committees

Although a number of business associations were established as representatives of business entrepreneurs to work in cooperation with government, their impact were isolated and were insufficiently recognized by government agencies. In order to strengthen their roles, including their negotiating power with the government, leaders of the key private institutions; the Chambers of Commerce, the Federation of Thai Industries, and the Thai Banker's Association established a central committee to strengthen cooperation. In addition, they also proposed an initiative to government for the establishment of a joint public-private committee to act as a conduit between government and the private sector. This channel was the beginning of more

⁵⁶⁸ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

⁵⁶⁹ Sungasuwan, S 1991, *Joint Public-Private Consultative Committee and Thailand's Economic Policy-making*, Thesis paper (Economic), Chulalongkorn University, Bangkok (in Thai).

influence for the private sector in national policy-making, particularly in the foreign economic aspect.

In 1973, when the Thanom administration was deposed, the Patron-Client relationship between officials and business people received little criticism. As politics became more open following the election, a considerable number of business people were brought into political parties. However, following the coup in 1976-1977 when there was no election, many leading positions in the business associations were appointees; recent politicians with political prestige and power. For example, Major General Pramarn Adireksarn, former Deputy Prime Minister became the leader of Thai Industrial Association, Boonchu Rojanasathien, former Minister of Finance was appointed as the leader of the Thai Banker's Association, and Ob Wasurat, former Minister of Commerce held a position as the leader of the Thai Chamber of Commerce and the Board of Trade of Thailand.

In 1977, the three leaders of the leading associations decided to improve cooperation by setting up the Joint Standing Committee on Commerce, Industry, and Banking (JSCCIB) as a stage to discuss common problems, and to find their solutions. The committee initially focused on Thai business representation in the ASEAN-Chamber of Commerce and Industry (ASEAN-CCI). In 1978, the JSCCIB proposed that the government should establish a joint public-private committee to oversee problems of trade deficit.⁵⁷⁰ Consequently, the government established a consultative committee with a duty to solve trade deficit and other urgent economic problems. The committee consisted of officials from the executive level, together with directors of the three leading business associations and was chaired by the Deputy Prime Minister. However, cooperation within this committee was not always smooth. The private sector viewed the government as ineffective in pursuing and responding to their proposals; on the one hand, the government claimed that the private sector was too impetuous, on the other.⁵⁷¹

⁵⁷⁰ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

⁵⁷¹ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

In 1980, when General Prem Tinsulanonda, the Army Commander-in-Chief and the Defense Minister, took office and formed a new government with considerable support from the parliament, he attempted to gather support from the major political parties. Almost half of his cabinet was appointed from business circles. For example, Pong Sarasin, former Chairman of the Association of Thai Industries, was appointed as Deputy Prime Minister. Major General Pramarn Adireksarn and Boonchu Rojanasathien were appointed Deputy Prime Ministers. Both Pramarn and Boonchu tried to push forward more participation of the business sector in national economic policy-making. Boonchu organized informal meetings between ministers in related portfolios, and leaders of the three leading business associations. As a result of this collaboration, they proposed the idea of “Thailand INC” to improve Thailand’s competitive capabilities on the world stage by bringing the government and the private sector to work as a team and as a single company. They concluded that the joint public-private committee would effectively achieve its goals only if the Prime Minister was the Chairman of the committee and as long as the committee had regular and frequent formal meetings.⁵⁷² Under the JSCCIB, they proposed this idea to Prime Minister Prem in 1981. As a result, the government made a decision to establish the Joint Public-Private Consultative Committee (JPPCC) chaired by the Prime Minister. This committee consists of representatives from the Board of Trade of Thailand, the Thai Industrial Association, the Thai Banker’s Association, and Ministers responsible for the economy it conducts monthly meetings.⁵⁷³

During 1983 and 1984, the government began to support business organizations in provincial areas especially in the form of the Provincial Chambers of Commerce. This support began by initiating training sessions for provincial and local business people, to inform them about the importance of their roles under the business associations. The government also offered opportunities for provincial business entrepreneurs to participate in the Provincial Joint Public-Private Consultative Committee (Provincial-JPPCC), wherein its structure and functions were adapted from the National JPPCC. This project began in the provinces that already had

⁵⁷² Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

⁵⁷³ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

Provincial Chambers of Commerce, and branches of the Industrial Association and the Thai Banker's Association. The Governor of the province was assigned to Chair the committee. Therefore, the number of Provincial Chambers of Commerce increased from four in 1979 to twenty-eight by 1983, and by 1986, every province in the country had its own Provincial Chamber of Commerce.⁵⁷⁴

Establishing connecting channels between the government and the private sector both at the national and provincial levels was a gauge of the increasingly direct roles of non-state actors in Thailand's national policy-making. The business-based private sector has since been able to influence the policy direction through these channels. Moreover, it demonstrates that the government began to recognize the growing importance of the private sector, as it required the input and expertise of these non-state actors in dealing with the more complex and more economically-oriented foreign affairs.

The joint public-private committees: greater participation of non-state actors in foreign policy-making

After the three leading private institutions proposed their initiative to General Prem Tinsulanonda's government to set up a joint public-private committee, the government established the Joint Public-Private Consultative Committee (JPPCC) in 1981. The Provincial Joint Public-Private Consultative Committee (Provincial-JPPCC) was established in 1983. As these committees consist of leaders from private institutions and Ministers responsible for national economic decision making, these channels became the stage for the private sector to play a more direct role in foreign economic policy-making. The following section demonstrates the background, processes, and functions; as well as providing an analysis, of these two committees.

The Joint Public-Private Consultative Committee (JPPCC)

Initiated by Tavorn Pornprapa, Deputy Chairman of the Industrial Association, with support from Major General Pramarn Adireksarn, Chairman of the Industrial Association, Ob Wasurat,

⁵⁷⁴ Laothamatas, A 1988, 'Business and Politics in Thailand: New Patterns of Influence', *Asian Survey*, vol. 28, no. 4, pp.458-459.

Chairman of the Thai Chamber of Commerce, and Boonchu Rojanasathien, Chairman of the Thai Banker's Association; an agreement was made in 1977 to establish the Joint Standing Committee on Commerce, Industry, and Banking (JSCCIB), as a mechanism to communicate and negotiate between the public and private sectors.⁵⁷⁵ The JSCCIB was assigned with a duty to consider and screen requests from the business sector, and to find mutual agreement within the private sector before making proposals to the government. The JSCCIB also acted as a policy coordinator for the government.⁵⁷⁶ However, during the government under General Kriangsak Chomanan, the business sector became disappointed with the committee's outcomes. The government was unable to produce any practical measures as the committee was only a consultative body. This led to its inability to represent and solve problems for the private sector. This also brought many confrontations between the private sector and some of the state agencies involved.⁵⁷⁷

Nevertheless, between 1980 and 1988, under the government of General Prem Tinsulanonda, the joint committee differed from the previous period in many respects. For example, the joint committee was chaired by the Prime Minister, and the committee Secretary was the also the Secretary-General of the NESDB. The committee membership not only included the three leading private institutions but also the appropriate ministers and state agencies namely; Deputy Prime Minister, Minister (Deputy Minister) of Finance, Minister (Deputy Minister) of Foreign Affairs, Minister of Transportation, Minister of Commerce, Minister of Interior, Minister of Science, Minister of Industry, Minister attached to the Office of Prime Minister, and Governor of the Bank of Thailand.⁵⁷⁸ The initiative for this committee came in 1981 from Sathaporn Kavitanont, Director of the Economic Project Division of the NESDB and Sanoh Unakul, the

⁵⁷⁵ Aksaranun, C, *Private Institutes and the National Security*, Individual research document, National Defense College, Bangkok (in Thai).

⁵⁷⁶ Sungasuan, S 1991, *Joint Public-Private Consultative Committee and Thailand's Economic Policy-making*, Thesis paper (Economic), Chulalongkorn University, Bangkok (in Thai).

⁵⁷⁷ Laothamatas, A 1996, *Business Associations and the New Political Economy in Thailand*, Kobfai Publishing Project, Bangkok (in Thai).

⁵⁷⁸ Sungasuan, S 1991, *Joint Public-Private Consultative Committee and Thailand's Economic Policy-making*, Thesis paper (Economic), Chulalongkorn University, Bangkok (in Thai), p.35.

Secretary-General of the NESDB.⁵⁷⁹ This committee was named the “Joint Public-Private Consultative Committee (JPPCC)”.

According to Som Jatusripitak, Advisor to the Board of Trade of Thailand, the JPPCC principles have been adapted and developed with a participative management so that the private sector can participate in solving problems with the government, or at least provide information and suggestions.⁵⁸⁰ Its main objective is to act as a policy coordinator and a mediator between the public and private sectors particularly in economic matters.⁵⁸¹ Although its legal status is only a consultative body, Chairmanship by the Prime Minister has ensured that the committee’s proposals have received greater recognition, especially from state operational agencies.⁵⁸² Moreover, according to Ampon Kitti-amphon, former Secretary-General of the NESDB, when the NESDB Secretary-General became a JPPCC member, the committee received significant support for essential research and office management.⁵⁸³ Since 1983, the NESDB Secretary-General has established sub-committees of high-level officials and representatives from the business sector, primarily to study issues before their consideration by the JPPCC.⁵⁸⁴ The JPPCC Secretary and its sub-committees have the authority to propose or reject any issues or requests for consideration.⁵⁸⁵ However, according to Som Jatusripitak, recommendations from the JPPCC are only guidelines with no obligation that they be implemented, therefore they can be ignored by government and private agencies without any fault or penalty.⁵⁸⁶

According to Ampon Kitti-amphon, although the JPPCC is a joint organization with a mandate to produce solutions to economic problems, but both the public and private sectors can make

579 Sungasuwan, S 1991, *Joint Public-Private Consultative Committee and Thailand’s Economic Policy-making*, Thesis paper (Economic), Chulalongkorn University, Bangkok (in Thai), pp.21-22.

580 Interview with Dr.Som Jatusripitak.

581 Interview with Dr.Som Jatusripitak.

582 Interview with Dr.Som Jatusripitak.

583 Interview with Mr.Ampon Kitti-amphon.

584 Interview with Mr.Ampon Kitti-amphon.

585 Interview with Mr.Ampon Kitti-amphon.

586 Interview with Dr.Som Jatusripitak.

requests to the government, and give advice to each other. However, the committee has practically become a channel solely for the business sector to make requests to the government, rather than a joint channel including the public sector.⁵⁸⁷ This was evident in the period between 1981 and 1986 when 142 resolutions were raised mostly by the private sector. For example, the creation of the Energy Conservation Center, a Credit for Small Industries Program, an Export Promotion Funding Program, a reduction of export customs procedures, and liberalizing cross border trading with communist neighboring countries.⁵⁸⁸ According to Som Jatusripitak, the JPPCC has provided great opportunities for the three leading business associations and the Provincial Chambers of Commerce to take part in the negotiation process as well as high-level policy-making.⁵⁸⁹ Since the committee has been chaired by the Prime Minister and has responded effectively to requests from the private sector, business entrepreneurs tend to participate in the existing business associations or even attempt to establish new association just to access the JPPCC.⁵⁹⁰ Furthermore, participating in the JPPCC has led to many advantages for business entrepreneurs.⁵⁹¹ For example, the structural adjustments in the business associations that are required to become a member of the Thai Industrial Federation and the Board of Trade of Thailand have allowed them to recruit more personnel to work as policy researchers, and have increased opportunities to accompany government delegates on state visits to meet with foreign business elites.⁵⁹²

The Provincial Joint Public-Private Consultative Committee (Provincial-JPPCC)

Three years after the establishment of JPPCC, the government attempted to construct a similar committee at the provincial level. From 1983 to 1986, the government organized JPPCC mobile conferences in many provinces, and invited civil sector officials and business elites in each province to attend. The government assigned the Governor of each province to establish the

587 Interview with Mr.Ampon Kitti-amphon.

588 Laothamatas, A 1988, 'Business and Politics in Thailand: New Patterns of Influence', *Asian Survey*, vol. 28, no. 4, pp.461-462.

589 Interview with Dr.Som Jatusripitak.

590 Interview with Dr.Som Jatusripitak.

591 Interview with Dr.Som Jatusripitak.

592 Interview with Dr.Som Jatusripitak.

Provincial-JPPCC. These were initially in the provinces that already had offices or branches of the Industrial Association, the Board of Trade of Thailand, or the Banker's Association. As a result of adapting the structure and principles from the national JPPCC, the Provincial-JPPCCs quickly became established in many provinces.

The Provincial-JPPCC is chaired by the Governor of the province and consists of high-level state officials from the Provincial Office of Industrial Affairs, the Provincial Office of Commercial Affairs, the Provincial Office of Financial Affairs, the Provincial Office of Transportation Affairs, and the Provincial Office of Labor Affairs, and the leaders of the Provincial Chambers of Commerce including institutions under the Federation of Industry and the Banker's Association. The Minister of Interior was assigned to supervise the establishment of the Provincial-JPPCCs.⁵⁹³ The Governor of each province has the authority to order provincial state agencies to take action if a problem can be resolved at the provincial level, or to be transferred to the National-JPPCC if it is beyond their capabilities.⁵⁹⁴

According to Som Jatusripitak, from 1988 to 1991, under the government of Prime Minister Chatichai Choonhavan, although the frequency of JPPCC meetings was reduced from once a month to only five times in 1988, four times in 1989, and twice in 1990, the JPPCC was still considered an important body.⁵⁹⁵ The implementation process of policies and solutions was still continuously assigned to many operational sub-committees.⁵⁹⁶ There were also many more consultative committees at the ministerial and department levels.⁵⁹⁷ Furthermore in 1989, according to former Prime Minister and former Army Chief, General Chavalit Yongchaiyudh; the military, which had always been aware of the loyalty of the business sector, initiated a new course at the National Defense College through the JPPCC, by recruiting high-level military

⁵⁹³ Aksaranun, C, *Private Institutes and the National Security*, Individual research document, National Defense College, Bangkok (in Thai).

⁵⁹⁴ Thitisawasdi, C 1990, *The Chamber of Commerce and the Economic Development*, Individual research document, National Defense College, Bangkok (in Thai).

⁵⁹⁵ Interview with Dr.Som Jatusripitak.

⁵⁹⁶ Interview with Dr.Som Jatusripitak.

⁵⁹⁷ Interview with Dr.Som Jatusripitak.

officers and civil officials to join a class with business elites to study national security and economic issues.⁵⁹⁸

According to Som Jatusripitak, following the establishment of the JPPCC and the Provincial-JPPCCs, their functions were respected and their important roles were emphasized.⁵⁹⁹ However, when Prime Minister Thaksin Shinawatra took office in 2001, the roles of the JPPCC and the Provincial-JPPCCs were gradually reduced.⁶⁰⁰ Thaksin was more interested in the initiation of trade negotiations with international counterparts particularly under the Free Trade Area (FTA) frameworks.⁶⁰¹ This greatly affected the way state agencies negotiated with private representatives.⁶⁰² Thaksin intended to meet directly with leaders of the leading business associations.⁶⁰³ The government favoured discussions in specific workshop sessions with the Chairmen of those private institutions, rather than through the JPPCC mechanism.⁶⁰⁴ Moreover, according to Phairat Buraphachaisri and Santi Vilassakdanont, since 2003 the Prime Minister has turned the focus on an administrative system improvement such as a reduction in the bureaucratic size in order to increase efficiency of civil servants.⁶⁰⁵ By applying principles and patterns from business administration such as the idea of the Chief Executive Officer (CEO), some of the assigned provincial Governors as well as provincial administrators began to perform like the “CEO” of the province.⁶⁰⁶ They also tended to focus less on the Provincial-JPPCC mechanism and more on the performance of the Provincial Chambers of Commerce in the newly established Provincial Administrative Committee.⁶⁰⁷ The new committees consist of

598 Interview with General Chavalit Yongchaiyudh.

599 Interview with Dr.Som Jatusripitak.

600 Interview with Dr.Som Jatusripitak.

601 Interview with Dr.Som Jatusripitak.

602 Interview with Dr.Som Jatusripitak.

603 Interview with Dr.Som Jatusripitak.

604 Interview with Dr.Som Jatusripitak.

605 Interview with Mr.Phairat Buraphachaisri.; Interview with Mr.Santi Vilassakdanont.

606 Interview with Mr.Phairat Buraphachaisri.; Interview with Mr.Santi Vilassakdanont.

607 Interview with Mr.Phairat Buraphachaisri.; Interview with Mr.Santi Vilassakdanont.

representatives from the public and private sectors as well as officials from the local authorities.⁶⁰⁸

Conclusion

Non-state actors are considered as new players in world politics who have achieved greater roles in the global political economy. Non-state actor organisations in Thailand were originally established as groups for business entrepreneurs, that would strengthen their negotiating power with the government. The roles and performances of non-state actors became prominent when they were legally recognized during the 1960s and 1970s. Thailand experienced a number of crucial events such as the economic crisis of the 1980s and the policy of “turning battlefields into market places” in 1988, from which non-state actors gradually emerged as an important entity in Thai society and politics. These bodies became participants and stakeholders in Thailand’s foreign economic policy-making, particularly in the trade affairs of the country through various commercial and confidence building activities. During the previous Cold War period, trade with the Indochinese countries and Myanmar was boycotted for political and security reasons. The Provincial Chambers of Commerce played a key part in improving relations between Thailand and its neighbours; Cambodia, Laos, and Myanmar, that had previously deteriorated. After 1988, the Provincial Chambers of Commerce in Thailand’s border areas re-established cross-border trade. Their success has been a good gauge of the rapprochement and improvement in relations between Thailand and these countries. Furthermore, non-state actors have participated and played an important role as Thailand’s representatives on various international stages. This new role has become one of the new facets of Thailand’s foreign affairs in which the Ministry of Foreign Affairs usually takes greater responsibility, and also represents Thailand in most international conferences that Thailand attends.

Non state actors have utilized their connections with policy decision makers to influence policy direction; used their connections with party leaders, and provided financial support in exchange for reciprocal decisions in policy outcomes that benefited their business empires. Additionally, they established a central committee amongst themselves, and successfully pushed forward an

⁶⁰⁸ Interview with Mr.Phairat Buraphachaisri.; Interview with Mr.Santi Vilassakdanont.

initiative to establish the JPPCC as a connecting channel between the government and the private sector. These channels became a stage where both the public and private sectors could make requests to the government and give advice to each other, and also where the business sector could make a request to the government. More importantly, they became a stage where the private sector could play more direct roles in the foreign economic policy-making.

This Chapter discussed non-state actors by identifying their initiation and development together with describing how they have become a crucial part in Thai society and politics. The influence exercised by these non-state actors upon policy directions in Thailand's foreign policy towards its neighbors, Cambodia, Laos, and Myanmar will be demonstrated case by case in the succeeding Chapters. The ensuing discussion will be based on the actors and channels that have been discussed in this Chapter.

Chapter VI

New Actors in Thailand's Foreign Policy-making towards Its Near Neighbors: the Economic Quadrangle and the North-South Economic Corridor

This Chapter discusses the ways in which new actors have participated in Thailand's foreign policy-making towards its neighboring countries. The discussion will be organized using a case study approach. Each case study will demonstrate the roles of both non-traditional state actors and non-state actors, together with the channels they use to push forward requests or propose projects for government consideration. These include the Joint Public-Private Consultative Committee (JPPCC) and the Provincial-JPPCCs that were discussed in previous Chapters. Each case will also demonstrate the unprecedented extent to which these new actors influence Thai foreign policy-making. The discussion will focus on four cases. Each case is indicative of Thailand's altered foreign policy after the late 1980s, which saw a strengthening of foreign relationships through economic cooperation, particularly with Thailand's neighbors. This Chapter discusses two cases; the Economic Quadrangle (Thailand, Myanmar, Laos, and China), and the North-South Economic Corridor under the Greater Mekong Sub-region (GMS) Economic Cooperation. Two further cases, ACMECS (Ayewady – Chao Phraya – Mekong Economic Cooperation Strategy) and Special Economic Zones (SEZs), will be discussed in Chapter VII.

Case Study I: the Economic Quadrangle

Overview of the Economic Quadrangle

Since the 1960s, there have been many schemes adopted to promote increased industrialization and economic growth amongst Asian countries, including import substitutions and export-oriented programs. Thailand's new foreign policy direction of 1988 was designed to turn Thailand's neighboring countries into trade partners rather than security threats, and develop Thailand into a regional commercial hub. Trade became a new diplomatic tactic to improve trust and build relations between Thailand and the Indochinese states. Economic cooperation with other Southeast Asian states also became essential to deal with the growing trade blocs and protectionism from developed countries. Moreover, in the post-Cold War period, after the early

1990s, regional economic growth programs have been promoted among neighboring countries in Asia. These emergent economically-oriented concepts led to a number of newly-established regional economic cooperation schemes to promote economic growth and prosperity particularly between Thailand and its neighbours; Southern China, Cambodia, Laos, Malaysia, Myanmar, and Vietnam.

With the emergence of the concept of Growth Triangles (GT) in Asia in the late 1980s, the idea of the “Quadrangle Economic Zone” was conceptualized and implemented by Thai leadership.⁶⁰⁹ The Economic Quadrangle idea was agreed upon and implemented by Southern China, Laos, Myanmar and Thailand. The area falling within the Economic Quadrangle has been also known as the “Upper Mekong River”⁶¹⁰, which is a mountainous area surrounded by the north-south valley of the Salween River. The Mekong River originates in China and flows down to the “Golden Triangle”, the border area between Laos, Myanmar, and Thailand. Thailand’s Northern provinces of Chiang Rai, Chiang Mai, and Mae Hong Son are adjacent to the Shan State of Myanmar. The border between Laos and Myanmar is also separated by the Mekong River. Yunnan Province in China has a 130 kilometers border with the Shan State in the west while its borders with Luang Namtha and Phongsaly of Laos are 130 kilometers and 297 kilometers respectively. In addition, the Mekong River separates Chiang Rai in Thailand from adjacent Bokeo in Laos.⁶¹¹

⁶⁰⁹ Tsuneishi, T 2009, *Border Trade and Economic Zones on the North-South Economic Corridor: Focusing on the Connecting Points between the Four Countries*, Institute of Developing Economies (IDE) discussion paper No.205, Chiba, pp.7-8.

⁶¹⁰ See Figure 1

⁶¹¹ Tsuneishi, T 2009, *Border Trade and Economic Zones on the North-South Economic Corridor: Focusing on the Connecting Points between the Four Countries*, Institute of Developing Economies (IDE) discussion paper No.205, Chiba, p.3.



Figure 1: The Mekong River, flows north to south <<http://khampoua.wordpress.com>>

Thailand and the Chinese Yunnan Province agreed to promote the development of the “Upper Mekong River” area. Both countries recognized the existence of large markets in their hinterlands. The Chinese market is economically critical for Thailand. In turn, China considers the markets of Thailand, particularly Bangkok to be lucrative and has employed a “Great Western Development Strategy” and “Southbound Policy” to strengthen the economic relationship between China and its Southeast Asian neighbors. These policies reflect the benefit to China as a result of the termination of US military operations in Southeast Asia in the mid-1970s . China has retained close relations with Myanmar through its military government, and has had cultural, business, and some military ties with Thailand as well.⁶¹² Moreover, as the Chinese economy expanded, its logistical links to other countries started to develop, particularly road, railway, and pipeline connections with neighboring states.⁶¹³ Both China and Thailand have a strong commitment to develop their mutual economic relationship through developments in Myanmar and Laos, particularly through land transport projects.⁶¹⁴ In addition, China has designated the Yunnan border districts for trade relations with Laos, Myanmar, Thailand, and Vietnam, and specific towns and outlets are specifically targeted for business.⁶¹⁵

This region shares similar historical, ethnic, and cultural characteristics and consequently international trade and transportation links were already firmly established during the 1980s. After Thai Prime Minister Chatichai Choonhavan advocated for the conversion of Indochina from a battlefield into a marketplace in 1988, Thailand has worked to promote cooperation with its neighboring countries. In the 1990s, the Chiang Rai Provincial Chamber of Commerce advocated “the Concept of the Quadrangle Economic Zone” signalling that the unified

⁶¹² Grinter, L 2006, ‘China, the United States, and Mainland Southeast Asia: Opportunism and the Limits of Power’, *Contemporary Southeast Asia*, vol. 28, no. 3, p.449.

⁶¹³ Holslag, J 2010, ‘China’s Roads to Influence’, *Asian Survey*, vol. 50, no. 4, p.641.

⁶¹⁴ Masviriyakul, S 2004, ‘Sino-Thai Strategic Economic Development in the Greater Mekong Subregion (1992-2003)’, *Contemporary Southeast Asia*, vol. 26, no. 2, p.303.

⁶¹⁵ Grinter, L 2006, ‘China, the United States, and Mainland Southeast Asia: Opportunism and the Limits of Power’, *Contemporary Southeast Asia*, vol. 28, no. 3, p.458.

development of four regions should be carried out through cooperation between Thailand, Myanmar, Laos and the Chinese Yunnan Province.⁶¹⁶

The Economic Quadrangle⁶¹⁷ encompassed an area of more than 180,000 square kilometres becoming a very significant international economic zone. This area comprises nine provinces from Thailand (Chiang Mai, Chiang Rai, Phayao, Mae Hong Son, Lampang, Lamphun, Phrae, Nan, and Tak), three states from Myanmar (Shan, Kayin, and Kayah), six provinces of Laos (Bokeo, Luang Namtha, Phongsaly, Oudomxai, Sainyabuli, and Vientiane), and the Yunnan Province of China. A potential market with a population of more than 350 million people of different nationalities is the basis of this scheme and the numbers have been rapidly increasing. Population growth has created high demand for products and services for consumers who demand more choices for shopping or tourist excursions. Investors, business people and manufacturers expanded their trade and investments and have received substantial economic rewards as a result.⁶¹⁸ The purpose of development in the Economic Quadrangle was not only to promote trade and investment, but also to promote the formation of border economic zones and tourism. Trade and tourism are a natural link for the region but required the development of a transportation network.⁶¹⁹ As a result, the Economic Quadrangle improved basic transportation infrastructure such as roads, railways, and waterways through cooperation between central governments, local governments and the private sector.⁶²⁰

616 Tsuneishi, T 2009, *Border Trade and Economic Zones on the North-South Economic Corridor: Focusing on the Connecting Points between the Four Countries*, Institute of Developing Economies (IDE) discussion paper No.205, Chiba, pp.3-7.

617 See Figure 2

618 *Heart of Opportunity, The Economic Quadrangle: Laos-Thailand-Myanmar-China*, viewed 16 December 2011, <http://www.mekongexpress.com/laos/articles/dc_0996_heartofoppor.htm>.

619 Corben, R 1996, *A New Economic Quadrangle Looms Over Golden Triangle*, viewed 16 December 2011, <<http://ipsnews.net/news.asp?idnews=64776>>.

620 Tsuneishi, T 2009, *Border Trade and Economic Zones on the North-South Economic Corridor: Focusing on the Connecting Points between the Four Countries*, Institute of Developing Economies (IDE) discussion paper No.205, Chiba, p.8.



Figure 2: The Economic Quadrangle, Asian Development Bank, <<http://www.adb.org>>.

The establishment of the Economic Quadrangle

The Economic Quadrangle clearly demonstrates the influence of new actors in Thailand's foreign economic policy. This case study will be supplemented by two secondary examples, the Langchang-Mekong River Commercial Maritime Route, and the cooperation in air linkages.

It could be argued that the business-based private sector has influenced Thailand's decision-making just for its own benefit. However, it can be argued that its role has also improved Thailand's foreign policy towards its neighbors. One of the most influential actors in foreign policy in the provincial areas, is the private sector. For example, the Chiang Rai Chamber of Commerce has played a key part in Thailand's foreign policy in the form of international cooperation with Thailand's neighbours. The Chiang Rai Chamber of Commerce spearheaded the Economic Quadrangle through cooperation among the member countries of the Upper Mekong River Sub-region. The primary objective of this project was to develop border trade among the four countries in order to achieve collective economic prosperity. The Chiang Rai Provincial Chamber of Commerce also established the economic zone to expand regional international economic cooperation. The Chiang Rai Provincial Chamber of Commerce utilized many ways to influence foreign economic policy.

Firstly, the Chiang Rai Provincial Chamber of Commerce influenced this scheme through the established channels of the Provincial-JPPCC, the Thai Chamber of Commerce, and government agencies. The idea to establish the economic zone was initiated by the Chiang Rai Provincial Chamber of Commerce under the leadership of Sawaeng Kruewiwattanakul (1987-1991). In 1987, the proposal was formally submitted to the government under Prime Minister Prem Tinsulanonda through the JPPCC. The JPPCC has been the primary vehicle for non-state actors to influence the country's national policy-making. However, according to Som Jatusripitak, Advisor to the Board of Trade of Thailand, in many cases, the JPPCC is considered a "Cold Room" for government agencies to stall requests from the private sector when there is still some disagreement from the government side, or until the government is ready to implement the proposed idea.⁶²¹

⁶²¹ Interview with Dr.Som Jatusripitak.

Secondly, the Chiang Rai Provincial Chamber of Commerce attempted to secure the project directly through decision makers, particularly Ministers who played a key role in government foreign economic policy-making. In 1992, the Chiang Rai Provincial Chamber of Commerce pushed the project forward through Supachai Panitchpakdi, the then Deputy Prime Minister responsible for economic policy under the premiership of Chuan Leekpai (1992-1995).⁶²² According to Som Jatusripitak, influencing the country's policy-making by lobbying key government decision makers, such as the Deputy Prime Minister responsible for economic policy, has become the most effective way of ensuring ideas or initiatives from the private sector are easily brought before the cabinet, or directly to the Prime Minister.⁶²³ The Deputy Prime Minister responsible for economic policy also has the authority to order the economically related Ministries and Departments to respond to requests from the private sector.⁶²⁴ As a result, any attempt to influence the country's policy-making, especially regarding foreign policy by non-state actors, will always involve direct contact with key government decision makers.⁶²⁵ More importantly, the government needs support from the private sector especially those in the provincial areas as these areas are their political stronghold. Hence, it is likely that many projects proposed by the private sector from particular areas will be surely considered. Moreover, in some cases, if the ruling party wants to expand its political influences into certain areas, it can be achieved by implementing projects proposed by such areas.

Another way to obtain support for a project initiated by the private sector was to make direct contact with the relevant international counterparts. This demonstrates that non-state actors had the capability to deal with decision makers in foreign countries. This was particularly the case with countries that Thailand had low-level diplomatic relations with, and countries in which cross-border trade had been boycotted during the Cold War period, such as Laos and Vietnam. In 1989, the Chiang Rai Provincial Chamber of Commerce began the project by sending economic missions to the target countries. Delegates from the Chiang Rai Provincial Chamber of

⁶²² Yostrakul, T 2002, *The Provincial Chamber of Commerce in the International Relations Context: A Study of Roles of the Chiang Rai Provincial Chamber of Commerce and the Tak Provincial Chamber of Commerce in Thai-Myanmar Relations*, Thesis paper, Chulalongkorn University, Bangkok (in Thai).

⁶²³ Interview with Dr.Som Jatusripitak.

⁶²⁴ Interview with Dr.Som Jatusripitak.

⁶²⁵ Interview with Dr.Som Jatusripitak.

Commerce visited Houay Xay in Bokeo Province, Laos to negotiate the establishment of trading posts at Chiang Khong in Chiang Rai Province.⁶²⁶ In the same year, the Chiang Rai Provincial Chamber of Commerce sent economic missions to Yunnan, Southern China. The Chiang Rai Provincial Chamber of Commerce and the Yunnan Province signed memorandum on trade and tourism cooperation. Both sides discussed the construction of land and maritime linkages from Chiang Rai to Yunnan. The discussions initiated by these private actors with their counterparts were sufficient to convince the local authorities in the involved areas. This paved the way for the establishment of economic cooperation in the region where no such cooperation had existed before 1988.⁶²⁷ This case demonstrates that even with “the enemy country” from the Cold War period such as Laos, contact with local authorities through the business-based private sector, instead of official contact, was more likely to achieve agreement and make cooperation possible. This reflected a new change in Thailand’s foreign affairs as previously government officials, especially from the Ministry of Foreign Affairs, took the lead role in dealing with international cooperation.

Thirdly, the Chiang Rai Provincial Chamber of Commerce also strategically promoted the idea of an Economic Quadrangle by using local and national media and by organizing seminars with the Nation Group, one of the leading media companies in Thailand. Co-organizing seminars and other media activities were ways to harness public support for a project, and pressure the government into adopting the idea. In addition, the project was also introduced to foreign diplomats from the US, Canada, and Australia. The joint-seminars organized by the Chiang Rai-based Mae Fah Luang University and the Chiang Rai Provincial Chamber of Commerce provided opportunities for Thai public and private representatives to meet foreign diplomats and to be included in official visits to Thailand’s neighboring countries. Meeting with foreign diplomats indicated that the project was informally recognized by the international community, which could also influence the government’s stance on such matters. Additionally, being included in various official visits established greater connections particularly with their

⁶²⁶ *Thai Post*, 18 January 1999 (in Thai).

⁶²⁷ Interview with Mr. Niyom Wairatpanich.

neighboring counterparts.⁶²⁸ It can be seen that non-state actors did influence government decision-making and although the private sector was not authorized to initiate any programs on behalf of the government, they had an ability to use non-traditional ways to promote their initiatives for government consideration. This represented a change in Thailand's national decision-making which was formerly dominated by the bureaucratic polity.

As a consequence of the efforts of the Chiang Rai Provincial Chamber of Commerce, in 1990, a conference between China, Laos, Myanmar, and Thailand was officially arranged. The proposal for the establishment of the Quadrangle Economic Zone was endorsed by the Thai government of Chuan Leekpai during his first term (1992-1995). After which further meetings, particularly at the government and official levels among member countries, occurred. In 1992, Thailand continued negotiations with countries within the zone. Supachai Panitchpakdi, former Deputy Prime Minister responsible for economic policy, stated that the basic concept of the Quadrangle Economic Zone was to bring growth and stability to the region by enhancing logistics and services, and by utilizing human resources more effectively.⁶²⁹ In 1993, the government hosted two Senior Officials' Meetings from the four countries in Kunming, China. All representatives accepted the collective Economic Quadrangle Development Plan by agreeing to expand the transportation and telecommunication networks together with energy and tourism cooperation. From the meetings, a transportation system became a priority as it was an important foundation for future economic, trade, and investment cooperation.⁶³⁰ Surakiart Sathirathai, former Minister of Foreign Affairs, and former Finance Minister, commented that once transportation was considered an important item for the Economic Quadrangle agenda; non-state actors, particularly the Provincial Chambers of Commerce, were able to greatly improve cooperation, more-so than government officials, especially those based in the capital.⁶³¹ The locally-based private sector was able to identify areas in their provinces that would benefit from the transportation

⁶²⁸ Interview with Mr.Niyom Wairatpanich.

⁶²⁹ Tsuneishi, T 2009, *Border Trade and Economic Zones on the North-South Economic Corridor: Focusing on the Connecting Points between the Four Countries*, Institute of Developing Economies (IDE) discussion paper No.205, Chiba, p.8.

⁶³⁰ *The Economic Quadrangle*, 1993, Document of the Chiang Rai Provincial Chamber of Commerce (in Thai).

⁶³¹ Interview with Dr.Surakiart Sathirathai.

infrastructure not only in the proposed areas but also for Thailand more generally, and the member countries.⁶³²

In 1994, the Conference on Asia's New Growth Circles was organized in Chiang Mai, Thailand by the Chaiyong Limthongkul Foundation and ASIA, INC. magazine. The term "Growth Circles" was used in this conference because it was seen as a symbol of interdependence and fluidity rather than hierarchy and rigidity. Moreover, it was about networking and people-to-people relations across cultures. Speakers and participants were drawn from the business, governmental and academic spheres.⁶³³ A number of conferences organized by the private sector that focused more on cooperation, significantly confirmed the roles and influence of non-state actors. These conferences were able to get attention from government bodies and support from various international organizations.

The Economic Quadrangle held meetings in 1993 and 1994 to elaborate on the concept but further meetings were suspended because of the economic crisis in 1997. During the second term of the Chuan administration (1997-2001), Deputy Prime Minister Supachai Panitchpakdi, embedded the development plan for the Economic Quadrangle into his government policy. As a result, in 1999, the Department of Foreign Trade, the Ministry of Commerce was assigned by the cabinet to work with the Thai Chamber of Commerce to promote this project.⁶³⁴ According to former Deputy Director-General of the Department of Foreign Trade, the Ministry of Commerce, Vibulluck Ruamraksa, the Chamber of Commerce had a good relationship with the Ministry of Commerce as it was an "artificial corporate" organization; a private organization approved by the government to represent the business sector and to support state policy.⁶³⁵ Additionally, the Chamber of Commerce is legally under the supervision of the Ministry of Commerce. Therefore, collaboration between the Chamber of Commerce and the Ministry of Commerce was likely to have a positive impact on the Economic Quadrangle. A government decree to have the Ministry

⁶³² Interview with Dr.Surakiart Sathirathai.

⁶³³ Dellios, R 1994, 'Trading ideas on the Mekong', *Culture Mandala: The Bulletin of the Centre for East-West Cultural and Economic Studies*, vol. 1, iss. 1, p.50.

⁶³⁴ *The Economic Quadrangle*, 1993, Document of the Chiang Rai Provincial Chamber of Commerce (in Thai).

⁶³⁵ Interview with Mrs.Vibulluck Ruamraksa.

of Commerce work with the Chamber of Commerce shows the influence of non-state actors; particularly in international schemes like the Economic Quadrangle, had become a new way for Thailand to deal with its foreign relationships.

The Economic Quadrangle Zone received highly positive feedback from member countries through a considerable number of meetings, including conferences organized by the private sector. Subsequently, the scheme gained strong momentum as a vehicle for regional economic development, attracting the interest of the Asian Development Bank (ADB), which financially promoted the Economic Quadrangle. The Economic Quadrangle was expected to serve as a mechanism to boost the intra-regional economy at the porous borders that were once the sole domain of drug lords operating a rampant opium trade. Over many years concerted efforts by national, regional and international law enforcement agencies have dealt steady blows to the illegal trade at the borders of Laos, Myanmar, and Thailand.⁶³⁶ The Economic Quadrangle received approximately USD 10 billion support from the ADB in seven key areas namely; transportation, energy, telecommunication, human resources, tourism, environment and natural resource management, and trade and investment.⁶³⁷ The ADB support exemplifies that the cooperation influenced and initiated by the Thai Provincial Chamber of Commerce, which previously had no role in the country's foreign affairs, became an operational foreign policy with recognition and support at the international level. This has led to a regional transformation, from conflict to cooperation.

During the Asian economic crisis in late-1997 and 1998, the Economic Quadrangle was expected to collapse as the member countries became more concerned with their domestic economies. However, the project was still strongly supported, particularly by Thailand. Thailand's support included infrastructure investment as well as regulatory amendments to trade, economic cooperation, and human resource development. It can be seen that activities within the Economic Quadrangle particularly those that supported trade and economic cooperation during the

⁶³⁶ Corben, R 1996, *A New Economic Quadrangle Looms Over Golden Triangle*, viewed 16 December 2011, <<http://ipsnews.net/news.asp?idnews=64776>>.

⁶³⁷ Yostrakul, T 2002, *The Provincial Chamber of Commerce in the International Relations Context: A Study of Roles of the Chiang Rai Provincial Chamber of Commerce and the Tak Provincial Chamber of Commerce in Thai-Myanmar Relations*, Thesis paper, Chulalongkorn University, Bangkok (in Thai).

economic crisis, greatly assisted a very much weakened private sector. The private sector had been an important part of Thailand's economy; therefore, damage to it also affected the national economy. Consequently, the activities of the business-based private sector served not only their own interests as some might argue, but they were actually in the best interests of Thailand's national economy especially in relation to crisis recovery.⁶³⁸ In order to promote cooperation during the economic crisis, the Thai government provided approximately four billion Thai Baht to the Economic Quadrangle.⁶³⁹

According to Niyom Wairatpanich, Vice Chairman of the Board of Trade of Thailand and Chairman of the Economic Cooperation Committee with Neighboring Countries, the influence of non-state actors in the Economic Quadrangle was not only highlighted by the roles of the Chiang Rai Provincial Chamber of Commerce but also through the roles of other Provincial Chambers of Commerce from areas that expected benefits for their provinces from cooperation with Thailand's neighbors⁶⁴⁰ This was evident in 2000 when the Chiang Mai Provincial Chamber of Commerce and nine other Northern Provincial Chambers of Commerce, namely; Lamphun, Lampang, Mae Hong Son, Chiang Rai, Phayao, Phrae, Nan, Uttaradit, and Tak became members of the Joint Economic Quadrangle Committee (JEQC). They were determined to push forward the Economic Quadrangle into government policy by pursuing all related projects through their annual seminars. As JEQC comprised with the private sector from 10 provinces, it would be a mistake for the government if they overlook proposal from the Committee as in terms of politics, it could affect popularity of the ruling party in the next election. JEQC is the organization that coordinates the four countries (regions) in which the Thai Chamber of Commerce, the Yunnan Provincial Chamber of Commerce, the Laos Chamber of Commerce, and the Myanmar Chamber of Commerce are participants. The Committee is responsible for negotiations with local authorities and the central government on behalf of these Chambers of Commerce.⁶⁴¹ By forming

638 Interview with Dr.Sarasin Virapol.

639 Panitchpakdi, S 2001, *Roles of Thailand in the World Economic Stage*, The Ministry of Commerce, Bangkok (in Thai), pp.281-283.

640 Interview with Mr.Niyom Wairatpanich.

641 Tsuneishi, T 2009, *Border Trade and Economic Zones on the North-South Economic Corridor: Focusing on the Connecting Points between the Four Countries*, Institute of Developing Economies (IDE) discussion paper No.205, Chiba, p.8.

such groups, non-state actors have gained more negotiating power to enable their ideas to influence government decision-making. Moreover, under the JEQC, non-state actors are able to play a greater role in Thailand's foreign relations by making contact with the private sector in neighboring countries. Through these connections, non-state actors have become an influential factor in dealings with other countries. Phairat Buraphachaisri, Vice Chairman of the Thai Chamber of Commerce commented that in Thailand's relationships with the Indochinese countries, coordination between these countries, led by the private sector, had not occurred before 1988.⁶⁴² Through private sector connections, more international cooperation within the Economic Quadrangle has been successfully achieved than through usual government channels.⁶⁴³ This is because at the governmental level, there are many agendas and issues that concern the agencies of all participants, especially those that can affect national security.⁶⁴⁴

Once the Economic Quadrangle became one of the essential elements in regional economic development, coupled with it being financially supported by the ADB; the Economic Quadrangle was broadened to include economic cooperation with two additional countries namely; Cambodia and Vietnam. This expanded economic cooperation was entitled the "Greater Mekong Sub-region (GMS) Economic Cooperation" while the Economic Quadrangle became the sub-framework under the GMS grand framework.⁶⁴⁵

The Langchang-Mekong River Commercial Maritime Route

Under the Economic Quadrangle framework, it was envisaged that linking areas utilizing the Mekong River would advance trade in the region. The idea was introduced by the Chiang Rai Provincial Chamber of Commerce to promote transportation and tourism cooperation between Chiang Rung, Kyaing Tong, Chiang Rai, and Luang Prabang.⁶⁴⁶ This project initiative shows the significant role of non-state actors in Thailand's foreign economic policy-making particularly

⁶⁴² Interview with Mr.Phairat Buraphachaisri.

⁶⁴³ Interview with Mr.Phairat Buraphachaisri.

⁶⁴⁴ Interview with Mr.Phairat Buraphachaisri.

⁶⁴⁵ *The Economic Quadrangle*, 1993, Document of the Chiang Rai Provincial Chamber of Commerce (in Thai).

⁶⁴⁶ Yostrakul, T 2002, *The Provincial Chamber of Commerce in the International Relations Context: A Study of Roles of the Chiang Rai Provincial Chamber of Commerce and the Tak Provincial Chamber of Commerce in Thai-Myanmar Relations*, Thesis paper, Chulalongkorn University, Bangkok (in Thai).

towards Laos and Myanmar. Moreover, as earlier discussed, it was stated by Surakiart Sathirathai that the private sector, especially the Provincial Chambers of Commerce, was better able to significantly influence the transportation issue, through possession of more local knowledge than government officials.⁶⁴⁷ As a consequence, transportation linkages between neighboring countries could not be effectively completed without input from the private sector. The idea initiated by the Chiang Rai Provincial Chamber of Commerce promoted not only economic cooperation in the region but also strengthened relationships between Thailand and its partner countries.

The scheme received great support and positive feedback from all parties, especially the Myanmar government. The project was also pushed forward by the Chinese government which considered this as another transportation route. China's policy in developing water transportation in the Mekong River reflected a desire to encourage exports to mainland Southeast Asia and beyond through Yunnan Province.⁶⁴⁸ The project was officially raised at the Economic Quadrangle conference between Laos, Myanmar, Thailand and the Chinese Yunnan Province in 1993. The main purpose of the conference was to consider the construction of transportation linkages, together with trade and tourism promotion, among the four countries. The issue of the Mekong River Commercial Maritime Linkages was also included in the conference in 1994 held in Kunming, China, as well as the conference in Vientiane, Laos in the same year.⁶⁴⁹ In 2000, "the Agreement of Commercial on Langchang-Mekong River" between China, Laos, Myanmar, and Thailand was signed by the Ministers of Transport from the four countries.⁶⁵⁰ The signing ceremony was organized in Tha Chi Lek, Myanmar.

The four member countries agreed to establish the commercial route in the Mekong River within one year after the signing ceremony. The route runs North-South from Simao in China to Luang Prabang in Laos. The Agreement indicated that thirteen new ports along the "Upper Mekong

⁶⁴⁷ Interview with Dr.Surakiart Sathirathai.

⁶⁴⁸ Masviriyakul, S 2004, 'Sino-Thai Strategic Economic Development in the Greater Mekong Subregion (1992-2003)', *Contemporary Southeast Asia*, vol. 26, no. 2, p.310.

⁶⁴⁹ *Manager Daily*, 1 January 2002 (in Thai).

⁶⁵⁰ *Manager Daily*, 1 January 2002 (in Thai).

River” had to be constructed, namely; Simao, Jing Hong, Menghan, and Guanlei, in China; Ban Sai, Xiengkook, Mouangmom, Huai Xai, and Luang Prabang in Laos; Wan Seng and Wan Pong in Myanmar; and Chiang Khong and Chiang Saen in Thailand.⁶⁵¹ Under the agreement, members have to treat one another's vessels with the Most-Favoured Nation principle. The safety issues in the “Commerce on the Langchang-Mekong River” were discussed at the conference hosted by China in 2002. The Chinese government offered USD 5 million to improve maritime safety by eliminating dangerous obstacles along the transportation route. The obstacles in the Upper Mekong River included eleven hazards in Myanmar and one hazard on the Thai-Lao border.⁶⁵² The success of the cooperation not only increased trade and economic prosperity in the Chiang Rai province, Phairat Buraphachaisri commented that it also promoted better relationships at the official level among Laos, Myanmar, and Thailand. Additionally, Thailand's border in this area has had fewer conflicts than other areas, particularly when compared to the western part of the country.⁶⁵³

The cooperation in air linkages

Under the Economic Quadrangle framework which was augmented by the Thai private sector, and spearheaded by the Chiang Rai Provincial Chamber of Commerce, there are a number of cooperative ventures between the four countries. Among these was the air linkages cooperation project that was participated in by various Thai private companies. This cooperation also substantiates the point made by Surakiart Sathirathai about transport i.e. successful air transportation linkages could not be achieved without the cooperative role of the private sector; as the private sector had better local area knowledge than did the government's officials. This project promoted economic development in the region in many respects. The participation of companies in this endeavor also underscores the direct roles of non-state actors in Thailand's foreign economic policy-making, especially towards Laos and Myanmar. Moreover, it indicates that private relationships between both business and the economy could promote strong foreign relations.

⁶⁵¹ Panitchpakdi, S 2001, *Roles of Thailand in the World Economic Stage*, The Ministry of Commerce, Bangkok (in Thai), p.285.

⁶⁵² *Thailand: Gateway to Indochina*, 2005, Research paper, King Prajadhipok's Institute, Bangkok (in Thai).

⁶⁵³ Interview with Mr.Phairat Buraphachaisri.

In 1994, a technical conference among the four countries within the Economic Quadrangle was organized in Kunming, China. Thailand negotiated for aviation rights to China, Myanmar, and Laos. The proposal was to establish new routes for Thai Airways International Public Company Limited to regional destinations, namely; Chiang Rung, Kyaing Tong, and Luang Prabang.⁶⁵⁴ Thailand and China were considered the most economically advanced countries in the region; therefore, the route between the northern part of Thailand and the southern part of China was highlighted.⁶⁵⁵ Both countries ratified the Memorandum of Understanding (MOU) on aviation frequency in 1996 at Beijing, China. Thailand and Laos also established a route between Chiang Rai and Luang Prabang. The Thai government offered loans totaling THB640 million to Laos to construct the Luang Prabang International Airport and Pakse Airport.⁶⁵⁶ Further, in 2006, the Thai and Lao governments signed a Memorandum of Understanding (MOU) on the development of Savannakhet airport in the hope that the volume of air traffic would be sufficient to justify the operation of a sub-regional airport serving as a travellers hub in that geographical zone.⁶⁵⁷ Furthermore, under the cooperation framework, Bangkok Airways Co., Ltd launched new routes between Thailand, Laos, and China for example, the routes of Chiang Mai – Chiang Rung - Xishuangbanna and Chiang Mai – Xi'an. In addition, Thai Airways International developed a policy to elevate the Chiang Mai International Airport as the aviation hub for northern Thailand, linking it with nearby India, Bangladesh, Myanmar, China, Vietnam, and Laos. This plan also allowed Chiang Mai to be developed as a hub for medical services, education, food export, and traditional handicrafts and local textiles.

⁶⁵⁴ Masviriyakul, S 2004, 'Sino-Thai Strategic Economic Development in the Greater Mekong Subregion (1992-2003)', *Contemporary Southeast Asia*, vol. 26, no. 2, p.310.

⁶⁵⁵ Grinter, L 2006, 'China, the United States, and Mainland Southeast Asia: Opportunism and the Limits of Power', *Contemporary Southeast Asia*, vol. 28, no. 3, p.459.

⁶⁵⁶ *Thailand: Gateway to Indochina*, 2005, Research paper, King Prajadhipok's Institute, Bangkok (in Thai)

⁶⁵⁷ Pholsena, V 2005, 'Laos in 2004: Towards Subregional Integration: 10 Years on', *Southeast Asian Affairs*, p.176.

Case Study II: the North-South Economic Corridor under the Greater Mekong Sub-region (GMS) Economic Cooperation

Overview of the GMS Economic Cooperation

Politics in Southeast Asia during the Cold War period was overwhelmed by the Cambodian conflicts which seriously deteriorated relations between many countries particularly Thailand and its neighbors. However, when tensions from both the Cold War and the Cambodian conflicts began to ease in the late 1980s, Thailand and others in the region recognized it was the end of regional ideological conflict. Moreover, since the early 1990s, there has been a proliferation of formal Regional Trade Arrangements mostly in the form of Free Trade Areas (FTAs). The interest in forging Bilateral Trade Agreements (BTAs) has further increased the number of FTAs. Alongside these FTAs, there has also been significant interest in less formal arrangements referred to as growth triangles and quadrangles, or more generally as sub-regionalism.⁶⁵⁸ In other words, regional economic growth programs have been pursued in Southeast Asia that have gradually replaced the security-oriented regional conflicts. This cooperation was evident in the Economic Quadrangle Zone, that was initially based in the area known as the “Upper Mekong River”. However, this area is only a part of the region surrounding the Mekong River⁶⁵⁹ an international river that flows through six countries: China, Cambodia, Laos, Myanmar, Thailand, and Vietnam. The Greater Mekong Sub-region (GMS) is the name that has been used to identify this region. It is a natural economic area bound together by the Mekong River, covering 2.6 million square kilometres and a combined population of around 326 million.⁶⁶⁰ Its rich human

⁶⁵⁸ Menon, J 2007, ‘Building Blocks or Stumbling Blocks? The GMS and AFTA in Asia’, *ASEAN Economic Bulletin*, vol. 24, no. 2, p.254.

⁶⁵⁹ The Mekong River is noted for its three special characteristics namely size and length, richness of natural resources, and the ethnic diversity found along its banks. Firstly, the Mekong River is 4,809 kilometres long and it is the 12th longest river in the world. Its basin covers an area of 810,000 square kilometres. This has attracted many environmental scientists and geographers from around the world. Secondly, the Mekong River basin hosts rich forests along its banks. It is home to rare aquatic and non-aquatic animals such as the giant catfish, the world’s largest freshwater fish, as well as the river dolphin. Thirdly, the Mekong River contains ethnic diversity. Anthropologists, historians, naturalists, ecologists, and NGOs are attracted by the River as a subject of study, a target for aid and assistance, or a source of quick profits. The Mekong River can be roughly divided into three parts, the upper stretch (from the Tibetan head waters to the Golden Triangle), the middle stretch (from the flat terrain from Ubon Ratchathani Province in Thailand to Champasak Province in Laos), and the lower reaches (from the Khone Falls which plunge into Cambodia and end in the Vietnamese delta).

⁶⁶⁰ Asian Development Bank (ADB), 2000, *Economic Cooperation in the Greater Mekong Subregion*, ADB, Manila.

and natural resources have made this area a new frontier for economic growth. As a “land bridge” between South and East Asia, it is considered ideally positioned for international trade.⁶⁶¹

The origins of the GMS Economic Cooperation can be traced to the 1957 establishment of the Mekong Committee, which then comprised the four riparian countries of the lower Mekong Basin. However, the region was racked by conflict and there was little cooperation over the following decades.⁶⁶² In the post-Cold War period, peace in the Mekong sub-region and the transition of GMS member states to market-based economic systems have supported the strengthening of economic cooperation in the sub-region. Although the GMS members were formerly rivals, their recent willingness to open up their economies has paved the way for sub-regional economic cooperation. It was inevitable that the end of the Cold War would bring dramatic change in Southeast Asian international relations. All transitional economies in mainland Southeast Asia decided to open up their societies to enable participation in the global economy. Hence, the GMS has become the linchpin that helps enhance investment opportunities in the area.⁶⁶³ Thailand’s participation in the GMS framework has been encouraged by Thai foreign policy in the post-Cold War period; in particular, the policy of “turning battlefields into marketplaces” under the administration of General Chatichai Choonhavan. Moreover, his vision of “Suvarnabhumi” or the Golden Land, founded upon the expectation that the vast resources and potential of the neighboring states of Indochina and Myanmar could bolster Thailand’s economic power, began to be promoted again.⁶⁶⁴

⁶⁶¹ Asian Development Bank (ADB), 2005, *Competitiveness Connectivity Community: Connecting Nations, Linking People*, ADB, Manila, p.7.

⁶⁶² Menon, J 2007, ‘Building Blocks or Stumbling Blocks? The GMS and AFTA in Asia’, *ASEAN Economic Bulletin*, vol. 24, no. 2, p.255.

⁶⁶³ Masviriyakul, S 2004, ‘Sino-Thai Strategic Economic Development in the Greater Mekong Subregion (1992-2003)’, *Contemporary Southeast Asia*, vol. 26, no. 2, p.304.

⁶⁶⁴ Masviriyakul, S 2004, ‘Sino-Thai Strategic Economic Development in the Greater Mekong Subregion (1992-2003)’, *Contemporary Southeast Asia*, vol. 26, no. 2, p.308.

The GMS⁶⁶⁵ generally refers to the geographical region which includes Cambodia, Laos, Myanmar, Thailand, Vietnam, and the Chinese Yunnan Province. In Thailand, nineteen provinces are included in this area namely Chiang Mai, Chiang Rai, Phayao, Mae Hong Son, Lampang, Lamphun, Phrae, Nan, Tak, Nakhon Phanom, Loei, Sakon Nakhon, Nong Khai, Udon Thani, Ubon Ratchathani, Mukdahan, Prachin Buri, and Sa Kaeo.⁶⁶⁶ The six countries not only share the Mekong River but also deep cultural, ethnic, and historical similarities. In other words, the history of the Mekong River is the history of the relationships among these countries. With a huge population and abundant natural resources, the GMS offers great potential for regional and international trade and investment.

The GMS Economic Cooperation Program was established in 1992. It was supported by the Asian Development Bank (ADB), the United Nations Economic and Social Commission for Asia and the Pacific (ESCAP), and other international and intergovernmental organizations as well as bilateral donors.⁶⁶⁷ From 1992 to 2005, the ADB approved about USD1.4 billion in loans and mobilized another USD2.2 billion in co-financing for sub-regional development projects, including national projects with significant regional benefits. Moreover, the ADB together with co-financiers and GMS governments provided USD105 million in technical assistance grants for preparing projects and conducting studies to promote effectiveness.⁶⁶⁸ The Program promoted sustainable economic growth among the six economies by assisting in strengthening economic links. The vision of the GMS Program has been to create a more integrated, prosperous, and equitable Mekong sub-region. It complements national efforts to promote economic growth and reduce poverty; and augments domestic development opportunities to create sub-regional opportunities. The program seeks to encourage trade and investment among GMS countries, to ease the cross-border movement of people and goods, and to meet common resource and policy

⁶⁶⁵ See Figure 3

⁶⁶⁶ *Thailand: Gateway to Indochina*, 2005, Research paper, King Prajadhipok's Institute, Bangkok (in Thai).

⁶⁶⁷ Asian Development Bank (ADB), 2000, *Economic Cooperation in the Greater Mekong Subregion*, ADB, Manila.

⁶⁶⁸ Asian Development Bank (ADB), 2005, *Competitiveness Connectivity Community: Connecting Nations, Linking People*, ADB, Manila, p.8.

needs.⁶⁶⁹ In 2004, the Guangxi Zhuang Autonomous Region of China joined the Program.⁶⁷⁰ Including parts of China in the regional cooperative, is a strategy that fits within the GMS and China-ASEAN Free Trade Area schemes, creating additional opportunities to trade with ASEAN members and to implement the “go global” strategy of China to the outside world.⁶⁷¹ In addition, the World Bank, International Monetary Fund (IMF), and the ADB have offered approximately USD40 billion in loans for the construction of infrastructure such as roads, dams, and power plants in the region.⁶⁷²

Richard Cooper, Ross Garnaut, and Peter Drysdale have said; “The GMS programme is a classic case of market as opposed to institutional integration. While institutional integration is characterized by legal agreements and institutional arrangements that promote preferential trade among members of the agreement, market integration relies on non-official institutions that provide public and quasi-public goods that reduce transaction costs associated with the international movement of goods, services, and other production factors”.⁶⁷³

Furthermore, although aimed at promoting economic growth in the area, one of the benefits of the group has been the increased political contact between ASEAN and the countries in the GMS. The initiative has also been a mechanism with which to engage China, giving it an economic stake in the region and fostering a culture of cooperation through joint development and political dialogue.⁶⁷⁴ The importance of the GMS to ASEAN was described in the following way, “...developing the Mekong will contribute to the experience and handling of cooperation in

⁶⁶⁹ Asian Development Bank (ADB), 2005, *Competitiveness Connectivity Community: Connecting Nations, Linking People*, ADB, Manila, p.7.

⁶⁷⁰ Duval, Y 2008, *Economic Cooperation and Regional Integration in the Greater Mekong Subregion (GMS)*, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) Trade and Investment Division staff working paper, Bangkok, p.14.

⁶⁷¹ Grinter, L 2006, ‘China, the United States, and Mainland Southeast Asia: Opportunism and the Limits of Power’, *Contemporary Southeast Asia*, vol. 28, no. 3, p.458.

⁶⁷² Kasetsiri, C, *Will the Mekong Survive Globalization?*, viewed 12 April 2012, <<http://www.charnvitkasetsiri.com/PDF/Will%20the%20Mekong%20Survive%20Globalization.pdf>>.

⁶⁷³ Menon, J 2007, ‘Building Blocks or Stumbling Blocks? The GMS and AFTA in Asia’, *ASEAN Economic Bulletin*, vol. 24, no. 2, p.255.

⁶⁷⁴ Hay, S J 1995, ‘The 1995 ASEAN Summit: Scaling a Higher Peak’, *Contemporary Southeast Asia*, vol. 18, no. 3, p.261.

Southeast Asia, an important consideration for countries whose record for collaboration leaves much to be desired. By promoting diplomatic and official contacts, the venture provides a platform for participating governments to grow less unfamiliar with each other".⁶⁷⁵

In addition, according to the establishment of the ASEAN Economic Community (AEC) by 2015 signed by ASEAN leaders in 2007, it is believed that the AEC will provide the GMS economies with more opportunities to increase trade and investment with the outside world, and to integrate more closely with the world economy.⁶⁷⁶

⁶⁷⁵ *New Sunday Times*, 16 June 1996.

⁶⁷⁶ Menon, J 2007, 'Building Blocks or Stumbling Blocks? The GMS and AFTA in Asia', *ASEAN Economic Bulletin*, vol. 24, no. 2, p.261.



Figure 3: Greater Mekong Sub-region (GMS), Asian Development Bank, <http://www.adb.org>.

The GMS Economic Cooperation priority sectors

Aimed at enhancing connectivity, increasing competitiveness and providing a greater sense of community in the Mekong Sub-region, the GMS Program covers both the “hard” (infrastructure development) and “soft” (multinational agreements and reforms) aspects of cooperation. Since 1992, with support from the ADB and other donors, the GMS has contributed to development and has been involved in the implementation of sub-regional projects in nine priority sectors, namely; transportation, energy, telecommunications, environment, human resource development, tourism, trade, investment, and agriculture.⁶⁷⁷ The program’s activities can be grouped into three main areas: firstly, physical infrastructure – transport, power, and telecommunication facilities that will promote overall economic growth and greater trade, investment, and tourism flows; secondly, policy and institutional initiatives to maximize the benefits and opportunities from physical infrastructure; and thirdly, initiatives to address common social development and environmental sustainability concerns.⁶⁷⁸ The following part discusses sub-regional cooperation in these nine key sectors.

Firstly, *transportation*, the GMS Program has contributed to the development of infrastructure and transport linkages. This has enabled the development of the resource base and has promoted the free flow of goods and people in the sub-region. The GMS transport network and cross-border facilitation measures help to promote trade, investment, and tourism. They enhance labour and social mobility, and also increase access to markets and other economic opportunities by strengthening linkages, reducing transportation costs, and enabling greater interaction among the people of the GMS. The ADB Vice-President Liquan Jin stated that the, “GMS is upgrading or constructing critical sections of roads along the critically important economic corridors across the sub-region. Moreover, the hardware of infrastructure – roads, bridges, power plants, and

⁶⁷⁷ *The Ministry of Foreign Affairs of the Kingdom of Thailand*, viewed 12 April 2012,

<http://www.mfa.go.th/web/showStatic.php?staticid=755&Qsearch=Greater%20Mekong%20Subregion>; Asian Development Bank (ADB), 2000, *Economic Cooperation in the Greater Mekong Subregion*, ADB, Manila.

⁶⁷⁸ Asian Development Bank (ADB), 2005, *Competitiveness Connectivity Community: Connecting Nations, Linking People*, ADB, Manila, p.7.

telecom facilities – is of little use without the accompanying software, in the form of policies and regulations conducive to trade”.⁶⁷⁹

Economic Corridors have been developed along the transportation routes in order to link infrastructure with manufacturing and trade. The concept of the “Economic Corridor” was introduced at the eighth GMS Ministerial Conference held in Manila in 1998.⁶⁸⁰ The establishment of Economic Corridors was expected to generate more business transactions and contact across the borders. Most importantly, the GMS Economic Corridors have provided greater opportunities to build closer socio-economic relations among the Mekong’s riparian people.⁶⁸¹ This is evident from the joint statement made by the GMS that, “GMS member countries will create economic corridors linking the subregion to major markets; nodal points within these economic corridors will serve as centres for enterprise development; economic corridors will be an expansion of key transport corridors so as to enhance economic activities and benefits, and over the longer term to build on the potential of the subregion as a land bridge serving China, Southeast Asia, South Asia and East Asia”.⁶⁸²

The three major GMS Economic Corridors namely the East-West, the North-South, and the Southern Economic Corridors⁶⁸³ constitute an attempt to devise a more holistic approach to development and cooperation in the sub-region.⁶⁸⁴ Under the Economic Corridors, a number of

⁶⁷⁹ Private Sector Must Fill Infrastructure Investment Gap in Mekong, ADB VP Tells Tokyo Forum, 14 July 2005, Asian Development Bank (ADB), <<http://www.adb.org/news/>>.

⁶⁸⁰ Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: North-South Economic Corridor*, ADB, Manila, p.3.

⁶⁸¹ Masviriyakul, S 2004, ‘Sino-Thai Strategic Economic Development in the Greater Mekong Subregion (1992-2003)’, *Contemporary Southeast Asia*, vol. 26, no. 2, p.304.

⁶⁸² Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: North-South Economic Corridor*, ADB, Manila, p.3.

⁶⁸³ See Figure 4

⁶⁸⁴ Duval, Y 2008, *Economic Cooperation and Regional Integration in the Greater Mekong Subregion (GMS)*, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) Trade and Investment Division staff working paper, Bangkok, pp.15-16; Asian Development Bank (ADB), 2000, *Economic Cooperation in the Greater Mekong Subregion*, ADB, Manila; *Thailand: Gateway to Indochina*, 2005, Research paper, King Prajadhipok’s Institute, Bangkok (in Thai).

roads have been constructed. The R1 Route (Bangkok – Phnom Penh – Ho Chi Minh City – Vung Tau) was built in three countries: Thailand, Cambodia, and Vietnam.⁶⁸⁵ The R2 Route (Thailand – Laos- Vietnam), known as the East-West Corridor, starts from Mukdahan Province in Thailand, passes through Savannakhet Province in Laos and finishes at Da Nang in Vietnam.

The R2 Route project comprised three stages; the construction of the Thai-Lao bridge and roads adjacent to the bridge for a distance of 6.1 kilometers in each territory; the reconstruction of National Route No.9; and the renovation of the port of Da Nang. A loan of THB2,800 million from the Japan Bank for International Cooperation (JBIC) was allocated for this project. The East-West Corridor has since been extended to Myanmar with an overall distance of 1,450 kilometres. Myanmar was connected at the Myawadi District. As a result, transportation in the sub-region particularly the northern and north-eastern part of Thailand, Myanmar, and the southern part of China has been improved. Products from this area can be easily transported to the port of Da Nang and then shipped to Hong Kong and the Pacific markets. The improved transportation system has enabled imported goods to be conveyed to Thailand, Laos, Myanmar, and China over a shorter distance and more quickly.⁶⁸⁶

The R3 Route (Chiang Rai – Kunming via Laos and Myanmar), known as the North-South Corridor, comprises two sections. The R3A Route (Thailand – Laos – China) starts from Thailand's Chiang Khong in Chiang Rai Province covering a distance of 113 kilometers, a further 250 kilometers through Laos' Bokeo and Luang Namtha Provinces before crossing to China at Boten and finishing at Kunming, a distance totalling 1,200 kilometers. The R3B Route (Thailand – Myanmar – China) starts from Thailand's Mae Sai in Chiang Rai Province and by linking with Myanmar's Tha Chi Lek via Kyaing Tong it reaches the Chinese border at Da Luo before merging with the R3A at Chiang Rung, a distance totalling 380 kilometers.⁶⁸⁷ The R10

⁶⁸⁵ Asian Development Bank (ADB), 2000, *Economic Cooperation in the Greater Mekong Subregion*, ADB, Manila.

⁶⁸⁶ Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: East-West Economic Corridor*, ADB, Manila, pp.6-7.

⁶⁸⁷ Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: North-South Economic Corridor*, ADB, Manila, p.5.

Coastal Route (Thailand – Cambodia – Vietnam) starts from Trat (Thailand), passes through Koh Kong, Srae Ambel, and Sihanouk Ville (Cambodia) and finishes at Ca Mau (Vietnam).⁶⁸⁸

Emerging transport networks and Economic Corridors in the sub-region are transforming GMS economic geography. As connectivity between GMS countries improves, their linkage with the region as a whole is also enhanced. For example, when the Economic Corridors are completed, it should be technically feasible for goods to be transported by land from Singapore through Malaysia to anywhere in the sub-region.⁶⁸⁹ These networks are composed of highways and feeder roads, and are fulfilling the goal of developing an efficient transport system, to allow goods and people to move around the sub-region without excessive cost or delay. The logic that underlies the construction and conception of these Economic Corridors posits a causal connection between free, or as free as possible, cross-border movements, and poverty reduction via economic growth.⁶⁹⁰

⁶⁸⁸ Asian Development Bank (ADB), 2000, *Economic Cooperation in the Greater Mekong Subregion*, ADB, Manila.

⁶⁸⁹ Asian Development Bank (ADB), 2004, *The Mekong Region: An Economic Overview*, ADB, Manila.

⁶⁹⁰ Pholsena, V 2005, 'Laos in 2004: Towards Subregional Integration: 10 Years on', *Southeast Asian Affairs*, p.175.



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Figure 4: GMS Economic Corridors, Asian Development Bank, <<http://www.adb.org>>.

Secondly, *energy*, GMS cooperation in energy promotes complementary uses of energy that provide GMS members access to more economically viable energy resources. Power interconnection and trade among GMS countries can reduce investment in power reserves in order to meet the highest demand, achieve a more reliable supply, reduce operational costs, and enhance consumer access to cheaper power sources. The GMS cooperation has also developed a system of Major Transmission Lines in the sub-region. To promote power trade, the GMS Program helps develop policies and institutions for cross-border power dispatch through the signing of the Intergovernmental Agreement on Regional Power Trade and the formulation of the Regional Power Trade Operating Agreement. Grid interconnection infrastructure was developed through a building block approach based on the Regional Indicative Master Plan on Power Interconnection completed in 2002.⁶⁹¹

Thirdly, *telecommunications*, cooperation in the telecommunications sector seeks to develop a sub-regional network linked to an international gateway. The GMS cooperation focuses on the construction of the East loop, West loop, and North loop networks in order to serve the East-West Economic Corridor. Cooperation between GMS countries allowed advanced technologies to be acquired which expanded access to E-Commerce and low-cost communication services.⁶⁹²

Fourthly, *environment and natural resources management*, the GMS encompasses some of the most important natural forests and biodiversity in the world and protecting the sub-region's wealth of natural resources is a major challenge faced by GMS countries as they strive to achieve faster economic growth. At a special meeting of the GMS Environment Ministers in 2005 held in Shanghai, China, the GMS Core Environment Program (CEP) was launched to ensure stronger coordination in conserving natural systems and maintaining the quality of the environment. Under the CEP, a Biodiversity Conservation Corridors Initiative (BCI) was implemented to protect high-value terrestrial biodiversity and protected areas by establishing sustainable management practices and restoring habitat connectivity in these areas. Measures for reducing

⁶⁹¹ Asian Development Bank (ADB), 2000, *Economic Cooperation in the Greater Mekong Subregion*, ADB, Manila.

⁶⁹² Asian Development Bank (ADB), 2000, *Economic Cooperation in the Greater Mekong Subregion*, ADB, Manila.

poverty among communities living in or near the Economic Corridors, defining appropriate land-use, and restoring connectivity of ecosystems is being undertaken in six BCI pilot sites.⁶⁹³

Fifthly, *human resources development*, GMS cooperation focuses on the cross-border dimensions of human resources development, the prevention and control of communicable diseases, and helping the poor to gain better access to education and health services. At the first Summit in Phnom Penh, Cambodia in 2002, a major initiative to help GMS countries better manage the complex task of development was launched through the Phnom Penh Plan (PPP) for Development Management. Through various learning programs, the PPP is assisting to build the capacity of middle and senior level professionals in the GMS.

Sixthly, *tourism*, the region's rich cultural heritage and unique natural geography ensures the area is an attractive tourist destination. The GMS countries are promoting the sub-region as a single tourist destination through a joint marketing effort and capacity building. A GMS tourism strategy for 2006-2015 was developed to support a holistic and coordinated approach to tourism development, including the implementation of high-priority tourism infrastructure projects, and the promotion of pro-poor and environment-friendly tourism.⁶⁹⁴ Promoting tourism, and reducing the direct cost of cross-border control and management with a single-visa system, would have indirect, positive effects on trade and investment.⁶⁹⁵

Seventhly, *trade*, transport and trade facilitation are promoting smoother cross-border flows of goods and people. All GMS countries ratified the Cross-Border Transport Agreement to reduce the regulatory impediments to cross-border traffic. A Strategic Framework for Action on Trade Facilitation and Investment was prepared which further simplified and harmonized customs procedures, streamlined inspection and quarantine measures, developed trade logistics, and

⁶⁹³ Asian Development Bank (ADB), 2000, *Economic Cooperation in the Greater Mekong Subregion*, ADB, Manila.

⁶⁹⁴ Bupharenu, M 2007, *Thailand, Laos, and Cambodia Tourism Linkages*, Individual research document, King Prajadhipok's Institute, Bangkok (in Thai).

⁶⁹⁵ Menon, J 2007, 'Building Blocks or Stumbling Blocks? The GMS and AFTA in Asia', *ASEAN Economic Bulletin*, vol. 24, no. 2, p.256.

enhanced the mobility of business people.⁶⁹⁶ As a consequence cross-border trade among the six GMS economies has increased. For example, Thailand's imports from Cambodia, Laos, and Myanmar have been increasing by an annual compound growth rate of almost 10% since 2000. Moreover, in 2004, these countries conducted more than 40% of their trade with each other.⁶⁹⁷

Eighthly, *investment*, the GMS countries have taken measures to enhance the investment climate, including improvements in the legal framework, the introduction of an incentives regime, and streamlining investment procedures. This is visible in the intra-GMS Foreign Direct Investment (FDI) flows. The net FDI flows between the six GMS economies combined rose from USD130 million in 2000 to about USD210 million in 2002.⁶⁹⁸ The GMS Program arranged a number of special GMS events to publicize investment opportunities in the GMS region.⁶⁹⁹ Moreover, by integrating more closely with the ASEAN members, the GMS economies will increase their opportunities for investment with the rest of the world.⁷⁰⁰

Finally, *agriculture*, the GMS Program helps poverty reduction in the GMS through partnerships with rural communities to promote agricultural trade, food security and sustainable livelihoods. Enhanced connectivity also helps expand market opportunities.⁷⁰¹

In 1995, the GMS countries established a two-level institutional mechanism to sustain cooperation and ensure effective project implementation. Firstly, at the policy level, a Ministerial Conference coordinates sub-regional cooperation and provides overall guidance and support. Secondly, at the operational level, the GMS Program established sector-specific Forums and Working Groups to discuss and recommend approaches to issues affecting both the "hardware"

⁶⁹⁶ Asian Development Bank (ADB), 2000, *Economic Cooperation in the Greater Mekong Subregion*, ADB, Manila.

⁶⁹⁷ Menon, J 2007, 'Building Blocks or Stumbling Blocks? The GMS and AFTA in Asia', *ASEAN Economic Bulletin*, vol. 24, no. 2, p.256.

⁶⁹⁸ Menon, J 2007, 'Building Blocks or Stumbling Blocks? The GMS and AFTA in Asia', *ASEAN Economic Bulletin*, vol. 24, no. 2, p.256.

⁶⁹⁹ Asian Development Bank (ADB), 2000, *Economic Cooperation in the Greater Mekong Subregion*, ADB, Manila.

⁷⁰⁰ Menon, J 2007, 'Building Blocks or Stumbling Blocks? The GMS and AFTA in Asia', *ASEAN Economic Bulletin*, vol. 24, no. 2, p.261.

⁷⁰¹ Asian Development Bank (ADB), 2000, *Economic Cooperation in the Greater Mekong Subregion*, ADB, Manila.

and “software” aspects of implementation. Currently, there are six major components driving the GMS Program namely Sectoral Working Groups and Forums Coordinating Cooperation Frameworks, GMS Senior Officials’ Meeting (SOM), GMS Ministerial Meeting, GMS Summit, the Asian Development Bank (ADB) as de facto secretariat, and facilitator and coordinator of the Program, and National Governments Coordinating Committee and National Coordinator.⁷⁰²

In 2002, at the first GMS Summit held in Cambodia, a ten-year strategic framework (2002-2012) for the GMS Program was endorsed by GMS member countries. Because the GMS Program has been a work in progress, regular forums for the six countries and development partners have also been vital. The new GMS Strategic Framework was then approved by GMS governments as a program to be implemented over the next decade.⁷⁰³ As a result “11 flagship programs” were identified and highlighted for regional cooperation. These flagship programs were to pursue five strategic thrusts identified in the ten-year strategic framework namely North-South Economic Corridor, East-West Economic Corridor, Southern Economic Corridor, Telecommunications Backbone, Regional Power Interconnection and Trading Arrangements, Facilitating Cross-Border Trade and Investment, Enhancing Private Sector Participation and Competitiveness, Developing Human Resources and Skills Competencies, Strategic Environment Framework, Flood Control and Water Resources Management, and GMS Tourism Development.⁷⁰⁴

The GMS Economic Cooperation has also aimed to provide business opportunities for the private sector. The GMS Program has recognized the crucial role of the private sector in providing the required financial, technological, and management resources for growth. The private sector has contributed to economic development by generating jobs and incomes, as well

⁷⁰² Duval, Y 2008, *Economic Cooperation and Regional Integration in the Greater Mekong Subregion (GMS)*, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) Trade and Investment Division staff working paper, Bangkok, p.15.

⁷⁰³ Asian Development Bank (ADB), 2005, *Competitiveness Connectivity Community: Connecting Nations, Linking People*, ADB, Manila, p.9.

⁷⁰⁴ *Thailand and the Greater Mekong Subregion (GMS)*, Office of the National Economic and Social Development Board, Regional Economic Development Cooperation Committee Office.

as through investments, new technologies, knowledge transfer, and enhanced productivity.⁷⁰⁵ In order to foster an enabling environment for private sector activity, the GMS Business Forum (GMS BF) was established in 2000. The goal of the Forum has been to strengthen business links among member countries and strengthen strategic partnerships among local business chambers and government authorities.⁷⁰⁶ The determination to implement this program was evident in the speech of ADB Vice-President Liqun Jin in 2005 at the opening ceremony of the Forum on Business Participation in GMS Cooperation. He stated that “The GMS countries are aggressively pursuing policy and institutional reforms to encourage greater private sector participation in these critical areas...The dialogue between GMS leaders and the business community is a landmark event, setting the stage for a new era of cooperation between the GMS public sector and private sector”.⁷⁰⁷

The GMS BF comprises the national chambers of commerce of the six GMS countries. Its membership is open to businesses of all kinds; international, national, professional, and sectoral associations; business and employers’ federations; and chambers of commerce and industry.⁷⁰⁸ Moreover, at the GMS BF, public and private sector representatives have had a chance to exchange views on how the government and business sectors can further collaborate to address development issues confronting the Mekong. Infrastructure, trade and investment, and information and communications technology have been the foci of these discussions since the forum’s establishment.⁷⁰⁹

The promotion of greater participation from the private sector in the GMS cooperative was viewed as crucial to meet the Mekong region’s development and infrastructure investment needs.

⁷⁰⁵ Asian Development Bank (ADB), 2011, *Development Effectiveness Report 2011: Private Sector Operations*, ADB, Manila.

⁷⁰⁶ Asian Development Bank (ADB), 2005, *Competitiveness Connectivity Community: Connecting Nations, Linking People*, ADB, Manila, p.11.

⁷⁰⁷ *Mekong Countries Discuss Private Sector Participation Prior to Summit*, 3 July 2005, Asian Development Bank (ADB), <<http://www.adb.org/news/>>.

⁷⁰⁸ Asian Development Bank (ADB), 2005, *Competitiveness Connectivity Community: Connecting Nations, Linking People*, ADB, Manila, p.13.

⁷⁰⁹ *Mekong Countries Discuss Private Sector Participation Prior to Summit*, 3 July 2005, Asian Development Bank (ADB), <<http://www.adb.org/news/>>.

Government budgets and donor aid alone cannot meet the massive development needs of all countries in the GMS. As a result, the private sector would not only help meet investment requirements but also provide intellectual expertise, promote efficiencies in managing projects, and support long-term development of human resources.⁷¹⁰ This has also led to an approach adopted under the GMS Economic Cooperation, the public-private partnerships which are a range of possible relationships among public and private entities in the context of infrastructure and other services. The public partners are government entities, including ministries, departments, municipalities, or state-owned enterprises. The private partners can be local or international and may include business or investors with technical or financial expertise relevant to the project.⁷¹¹ These relationships mostly refer to agreements between the public and private sectors for the provision of assets and/or services such as power, water, transportation, education, and health.⁷¹² The greater participation of the private sector in the GMS has received positive feedback especially from the private sector. The High-Level Public Private Sector Consultation Meeting (PPCM) that was held in Bangkok, Thailand in 2004, clearly demonstrated this cooperative arrangement between public and private sectors. This meeting established a stronger network among the GMS governments and private sector by implementing a mechanism for consultation and feedback on important issues.⁷¹³

The sub-regional Trade Facilitation Working Group (TFWG)

The functions of the GMS cooperative are organized into a number of working groups. The purpose of the GMS working groups is mainly to advise decision makers on sub-regional cooperation projects and activities in each sector. Members of GMS working groups typically include representatives from the governments of each GMS country.⁷¹⁴ Their meetings are generally facilitated by the ADB as the de facto Secretariat of the GMS Economic Cooperation

710 *Private Sector Must Fill Infrastructure Investment Gap in Mekong, ADB VP Tells Tokyo Forum*, 14 July 2005, Asian Development Bank (ADB), <<http://www.adb.org/news/>>.

711 Asian Development Bank (ADB), 2005, *Public-Private Partnership Handbook*, ADB, Manila, p.1.

712 Asian Development Bank (ADB), 2008, *Public-Private Partnerships*, ADB, Sydney.

713 *Fourth Meeting of the Subregional Investment Working Group 6-7 July 2004, Bangkok, Thailand*, Summary of Proceedings.

714 Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: East-West Economic Corridor*, ADB, Manila, p.40.

Program.⁷¹⁵ In 1994, the third Ministerial Conference of the GMS Program established the Sub-regional Trade Facilitation Working Group (TFWG). The TFWG was built to serve as an advisory body to facilitate trade in the Mekong Sub-region, and it reports to the Ministerial Conference and the respective governments. With a principal focus of facilitating trade-related transactions among the GMS countries, the main objectives of the TFWG are to promote the improvement and coordination of trade-related procedures and processes, to improve the availability and consistency of trade-related information, to improve the application of information-technology to trade facilitation, and to encourage institutional cooperation in formulating and implementing appropriate trade facilitation strategies. The TFWG includes senior officials responsible for trade facilitation from the government agencies of each GMS country. This may also involve private sector participation as it is regarded as an essential part of each Working Group.⁷¹⁶

The TFWG meeting is organized at least once a year, or more frequently, depending on its working program. The meeting is hosted by participating countries in rotation. The major participants in TFWG meetings are government officials from the GMS countries. ADB officers together with consultants and staff represent 10%-41% of the total number of participants at all TFWG meetings. Other international organizations and non-GMS agencies represent 0%-8% of the total number of participants. International organizations include the United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP), the Association of Southeast Asian Nations (ASEAN), the European Union (EU), the World Bank, the United Nations Industrial Development Organization (UNIDO), and the World Customs Organization (WCO). Non-GMS agencies refer to organizations of individual governments or business sectors outside the GMS, for example, Japan Bank for International Cooperation (JBIC), Japan Overseas Development Corporation (JODC), Japan External Trade Organization (JETRO), Spanish Commercial Office in Bangkok, Indonesian Embassy in Bangkok, and International Trade

⁷¹⁵ Duval, Y 2008, *Economic Cooperation and Regional Integration in the Greater Mekong Subregion (GMS)*, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) Trade and Investment Division staff working paper, Bangkok, p.50.

⁷¹⁶ Duval, Y 2008, *Economic Cooperation and Regional Integration in the Greater Mekong Subregion (GMS)*, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) Trade and Investment Division staff working paper, Bangkok, p.39.

Institute of Singapore (ITIS). Representatives of the private and business sector also attend the TFWG meetings. These representatives are drawn from the Provincial Chambers of Commerce, Chambers of Commerce, and Federation of Industries of the GMS countries. Although considered as an important part of the meetings by the Working Group, involvement from the private sector has been limited and its participation has not been regular. Academics and independent experts as well as non-governmental organizations (NGOs) and civil society organization have not participated in the TFWG meetings.⁷¹⁷

Poor participation by non-government agencies or non-state actors at TFWG meetings reflects either that the GMS frameworks and projects on trade facilitation and investment have not attracted these groups, or that they have not been systematically invited to participate and contribute. Participation in TFWG activities and project formulation have been essentially targeted at, and limited to, the GMS governments, ADB, and sometimes other relevant international organizations. This has led to declining interest from the local private sectors, and educational and research institutes in the GMS. In order to enhance the effectiveness of cooperation among GMS countries on sub-regional trade facilitation and investment, the TFWG and other GMS program working groups should not rely on the existing top-down approach of governmental agreements and frameworks. They need to encourage greater participation of the private sector and academics in the working groups or in stakeholder consultations facilitated by working group members at the sub-regional level or in their countries.

The North-South Economic Corridor

The North-South Economic Corridor is a case where new actors have influenced Thailand's foreign economic policy. In this project, which is a part of Thai foreign policy towards Laos and Myanmar, both non-traditional state actors and non-state actors played significant roles both at the policy formulation and policy implementation stages.

⁷¹⁷ Duval, Y 2008, *Economic Cooperation and Regional Integration in the Greater Mekong Subregion (GMS)*, United Nations Economic and Social Commission for Asia and the Pacific (ESCAP) Trade and Investment Division staff working paper, Bangkok, pp.40-42.

Outline of the Routes

The North-South Economic corridor is composed mostly of mountainous and rolling terrain, interspersed by valleys and plains with scenic landscapes. The area has abundant natural resources, especially minerals and forests, as well as high biodiversity. The terrain is generally sparsely populated and serves as home to many ethnic minority communities.⁷¹⁸

During the early 1990s, trade and other economic activities among the GMS countries were limited. Opportunities for development in this area were hampered by the sub-region's lack of infrastructure, such as roads and telecommunication linkages between countries, and a lack of information about neighboring markets. Therefore, the GMS Program's first priority was to lay the foundations for growth in the form of transport and energy infrastructure to create vital links within and between countries, and promote the development of the sub-region's resource base.⁷¹⁹

The road linkages between Bangkok and Kunming have been developed since 1988. At the eighth GMS Ministerial Conference in 1998, the Bangkok-Kunming Route via Chiang Rai Province and the Haiphong-Kunming Route via Hanoi were designated as the North-South Economic Corridor.⁷²⁰ The North-South Economic Corridor is considered a "natural economic corridor" in the GMS, because the multimodal transport and infrastructure network in the sub-region has had a generally north-south orientation. Moreover it is strategically located, linking the more developed and industrialized economies of China and Thailand.⁷²¹ Given the good road network from Bangkok to Singapore and Kunming to Beijing, the North-South Economic Corridor was expected to reduce transport costs from the Chinese capital to the tip of the Malay Peninsula, to improve the ease of movement of people, vehicles, and goods, and to expand trade

⁷¹⁸ Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: North-South Economic Corridor*, ADB, Manila, pp.7-8.

⁷¹⁹ Asian Development Bank (ADB), 2005, *Competitiveness Connectivity Community: Connecting Nations, Linking People*, ADB, Manila, pp.8-9.

⁷²⁰ Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: North-South Economic Corridor*, ADB, Manila, p.3.

⁷²¹ Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: North-South Economic Corridor*, ADB, Manila, p.7.

between China and the Mekong region and beyond.⁷²² At the first GMS Summit in 2002 held in Phnom Penh, Cambodia, the development of the North-South Economic Corridor was assigned as one of the “11 flagship programs”. Infrastructure and related development in the Laos and Myanmar routes were produced.⁷²³ Moreover, along with the main road links, many feeder roads have been planned to be improved, allowing farmers to more easily bring their produce to markets in major cities.⁷²⁴

The R3 Route⁷²⁵ consists of roads from four countries namely Thailand, Laos, China, and Myanmar. For the road in Thailand, the distance of 68 kilometres between Chiang Rai and Mae Sai (Myanmar border) is represented by Thai National Route No.1. Mae Sai connects with Tha Chi Lek in Myanmar’s Shan State. They are separated by the Mae Sai River. Kyaing Tong is located 163 kilometers north of Tha Chi Lek, surrounded by mountains and isolated from other areas by the Salween River. The distance of 115 kilometres between Chiang Rai and Chiang Khong (Lao border) is formed by the Thai National Route No.1020. Chiang Khong connects with Huai Xai in Bokeo Province.⁷²⁶

722 Asian Development Bank (ADB), 2005, *Competitiveness Connectivity Community: Connecting Nations, Linking People*, ADB, Manila, p.41.

723 Asian Development Bank (ADB), 2000, *Economic Cooperation in the Greater Mekong Subregion*, ADB, Manila.

724 Asian Development Bank (ADB), 2005, *Competitiveness Connectivity Community: Connecting Nations, Linking People*, ADB, Manila, p.41.

725 See Figure 5

726 Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: North-South Economic Corridor*, ADB, Manila, pp.76-79.



Figure 5: the R3 Route, the Ministry of Transportation of the Kingdom of Thailand, <http://www.mot.go.th>.

The Laos segment covers a distance of 528 kilometres connecting Xiaomenyang to Chiang Rai. This road runs through Bokeo and Luang Namtha Provinces. The North-South Economic Corridor runs not only from Thailand to China but also reaches Vientiane from Nateuy via the

Lao National Routes No.1 and No.13. As a consequence, Luang Namtha Province is regarded as a transportation pivot in Laos. Dien Bien Phu and Hanoi in Vietnam can also be reached from Luang Namtha. Moreover the Province has been developed with a bus terminal and services to Vientiane, Luang Phrabang, Bokeo, and Pakse in Laos, as well as to Menla in China, which enabled the Province to become a hub in the region.⁷²⁷ The Lao government was initially reluctant to construct the road due to high construction costs as the area is mountainous and because it was considered that benefits to Laos would be limited. In fact, the road was earlier considered more beneficial to China and Thailand while Laos would be treated as a transit area. Nevertheless, Laos decided to construct the road with the approval of joint loans from China, Thailand, and the ADB.⁷²⁸ To assist with construction of the 228 kilometers road between Huai Xai and Boten, Thailand provided a loan of USD28.5 million. The loan from Thailand for the construction of 85 kilometres from the Thai border at Huai Xai was on the condition that a Thai construction company would receive the contracts. China provided a loan of USD30 million for the construction of 69 kilometres to the border with China.⁷²⁹ The ADB offered a loan of US30 million for the 74 kilometres of road connecting these two sections.

Luang Namtha Province has a border with Xishuangbanna in China. The Boten-Mohan border is located 57 kilometres north of the city of Luang Namtha along the R3A Route (Thailand – Laos – China). For the R3A Route with China, the distance between Mohan and Xiaomenyang, the intersection of R3A and R3B Route (Thailand – Myanmar – China) is 185 kilometres. The distance from Xiaomenyang to Kunming is 513 kilometres. The road in China was upgraded to a four-lane express way. The road between Mohan and Kunming was shortened from 832 to 698 kilometres⁷³⁰ by constructing new tunnels and bridges to reduce the number of roads bends. The method of road construction was critical and enabled the protection of flora and fauna along the route. The construction of 698 kilometres of the North-South Economic Corridor in Yunnan

⁷²⁷ Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: North-South Economic Corridor*, ADB, Manila, pp.76-79.

⁷²⁸ Pholsena, V 2005, 'Laos in 2004: Towards Subregional Integration: 10 Years on', *Southeast Asian Affairs*, pp.175-176.

⁷²⁹ Holslag, J 2010, 'China's Roads to Influence', *Asian Survey*, vol. 50, no. 4, pp.645-646.

⁷³⁰ Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: North-South Economic Corridor*, ADB, Manila, pp.76-79.

Province in China was undertaken independently by the Chinese government. Of these 698 kilometres, 86 kilometres between Kunming and Yuxi was completed in 1999 as a six-lane express road and the remainder was constructed as a four-lane highway.⁷³¹ Although China constructed almost all of the roads with its own funds, the 147 kilometres between Yuanjing and Mohei was supported by an ADB loan.⁷³²

In Myanmar, the overall distance of the relevant transportation link is 483 kilometres. This includes the roads from Xiaomenyang via Jing Hong in China and the roads between Mong La and Tha Chi Lek which are located adjacent to Mae Sai of Thailand. Kyaing Tong is located 163 kilometers. north of Tha Chi Lek along the R3B Route or the Myanmar National Route No.4. Mong La is located 93 kilometers. north of Kyaing Tong along the R3B Route. The Mong La – Da Luo border crossing between Myanmar and China is located only 4 kilometers. northeast from the centre of Mong La. It is the “Fourth Special District” under the control of the East Shan State Army.⁷³³ The plan for the construction of R3B was approved at the fourth GMS Regional Economic Cooperation Forum Conference in 1994. Thailand offered a loan of THB300 million for the construction of the 163 kilometres. between Tha Chi Lek and Kyaing Tong.⁷³⁴ The loan was conditional, requiring Thai contractors to be used in the construction. However, the loan from Thailand was not accepted as Myanmar decided to designate a Myanmar contractor. The Myanmar government carried out the construction of the road by itself from Mong La to Tha Chi Lek. The 93 kilometre road between Mong La and Kyaing Tong was completed as a two-lane road by the central government and the Shan State Government while the 163 kilometres between Kyaing Tong and Tha Chi Lek was completed as a two-lane road on a concessional

⁷³¹ Holslag, J 2010, 'China's Roads to Influence', *Asian Survey*, vol. 50, no. 4, pp.645-646.

⁷³² Masviriyakul, S 2004, 'Sino-Thai Strategic Economic Development in the Greater Mekong Subregion (1992-2003)', *Contemporary Southeast Asia*, vol. 26, no. 2, pp.312-313.

⁷³³ Tsuneishi, T 2009, *Border Trade and Economic Zones on the North-South Economic Corridor: Focusing on the Connecting Points between the Four Countries*, Institute of Developing Economies (IDE) discussion paper No.205, Chiba, pp.28-30.

⁷³⁴ Masviriyakul, S 2004, 'Sino-Thai Strategic Economic Development in the Greater Mekong Subregion (1992-2003)', *Contemporary Southeast Asia*, vol. 26, no. 2, p.313.

basis. As a result, commodities from both Thailand and China were introduced into Kyaing Tong and Mong La through the R3B Route.⁷³⁵

At the second GMS Summit in 2005, technical assistance for “development research on the North-South Economic Corridor” was approved to induce private investment into the scheme. It was envisaged that this strategy would provide opportunities for more effective use of this Corridor for economic development. Cooperation from the private sector would establish collaborative relationships to best use the Economic Corridor. Research was undertaken with funds from the ADB and China, and the results were presented in 2007.⁷³⁶ The initial research was extended for one year to implement a strategy and action plan. Since then, China has been stepping up its support to the ADB in promoting the GMS.⁷³⁷ In 2008, at the third GMS Summit in Vientiane, China proposed holding an Economic Corridor Forum (ECF) and the first ECF was held in Kunming in 2008.⁷³⁸

Under the North-South Economic Corridor, the influence of new actors, both state and non-state, was present in two phases: the construction of Thai-Lao road linkages and the construction of Thai-Myanmar road linkages. The significant influence of new actors, especially the private sector, in transportation infrastructure with Laos and Myanmar in this case, also substantiates the point discussed earlier that transportation linkages between neighboring countries cannot be effectively completed without expertise in the local area from the locally-based private sector.

The construction of Thai-Lao road linkages

The Thai-Lao Route can be divided into two sections. Firstly, the Huai Xai – Luang Namtha – Boten Route was constructed in a joint-venture between the Lao government and the USA Family Limited Partnership under the name the Economic Quadrangle Joint Development Corp.,

⁷³⁵ Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: North-South Economic Corridor*, ADB, Manila, pp.76-79.

⁷³⁶ Holslag, J 2010, ‘China’s Roads to Influence’, *Asian Survey*, vol. 50, no. 4, p.649.

⁷³⁷ Holslag, J 2010, ‘China’s Roads to Influence’, *Asian Survey*, vol. 50, no. 4, p.651.

⁷³⁸ Tsuneishi, T 2009, *Border Trade and Economic Zones on the North-South Economic Corridor: Focusing on the Connecting Points between the Four Countries*, Institute of Developing Economies (IDE) discussion paper No.205, Chiba, p.10.

Ltd. This 250 kilometre road starts from Huai Xai, opposite to Chiang Khong in Chiang Rai Province, passes through Luang Namtha Province and reaches the Lao border at Boten. This road connects to the Chinese border at Bor Han and includes four check points which incorporate a traffic control centre, a tourism and public relations centre, a highway maintenance centre, and a centre for facility management.⁷³⁹ This route was considered an important development under the GMS Economic Cooperation. The ADB undertook a feasibility study in 1998. A contract was eventually awarded to a Lao contractor. However, the Lao government cancelled this contract due to financial difficulties experienced by the contractor as well as the slow progress of the construction. Thereafter, Laos reconsidered the concession by securing a primary agreement with Thailand and China for loans to complete the project.⁷⁴⁰

Secondly, the Huay Kon - Muang Ngoen – Pakbeng – Oudomxai – Boten – Chiang Rung Route was initiated by a group of trading companies in Nan Province of Thailand. This route also received support from the Lao local authorities.⁷⁴¹ The route can lead to China and connects to Dien Bien Phu as well as Hanoi in Vietnam.⁷⁴² The Lao government made a request to Thailand for THB16 million for a construction survey and an environmental impact study. In 1998, the Border Trade Coordinative Committee which operates under the National Economic and Social Development Board (NESDB) considered that the route was essential for Nan Province, which is a landlocked area. Ampon Kitti-amphon, former Secretary-General of the NESDB commented that road linkage constructions between Thailand and Laos have not only produced more cross-border activities especially trade but, have also strengthened relationships between the two neighbors leading to more stability in the region. He also pointed out the influential roles of the private sector, various local trading companies, and the NESDB that had previously played no such role in the country's policy towards its neighbors. The Committee also stressed that this road would enable Nan and surrounding provinces to trade with Laos and China. Consequently, the Thai government authorized the loan, with the ratio between free loan and ordinary loan of

⁷³⁹ *Heart of Opportunity, The Economic Quadrangle: Laos-Thailand-Myanmar-China*, viewed 16 December 2011, <http://www.mekongexpress.com/laos/articles/dc_0996_heartofoppor.htm>.

⁷⁴⁰ Interview with Mr. Phairat Buraphachaisri.

⁷⁴¹ Panitchpakdi, S 2001, *Roles of Thailand in the World Economic Stage*, The Ministry of Commerce, Bangkok (in Thai), p.287.

⁷⁴² *Thailand: Gateway to Indochina*, 2005, Research paper, King Prajadhipok's Institute, Bangkok (in Thai).

30:70, to construct this route connecting Thailand and Laos.⁷⁴³ The road linkages between Thailand and Laos through Nan are indicative of the greater roles and influences of new actors, both the NESDB, as non-traditional state, and the non-state, private sector in Nan. According to Niyom Wairatpanich, Vice Chairman of the Board of Trade of Thailand and Chairman of the Economic Cooperation Committee with Neighboring Countries, with significant support from the NESDB, initiatives from local trading companies in Nan Province to build road linkages were successfully achieved.⁷⁴⁴ As a result, it can be assumed that although non-state actors, particularly the locally-based private sector have more knowledge about local areas than government officials, without some supports from relevant government agencies, initiatives from the private sector will not be readily approved by the government.

Under the Thai-Lao road linkages, which later became a part of foreign economic policy towards Laos, new actors have also played roles in policy implementation. The Thai government assigned a number of agencies from both the public and private sectors to be engaged in the road construction, as well as the road management. The Provincial Office of Transportation Affairs, the Ministry of Transport was assigned to oversee land transportation, especially vehicle registrations, permission endorsements, and the establishment of traffic regulations. The Provincial Office of Customs Affairs, the Ministry of Finance had a responsibility to verify import and export products. The Provincial Office of Commercial Affairs, the Minister of Commerce had a duty to promote the provincial economy by establishing plans for economic development and investment. The NESDB was assigned to form a central plan and coordinate with related agencies. The Provincial Chamber of Commerce was responsible for facilitating merchants, business executives, and the general population in terms of economic and monetary interests. Cooperation from the economically related government agencies especially the NESDB, which has the main responsibility of suggesting and presenting opinions about national economic and social development to the cabinet, enabled the government to closely follow and efficiently monitor the project. As a result, more successful outcomes were likely to be achieved.

743 Interview with Mr.Ampon Kitt-amphon.

744 Interview with Mr.Niyom Wairatpanich.

The Thai-Lao road linkages under the GMS Economic Cooperation also included the construction of the Thai-Lao Friendship Bridges. In 1997, the two countries convened an inaugural meeting of provincial governors from border provinces, eleven on the Thai side and eight from Laos. In the same year, Transport Ministers of the two countries signed an agreement to link Thailand by rail across the Thai-Lao Friendship Bridge.⁷⁴⁵ The first Bridge (Nong Khai – Vientiane) was opened in 1994. The first bridge construction project was designed to boost trade between Thailand, Laos and Vietnam. It was initiated in 1955 and several feasibility studies were conducted after that time. An agreement was reached to build the bridge during Prime Minister Chatchai's visit to Vientiane in 1988. The construction of a road and railway was financed by Australia at an estimated cost of AUD50 million. The ADB also agreed to provide \$USD500,000 for a study into a second Thai-Lao Bridge.⁷⁴⁶ The second Bridge (Mukdahan – Savannakhet) was opened in 2007. The Japan Bank for International Cooperation (JBIC) funded over 6 kilometres of the project for the purpose of facilitating overland traffic between Thailand and Laos.⁷⁴⁷ The third Bridge (Nakhon Phanom – Khammouan) and the fourth Bridge (Chiang Khong – Huai Xai) are still under construction with cooperation from the Thai, Lao, and Chinese governments.⁷⁴⁸ According to Surakiart Sathirathai, Thai-Lao Friendship Bridges have been recognized as a significant indicator of improved Thai-Lao relations since the policy of “turning battlefields into marketplaces” was employed in 1988.⁷⁴⁹ He also stated that the Bridge constructions were a high priority for Laos, particularly local government officials in the areas.⁷⁵⁰ This was observed during his visit to Laos in 2003 in a meeting with Somsavat Lengsavad, former Governor of Sayabouri Province.⁷⁵¹ Laos had expressed a strong determination to build a bridge across the Heung River between Thailand's Loei Province and Laos's Sayabouri Province which was

745 Funston, J 1998, 'Thai Foreign Policy: Seeking Influence', *Southeast Asian Affairs*, p.300.

746 Ngaosyvathn, P 1990, 'Lao-Thai Trade: An Aggiornamento through Trial-and-Error', *Southeast Asian Affairs*, pp.172-173.

747 Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: East-West Economic Corridor*, ADB, Manila, p.92.

748 Buraphachaisri, P 1992, *Thai-Lao and Thai-Cambodian Border Trades*, Individual research document, National Defense College, Bangkok (in Thai).

749 Interview with Dr.Surakiart Sathirathai.

750 Interview with Dr.Surakiart Sathirathai.

751 Interview with Dr.Surakiart Sathirathai.

previously proposed in 1993 but failed to materialize due to the lack of funding and problems concerning the boundary of the river.⁷⁵² As a result, the Thai government agreed to complete the demarcation of the 702 kilometer border in the area, and provided USD50,000 for the construction of the bridge, including roads connecting to Laos's National Route No.1. The Friendship Bridges have reduced tensions and conflicts between government authorities of both countries while increased cross-border trade has produced more economic prosperity for both sides.⁷⁵³ It is evident that the transportation linkages, so significantly influenced by the Thai private sector have greatly assisted the rapprochement between Thailand and Laos. Previous tensions, and former disputes, have been ameliorated, and the small scale of the Cold War trade relationship has been significantly improved. Moreover, building bridges also greatly assist economy of the provinces concerned especially from trades and people movements. As a consequence, the private sector has attempted to propose this kind of project and the government also tend to respond very well as it is an easy way to grow political support in the areas concerned.

The construction of Thai-Myanmar road linkages

In the construction of Thai-Myanmar road linkages, the Provincial Chambers of Commerce are the key participants in both the policy formulation and implementation stages. Their roles reinforce Surakiart Sathirathai's point about the influence of local private sector expertise in achieving transportation linkages with neighboring countries.⁷⁵⁴ The Chiang Rai Provincial Chamber of Commerce was involved in the construction of the R3B Route (Thailand – Myanmar – China) from an early stage. By establishing a connecting channel between the government and the private sector, the non-bureaucratic organizations again influenced government policy. A construction survey was carried out by the Chiang Rai Provincial-JPPCC and the Chiang Rai Provincial Chamber of Commerce. According to Som Jatusripitak, Advisor to the Board of Trade of Thailand, in many cases the JPPCC has not been able to effectively respond to private sector requests. This occurs when the government disagrees over an issue, or when issues are

752 Interview with Dr.Surakiart Sathirathai.

753 Interview with Dr.Surakiart Sathirathai.

754 Interview with Dr.Surakiart Sathirathai.

held over until the government is ready to implement the proposed ideas.⁷⁵⁵ In this case, it was decided that this project could not proceed without a contribution from the Myanmar authorities. Consequently, the Chiang Rai Provincial Chamber of Commerce performed not only at the domestic level but also made direct contact with its Myanmar counterpart. This signalled another great step in the change to Thailand's foreign affairs, particularly in dealings with Myanmar, that were previously dominated by the military, the security-based agencies, and the Ministry of Foreign Affairs.

In 1997, Vivat Sirijangkanapattana, Chairman of the Chiang Rai Provincial Chamber of Commerce from 1995-1996, led delegates of the Chiang Rai Provincial Chamber of Commerce Administrative Board on a visit to Myanmar and held discussions with the Governor of the Tha Chi Lek District on issues relating to cooperation in trade, investments, and tourism.⁷⁵⁶ Delegates of the Chiang Rai Provincial Chamber of Commerce also suggested further meetings including regular contact between the Thai private sector and the Myanmar local authorities in order to influence the outcome of a survey of the future Route of the Mae Sai - Tha Chi Lek, Kyaing Tong - Da Luo road. Pushing the project forward through the Regional Border Committee (RBC) was another strategy of the Chiang Rai Provincial Chamber of Commerce.⁷⁵⁷ In 1997, the issue was raised in a Thai-Myanmar Committee meeting.⁷⁵⁸

Following successful agreements in the Thai-Myanmar Committee meetings, that were initially influenced by the Chiang Rai Provincial Chamber of Commerce, the government under Prime Minister Chuan Leekpai authorized a budget of THB300 million for road construction from Tha Chi Lek to Kyaing Tong; a distance of 164 kilometres.⁷⁵⁹ In 1997, the Myanmar and Thai governments signed a loan agreement. The loan was on the condition that Thai contractors were to be awarded the contracts. However, Myanmar decided to cancel the loan in 1998 and allocated

755 Interview with Dr.Som Jatusripitak.

756 *Manager Daily*, 18 August 1997 (in Thai).

757 *Manager Daily*, 18 August 1997 (in Thai).

758 *Manager Daily*, 18 August 1997 (in Thai).

759 Panitchpakdi, S 2001, *Roles of Thailand in the World Economic Stage*, The Ministry of Commerce, Bangkok (in Thai), p.283.

the budget for road extension from Tha Chi Lek to Menla (China border), a distance of 263 kilometres. The Myanmar military was assigned to oversee the road construction from Tha Chi Lek to Kyaing Tong. The Myanmar government delivered a notice to the Thai Ministry of Finance wherein the government undertook to return the THB300 million loan by the end of 1998.⁷⁶⁰ According to General Chavalit Yongchaiyudh., although the Thai private sector has been able to influence many projects between Thailand and Myanmar, particularly the transport linkage constructions; relationships at the government level during the 1980s-1990s deteriorated, evidenced by a number of clashes and disputes in the border areas.⁷⁶¹ Nevertheless, cooperation between both countries was still maintained through the efforts on the private sector.⁷⁶² However, as Myanmar was dominated by a military regime and many projects were overseen by the military; it appears that there were usually obstructions to cooperation whenever the regime's stability or interests appeared threatened.⁷⁶³

Notwithstanding these difficulties, the Myanmar government suggested the reallocation of the Thai loan for the construction of other Thai-Myanmar roads. Myanmar offered three routes through three Thai provinces namely Tak, Kanchanaburi, and Ranong as alternatives for consideration by the Thai government. Tak was regarded by the Thai government as the most appropriate choice due to its geographical advantage and its potential in terms of existing infrastructure such as the domestic airport at Mae Sot.⁷⁶⁴ The Tak Provincial Chamber of Commerce also promoted the idea that Tak could be established as the trade and investment gateway of the region. The Thai-Myanmar road (Mae Sot – Myawadi – Mawlamyine – Yangon) would link Thailand's Northern, Upper-Central, and Lower-Northeastern provinces with the Andaman Sea. According to Niyom Wairatpanich, Vice Chairman of the Board of Trade of Thailand and Chairman of the Economic Cooperation Committee with Neighboring Countries, Tak had also been considered as a strategic location to improve Thai-Myanmar relations on

760 Interview with Mr.Niyom Wairatpanich.

761 Interview with General Chavalit Yongchaiyudh.

762 Interview with General Chavalit Yongchaiyudh.

763 Interview with General Chavalit Yongchaiyudh.

764 Klaiphon, Lt.Gen. T 2002, *The Direction to solve Thai-Myanmar Conflicts: the Study of Conflicts since the Membership of Myanmar in ASEAN*, National Defense College, Bangkok (in Thai).

Thailand's western border which was previously overwhelmed by clashes and disputes. Cooperation in Tak Province should greatly improve cross-border trade and mutual economic prosperity, leading to a more peaceful situation along the Thai-Myanmar border.⁷⁶⁵ It was envisaged that construction of the Thai-Myanmar road linkages would enable faster transportation of Thai products to Myanmar, and would also foster transportation between India, Myanmar, and Thailand. This transportation project, initiated by the Provincial Chambers of Commerce, produced not only economic growth in the involved areas, but also promoted economic cooperation and excellent relationships between Thailand and other nations. In 1997, the Tak Provincial Chamber of Commerce proposed the construction plan to the Tak Provincial-JPPCC.⁷⁶⁶ Consequently, in 1999, the Neighboring Countries Economic Cooperation Fund (NECF) made a decision to transfer the loan to the road construction project in Tak Province. Eventually, the Thai-Myanmar road of Pann – Kawkareik – Myawadi was constructed under the Thai loan instead of the Mae Sai – Kyaing Tong in Chiang Rai Province. As a result, this new route produced the largest volume of goods being shipped along the Thai-Myanmar border. In 2008, the export market share was over 50% a rise of 10 % from a decade earlier.⁷⁶⁷

Road construction is not the only policy that the new actors have influenced. Both Chiang Rai and Tak Provincial Chambers of Commerce have also played key roles in the construction of Friendship Bridges between Thailand and Myanmar. According to Surakiart Sathirathai, in addition to agreements at the government level, the Friendship Bridges have been one of the most significant indicators of improvement in Thai-Myanmar relations. This is because the construction of the Friendship Bridges needs to be approved not only by the national governments but also local governments, the private sector, and people residing in the area. In case of Myanmar where the military regime dominated the country's affairs, issues other than government stability and the domestic security were always secondary.⁷⁶⁸

765 Interview with Mr.Niyom Wairatpanich.

766 *Annual Report*, 1998, Document of the Tak Provincial Chamber of Commerce (in Thai).

767 Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: East-West Economic Corridor*, ADB, Manila, p.62.

768 Interview with Dr.Surakiart Sathirathai.

The Thai-Myanmar Bridges were considered a part of the Thailand – Myanmar – China Route under the North-South Economic Corridor. In order to serve the new route of Mae Sai – Tha Chi Lek – Kyaing Tong – Da Luo, the Chiang Rai Provincial Chamber of Commerce proposed the construction of the second bridge connecting Mae Sai and Tha Chi Lek. The project was pushed forward for consideration by the government through the joint-seminars co-organized by the Nation Group media. The Chiang Rai Provincial Chamber of Commerce approached Deputy Prime Minister and the Chairman of the Border Trade Supportive Committee, Supachai Panitchpakdi, to lobby for the construction of the bridge. As discussed earlier in the case of the Economic Quadrangle, by co-organizing seminars with the media, and lobbying ideas to the Minister responsible for economic policy, the private sector has been able to ensure its ideas because government policy. All of these measures, particularly promoting ideas directly through key government decision makers, places pressure on the government to install the proposals as national policy. The success of such measures was evident in the establishment of the Economic Quadrangle. Thus, the Committee decided to construct the bridge and assigned the Ministry of Transport to coordinate and cooperate with its Myanmar counterpart. The site of construction was determined in 2001 when Lieutenant General Khin Nyunt, the first Secretary-General of the Myanmar State Peace and Development Council (SPDC) visited Thailand for formal discussions with Prime Minister Thaksin Shinawatra. Consequently, approval for a bridge to connect Mae Sai to Tha Chi Lek was reached in the meeting between Thai Foreign Minister, Surakiart Sathirathai, Thai Minister of Transport, Wan Muhammad Noor Matha, and Lt.Gen. Khin Nyunt.⁷⁶⁹

Another Thai-Myanmar Friendship Bridge is located in Mae Sot, Tak Province. Here, the bridge construction was initiated by the business community of the Tak Provincial Chamber of Commerce, and some local politicians such as Udorn Tantisuntorn. According to Niyom Wairatpanich, the business community, especially the Provincial Chambers of Commerce, joined with local politicians because both groups expected beneficial outcomes would result from cooperative foreign policies with neighboring countries. The business community expected economic growth, mostly from cross-border trade, while politicians expected greater popularity from their electorates in the benefited areas. Projects with political support were also more likely

⁷⁶⁹ *Krungthepdurakij*, 27 September 2001 (in Thai).

to receive government consideration, especially if the politicians sat on parliamentary committees that influenced national decision-making.⁷⁷⁰

The construction of the Thai-Myanmar Friendship Bridge in Mae Sot, Tak Province, was another clear example of the significant influence of new actors, especially non-state actors, in Thailand's foreign economic policy-making towards Myanmar. The project was first considered under General Chatichai Choonhavan's government. Although both Thai and Myanmar governments signed an agreement on the bridge construction in 1994, the Mae Sot-Myawadi Bridge was not officially opened until 1997 due to the deterioration of Thai-Myanmar relations during the 1990s.⁷⁷¹ However, with close relationships between Thai Army Commander-in-Chief, General Chettha Thanajaro, and key figures in the Myanmar military government, construction of the bridge, that had been stopped three months short of completion in 1995, was resumed.⁷⁷² The influential role of the Thai private sector in the construction of transport links with Myanmar cannot be denied, and this role has led to better Thai-Myanmar relations. Nevertheless, the domination of the military regime in Myanmar and a deterioration in relations during the 1990s due to conflict and disputes in the border areas, strongly suggest that in issues of Thailand's security policy, and relations with countries in which security issues are still a priority, the role of non-state actors is less significant than the military, the security-based government agencies, and the Ministry of Foreign Affairs. In this scenario, military officers with military-based connections to their Myanmar counterparts become the key players. Som Jatusripitak, Sarasin Virapol and General Chavalit Yongchaiyudh all confirmed the direct role of non state actors is limited to foreign economic policy making, whereas foreign security policy and diplomacy are still dominated by traditional state actors.⁷⁷³

770 Interview with Mr.Niyom Wairatpanich.

771 Yostrakul, T 2002, *The Provincial Chamber of Commerce in the International Relations Context: A Study of Roles of the Chiang Rai Provincial Chamber of Commerce and the Tak Provincial Chamber of Commerce in Thai-Myanmar Relations*, Thesis paper, Chulalongkorn University, Bangkok (in Thai).

772 Funston, J 1998, 'Thai Foreign Policy: Seeking Influence', *Southeast Asian Affairs*, p.301.

773 Interview with Dr.Som Jatusripitak; Interview with Dr.Sarasin Virapol; Interview with General Chavalit Yongchaiyudh.

Conclusion

Since the late 1980s, international relations, particularly in Southeast Asia, have dramatically changed. The emphasis on military confrontation that once dominated regional politics during the Cold War period, has gradually changed into economic cooperation. Thailand has also become a country with export-oriented economics. Moreover, in 1988, the new government instigated a new foreign policy direction that regarded Thailand's near neighbors as trade partners rather than security threats. To transform Thailand into a regional commercial hub, improved relationships with Cambodia, Laos, and Myanmar were achieved through trade and investment-based relationships. It can be argued that a constructive and active diplomacy led by key non-state actors prevented adverse economic impact on Thailand. Each of these changes led to the emergence of new actors, particularly non-state actors, as key participants in Thailand's foreign policy-making towards its neighbors.

Prior to 1988, the private sector, especially in the provincial areas, was not a part of the country's foreign economic policy-making process. However, this has changed in the post-Cold War period; and there is now a greater participation from non-state actors in foreign policy-making. In this Chapter, the two case studies, of the Economic Quadrangle, and the North-South Economic Corridor under the GMS Economic Cooperation, were discussed to demonstrate the increased influence of new actors. Of particular importance were the Provincial Chambers of Commerce who cooperated in many projects between Laos, Myanmar, and Thailand. These projects later became an essential part of Thailand's foreign economic policy towards its neighbors. Additionally, the policies influenced by non-state actors have been significantly different from the policies that were formulated and implemented during the Cold War period. The policies of the post-Cold War period have been economically-based, and they have successfully strengthened relationships between Thailand and its neighbors through various economic cooperatives, rather than military confrontation and threatening security gestures.

Chapter VII

New Actors in Thailand’s Foreign Policy-making towards Its Near Neighbors: Ayewady – Chao Phraya – Mekong Economic Strategy (ACMECS) and Special Economic Zones (SEZs)

In order to effectively demonstrate the roles of the new actors in Thailand’s foreign policy-making, it is appropriate to study them through existing policies. This Chapter continues the discussion of the ways in which the new actors participated in Thailand’s foreign policy-making towards its near neighbors by examining two further cases. Each will demonstrate the extent to which these new actors influence Thai foreign policy-making. This Chapter discusses ACMECS (Ayewady – Chao Phraya – Mekong Economic Strategy), and Special Economic Zones (SEZs).

Case Study III: Ayewady – Chao Phraya – Mekong Economic Cooperation Strategy (ACMECS)

Overview of ACMECS

The end of the Cold War in the early 1990s facilitated the expansion of the Association of Southeast Asian Nations (ASEAN) to include Cambodia, Laos, and Myanmar, countries with lower economic standards than the original six members; Brunei, Indonesia, Malaysia, The Philippines, Singapore, and Thailand. Within this expanded framework, a number of sub-regional cooperatives have been formed, for example, the Quadrangle Economic Zone, the Greater Mekong Sub-region (GMS) Economic Cooperation, the Cambodia-Laos-Vietnam Development Triangle, and Indonesia-Malaysia-Thailand Growth Triangle (IMT-GT). This economic cooperation has enabled Thailand to engage with the development of its neighbors through trade, investment, tourism, cultural and academic exchange and aid. Furthermore, since the late 1980s, the government policy of “turning battlefields into market places” has oriented Thailand to take a more energetic approach in economic relations with Cambodia, Laos, Myanmar, and Vietnam.

In 2003, at the special ASEAN Summit on SARS (severe acute respiratory syndrome) held in Bangkok, Prime Minister Thaksin Shinawatra, raised the idea of establishing an “Economic

Cooperation Strategy (ECS)” with the leaders of Cambodia, Laos, and Myanmar. From Thailand’s point of view, Cambodia, Laos, and Myanmar needed special attention given that Thailand was economically more developed than its neighboring countries and hence in a good “position” to facilitate in their economic growth. To that end, Thailand has invested heavily in Laos, Cambodia and Myanmar.⁷⁷⁴ Leaders of the four countries welcomed the idea of an ECS. The cooperation was expected not only to introduce a “win-win” situation for all countries but also to facilitate deeper economic integration through greater intra-regional trade and investment. The objectives of the new initiative were to bridge the economic gap among the four countries and to promote prosperity in the sub-region in a sustainable manner. Such prosperity would also add value and solidarity to the ASEAN.⁷⁷⁵ In other words, a stronger Cambodia, Laos, Myanmar, and Thailand meant a stronger ASEAN. The new cooperative framework would act as a building block and move ASEAN forward at a more even pace, on the basis of self-reliance and shared prosperity.⁷⁷⁶

In 2003, the first meeting on the ECS between the Foreign Ministers of Cambodia, Laos, Myanmar, and Thailand was held in Bangkok, Thailand. The Foreign Ministers discussed the concept, principles, and strategic areas of economic cooperation among the four nations with a determination to increase trade and investment, enhance competitiveness, generate more employment, and improve income distribution and quality of life in the sub-region. The leaders of the four countries then met for the first time in late 2003 at the ECS summit hosted by Myanmar in Bagan.⁷⁷⁷ They adopted the “Bagan Declaration” affirming their commitment to cooperate in several strategic areas. Under the Declaration, the four leaders endorsed the Economic Cooperation Strategy Plan of Action (ECSPA), under which 46 common projects and 224 bilateral projects were listed for implementation over the next ten years.⁷⁷⁸ ECSPA is the

⁷⁷⁴ Sucharithanarugse, W 2006, ‘Concept and Function of the ACMECS’, *South Asian Survey*, vol. 13, no. 2, p.290.

⁷⁷⁵ *The Ayeyawady – Chao Phraya – Mekong Economic Cooperation Strategy Plan of Action*, ACMECS Official Site, viewed 29 November 2011, <<http://www.acmeecs.org>>.

⁷⁷⁶ The Economic Cooperation Strategy Plan of Action, *the Ministry of Foreign Affairs of the Kingdom of Thailand*, viewed 29 November 2011, <<http://www.mfa.go.th>>.

⁷⁷⁷ Burutphat, V 2005, *Thailand’s Border Problems*, Lecture document, National Defense College, Bangkok (in Thai).

⁷⁷⁸ Sucharithanarugse, W 2006, ‘Concept and Function of the ACMECS’, *South Asian Survey*, vol. 13, no. 2, p.292.

first in a series of plans of action, building up to the realization of the goals of the ECS. The ECSPA had a 10-year timeframe from 2003-2012. The progress of its implementation was reviewed every two years. To facilitate the implementation, the proposed investment programs, projects and cooperation arrangements were divided into phases: immediate-to-short term (2003-2005), medium term (2006-2008), and long term (2009-2012).⁷⁷⁹ As for the mechanism of the ECS, it was agreed that there would be a summit every two years. The second summit was held in Bangkok in 2005 while the ministerial meeting was an annual affair and the Senior Officials' Meeting (SOM) were to be held every six months.⁷⁸⁰ Sectoral working group meetings and ACMECS working groups between embassies, coordinated by Thailand's Ministry of Foreign Affairs to endorse the cooperation, were formulated. At the sectoral working group level, the mechanism to enhance effective cooperation was set-up by the coordinating country on a voluntary basis. Thailand had endorsed the design of the program, the plan of action by participant countries; the mobilization of resources, the implementation; and the regular meetings of the sectoral working group.⁷⁸¹ By 2005, the leaders agreed to change the name of this newly-established economic cooperation framework from the ECS to the "Ayeyawady – Chao Phraya – Mekong Economic Cooperation Strategy (ACMECS)"^{782, 783}.

⁷⁷⁹ *The Ayeyawady – Chao Phraya – Mekong Economic Cooperation Strategy Plan of Action*, ACMECS Official Site, viewed 29 November 2011, <<http://www.acmeecs.org>>.

⁷⁸⁰ Sucharithanarugse, W 2006, 'Concept and Function of the ACMECS', *South Asian Survey*, vol. 13, no. 2, pp.291-292.

⁷⁸¹ Intravitak, P & Patanapongse, W 2011, *Ayawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS): Human Resource Development Programme Case Study*, Task Team on South-South Cooperation, Busan.

⁷⁸² Sucharithanarugse, W 2006, 'Concept and Function of the ACMECS', *South Asian Survey*, vol. 13, no. 2, p.290.

⁷⁸³ See Figure 6

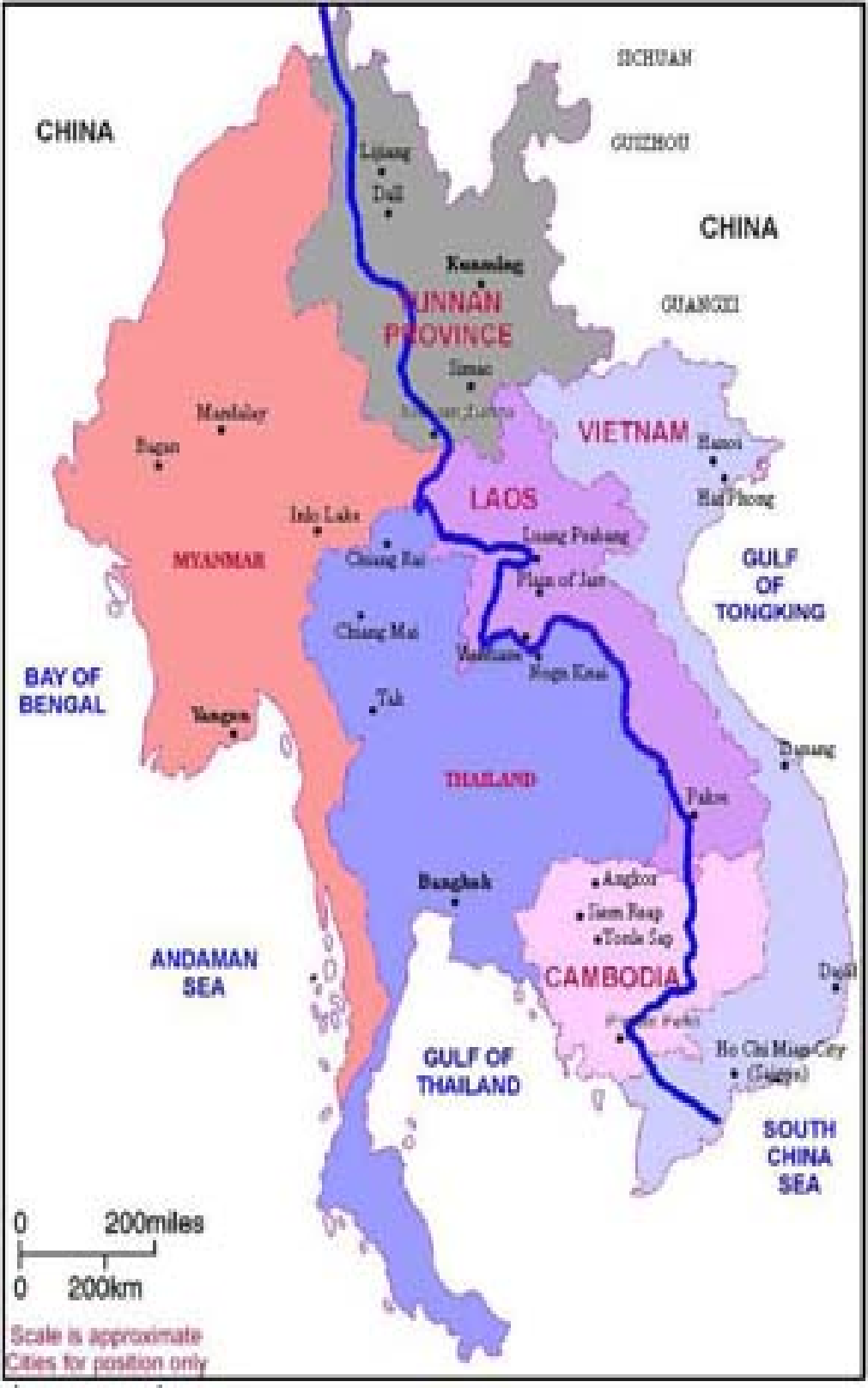


Figure 6: ACMECS, the Office of Industrial Economics, <<http://www.oie.go.th>>

ACMECS priority sectors

ACMECS was established with four major objectives: to increase competitiveness and growth along the borders; to facilitate the relocation of agricultural and manufacturing industries to areas of comparative advantage; to create employment opportunities and reduce income disparity among the four countries; and finally to enhance peace, stability, and shared prosperity for all in a sustainable manner.⁷⁸⁴ According to the Bagan Declaration, the leaders agreed that cooperation between the four countries would be established; based on friendly neighborliness, similar historical, cultural and religious heritage, and mutual interest. They reiterated their aspirations and their strong willingness to build a firm foundation for common action in order to live in peace and in shared prosperity by fostering mutual understanding and confidence. The leaders acknowledged that sustainable cooperative economic development required a secure political environment. The leaders also reaffirmed their commitment to accelerate economic growth, social progress and cultural development in the region through joint endeavours in the spirit of equality and partnership.⁷⁸⁵ Furthermore, the leaders wanted to achieve prosperity for the region, to promote sustainable economic development, and thereby uplift the welfare and quality of life of their citizens. The leaders were conscious of the need to explore further means by which their people could achieve greater economic growth, establish social and cultural ties, and enable “people-to-people” contact. They also intended to transform the border areas of the four countries into zones of durable peace, stability and economic growth, to promote the social progress and prosperity of their peoples, blending local, national and regional interests for the benefit and prosperity of all.⁷⁸⁶

The membership of ACMECS was increased when Vietnam joined the group in 2004. It was believed that the exclusion of Vietnam in the first place was the result of old sentiments of rivalry held by Thailand, Cambodia, and Laos against Vietnam.⁷⁸⁷ The emphasis of ACMECS

⁷⁸⁴ Bagan Declaration, *the Ministry of Foreign Affairs of the Kingdom of Thailand*, viewed 29 November 2011, <<http://www.mfa.go.th>>.

⁷⁸⁵ Sucharithanarugse, W 2006, ‘Concept and Function of the ACMECS’, *South Asian Survey*, vol. 13, no. 2, pp.290-291.

⁷⁸⁶ Bagan Declaration, *the Ministry of Foreign Affairs of the Kingdom of Thailand*, viewed 29 November 2011, <<http://www.mfa.go.th>>.

⁷⁸⁷ Sucharithanarugse, W 2006, ‘Concept and Function of the ACMECS’, *South Asian Survey*, vol. 13, no. 2, p.290.

has been on using self-help and partnership to achieve sustainable development together with poverty reduction in line with the United Nations Millennium Development Goals (MDGs). The activities of ACMECS were intended to enhance existing bilateral and regional economic cooperation. These activities were expected to be delivered with tangible results, utilizing the comparative advantages of each country, and were to be feasible and acceptable to the countries concerned. They were to be undertaken voluntarily, with consensus, and based on an equitable sharing of benefits.⁷⁸⁸ The roles and responsibilities were distributed among the membership.

Thailand initiated its program under ACMECS with a view to achieving economic and social development in areas where Thailand is regarded as a leader amongst its neighbors. Each member country serves as the Coordinating Country for the sector in which it takes particular interest: Trade and Investment Facilitation and Public Health – Thailand; Agricultural Cooperation – Myanmar; Transport Linkages – Laos; Tourism Cooperation – Cambodia; Industrial and Energy Cooperation, Environmental Cooperation, Human Resource Development – Vietnam. A leader of each sector initiates and designs the cooperative framework for this particular sector. The Coordinating Country hosts working group meetings and provides follow-up for common projects. They usually organise activities and projects that benefit all member countries, and suggest new projects.⁷⁸⁹

In recognition of the need to promote economic cooperation, leaders of the five ACMECS countries achieved a consensus to implement initiatives that aim to reduce trade barriers, improve transport linkages and upgrade major border checkpoints, and promote cooperation in six strategic areas, as follows:

Firstly, *trade and investment facilitation*, ACMECS has capitalized on the comparative advantages of the five countries to establish a prosperous and highly competitive sub-region. The objective was to facilitate the flow of goods and investment which are crucial for job creation,

⁷⁸⁸ *The Ayeyawady – Chao Phraya – Mekong Economic Cooperation Strategy Plan of Action*, ACMECS Official Site, viewed 29 November 2011, <<http://www.acmecs.org>>.

⁷⁸⁹ Intravitak, P & Patanapongse, W 2011, *Ayawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS): Human Resource Development Programme Case Study*, Task Team on South-South Cooperation, Busan.

income improvement, and the reduction of socio-economic disparities. This was to be achieved through many projects, for example, the study on facilitation of cross border movements of goods and passengers between Laos, Myanmar, and Vietnam, the compilation of ACMECS' Trade Policy and a way to enrich Laos-ACMECS trade relations, the study on facilitation of cross-border movements of goods and passengers between Laos, Thailand, and Vietnam, the setting up of Single Stop Inspection Centres at major border areas, the establishment of a One-Stop Service (OOS) for International Trade Centre at the border areas of ACMECS countries, establishing a Public and Private Sectors Trade and Investment Mission, the improvement at border checkpoints, the setting up of Business Information Offices, and the exchange of Investment and Trade Missions.

Secondly, *agriculture*, ACMECS has strengthened agricultural cooperation by increasing productivity, improving market access, and promoting investments in agriculture, livestock, fisheries, and forestry among member countries. Many projects are included in this area, for example: community programs based on sustainable irrigated agricultural development, which are designed to alleviate poverty in remote areas of the Mekong basin; the strengthening of human resource capacities to enhance the agricultural competitiveness of ACMECS countries; the expansion of research into, and commercial production of, pulses for enhanced food security in the ACMECS region; the research into, and development of, pesticide free production, organic agriculture, and good agricultural practice in the five countries; the implementation of community-managed irrigation systems and rural development project; and the strengthening of the Agricultural Market Information Service.

Thirdly, *industry and energy*, ACMECS has made a commitment to develop this area with a number of activities, for instance: the establishment of knowledge bases on international industrial standards for industrial manufacturers in ACMECS countries; the establishment of a network of National Information and Consultation Centres; conducting a competitiveness study of various sectors for joint SME development and promotion; the development of ACMECS products through combined efforts; and the exchange of energy information and the creation of an Energy Situation Project.

Fourthly, *environment*, ACMECS has been involved in many activities in this strategic area such as strengthening human resource capacity for Natural Resources and Environmental Management (NREM) competitiveness and improving the effectiveness of the Strategic Environment Assessment of ACMECS; strengthening the water resource monitoring and management systems of ACMECS; the construction of sanitary landfills and sewage treatment plants in Cambodia, so as to improve river and Mekong lower basin water quality of ACMECS; the Trans-boundary Environmental Impact Assessment, and the Trans-boundary Protected Area Management in Cambodia, Laos, Myanmar, Vietnam, and Laos.⁷⁹⁰

Fifthly, *tourism*, ACMECS has promoted joint strategies for tourism cooperation among the five countries in order to facilitate the movement of people from outside and within the region. The governments of the five countries have agreed to launch the ACMECS Single Visa initiative to facilitate and attract foreign tourists.⁷⁹¹ The Memorandum of Understanding (MOU) of this project was signed in 2005 by Thai Foreign Minister Kantathi Suphamongkhon, and Cambodian Foreign Minister Hor Namhong.⁷⁹² Governments of the five countries also created the project of “Five Countries One Destination”⁷⁹³ in order to promote a collective tourist destination by combining advantages from the five countries as a cooperative promotion especially with the Tourist Border Pass that would promote regional travel of tourists within ACMECS.⁷⁹⁴

Finally, *human resource development*, ACMECS has cooperated with members to increase the capacity of their peoples and institutions in order to prepare them for global competitiveness through the following activities: the Fruit Tree Development Centre Project in the Northern

⁷⁹⁰ *The Ayeyawady – Chao Phraya – Mekong Economic Cooperation Strategy Plan of Action*, ACMECS Official Site, viewed 29 November 2011, <<http://www.acmeecs.org>>.

⁷⁹¹ *Mekong Basin Countries to Strengthen Cooperation for Subregional Development*, 2006, ACMECS Official Site, viewed 29 November 2011, <<http://www.acmeecs.org>>.

⁷⁹² *Minister of Foreign Affairs Participated at the 2nd ACMECS Summit Meeting Chaired by Prime Minister Thaksin Shinawatra at the Government House*, 2005, ACMECS Official Site, viewed 29 November 2011, <<http://www.acmeecs.org>>.

⁷⁹³ *ACMECS: Economic Cooperation, Thailand and Indochina*, 2006, ACMECS Official Site, viewed 29 November 2011, <<http://www.acmeecs.org>>.

⁷⁹⁴ Bupharenu, M 2007, *Thailand, Laos, and Cambodia Tourism Linkages*, Individual research document, King Prajadhipok’s Institute, Bangkok (in Thai).

provinces of Cambodia, and the upgrade of Inland Waterways College No.2 of Vietnam, into a training centre for the five ACMECS countries.⁷⁹⁵

Role of Thailand in ACMECS

Thailand was the key player in the establishment of ACMECS. The Thai government continues a primary role in pushing forward this cooperative framework. According to the United Nations Development Programme (UNDP)'s Global Partnership for Development, Thailand allocated 0.12% of its Gross Domestic Product (GDP) in 2003 to its Official Development Assistance, which is comparable to those of Organization for Economic Cooperation and Development (OECD) nations such as the United Kingdom (0.12%), Germany (0.10%), and France (0.17%). The majority of this financial aid has been allocated in the form of infrastructure development funds, and scholarships for training courses and academic study provided to Thailand's neighbors.⁷⁹⁶ Vichak Visetnoi, the then Deputy Director-General of the Department of Foreign Trade at the Ministry of Commerce stated in 2005 that, "It's not enough for us (Thailand) to develop only our own economy. To be globally competitive, we need to find cooperation in the ASEAN region to compete with other economic groupings...There is more room to develop cooperation between Thailand and neighboring countries...The objectives of ACMECS are to increase the competitiveness of each member's agricultural, industrial and service sectors, as well as trade and investment from Thailand for some industries of its neighbors. ACMECS also aims to create more employment and income for people along the borders".⁷⁹⁷

The role of Thailand in assisting its near neighbors can be considered an excellent example of "South-South" cooperation. This reflects Thailand's emergence as a developing country, and provides confidence to other developed nations to join Thailand's development efforts. This is because the needs are shared in addressing the same development framework. Each participating country presents a similar social and economic development scenario. As a result, the program

⁷⁹⁵ Intravitak, P & Patanapongse, W 2011, *Ayawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS): Human Resource Development Programme Case Study*, Task Team on South-South Cooperation, Busan.

⁷⁹⁶ Sucharithanarugse, W 2006, 'Concept and Function of the ACMECS', *South Asian Survey*, vol. 13, no. 2, p.293.

⁷⁹⁷ *ACMECS Cooperation: 50% Rise in Mekong Region Trade Expected*, 2006, ACMECS Official Site, viewed 29 November 2011, <<http://www.acmeecs.org>>.

responds to the needs of participants due to smaller gaps in social and economic development, and common development issues. Moreover, in “North-South” cooperation, differing social and economic development environments create development framework issues, and wider gaps in mutual understandings. The developed country has more advanced knowledge and technical instruments which may not be suitable for the local context of the recipient countries.⁷⁹⁸ In 2005, a public organization, the Office for Economic Cooperation with Neighboring Countries was created by the government under the consultation of the National Economic and Social Development Board (NESDB) in order to facilitate financial support from Thailand, and to propose and decide on policy, plans, and programs of cooperation.⁷⁹⁹

ACMECS encouraged non-member countries to participate in the framework by providing either financial or technical assistance. These contributions aimed to overcome the problems of limited resources and its complications within the member countries, as well as to promote regional development assistance in an integrated manner. Through its initiatives, ACMECS acquired an effective driving mechanism that facilitated the materialization of various projects. As a result, ACMECS received recognition, together with commitments to participate from developed countries. In 2004, the ACMECS Ministerial Meeting in Thailand’s Krabi Province provided a chance for non-member countries such as Australia, New Zealand, Japan, Germany, France, and the ADB to discuss opportunities for their future participation in ACMECS projects.⁸⁰⁰ As a consequence, various countries and international organizations showed an interest in becoming development partners in ACMECS for example, Canada, Singapore, and the European Union (EU). In 2005, the ACMECS Foreign Ministers’ Meeting and the ACMECS Ministers’ Meeting with development partners were held in Cambodia. The participating development partners expressed support for the goals and objectives of ACMECS, while displaying strong interest in ACMECS cooperation and projects, aimed at further enhancing connectivity, competitiveness and the spirit of regional community, as well as expanding the growth of regional economies and

⁷⁹⁸ Intravitak, P & Patanapongse, W 2011, *Ayawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS): Human Resource Development Programme Case Study*, Task Team on South-South Cooperation, Busan.

⁷⁹⁹ Sucharithanarugse, W 2006, ‘Concept and Function of the ACMECS’, *South Asian Survey*, vol. 13, no. 2, p.292.

⁸⁰⁰ Sucharithanarugse, W 2006, ‘Concept and Function of the ACMECS’, *South Asian Survey*, vol. 13, no. 2, p.292.

reducing poverty.⁸⁰¹ Such integration was attributable to Thailand's role in building a sense of development partnership in accordance with the United Nations' Millennium Development Goals (MDGs), and to address newer and emerging development challenges such as climate change mitigation and social and economic inclusion.⁸⁰²

ACMECS has explicitly responded to the socio-economic development and foreign policies of Thailand. It provides Thailand with an effective solution to the problem of economic disparities that originally differentiated Thailand from its neighboring countries. Furthermore, ACMECS has created a venue for all members to maximize their shared economic potentials and opportunities which are evident in the continual rise of bilateral cross-border trade volumes. The cooperation on trade and investment under the ACMECS framework has been increased to create more jobs and earnings for the residents of those areas. ACMECS cooperation programs clearly illustrate Thailand's sincerity and willingness to support the economic prosperity of its neighbors. This has strengthened the confidence among ACMECS member countries and has complemented their existing bilateral framework. ACMECS has also supported Thailand's direction of shifting its status from "a recipient" to "a donor". For example, development partners often transfer expertise and technology to the recipient countries through a cooperating agency. Thailand, through the Thailand International Development Cooperation Agency (TICA), likewise provides cost-effective training within the region.⁸⁰³ This new role for Thailand under the ACMECS framework later became a central part of Thailand's foreign policy.

According to Niyom Wairatpanich, Vice Chairman of the Board of Trade of Thailand and Chairman of the Economic Cooperation Committee with Neighboring Countries, the objectives of the ACMECS have provided great opportunities for Thailand's private sector to participate. By doing so, the Thai private sector has benefited not only through direct business profits, but also by connecting them with the international community, and hence providing opportunities to

⁸⁰¹ Intravitak, P & Patanapongse, W 2011, *Ayawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS): Human Resource Development Programme Case Study*, Task Team on South-South Cooperation, Busan.

⁸⁰² Asian Development Bank (ADB), 2011, *Development Effectiveness Report 2011: Private Sector Operations*, ADB, Manila, p.27.

⁸⁰³ Intravitak, P & Patanapongse, W 2011, *Ayawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS): Human Resource Development Programme Case Study*, Task Team on South-South Cooperation, Busan.

expand their business connections to other countries through the foreign private sector. Moreover, participation of the private sector in ACMECS has also produced greater benefits for Thailand in other respects. ACMECS has created economic prosperity for the private sector in the areas originally targeted. It has also significantly strengthened relationships between Thailand and other members, most of which were countries that Thailand had previously experienced tension and conflict with during the Cold War period. To be specific, the private sector's role, especially in economic cooperation under the ACMECS, has improved relationships between Thailand and its neighbors in areas that government officials have been incapable of affecting, such as trade and investment. As a result, the ACMECS reflects the common interests of government and the private sector.⁸⁰⁴

The Thai Private Sector and ACMECS

The roles of the Thai private sector in Thailand's foreign economic policy-making regarding Cambodia, Laos, Myanmar, and Vietnam under the ACMECS frameworks can be demonstrated in three activities; Contract Farming, Border Trades, and the ACMECS Business Council (ABC).

Contract Farming

ACMECS is based on the premise of equally achievable mutual benefits for all member countries. Thailand has shared its common interests with other members in terms of having agriculture as one of their main economic sources and this can be observed in many activities, particularly in the Contract Farming project in border areas. According to Ampon Kitti-amphon, former Secretary-General of the National Economic and Social Development Board (NESDB), Contract Farming has been considered as an important part in Thailand's foreign policy towards Cambodia, Laos, and Myanmar.⁸⁰⁵ The project has strengthened relationships between these countries by providing mutual benefits. This situation is totally different from Thailand's previous stance during the Cold War period in which foreign policy was based on national security interests and achieving strategic advantages within a stressful regional political

804 Interview with Mr.Niyom Wairatpanich.

805 Interview with Mr.Ampon Kitti-amphon.

environment.⁸⁰⁶ He also commented that such projects have been increasingly prioritized by the Thai government to include them in its foreign policy with its neighbors.⁸⁰⁷

Contract Farming generally refers to the production and supply of agricultural produce under advance contracts. The essence of such contracts is a commitment to provide an agricultural commodity of a type, at a time and a price, and in the quantity required by a known buyer. The contract farming system in Thailand initially emerged in poultry, sugarcane, tobacco, pineapple, and vegetables. By the early 1990s, contract farming was in place in the following crops and commodities in Thailand: poultry, dairying, palm oil, pineapple, tobacco, sugarcane, kenaf, asparagus, maize, maize seed, castor oil, eucalyptus, baby corn, cashew nuts, sunflower, barley, sea shrimp, cotton, tomato, tomato seed, rubber, gherkins, peas, string beans, silkworms, swine, bamboo shoots, ginger, mushroom and fragrant rice.⁸⁰⁸ Ampon Kitti-amphon also pointed out that contract farming programs have been expected to bolster production of agricultural products among ACMECS member countries thus resulting in efficiency and optimum benefits in resource allocations for the production of goods.⁸⁰⁹ By and large, Cambodia, Laos, Myanmar, and Vietnam are rich in natural resources.⁸¹⁰ The Thai private sector has been encouraged to take part in the promotion of farm production in these countries, as well as encourage the purchase of their products at fair prices under contract farming agreements.⁸¹¹

As a part of this project, Thailand acquires fresh produce from neighboring countries which in turn creates more income and job opportunities for these countries.⁸¹² The abundance of land under agricultural cultivation, together with the low labour costs in Cambodia, Laos, Myanmar, and Vietnam, persuaded the Thai private sector to purchase goods from these countries at

806 Interview with Mr. Ampon Kitti-amphon.

807 Interview with Mr. Ampon Kitti-amphon.

808 Singh, S 2005, 'Role of the State in Contract Farming in Thailand: Experience and Lessons', *ASEAN Economic Bulletin*, vol. 22, no. 2, pp.217-219.

809 Interview with Mr. Ampon Kitti-amphon.

810 Interview with Mr. Ampon Kitti-amphon.

811 Interview with Mr. Ampon Kitti-amphon.

812 Interview with Mr. Ampon Kitti-amphon.

competitive prices, and engage in agricultural product manufacturing.⁸¹³ In addition, by doing so, problems concerning illegal alien workers entering into Thailand would be curtailed.⁸¹⁴ According to Phairat Buraphachaisri, Vice Chairman of the Thai Chamber of Commerce, the contract farming project has been an essential part of Thailand's foreign economic policy towards Cambodia, Laos, and Myanmar in which the Thai private sector has had substantial participation.⁸¹⁵ Particularly, at the policy implementation stage, the Thai private sector greatly facilitates cooperation in activities between the people of member countries, leading to closer relationships in various respects amongst them. This also allows products from Thailand's neighbors to enter Thai markets with customs privileges.⁸¹⁶ As a result, the costs of Thai products, using raw materials imported from its neighbors, have been reduced.⁸¹⁷ For example, Ubon Ratchathani Province in Thailand and Champasak and Salavan Provinces in Laos agreed to conduct the Contract Farming with seven goods which produced an overall income of THB800 million for both countries.⁸¹⁸ Thailand also agreed to eliminate import tariffs for the other ACMECS members under a regional contract farming deal.⁸¹⁹ In this example of trade liberalisation, the private sector in the ACMECS produced not only profits for themselves, but also benefited the country's overall economic interests particularly through improved relationships with Thailand's near neighbors.

In summary, the contract farming project has become an effective diplomatic instrument that Thailand has utilized to establish excellent relationships with the communist-dominated Indochinese countries. When economic prosperity in border areas is achieved, the authorities automatically loosen restrictions and tension decreases. As a result, this leads to mutual benefits and better foreign relationships in the region.

813 Interview with Mr.Ampon Kitti-amphon.

814 Interview with Mr.Ampon Kitti-amphon.

815 Interview with Mr.Phairat Buraphachaisri.

816 Interview with Mr.Phairat Buraphachaisri.

817 Interview with Mr.Phairat Buraphachaisri.

818 Interview with Mr.Bumrung Lorcharoenwattanachai.

819 *Trade Among ACMECS Members Believed to Grow More than 700 Percent in Future*, 2006, ACMECS Official Site, viewed 29 November 2011, <<http://www.acmeecs.org>>.

Although the contract farming program was predominantly run by the private sector, the state also played a major role. In terms of both setting broad policy directions for diversification, as well as in under-writing private sector activities, the state engaged various institutions namely the Board of Investment (BOI), the National Economic and Social Development Board (NESDB), and the Agricultural Land Reform Office (ALRO).⁸²⁰ According to Niyom Wairatpanich, with support from government agencies, projects participated in by the private sector were more readily recognized by the government, and the roles of non-state actors became significant.⁸²¹ This is because the private sector had no authority to allocate essential resources for the projects while the government could authorize budget and mobilize manpower. When projects were recognised by the government, they were then implemented by various agencies and had more possibility to be completed. This situation is similar to the construction of Thai-Lao road linkages that were previously discussed in Chapter VI.

Border Trades

The role of Thailand in ACMECS has been driven by the engagement of the Thai private sector and its business entrepreneurs. Therefore, projects including cooperation under ACMECS which have become a part of the country's foreign policy are a good indicator of the more influential roles of non-state actors, especially the Provincial Chambers of Commerce, in Thailand's foreign economic policy towards Cambodia, Laos, and Myanmar. Their contribution to Thailand's involvement is regarded as vital for achieving the ACMECS goals. The Thai Provincial Chambers of Commerce, particularly those in border areas, have played a key role in stimulating more economic activity, and generating income for the people of the five ACMECS countries.⁸²² Some of the better examples of the Provincial Chambers of Commerce roles were in relationships between Thailand and Cambodia. For example, the Trat and Prachin Buri Provincial Chambers of Commerce played a part in promoting trade along the Thai-Cambodian border. The promotion of cross-border trade between Thailand and Cambodia has been very important to Thai-Cambodian relations since the 1990s. Previously, during the period 1981-

⁸²⁰ Singh, S 2005, 'Role of the State in Contract Farming in Thailand: Experience and Lessons', *ASEAN Economic Bulletin*, vol. 22, no. 2, p.219.

⁸²¹ Interview with Mr.Niyom Wairatpanich.

⁸²² Interview with Mr.Niyom Wairatpanich.

1989, trade between the two countries was not permitted. The Provincial Chambers of Commerce engaged in the renovation of the National Route No.5 from Arunyapraphet to Phnom Penh, and the establishment of the Thai-Cambodian Joint Economic Zone which constructed an industrial estate in Koh Kong that included a deep-water port.⁸²³ The project for establishing the Thai-Cambodian Joint Economic Zone also included other areas along the border namely Poipet – Arunyapraphet, Koh Kong – Klong Yai, Pailin – Pakkard, and Kamrieng – Ban Laem.⁸²⁴ Similarly, the Sa Kaeo Provincial Chamber of Commerce has promoted Sa Kaeo as an export hub in the Indochinese region particularly the Rong Klour market with an overall border trade income of THB 9,224 million in 2002.⁸²⁵ According to Bumrung Lorcharoenwattanachai, Chairman of the Sa Kaeo Provincial Chamber of Commerce, the promotion of cross-border trade between Thailand and Cambodia has marked a better relationship between both countries that had seriously deteriorated during the 1980s-1990s due to the Cambodian conflicts.⁸²⁶ During the 1980s and 1990s the Thai-Cambodian border was a tense area of no trade and little cooperation.⁸²⁷ However, as a result of the efforts of the Provincial Chambers of Commerce along the Thai-Cambodian border, many areas have become important trading centres that produce economic prosperity for both Thailand and Cambodia.⁸²⁸ The Rong Klour market in particular, has become a tourist destination that attracts not only Thai shoppers but also international tourists.⁸²⁹

The Thai and Cambodian governments, through the initiatives of various Provincial Chambers of Commerce along the border, have agreed to establish “Sister Cities”. These relationships

823 Buraphachaisri, P 1992, *Thai-Lao and Thai-Cambodian Border Trades*, Individual research document, National Defense College, Bangkok (in Thai).

824 *The Ayeyawady – Chao Phraya – Mekong Economic Cooperation Strategy Plan of Action*, ACMECS Official Site, viewed 29 November 2011, <<http://www.acmecs.org>>.

825 Lorcharoenwattanachai, B 2007, *Roles of the Sa Kaeo Provincial Chamber of Commerce in the National Economic Security*, Individual research document, National Defense College, Bangkok (in Thai).

826 Interview with Mr. Bumrung Lorcharoenwattanachai.

827 Interview with Mr. Bumrung Lorcharoenwattanachai.

828 Interview with Mr. Bumrung Lorcharoenwattanachai.

829 Interview with Mr. Bumrung Lorcharoenwattanachai.

promote border trade, transportation linkages and logistics including other cooperative efforts.⁸³⁰ Sister cities along the Thai-Cambodian border include Siem Reap – Si Sa Ket, Oddar Meanchey – Surin, Oddar Meanchey – Buriram, Banteay Meanchey – Sa Kaeo, Pailin – Chanthaburi, Battambang – Chanthaburi, Koh Kong – Trat, Pursat – Trat, and Preah Vihear – Ubon Ratchathani.⁸³¹ The establishment of “Sister Cities” in various areas along the border is an indicator of a better economic relationship between Thailand and Cambodia. Through “Sister Cities”, other aspects of these cross border ties especially political tensions and security conflicts have also improved.⁸³² The role of the Provincial Chambers of Commerce in establishing such arrangements also demonstrates the influence of non-state actors in Thai foreign economic policy towards Cambodia.

Consequently, trade income between Thailand and other ACMECS members has been gradually increasing to 3% of Thailand’s overall foreign trade, and 16.38% of Thai-ASEAN trade (2002-2004).⁸³³ In 2005, the border trade between Thailand, Myanmar, Cambodia, and Laos also increased to 36.7% of Thailand’s overall border trade.⁸³⁴ Six border checkpoints namely; Mae Sot, Mae Sai, Aranyaprathet, Mukdahan, Chiang Saen, and Sadao are designated to become One-Stop Service Centres (OOS). The OOS have enabled trade in the border areas to be more convenient.⁸³⁵ In 2006 Kantathi Suphamongkhon, former Thai Foreign Minister, commented about improvements in trade relationships between Thailand and other ACMECS members stating, “I believe that trade among the ACMECS members will further expand considerably from the impressive growth of 700% last year after tariff barriers are eliminated”.⁸³⁶ Particularly, on the Thai-Cambodian border, there have been a number of improvements at cross-border

830 Interview with Mr. Bumrung Lorcharoenwattanachai.

831 Interview with Mr. Bumrung Lorcharoenwattanachai.

832 Interview with Mr. Bumrung Lorcharoenwattanachai.

833 *Department of Foreign Trade*, The Ministry of Commerce of the Kingdom of Thailand, viewed 20 October 2010, <<http://www.dft.go.th>>.

834 *Department of Foreign Trade*, The Ministry of Commerce of the Kingdom of Thailand, viewed 20 October 2010, <<http://www.dft.go.th>>.

835 *ACMECS Cooperation: 50% Rise in Mekong Region Trade Expected*, 2006, ACMECS Official Site, viewed 29 November 2011, <<http://www.acmeecs.org>>.

836 *Trade Among ACMECS Members Believed to Grow More than 700 Percent in Future*, 2006, ACMECS Official Site, viewed 29 November 2011, <<http://www.acmeecs.org>>.

checkpoints for instance, Chong Bok Pass connecting Na Chaluai (Ubon Ratchathani) and Choam Khsan (Preah Vihear), Chong An Mah Pass connecting Nam Yun (Ubon Ratchathani) and Choam Khsan (Preah Vihear), Ta Praya (Sa Kaeo) – Boeung Trakuon (Thmor Pouk – Banteay Meanchey), Ban Mamuang (Trat) – Choal Roka (Samlot – Battambang), and Ban Chamrak (Trat) – Phluk Damrey (Veal Veng – Pursat).⁸³⁷

The ACMECS Business Council (ABC)

The ABC was formed in each member country with a determination to link all private sectors through cooperation in the areas of international trade and investment, and supporting the government sector in regional development schemes.⁸³⁸ The promotion of regional cooperation and information sharing among partner countries within and outside ACMECS is also enhanced through exchange of information and cooperation via the ABC. At the regional and sub-regional levels, exchange of information and best practices are strengthening regional cooperation within ACMECS and with other regions such as ASEAN. The second ACMECS Summit in 2005 enabled a mutual discussion between the leaders of member countries and the ABC representatives. The leaders received various inputs and suggestions put forward by the private sectors to improve government policy on regional trade and investment. In addition, the leaders agreed to a selected joint investment project as a symbol of cooperation between the governments of the five countries and their private sectors, under the ACMECS framework.⁸³⁹ Niyom Wairatpanich and Phairat Buraphachaisri commented that through this Council, the Thai private sector has been able to play a more direct role in Thailand's foreign economic policy-making.⁸⁴⁰ Since the private sector has been accepted by many countries in Southeast Asia as having an ability to influence international relationships with no impact on national security interests, connections between the private sectors then have become increasingly significant.⁸⁴¹

⁸³⁷ *The Ayeyawady – Chao Phraya – Mekong Economic Cooperation Strategy Plan of Action*, ACMECS Official Site, viewed 29 November 2011, <<http://www.acmeecs.org>>.

⁸³⁸ Intravitak, P & Patanapongse, W 2011, *Ayawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS): Human Resource Development Programme Case Study*, Task Team on South-South Cooperation, Busan.

⁸³⁹ Intravitak, P & Patanapongse, W 2011, *Ayawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS): Human Resource Development Programme Case Study*, Task Team on South-South Cooperation, Busan.

⁸⁴⁰ Interview with Mr.Niyom Wairatpanich.; Interview with Mr.Phairat Buraphachaisri.

⁸⁴¹ Interview with Mr.Niyom Wairatpanich.; Interview with Mr.Phairat Buraphachaisri.

The establishment of the ABC strongly indicates that non-state actors have a significant role in Thai international relations.⁸⁴²

Case Study IV: Special Economic Zone (SEZ)

Overview of the Special Economic Zone

The East Asian countries have achieved remarkable economic growth since the end of the Cold War. One of the major factors contributing to economic growth in the ASEAN countries of Indonesia, Malaysia, The Philippines, Singapore, Thailand; and China can be attributed to their massive Foreign Direct Investment (FDI) in specific areas. In these ASEAN countries, industrial estates have been built, most located in the suburban areas of capital cities, and their governments have given several incentives to investing companies. As a result, many foreign companies have set up factories in these industrial estates.

A Special Economic Zone (SEZ) refers to these industrial estates. An SEZ is an area within a country which is established with more flexible financial and economic regulations than other areas. The establishment of SEZs is designed to stimulate rapid economic growth. SEZs are a part of an economic growth strategy to enhance industry competitiveness and attract FDI.⁸⁴³ Through SEZs, the government of each host country intends to bring down protective barriers, to create jobs, and to pilot new policies and approaches, for example, in the areas of customs, legal issues, labour, and public-private partnerships. SEZs also allow for more efficient government supervision of enterprises, provision of off-site infrastructure, and environmental controls.⁸⁴⁴ Moreover, SEZs are capable of contributing to export development, not only in terms of accelerating export growth but also export diversification. In addition, SEZs can play an important role in offsetting some aspects of an adverse investment climate by offering world-class facilities and best practice policies.

⁸⁴² Interview with Mr.Niyom Wairatpanich.; Interview with Mr.Phairat Buraphachaisri.

⁸⁴³ Asian Development Bank (ADB), 2000, *Economic Cooperation in the Greater Mekong Subregion*, ADB, Manila.

⁸⁴⁴ FIAS, 2008, *Special Economic Zones: Performance, Lessons, Learned, and Implications for Zone Development*, The World Bank Group, Washington.

A SEZ is an ecological district that follows non-interventionist monetary guidelines which are different from the conventional economic norms of a country. A SEZ includes a wide array of zones incorporating Free Trade Zones (FTZs), Export Processing Zones (EPZs), Free Ports, and Enterprise Zones. Free Trade Zones (FTZs), are commercial and free commercial zones comprising small, fenced-in, duty-free areas. FTZs offer warehouses, storage, and facilities for trade, transshipment, and re-export operations. FTZs are located in most ports of entry around the world. Export Processing Zones (EPZs) are industrial estates that offer special incentives and facilities for manufacturing and related activities aimed mostly at export markets. EPZs can be divided into two forms: a traditional EPZ model in which the entire area of the zone is exclusively for export-oriented enterprises licensed under an EPZ regime, or a hybrid EPZ model which is typically sub-divided into a general zone open to all industries regardless of export orientation. Free Ports are areas that accommodate all types of activities as well as tourism and retail sales. Free Ports permit people to reside on-site and provide a much broader set of incentives and benefits. The large-scale Free Ports in China are a traditional example. Finally, Enterprise Zones are intended to revitalize distressed urban or rural areas through the provision of tax incentives and financial grants. Most Enterprise Zones are located in developed countries.⁸⁴⁵

Generally, SEZs are established by utilizing a collection of institutional compositions varying from completely government owned organizations to privately owned firms. Frequently, the government-owned organizations perform as quasi-government groups in which they follow a pseudo-corporate organization composition and have total control over their budget construction.⁸⁴⁶ For the past fifteen years, there has been a growing number of privately owned, developed, and operated zones around the world. Of the 2,301 zones, 62% are developed and operated by the private sector. This contrasts greatly with the 1980s, when less than 25 percent of zones worldwide were in private hands. The key factor behind the rise of private zones is the realization that such facilities can be profitably operated by private sector zone developers, and that the burden that SEZs place on government resources can be reduced. The entry of the

⁸⁴⁵ FIAS, 2008, *Special Economic Zones: Performance, Lessons, Learned, and Implications for Zone Development*, The World Bank Group, Washington.

⁸⁴⁶ Asian Development Bank (ADB), 2000, *Economic Cooperation in the Greater Mekong Subregion*, ADB, Manila.

private sector into zone development has also changed the range of facilities, services, and amenities available within zones. This includes the development of SEZs and industrial estates on an integrated rather than stand-alone basis, increased specialization of facilities catering to the unique needs of target industries, and the provision of a greater range of business support services and specialized facilities.⁸⁴⁷

The rationale for the development of SEZs differs between developing and developed countries. For developing countries, zones have traditionally had both a policy and an infrastructure rationale. The typical SEZ policy package includes import and export duty exemptions, streamlined customs and administrative controls and procedures, liberal foreign exchange policies, and income tax incentives. All of these boost an investment's competitiveness, and reduce business entry and operating costs. Export-oriented zones are intended to convey "free trade status" to export manufacturers, enabling them to compete in global markets and counterbalance the anti-export bias of trade policies. The "hardware" of SEZs, fully serviced sites with purpose-built facilities for sale or lease, is aimed at enhancing the competitiveness of manufacturers and service providers. It is also intended to realize agglomeration benefits from concentrating industries in one geographical area. These benefits include efficiencies in government supervision of enterprises, provision of off-site infrastructure, improved environmental controls, and increased supply and sub-contracting relationships among industries. This "infrastructure rationale" is one of the most important driving forces behind zone development in infrastructure-poor countries.⁸⁴⁸

Under SEZs, there are a core set of policies and privileges which are associated with removing many distortions and restrictions. Firstly, SEZs expand activities to include commercial and professional services such as warehousing, transshipment, and informatics in addition to all types of manufacturing and processing. Secondly, SEZs offer equal treatment for investors and forms of investment in which a zone's legislation accords the same benefits to foreign and local

⁸⁴⁷ FIAS, 2008, *Special Economic Zones: Performance, Lessons, Learned, and Implications for Zone Development*, The World Bank Group, Washington.

⁸⁴⁸ FIAS, 2008, *Special Economic Zones: Performance, Lessons, Learned, and Implications for Zone Development*, The World Bank Group, Washington.

investors, and to various legal forms of investment. This reduces distortions in terms of impacts on incentives. Thirdly, SEZs provide incentives for private zone developers to facilitate private entry into zone development. Fourthly, SEZs offer a relaxation of minimum export requirements in line with the World Trade Organization (WTO) framework and accommodate the globalization of production. Fifthly, SEZs allow zone developers and others to supply utility services such as telecommunications, water and sewerage, and power to tenants of the zone estates by treating them as indirect exporters. Finally, SEZs treat sales of goods and services from the domestic sector to zones as “constructive exports” eligible for all relevant export incentives.⁸⁴⁹

Many institutional frameworks were adapted for SEZ regulation, development, and management. These included autonomous government authorities or corporations, specialized departments within a ministry, zone-specific management boards, and arms of investment promotion agencies. With the entry of the private sector into zone development, most countries have either set up specialized public sector zone development and management agencies, or increasingly divested the physical project development function to the private sector. These countries also transformed their zone authorities into purely regulatory, planning, and promotional bodies.

Special Economic Zones in Asia

SEZs in Asia are mostly government-run. Traditional EPZs play a key role in the development of export sectors in many Asian economies such as Malaysia, Sri Lanka, and Taiwan (Republic of China). However, only a few are able to break away from low-skilled textiles and apparel manufacturing into higher value-added manufacturing and services. Malaysia, Taiwan, and Thailand are models for utilizing their zones to promote and diversify their export bases. These economies have succeeded in moving from low value-added manufacturing to attracting investment and encouraging exports in a wide range of industries. Electronics assembly and component manufacturing in China, Malaysia, Taiwan, and Thailand, and automotive assembly and chemical processing in Thailand are some such examples. A trend for private zone development in Asia has been significantly developed particularly in Southeast Asian countries.

⁸⁴⁹ FIAS, 2008, *Special Economic Zones: Performance, Lessons, Learned, and Implications for Zone Development*, The World Bank Group, Washington.

In the early 1990s, in Thailand and the Philippines, the decision was taken to stimulate the development of private zones and industrial parks rather than expand public ones. Furthermore, many Asian countries have implemented specialized zones for financial services, information technology, science-based industries, and other industries requiring tailored infrastructure, facilities, and business development services.⁸⁵⁰

Many countries have experienced economic booms as a result of SEZs. Some of the most famous SEZs were established in the 1980s in China. People who choose to work in SEZs are able to earn salaries higher than those in other areas. The effort to attract foreign investment provides host countries with more economic and political power.⁸⁵¹ However, the establishment of SEZs has been frequently criticised from a number of different perspectives. SEZs have been questioned over the exploitation of women through lower wage levels, a lack of training and skill upgrading, and the use of trainees to lower wage costs. Criticisms of SEZs also include the suppression of labor standards and core labor rights including trade unionization, and poor employment conditions relating to working hours, health, and safety. In addition, SEZs have been criticized for lax environmental standards which endanger the environment and human population.⁸⁵²

Special Economic Zone in Thailand

An attempt to establish a “Special Economic Zone” in Thailand began in the early 1950s. In 1954, before drafting the first National Economic and Social Development (NESD) Plan (1961-1966), the government of Field Marshal Plaek Phibunsongkram (Pibun) ratified the Industrial Promotion Act which aimed to improve and promote Thai industry. The Act was based on the belief that industrialization would introduce greater prosperity and a higher national income. However industrial affairs alone are insufficient for the establishment and management of such “special zones”. In order to successfully establish the zones, Thailand needed more commercial

⁸⁵⁰ FIAS, 2008, *Special Economic Zones: Performance, Lessons, Learned, and Implications for Zone Development*, The World Bank Group, Washington.

⁸⁵¹ Asian Development Bank (ADB), 2000, *Economic Cooperation in the Greater Mekong Subregion*, ADB, Manila.

⁸⁵² FIAS, 2008, *Special Economic Zones: Performance, Lessons, Learned, and Implications for Zone Development*, The World Bank Group, Washington.

management and raw materials from the agricultural sector. Moreover, this required legal support from the public sector to authorize government and state officials to oversee and supervise the zones. Establishing the zones also necessitated greater participation from both Thai and foreign private sectors. In 1960, the Industrial Promotion Act was replaced by the Investment Promotion Act for Industrial Activity which was developed by the government of Field Marshal Sarit Thanarat. The new Act was later revised in 1962 and 1965 to promote Thailand's industrial affairs and to enable the special zones to be supervised by state authorities. In 1972, the government decided to establish the industrial zones under the supervision of the Industrial Estate Authority of Thailand (I-EA-T) which was considered a pilot project for the later Industrial Estate Act ratified in 1979 and 1996. In other words, the development of industrial zones during 1960s-1970s was the foundation of the establishment of the "Special Economic Zone" in Thailand.⁸⁵³

Special Economic Zone in Chiang Rai Province

The establishment of a Special Economic Zone in Chiang Rai Province is another example of non-state actors such as the Provincial Chambers of Commerce greatly influencing Thailand's foreign economic policy-making; in this case towards Myanmar and Laos. Moreover, non-traditional actors such as the National Economic and Social Development Board (NESDB) have also played significant roles in this project.

There has been a substantial development of Special Economic Zones in Thailand since the late 1980s, whereby the government planned to implement SEZs to develop Thailand's border cities as economic gateways to Thailand's neighbors. The plan was approved by cabinet in 1999 with a budget of THB22,936.5 million for the economic development of twenty border cities in thirteen Provinces.⁸⁵⁴ The project was developed following research undertaken by the NESDB. The NESDB initiated a strategic plan for Upper North development (1999-2008) in nine provinces

⁸⁵³ Samran, P 2005, 'Special Zone or Special Economic Zone Bill', *the University of Thai Chamber of Commerce Academic Journal*, vol.25, no.3 (in Thai).

⁸⁵⁴ *Manager Daily*, 9 November 1999 (in Thai).

namely Chiang Rai, Chiang Mai, Phayao, Mae Hong Son, Lampang, Lamphun, Phrae, Nan, and Tak.⁸⁵⁵

The Chiang Rai Provincial Chamber of Commerce closely pursued this development. A SEZ was one of the major targets for the Chiang Rai Provincial Chamber of Commerce to develop Chiang Rai Province as an economic centre of the Economic Quadrangle. The Chiang Rai Provincial Chamber of Commerce pushed forward the project through multiple channels including, Supachai Panitchpakdi, the then Deputy Prime Minister responsible for economic policy and the Minister of Commerce, the NESDB, and the Ministry of Commerce. The Chiang Rai Provincial Chamber of Commerce also influenced the establishment of a SEZ at the Mobile Border Trade Clinic Forum.⁸⁵⁶ In addition, the Chiang Rai Provincial Chamber of Commerce presented this project at the joint-seminar co-organized by the Chiang Rai-based Mae Fah Luang University attended by the Nation Group media and related government representatives. Moreover, the Chiang Rai Provincial Chamber of Commerce attended a number of conferences hosted by the Department of Foreign Trade, the Ministry of Commerce to introduce this initiative.⁸⁵⁷ It can be observed that the Chiang Rai Provincial Chamber of Commerce advocated for the establishment of a SEZ in the province in the same way it had employed in the establishment of the Economic Quadrangle, as discussed in Chapter VI. It confirms that influencing national policy-making, especially the key decision makers, by organizing a seminar which was attended by the media, was effective. According to Som Jatusripitak, Advisor to the Board of Trade of Thailand, and SarasinVirapol, former Diplomat turned Executive Vice Chairman and Director of Charoen Pokphand Group, the great advantage of the private sector is that it is not obliged to follow Ministerial regulations which prevent many government agencies from initiating “new” projects that could later become beneficial national foreign economic policy.⁸⁵⁸

⁸⁵⁵ Masviriyakul, S 2004, 'Sino-Thai Strategic Economic Development in the Greater Mekong Subregion (1992-2003)', *Contemporary Southeast Asia*, vol. 26, no. 2, p.309.

⁸⁵⁶ Panitchpakdi, S 2001, *Roles of Thailand in the World Economic Stage*, The Ministry of Commerce, Bangkok (in Thai), pp.293.

⁸⁵⁷ *Thailand and the Greater Mekong Subregion (GMS)*, Office of the National Economic and Social Development Board, Regional Economic Development Cooperation Committee Office.

⁸⁵⁸ Interview with Dr.Som Jatusripitak.; Interview with Dr.Sarasin Virapol.

At an early stage, the Chiang Rai Provincial Chamber of Commerce undertook research and studies into establishing a SEZ in Mae Sai District with a budget of THB50 million. Mae Sai is an economic border district adjacent to Myanmar through Tha Chi Lek. Mae Sai is regarded as an economic and tourist gateway to Indochina, as well as a potential transportation hub in the Mekong Sub-region due to its location.⁸⁵⁹ The Chiang Rai Provincial Chamber of Commerce also proposed the establishment of SEZs in Chiang Rai's Chiang Saen and Chiang Khong Districts. Chiang Saen is a commercial and a transportation hub due to its location adjacent to Myanmar, Laos, and the Southern part of China. Chiang Khong is a land and maritime transportation gateway to the Upper Mekong Sub-region particularly through the Thai-Lao Friendship Bridge.⁸⁶⁰ Chiang Rai was considered to have the most potential to cooperate with neighbors in the North-South Economic Corridor, so as a result, Chiang Rai was selected to be Thailand's first SEZ. Chiang Rai also has air, road, and waterway linkages with Southern China, Laos, and Myanmar.⁸⁶¹ In 2000, the cabinet approved the establishment of SEZs in the areas proposed by the Chiang Rai Provincial Chamber of Commerce. The project's feasibility study was finished in 2001.⁸⁶² With the North-South Economic Corridor development strategy and the relatively high record of trade, investment, and tourism growth in Mae Sai, Chiang Saen, and Chiang Khong along the major transport links, Chiang Rai was considered as a major border city. The NESDB was assigned by the government to undertake further research and studies to create the model scheme of the Mae Sai SEZ together with the surrounding areas using a THB10 million budget derived from the international trade promotion fund of the Ministry of Commerce.⁸⁶³ A study completed in 2001 identified 35 programs and 112 projects with a total cost of USD476 million to develop infrastructure, and administrative systems and procedures in these border districts.⁸⁶⁴ According to Ampon Kittiamphon, former Secretary-General of the

⁸⁵⁹ See Figure 7

⁸⁶⁰ See Figure 7

⁸⁶¹ Masviriyakul, S 2004, 'Sino-Thai Strategic Economic Development in the Greater Mekong Subregion (1992-2003)', *Contemporary Southeast Asia*, vol. 26, no. 2, p.309.

⁸⁶² Masviriyakul, S 2004, 'Sino-Thai Strategic Economic Development in the Greater Mekong Subregion (1992-2003)', *Contemporary Southeast Asia*, vol. 26, no. 2, p.309.

⁸⁶³ *Manager Daily*, 25 December 1999 (in Thai).

⁸⁶⁴ Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: North-South Economic Corridor*, ADB, Manila, p.75.

NESDB, the Chiang Rai Provincial Chamber of Commerce played a key part in establishing Chiang Rai's SEZs by providing relevant information on behalf of the local representatives to Paul Consultant Corp.,Ltd which was engaged by the NESDB as project consultant.⁸⁶⁵ As a consequence, the government authorized the budget of THB1,300 million to develop the area and also for further supportive plans.⁸⁶⁶ In 2003, the cabinet agreed to the construction of SEZs in Mae Sai, Chiang Saen, Chiang Khong in Chiang Rai Province, and Sadao in Songkhla Province as pioneer models for the establishment of SEZs in other border areas.⁸⁶⁷

865 Interview with Mr.Ampon Kittiamphon.

866 Interview with Mr.Ampon Kittiamphon.

867 Interview with Mr.Ampon Kittiamphon.

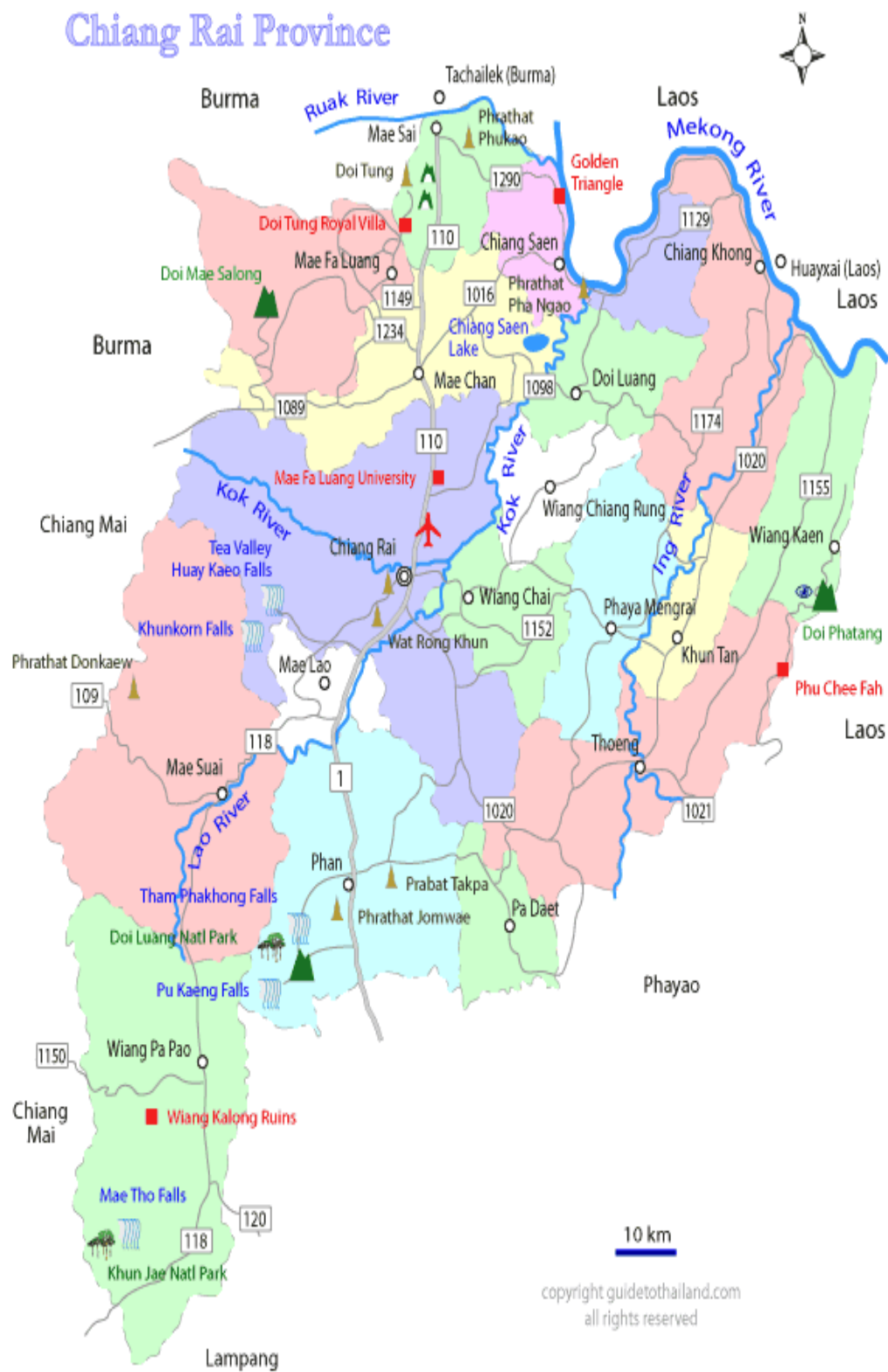


Figure 7: Chiang Rai Province, *Guide to Thailand*, <<http://www.guidetothailand.com>>.

Ampon Kitti-amphon further stated that SEZs in Chang Rai Province have been developed as part of the “eco industrial estate development”. These economic development plans were a part of the Economic Corridor development plan to encourage private investment and create a new long-term economic basis for Thailand. Master and action plans for these border areas were produced by the NESDB. These areas were expected to be centres of trade and production as they are serviced by customs checking points linking international transport routes. The sectors with the most potential for development linkages were manufacturing and tourism.⁸⁶⁸

The Zones are organized into two levels. Level I, economic areas in Mae Sai, Chiang Saen, and Chiang Khong were developed in land and infrastructure management to support manufacturing industries as well as trade, tourism, and agriculture. Level II is industrial investment areas which are divided into two categories. Firstly, industrial estate zones are general industrial estates established with support from the public sector. The zones can receive tax-free privileges. Secondly, general industrial development areas are private industrial investments established under the 1992 Factory Act. Factories in these areas can only be constructed with approval from the Department of Public Works and Town & Country Planning, the Ministry of Interior. Furthermore, developments of SEZs in Chiang Rai Province are divided into three aspects. Firstly, transportation system development, designed to connect Thailand’s upper northern provinces with neighboring countries under the North-South Economic Corridor. Secondly, infrastructure development, intended to provide Mae Sai and Chiang Saen Districts with appropriate city planning and infrastructure. Thirdly, social and environmental development, for example, ranging from environmental impact studies, to studies of people’s participative mechanisms, and labour training.⁸⁶⁹

In order to achieve an efficient management of SEZs in Chiang Rai Province, the Thai government expended considerable effort. The government publicized the project both inside and outside the country by organizing press conferences, road shows, and trade exhibitions, and by

⁸⁶⁸ Interview with Mr. Ampon Kitti-amphon.

⁸⁶⁹ Tun-anuchittikul, N 2006, *the Establishment of Chiang Rai Special Economic Zone as an Instrument in the Border Economic Sustainably Development*, Individual research document, King Prajadhipok’s Institute, Bangkok (in Thai).

establishing websites and information centres to promote tourism and investment both in Thailand and neighboring countries. The Thai government also promoted SEZs through the Greater Mekong-Sub-region (GMS) Economic Cooperation as well as through a number of bilateral and multilateral forums. In addition, the government proposed to amend some international agreements with neighboring countries to improve regulations involving trade, border crossing, migrant workers, and border security issues. The amendments introduced greater opportunities for investment in Chiang Rai's SEZs as well as further public and private cooperation between Thailand and its neighbors. Moreover, the government successfully negotiated with Laos and Myanmar to improve their investment laws and regulations in order to ensure rights, privileges, and protections for foreign investors. The amendments also included a reduction in customs duty for Thai products entering neighboring countries.⁸⁷⁰ The attractiveness of SEZs in Chiang Rai Province is dependent on the availability of infrastructure, logistics, and other services needed by enterprises locating in the zones. Also necessary were streamlined and transparent procedures for obtaining business permits and licenses, efficient zone management, and a degree of economic linkage between the zones, and with growth centres within and outside the North-South Economic Corridor.⁸⁷¹ According to Niyom Wairatpanich, Vice Chairman of the Board of Trade of Thailand and Chairman of the Economic Cooperation Committee with Neighboring Countries, this case was similar to the construction of the Thai-Lao road linkages under the North-South Economic Corridor, and Contract Farming under the ACMECS. In all these cases, non-state actors have an ability to initiate "new" projects and thereby influence foreign economic policy-making; but they require influence and support from government to achieve this.⁸⁷² In this case, it can be seen that Chiang Rai's SEZs required amendments to laws and regulations in order to promote the advantages of the zones; changes that are solely government controlled. Additionally, detailed negotiations with their Lao and Myanmar counterparts also required professional negotiators from the Ministry of Commerce and professional diplomats from the Ministry of Foreign Affairs. However, it is important to note that

⁸⁷⁰ *Thailand and the Greater Mekon Subregion (GMS)*, Office of the National Economic and Social Development Board, Regional Economic Development Cooperation Committee Office.

⁸⁷¹ Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: North-South Economic Corridor*, ADB, Manila, pp.76.

⁸⁷² Interview with Mr.Niyom Wairatpanich.

the role of the private sector is considered as equally important as the role of the government agencies. This was clear from the collaboration between the NESDB and the Chiang Rai Provincial Chamber of Commerce which was crucial in the establishment of SEZs in Chiang Rai Province.

The establishment of SEZs in Chiang Rai Province has not only produced economic prosperity for Chiang Rai and the northern part of Thailand, but it has also positively affected the country in various political, economic, and social aspects. According to Niyom Wairatpanich, SEZs in Chiang Rai have created jobs for local people not only in Chiang Rai but also other surrounding provinces such as Chiang Mai and Phayao. The increased economic prosperity has also expanded to nearby areas in Laos and Myanmar particularly through cross-border trade and tourism. This subsequently reduced illegal cross-border activities such as drugs trafficking, human trafficking, and arms smuggling.⁸⁷³ These three activities were considered to be non-traditional threats capable of sabotaging relationships between Thailand and its near neighbors.⁸⁷⁴ As a result, the Thai government, including local governments and government officials at all levels, have cooperated more constructively with Laos and Myanmar. All sides have reduced their mutual suspicions about such threats.⁸⁷⁵ This has led to strengthened relationships between Thailand and these countries during the post-Cold War period.

Under SEZs in Chiang Rai Province, the government initiated the Single Stop Inspection Centre and One-Stop Service (OOS) to facilitate investment in the zones. These newly-established facilities and services demonstrate the role of new actors particularly non-traditional state actors and the economically-related government agencies in policy implementation. The services cover all procedures in the investment process such as establishment, manufacturing, and exportation.⁸⁷⁶ Services provided in Chiang Rai involve approximately twenty agencies both from public and private sectors, for example, the Department of Foreign Trade, the Ministry of

873 Interview with Mr.Niyom Wairatpanich.

874 Interview with Mr.Niyom Wairatpanich.

875 Interview with Mr.Niyom Wairatpanich.

876 *Thailand and the Greater Mekong Subregion (GMS)*, Office of the National Economic and Social Development Board, Regional Economic Development Cooperation Committee Office.

Commerce, the Department of Livestock Development and the Department of Agriculture, the Ministry of Agriculture and Cooperatives, the Food and Drug Administration, the Ministry of Public Health, and the Royal Forest Department and the Department of Natural Parks, Wildlife, and Plant Conservation, the Ministry of Natural Resources and Environment. The key agencies of the Single Stop Inspection Centre and One-Stop Service (OOS) at the borders are the Customs Department, the Ministry of Finance in association with the Immigration Bureau, and the Royal Thai Police. Both of these agencies have been assigned the responsibilities to coordinate with related agencies to oversee border trade, and supervise the entry and exit of tourists and migrant workers.⁸⁷⁷

Special Economic Zone in Tak Province

The establishment of a SEZ in Tak Province is another clear case where new actors, particularly non-state actors such as the Provincial Chambers of Commerce greatly influenced Thailand's foreign economic policy-making, in this case towards Myanmar. The establishment of a SEZ in Mae Sot, Tak Province was a proposal of the Tak Provincial Chamber of Commerce. The project was included in the East-West Economic Corridor development framework under the grand cooperative strategy of GMS Economic Cooperation. The Tak Provincial Chamber of Commerce also lobbied for the establishment of a SEZ between Mae Sot District in Thailand and Myawadi District in Myanmar. The Industrial Estate Authority of Thailand (I-EA-T) has also supported the creation of an industrial estate in Myawadi. Two-thirds of the area has been designated as an export processing zone, and electricity would be supplied from Mae Sot in Thailand. Myawadi has abundant and cheap labour, and the relocation of garment industries from Mae Sot to the area would help to alleviate large-scale unemployment.⁸⁷⁸

Tak⁸⁷⁹ has been regarded as the economic gateway to Myanmar, Bangladesh, and India which necessarily required the establishment of a SEZ in order to promote industry, trade, and

⁸⁷⁷ Tun-anuchittikul, N 2006, *the Establishment of Chiang Rai Special Economic Zone as an Instrument in the Border Economic Sustainably Development*, Individual research document, King Prajadhipok's Institute, Bangkok (in Thai).

⁸⁷⁸ Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: East-West Economic Corridor*, ADB, Manila, p.72.

⁸⁷⁹ See Figure 8

investment in the province. From 1996 the Tak Provincial Chamber of Commerce pushed this project forward for government consideration, initially proposing it to the Ministry of Industry. In 1997, the Tak Provincial Chamber of Commerce proposed the SEZ in Mae Sot District through the Thai Chamber of Commerce. The project was then introduced for consideration through the Parliament's Economic Committee in association with the Ministry of Industry, the Ministry of Commerce, the Ministry of Foreign Affairs, the Ministry of Labour, the Third Army Region, the Royal Thai Army, and the Tak local authorities.⁸⁸⁰ Again, although this project was the private sector's initiative, but without support from numerous government agencies, this initiative would not have been effectively implemented. The private sector has no authority to allocate essential resources for the projects and also has no legal mandate to give orders to the government agencies involved. As a consequence, the establishment of SEZs in Tak Province only occurred with the concurrence of various government agencies, particularly the Ministry of Foreign Affairs and the Third Army Region, which still play influential roles in dealing with Myanmar. While, the Tak Provincial Chamber of Commerce has played a significant role in various projects that later became the country's foreign economic policy towards Myanmar, the government agencies were also key contributors. This is because from the government perspective, Tak was affected by many threats from Myanmar, especially refugees and asylum seekers. In 2001, there were approximately 131,000 Myanmar refugees and asylum seekers located in Tak Province.⁸⁸¹

In 1999, the agencies involved agreed to establish SEZs in three districts of Tak Province namely Mae Sot, Phop Phra, and Mae Ramat.⁸⁸² Mae Sot was chosen as a model for the other areas in Tak Province with the services of International Consultancy Corp., Ltd which was engaged by the Office of Industrial Economics (OIE), the Ministry of Industry to undertake further study on the SEZ establishment with a budget of THB4 million.⁸⁸³ As a consequence, a border economic zone

⁸⁸⁰ *Thailand and the Greater Mekong Subregion (GMS)*, Office of the National Economic and Social Development Board, Regional Economic Development Cooperation Committee Office.

⁸⁸¹ *United Nations High Commissioner for Refugees (UNHCR) – Thailand*, viewed 27 August 2011, <<http://www.unhcr.org>>.

⁸⁸² See Figure 8

⁸⁸³ *Manager Daily*, 5 March 1999 (in Thai).

in Tak Province which included Mae Sot was established in 2004.⁸⁸⁴ Following a cabinet decision, in 2005, the NESDB Northern Region Office requested that the Tak provincial government conduct a survey and feasibility study for establishment of an industrial estate, an environmental impact survey in the region, and agricultural restructuring to implement the activities. These were completed in 2007. Based on the results of the survey, an industrial estate was planned and targeted for Mae Sot. At the same time, the Department of Land Transport, the Ministry of Transport conducted a feasibility study for establishing a truck terminal in Mae Sot in 2006.⁸⁸⁵ Ampon Kitti-amphon, former Secretary-General of the NESDB commented that roles of the NESDB and the Ministry of Industry in the establishment of SEZs in Tak Province enabled these two agencies to engage more in the country's foreign policy towards Myanmar as Tak's SEZs have become an essential part of such policy.⁸⁸⁶ Particularly, the NESDB, as it has to undertake studies for additional proposed SEZs to be established in other areas.⁸⁸⁷ Additionally, other economic cooperation with Myanmar has also gradually required advice and agreement from the NESDB before presentation for government consideration.⁸⁸⁸ The Tak Provincial Chamber of Commerce still continues pushing forward the establishment of SEZs in other districts for government consideration through the Thai Chamber of Commerce, the Board of Trade of Thailand, and the Tak Provincial-JPPCC. During 2005-2006, SEZs in Tak Provinces received more attention from the government as they were considered to be effective economic, social, and cultural linkages between Thailand and Myanmar.⁸⁸⁹ Hence, THB508.29 million was allocated to support the establishment of SEZs there.⁸⁹⁰ This case again demonstrates a project where non-state actors, while not the leading agency, were still influential collaborators with the economically-based government agencies, especially the NESDB.

⁸⁸⁴ Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: East-West Economic Corridor*, ADB, Manila, p.71.

⁸⁸⁵ Asian Development Bank (ADB), 2010, *Strategy and Action Plan for the Greater Mekong Subregion: East-West Economic Corridor*, ADB, Manila, p.71.

⁸⁸⁶ Interview with Mr.Ampon Kitti-amphon.

⁸⁸⁷ Interview with Mr.Ampon Kitti-amphon.

⁸⁸⁸ Interview with Mr.Ampon Kitti-amphon.

⁸⁸⁹ Interview with Mr.Ampon Kitti-amphon.

⁸⁹⁰ Interview with Mr.Ampon Kitti-amphon.

Moreover, according to General Chavalit Yongchaiyudh, former Prime Minister and former Army Commander-in-Chief who had worked closely with issues in the Thai-Myanmar border and also had close connections with many key figures in the Myanmar military regime, the establishment of SEZs in Tak Province marked a better relationship between Thailand and Myanmar in many respects.⁸⁹¹ The most important benefit is that it has created a friendlier atmosphere among government officials especially those military officers stationed along the border.⁸⁹² With economically-based cooperation between both countries leading to the economic prosperity of people on both sides, political tensions experienced by government officials have been reduced.⁸⁹³ As a result of the stability of border areas, the relationship between Thailand and Myanmar has significantly improved and also produced broader positive impact in Southeast Asia.⁸⁹⁴ The influence of non-state actors in Thailand's foreign economic policy-making has been demonstrated to have improved the previously tense and uncooperative relationships between Thailand and its neighbors.

891 Interview with General Chavalit Yongchaiyudh.

892 Interview with General Chavalit Yongchaiyudh.

893 Interview with General Chavalit Yongchaiyudh.

894 Interview with General Chavalit Yongchaiyudh.

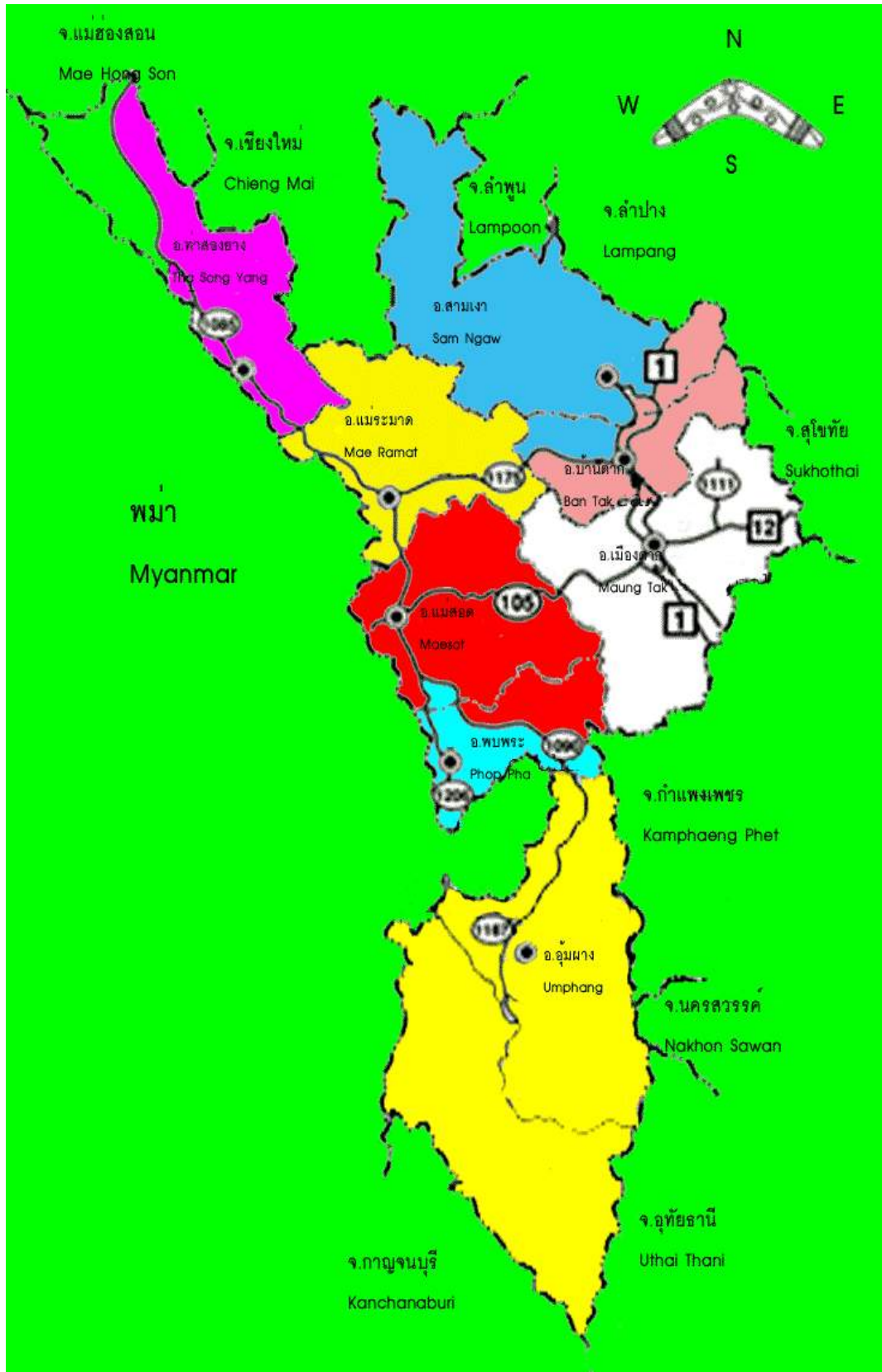


Figure 8: Tak Province, *Map of Thailand*, <<http://www.mapofthailand.org>>.

Conclusion

This Chapter has revealed that the new actors, were able to influence foreign policy both at the formulation and implementation stages. At the formulation stage, their influence was observed in the roles of the NESDB, the Ministry of Industry together with the Chambers of Commerce, especially the Provincial ones in the border areas. Each organization has played a significant role in the establishment of considerable international economic cooperation such as SEZs in Chiang Rai and Tak Provinces. At the implementation stage, new actors, especially non-state actors, have also played a significant role cooperating with the government agencies in the ACMECS. The case studies presented here significantly demonstrate the roles of the new actors in Thailand's foreign economic policy-making towards its near neighbors. As a result of their influence, many projects have been carried out and policies developed that changed Thailand's relationships with Cambodia, Laos, Myanmar, and Vietnam. Prior to 1988, Thailand had no cooperation, particularly in trade and investment, with its neighbors. However after 1988, with the increasingly influential roles of the new actors, a number of economically-based international cooperatives have occurred. This cooperation has reduced political and security tensions which subsequently led to better relationships between these countries. Further, it has established a regional stability in Southeast Asia which had previously been dominated by war and conflict during the Cold War period.

Conclusion

Thailand's foreign policy can be divided into the Cold War and post-Cold War periods. In terms of actors participating in the policy-making process, differences between the two periods can be marked by 1988 following an adoption of a major foreign policy shift of "turning a battlefield into marketplaces". Before 1988, Thailand's foreign policy-making was dominated by security agencies and officials, including military officers and officials of the Ministry of Foreign Affairs or so called "traditional" foreign policy actors. But after 1988, as Thailand's economy began to be integrated more closely with the world economic system, it has created more opportunities for the country's leading business and industrial sector, including those in the local/provincial areas to play a more active part in Thailand's public policy making. Undoubtedly, these new actors in Thai political economy also influence the country's foreign policy-making. These new actors include economically-related government agencies and business sector.

The "new actors", non-traditional state actors and non-state actors, have been able to influence the foreign policy-making in different ways. Although non-traditional state actors or the economically-related government agencies such as the Ministry of Commerce, the Ministry of Industry, and the NESDB had obviously played a role in Thailand's foreign policy-making since 1988, their involvements in Thailand's foreign affairs has become more prominent, and they have now been recognized as integral participants, both in policy formulation and implementation. For example, the Ministry of Commerce and the Ministry of Industry represent Thailand in various international forums. The Ministry of Commerce especially is a leading agencies in international trade negotiations for Thailand. The Ministry of Commerce appoints its representatives and delegates to in countries and organizations essential to Thailand's foreign economic policy such as the World Trade Organization (WTO). Even the NESDB whose traditional focus had always been developing economic and social develop plans for Thailand has now devoted its planning efforts for the country's external affairs.

Non-state actors that have now played significant roles in Thailand's foreign economic policy are the National Chambers of Commerce, Provincial Chambers of Commerce, the Federation of Thai Industries, and the Thai Bankers' Associations. Such private sector organizations play an

important role in Thailand's foreign policy processes. Some have utilized their business connections with domestic and foreign policy leaders, which can shape the country's policy directions. Other ways that these non-state actors especially business associations influence the foreign policy direction of Thailand are through their connections with political or party leaders and through financial support to political parties. Additionally, they established a central committee amongst themselves, and successfully pushed forward an initiative to establish the Joint Public-Private Consultative Committee (JPPCC) as a means to connect relevant government agencies and the private sector. Through such channels, the private sector have been able make requests to government agencies. More importantly, they became a stage where the private sector could play more direct roles in the foreign economic policy-making.

Factors that gave rise to new actors in Thai politics and Public Policy-making

There are a number of factors that gave rise to new actors in Thai politics, leading to their influences on the country's foreign policy-making.

During the Cold War period, Thailand's foreign policy was formulated and carried out only by the security-based government agencies. The military and the Ministry of Foreign Affairs were solely responsible for the country's foreign relations. But, Thailand's foreign policy reached a turning point between the late 1980s and the early 1990s following the end of the Cold War. Thailand's foreign policy became more economically-oriented. This resulted in Thailand's new foreign policy direction, which in relation to the country's neighbors was to treat its neighbors as trade partners rather than security threats. Trade and investment then have been employed in a more deliberate way as diplomatic means to improve relations between Thailand and Cambodia, Laos and Myanmar.

From the late 1980s, Thailand adopted an increasingly economically oriented foreign policy. This had proved more difficult for the "traditional" foreign policy-makers, both in terms of policy formulation and implementation. Consequently, new participants were introduced into the country's foreign policy-making process.

Furthermore, from 1988, the government under General Chatichai Choonhavan, advancing Thailand's economic interests became his policy focus, which manifested into his policy of "turning battlefields into marketplaces" wherein the core target was to expand trade and search for resources in Vietnam, Laos, Cambodia, and Myanmar. This instigated a new foreign policy direction that regarded Thailand's near neighbors as trade partners rather than security threats. To transform Thailand into a regional commercial hub was also a part of the policy orientation, which was also predicated on improved relationships with Cambodia, Laos, and Myanmar. As a consequence, Thailand's national security was strengthened through improved trade- and investment-based relationships with Cambodia, Laos, and Myanmar. The non-state actors, those in the non-security areas, no doubt played a significant part in this new foreign policy direction of Thailand.

The economic expansion during the 1980s also strengthened the links between government technocrats and business leaders. Unelected individuals, technocrats, politicians and wealthy party backers were increasingly appointed to key government economic posts. As a result, Thailand's foreign relations have been associated more with economic interest, in which high-level business and industrial entrepreneurs as well as some business groups have had greater participation in the policy-making process. Successive governments began to be comprised of a number of politicians with business backgrounds or business and industrial entrepreneurs. Each of these changes led to the emergence of new actors, particularly non-state actors, as key participants in Thailand's foreign policy-making towards its neighbors.

Influences of new actors in Thailand's foreign policy-making

From the late 1980s on, the influence of economically-related government agencies and the private sector increased. Non-traditional state actors have been more directly and actively working in cooperation with the traditional actors to produce an effective Thailand's foreign policy under the new international context. In foreign economic policy-making, these new actors have played a key part in the Council of International Economic Advisors (CIEA) chaired by the Prime Minister.

The growth in non-state actors especially the business sector has been more visible since the late 1970s. Business associations in particular were extensively expanded and by 1980's the business sector was able to establish an important communication network in the public-private relationship. This in turn helped further grow the number of business associations and Chambers of Commerce, including those in the provincial areas. More importantly, in 1977, three leaders of the leading associations, the Chambers of Commerce, the Federation of Thai Industries, and the Thai Banker's Association decided to strengthen their cooperation by setting up the Joint Standing Committee on Commerce, Industry, and Banking (JSCCIB). In 1981, political parties and the business sector were able to establish the JPPCC chaired by the Prime Minister acting as a consultative body in economic and trade policy to the government. During 1983-1984, the government began to support business organizations in provincial areas especially in the form of Provincial Chambers of Commerce. The government also offered opportunities for the provincial business entrepreneurs to participate in the Provincial Joint Public-Private Consultative Committee (Provincial-JPPCC).

Consequently, since the late 1980s, non-state actors have played a greater role in Thailand's foreign policy-making. These can be demonstrated by among others the establishments of such regional economic growth areas that link Thailand with other neighboring countries as the Economic Quadrangle, and the North-South Economic Corridor under the GMS Economic Cooperation. Of particular importance in relation to these regional economic growth areas were the Provincial Chambers of Commerce who served key actors not only during the formation but also implementation stage, in terms of developing concrete business and industrial projects. At the formulation stage, their influence could be seen through their roles in context of their participation in the NESDB, the Ministry of Industry that worked closely with the Chambers of Commerce, especially the Provincial ones in the border areas. This could also be demonstrated by the fact that these non-state actors are central part of the ACMECS. At the implementation level, each organization played a significant role in the establishment of such regional economic cooperation projects as the Special Economic Zones (SEZs) in Chiang Rai and Tak Provinces. As a result of the new actors' influence and roles, many projects have been carried out that has changed Thailand's relationships with Cambodia, Laos, Myanmar, and Vietnam. At the very

least, these countries are no longer perceived as security threats to Thailand and vis-versa as was the case during the Cold War period.

Factors that help the new actors influence Thailand's foreign policy-making

Approaching International Relations for foreign policy from the point of view of Liberalism, one pays attention to not only state actors but also non-state actors. Furthermore, the individual can also be treated as an important unit of analysis, while the state is not a unitary or solitary actor with an ability to pursue its own course independently. Within a state, there are numerous non-state entities for even individual persons representing a multitude of interests and there is no sole department acting in the name of the state. It needs to be emphasized that non-state actors are important entities in world politics. However, the roles and influences of non-state actors especially the private sector significantly depend on a policy orientation of key decision makers such as the Prime Ministers or those ministers responsible for economic matters. When government leaders prioritize a country's economic development and recognize the roles of business and private sectors, the latter's engagement and influence on a policy direction is prominent. On the other hand, the roles of non-state actors would be less influential when political leaders do not place importance on their participation.

For example, the role of non-state actors in the making and implementing of Thailand's foreign policy was probably in its height during the prime ministership of Chatichai Choonhavan, Anand Panyarachun, Banharn Silpa-archa, Chavalit Yongchaiyudh, and Thaksin Shinawatra. This was due to the fact that first of all these leaders have had business backgrounds or at least was more closely associated with business interests. Chatichai was a retired general turned textile business tycoon; Anand was a former diplomat who later became one of Thailand's most successful businessmen and was also appointed as the Chairman of the Federation of Thai Industries; Banharn was a prominent businessman well known in the Suphanburi Province, while Thaksin was former police officer who later turned billionaire businessman through his telecommunications business. Chavalit, although not having a business background, worked closely with business people as he initiated a new course at the National Defense College in 1989 that recruited high-ranking military officers, senior civil servants together with influential business elites to study national security and economic issues.

From the study of “new actors”, it is quite obvious that these new actors particularly non-state actors have played significant roles in the country’s public policy-making and did influenced the country’s foreign policy direction. The rise of new actors occurred concurrently with the development of Thai politics. Thai politics has now become an economically-oriented stage where politicians and business tycoons intend to participate. As a result, the study of roles of new actors in Thailand’s foreign policy-making does not only reveal changes of the foreign policy direction which affected the regional politics, but also reveal the nature of “change” in Thai politics which could contribute to the more understanding of Thailand in every aspects.

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