

IDE APEC STUDY CENTER
Working Paper Series 99/00 – No. 3

**The APEC EVSL Initiative and
the Policy Making Process in Thailand**

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MARCH 2000

APEC STUDY CENTER
INSTITUTE OF DEVELOPING ECONOMIES

IDE APEC STUDY CENTER
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Preface

The author would like to note his sincere appreciation for the kind cooperation of all those interviewed, particularly to (in alphabetical order by surname, except for Thai people, who are customary called by their first names): Ms. Areerat Suvanadat, Department of Business Economics, Ministry of Commerce, Thai Government; M. L. Bhuthong Thongyai, Department of Business Economics, Ministry of Commerce, Thai Government; Dr. Charnchai Musignisarkorn, Deputy Director-General, Fiscal Policy Office, Ministry of Finance, Thai Government; Ms. Chirawan Eknarong, Department of Business Economics, Ministry of Commerce, Thai Government; Mr. Chutintorn Gongsaki, Division of International Economic Affairs, Ministry of Foreign Affairs; Dr. Corrine Phuankasem, Associate Professor, Faculty of Political Science, Thammasat University; Mr. Shuichi Furukawa, advisor, National Economic and Social Development Board (NESDB), Office of Prime Minister, Thai Government (from IDE-JETRO); Chitphan Patharangkool, head of Pacific and American area, Foreign Relations Section, the Federation of Thai Industry (FTI); Mr. Hajime Kuwata, President of JETRO, Bangkok; Mr. Masato Kawamori, IDE-JETRO; Mr. Kei Hara, advisor to Minister of Finance, Fiscal Policy Office, Ministry of Finance, Thai Government (JICA expert from OECF); Dr. Isra Sarntisart, Associate Professor, Faculty of Economics, Chulalongkorn University; Mr. Kosit Chatpaiboon, Director, Division of International Economic Affairs, Department of Economic Affairs, Ministry of Foreign Affairs, Thai Government; Dr. Medhi Krongkaew, Director, Thai APEC Study Center, Institute of East Asian Studies, Thammasat University; Mr. Manabu Miyagawa, Economic Division, Embassy of Japan in Thailand; Nipada Kheo-urai, International Economic Affairs Division, Department of Economic Affairs, Ministry of Foreign Affairs, Thai Government; Mr. Osamu Nishiwaki, Deputy Director, Regional Cooperation Division, International Trade Policy Bureau, the Ministry of International Trade and Industry; Mr. Tai-ichi Nitta, General manager, Japanese Chamber of Commerce and Industry of Bangkok; Ms. Plubplung Kongchana, Director, Institute of Asia Pacific Studies, Srinakharinwirot University; Ms. Runothai Singkhalawanich, Assistant General Manager, the Federation of Thai Industry (FTI); Ratklao Limswatwong, International Economic Policy Division, Fiscal Policy Office, Ministry of Finance, Thai Government; Dr. Sakda Thanitcul, Assistant Professor, Faculty of Law, Chulalongkorn University; Ms. Siriporn Wajjwalku, Assistant Professor, Faculty of Political Science, Thammasat

University; Dr. Suthiphand Chirathivat, Associate Professor, Centre for European Studies (CES), Chulalongkorn University; Mr. Itsushi Tachi, National Economic and Social Development Board (NESDB), Office of Prime Minister, Thai Government (JICA expert from Economic Planning Agency of Japan); Mr. Hideshi Todaka,, Embassy of Japan in Thailand; Dr. Tumrong Udompijitkul, Associate Professor, Faculty of Social Science, Srinakharinwirot University; Mr. Katsuhiko Umehara, Director, Regional Cooperation Division, International Trade Policy Bureau, Ministry of International Trade and Industry (MITI); Mr. Isamu Wakamatsu, Asia-Oceania Division, Overseas Research Division, JETRO, Tokyo; Wantanee Boonyadej, Chief, Economic Section, International Economic Policy Division, Fiscal Policy Office, Ministry of Finance, Thai Government.

The author would like to express his deep appreciation for the kind help in arranging interviews and searching for documents and articles, of: Mr. Shinya Imaizumi, researcher, IDE-JETRO; Mr. Yoshiki Hada, Deputy Director, International Division, Osaka Chamber of Commerce and Industry; Ms. Kalaya Yangsukying, Information Specialist, Thailand Information Center, Center for Academic Resources, Chulalongkorn University; Mr. Takeo Masuda, IDE-JETRO, Bangkok; Ms. Yuko Matsuzawa, IDE-JETRO, Bangkok; Ms. Orachit Singlalavanich, Department of Export Promotion, Ministry of Commerce, Thailand; Ms. Supaporn Sungsi, librarian, National Institute of Development Administration (NIDA); Mr. Takehiko Furukawa, Assistant Director, International Business Communication Center, JETRO Osaka Office.

Finally, the author would like to thank Mr. Jiro Okamoto, IDE-JETRO, for his constructive and encouraging cooperation and for his comment on this paper. He is the person who induced the author to enlarge his research field from Thai political history into this inquiring multi-lateral economic diplomacy. He allowed the author to ‘mobilize’ not only IDE-JETRO’s institutional capital, which is usually difficult for researchers outside IDE- JETRO to access, but also even his ‘personal network’ through which he has explored his research on APEC. Stimulating discussions among members in the monthly meetings is mostly due to his excellent managing abilities. The success of International workshop on ‘APEC-EVSL political process’, held at new facilities in Makuhari on January 27, 2000, is doubtlessly due to his chairmanship, presentation capability, and, not the least, his direction in logistics.

List of Abbreviations

ABAC	APEC Business Advisory Committee
AFTA	ASEAN Free Trade Area
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
BOT	Board of Trade (of Thai business association)
CIEP	Committee for International Economic Policy (of Thai Government)
CTI	Committee on Trade and Investment (of APEC)
DTEC	Department of Technical and Economic Cooperation
EC	Economic Committee (of APEC)
EPG	Eminent Persons Group
EVSL	Early Voluntary Sectoral Liberalization
FTI	Federation of Thai Industry
GATT	General Agreement on Tariffs and Trade
IDE	Institute of Developing Economics (of Japan)
IMF	International Monetary Fund
JETRO	Japan External Trade Organization
JICA	Japan International Cooperation Agency
JPPCC	Joint Public and Private Coordination Committee (of Thailand)
JSCCIB	Joint Standing Committee on Commerce, Industry and Banking (of Thailand's business sector)
MAG	Market Access Group (of Fiscal Policy Office, Ministry of Finance, Thai Government)
MOC	the Ministry of Commerce (of Thai Government)
MOF	the Ministry of Finance (of Thai Government)
MOFA	the Ministry of Foreign Affairs (of Thai Government)
NESDB	National Economic and Social Development Board (of Thai Government)
SOM	Senior Officials meeting (of APEC)
TCC	Thai Chamber of Commerce
TILF	Trade and Investment Liberalization and Facilitation (of APEC)
WTO	World Trade Organization
TBA	Thai Bankers Association

I. Introduction: Thailand's attitude toward the APEC-EVSL initiative

In principle, Thailand has continuously supported trade liberalization under the APEC-EVSL initiative. But if we scrutinize its attitude toward APEC-EVSL process in detail, it is difficult to gauge any clarification of Thailand's positive response to EVSL. Dr. Narongchai Akrasanee, who used to be a ABAC member of Thailand (1993 to 1995) and former Minister of Commerce under Banharn Sinlapa-acha Administration (July 1995 to November 1996), said at the third meeting of Ministers for Trade at Vancouver on May 1997 that Thailand as well as some other ASEAN countries did not believe the sectoral approach could be applied universally. He also said that criteria for selecting the sectors to be liberalized should be established first in order to avoid future problems (Bangkok Post May 10, 1997). At the Montreal meeting, Thailand was joined by many other developing countries in seeking a delay in voluntary sectoral liberalization (Bangkok Post 13 May 1997). Moreover, at the SOM 3 in early September 1998, Thailand was criticized even by ASEAN (Association of Southeast Asian Nations) countries because of her reluctance to confirm with APEC end-dates and end-rates in other sectors except for the gems and jewelry sector (Bangkok Post 21 September 1998).

The Thai government's attitude toward EVSL process as is shown above might not be surprising, if we reflect on its past attitude toward APEC. As is often pointed out, Thailand, as an ASEAN member country, was anxious about a loosening of ASEAN's unity¹ and the domination of APEC by big powers such as United States, as a result of APEC membership. The ASEAN economic minister's meeting (October 1993), which was held just before the APEC Seattle meeting (November, 1993), clearly demonstrated ASEAN's fear that APEC would lose the original nature of loose consultative body. ASEAN wondered if APEC would become a negotiation body for trade rules instead of GATT (General Agreement on Tariffs and Trade), under the leadership of the United States (Kawanaka 1995: 105). Although Thailand finally agreed on attending at the first unofficial leaders meeting at Seattle, Thailand had taken a longer period to decide whether it would attend (Kawanaka 1995: 105).

¹ For more sophisticated argument, refer to Yamakage (1997: 257-283).

Thailand's cautiousness was repeated in the EVSL process, too. Its attitude toward the Montreal meeting is clearly shown by Mr. Vithun Tulyanod's comments. Mr. Vithun, deputy director-general of the Department of Business Economics, Ministry of Commerce, said that Thailand would insist strongly that investment liberalization should be completed on a voluntary basis (The Nation 2 May 1997). Professor Medhi Krongkaew, director of APEC Study Center, Thammasat University, who also went to Auckland in September 1999 with Thai delegates, maintained that APEC was originally managed on a voluntary basis and that member economies should not be forced to implement against their intentions (Medhi 1999: 98). In fact, in many of the author's interviews with Thai government related persons and Thai academics, he was repeatedly told that APEC should be managed on the basis of the voluntarism principle.

Nonetheless, it should be noted that Thailand is not opposed to liberalization under the APEC process. Thailand was seeking for the delay in voluntary sectoral liberalization, as well as other developing countries. (Bangkok Post 13 May 1997) Those who the author interviewed repeatedly stressed that Thailand was prepared to go with decisions made by the big powers. For example, an APEC related official at the Ministry of Foreign Affairs said, 'If they can go, we can go. More open, more good result.' In reference to KL meeting in November 1998, Prof. Medhi said, "We do not have strong objection to anything. At Kuala Lumpur, Thailand was prepared to follow the agreement in the EVSL process in 45 sectors."

How do we understand such a passive and inactive attitude toward APEC by the Thai government? Prof. Suthiphand Chirathivat, Centre for European Studies, Chulalongkorn University, suggested a possible answer. He said that APEC "is the last, not the least, major regional agenda to come into the global picture of Thailand's international economic policy in recent years. As the last initiative, it is less committed because it is a consultative forum which has turned out to be serious about unilateral trade and investment liberalization."(Suthiphand 1997: 7) Thailand is a proposing country of the ASEAN Free Trade Area (AFTA), in which it is committed to liberalization by the year 2003. Current Deputy Prime Minister and minister for commerce, Dr. Supachai Panichpakdi is to be appointed as director general of WTO from 2003, too. Thailand's passive and inactive attitude toward APEC is impressively paralleled by her strong interest in ASEAN and WTO. One of the APEC related

officials, who is familiar with Thailand's international economic policy, pointed out that Thailand is "expecting from but is not relying on APEC."²

The theme of this paper is to clarify Thailand's position in the APEC-EVSL initiative: in international negotiations; in terms of which actors had participated in the policy and decision making process within the Thai government; and the ways in which the Thai government coordinated various interests among actors. Little research has been done on Thailand's involvement in APEC process, and, to the author's knowledge, there is no research focusing on the EVSL political process in Thailand. Moreover, there is not enough research by political scientists on the decision making process in Thailand's international economic policy. Given these circumstances, the present paper tries to identify those actors who were involved in the APEC-EVSL process in the Thai government, and then to provide an overview of how the EVSL process changed in both the international and domestic fora from 1997 to 1998. In the final chapter, some interpretations and tentative conclusions are made from the analysis of the Thai government's involvement in the EVSL process.

II. Major Actors

The actors involved in the policy decision making process in the APEC-EVSL initiative in Thailand are limited. Most of them are bureaucrats. On the other hand, politicians in general are not interested in APEC-EVSL. Those politicians who get ministerial positions, such as the Minister for Commerce, the Minister for Foreign Affairs, and so forth, do not have detailed knowledge of APEC, and therefore need to rely on the advice of bureaucrats. In addition, there is a limited number of bureaucrats involved in the policy decision making process. It is often pointed out that one of the characteristics of the policy decision making process in the Thai bureaucracy is its top-down style, in which policy making is dominated by senior officials. This is significantly different from the bottom-up style in Japanese bureaucracy. The case of Thailand's policy making for APEC is no exception. It could be said that Thailand's

² Interview with an APEC related official, the Ministry of International Trade and Industry (MITI) , Japan, 22 February 2000.

policy toward APEC is conducted not through the capabilities of bureaucratic institutions but through the capabilities of each individual bureaucrat.

According to Prof. Suthiphand's research, the most important governmental actors participating in Thailand's APEC policy are 3 governmental agencies, namely the Ministry of Foreign Affairs (MOFA), the Ministry of Commerce (MOC), and Committee for International Economic Policy (CIEP) (Suthiphand 1997: 3). These three agencies are also dominant in the APEC-EVSL policymaking process.

However, according to present author's own research, the Ministry of Finance (MOF), especially Fiscal Policy Office (FPO), plays an important role in the APEC EVSL process, in addition to the 3 governmental agencies mentioned above. Prof. Suthiphand's research, which was conducted before Thai monetary crisis in July 1997, did not refer to the role of MOF at all. It is true that the EVSL initiative, especially liberalization of trade and investment, is primarily related to tariff reduction, meaning that MOF's involvement in the EVSL process was not extensive. But the responsible agency in MOF is not the Department of Tariff but FPO. This fact suggests that MOF's voice in Thai government, backed by International Monetary Fund (IMF), has increased as a result of Thai monetary and economic crisis³.

Apart from MOFA, MOC, CIEP, and MOF, there are some other governmental actors involved in APEC-EVSL process depending on the sectors proposed for liberalization: the Ministry of Industry, the Ministry of Communications, the Ministry of Agriculture and Agricultural Cooperation, the University Affairs Agency, the Ministry of Science, Technology and Environment, and so forth. Among them, the Ministry of Industry plays an important role in terms of the interest coordination between government and private sector under the APEC-EVSL process. Since the Ministry of Industry supervises the Thai Federation of Industry and is pursuing a supporting project of small-sized and middle-sized enterprises in Thailand, due attention should be paid to the role of the Ministry of Industry as a domestic coordinator of the APEC-EVSL process.

³ Interview with a JICA expert, Fiscal Policy Office, the Ministry of Finance, Thailand, 6 January 2000. One Japanese bureaucrat, who is familiar with Thai economic policy, said, "MOF of Thailand seems to have improved her merit during a few years." Interview with an APEC related official, the Ministry of International Trade and Industry (MITI) , Japan, 22 February 2000.

II-1. The Ministry of Foreign Affairs (Krasuan kaan taang pratheet)

The responsible governmental agency in charge of APEC matters was the Ministry of Foreign Affairs (MOFA). “From its beginning, the major governmental agency responsible for most APEC matters was the Ministry of Foreign Affairs.” (Suthiphand 1997: 3)

The ministry’s current main section in charge of APEC is the International Economic Affairs Section (Koongseethakit rawaang pratheet), in the Department of Economics (Krom seethakit). The Department of Economic Affairs is responsible for the SOM, too (University Affairs Agency 1998: 14).

MOFA retains direct responsibility for one of EVSL’s 3 elements, eco-tech. In other words, the other 2 elements, trade and investment liberalization and facilitation (TILF), are taken care of directly by another agency (namely, MOC)⁴. This burden sharing between MOFA and MOC seems to have been established before the EVSL process started. “It is shown clearly in 1996 that there was a clear split of work between the Ministry of Foreign Affairs and the Ministry of Commerce. Trade and Investment liberalization and facilitation under the APEC process would be mainly under the responsibility of the Ministry of Commerce. Technical cooperation within APEC, on the other hand, will be handled by the Ministry of Foreign Affairs.” (Suthiphand 1997: 4)

A Committee on Asia-Pacific Economic Cooperation (Khanakamakaan waaduai kaanruammuu taangseethakit naieechia paasifik) has been set up within MOFA, where the Minister for Foreign Affairs chairs the representatives from other ministries, such as MOC, MOF, the University Affairs Agency, the Ministry of Science, Technology and Environment, Department of Economic and Technical Cooperation (DTEC). Through this committee, MOFA coordinates APEC policy among governmental agencies and articulate its own policy toward APEC. Ad-hoc working groups are also set up under this committee as the need arises.

II-2. The Ministry of Commerce (Krasuang paanit)

In the Ministry of Commerce (MOC), the Department of Business Economics (Krom seethakit paanit) is in charge of APEC matters. At the ministerial meetings of

⁴ Interview with an APEC related official, the Ministry of Foreign Affairs of Thai Government (MOFA), 28 September 1999.

APEC, the permanent secretary of MOC and the director general of the Department of Business Economics attend along with the Minister of Commerce. Among them, the director general of the Department of Business Economics is the key MOC person in the formulation of APEC policy, and also plays an important role in the Committee of International Economic Policy, which will be mentioned in the following section. The Bureau of Regional Trade (Koong kaankhaa phuumiphaak), set in the Department of Business Economics, is in charge of the CTI of APEC (University Affairs Agency 1998: 141), therefore bureaucrats in this bureau deal with the negotiation of trade and investment liberalization and facilitation under the EVSL process. They also coordinate interests both with other governmental agencies and business groups.

II-3. The Committee on International Economic Policy (CIEP)

The Committee on International Economic Policy is a committee composed of ministers. The Deputy Prime Minister chairs this committee and the director general of the Department of Business Economics is the secretary. Prof. Suthiphand categorizes this committee as a government agency, but correctly speaking, this committee does not have as permanent a bureaucratic organization as National Economic and Social Development Board (NESDB) has.

“The Thai government, especially the Ministry of Foreign Affairs, had worked consistently in 1995 in order to secure the overall plan for APEC for Thailand, then handed it over to the Committee for International Economic Policy at that time, under the responsibility of Deputy Prime Minister Dr. Amnuay Virawan who chaired the Committee and the Office together with the high officials from different ministries responsible for the APEC Action Agenda.” (Suthiphand 1997: 4) But after November 1997, the current Deputy Prime Minister and Minister for Commerce, Dr. Supachai Panichpakdi has chaired this committee. Prof. Suthiphand clearly pointed out that, from Seattle meeting to Bogor meeting, “apart from the Ministry of Foreign Affairs, especially the Department of Economic Affairs, the other two governmental agencies, namely Committee for International Economic Policy, chaired by the Deputy Prime Minister and the Ministry of Commerce, headed by the Department of Business Economics, have become the other major governmental agency to be involved in the

APEC policy making process.” (Suthiphand 1997: 3)

Various ministers, such as the Minister for Finance, Minister of Foreign Affairs, Director General of NESDB, and so forth, attend this committee. The CIEP is in charge of overall policies toward multilateral negotiations such as the WTO, AFTA, as well. It does not discuss in detail, but before ministerial meetings or informal leaders meetings of APEC, this committee is held to endorse important decisions necessary for the Thai government. ⁵

II-4. The Ministry of Finance (Krasuang kaankhrang)

Although the Ministry of Finance (MOF) is a newcomer to the Thai government's APEC decision making process, MOF seems to play an important role in APEC-EVSL process in Thailand.

As for the technical side of tariff liberalization, the Customs Department (Krom sunlakakorn) is the responsible governmental agency. Technical questions on tariffs are most likely to be dealt within the Committee of Tariff Schedule, where the Customs Department is a secretary.

On the other hand, on the policy planning side, the Fiscal Policy Office (FPO; Samnakngaan nayobaai seethakit kaankhrang) has an important role. FPO is in charge of the Economic Committee (EC) of APEC (University Affairs Agency 1997: 141). FPO is considered to be one of 4 pillars of Thai economic policy, along with the Bank of Thailand, the Bureau of Budget, and NESDB, all of which comprise an elite group (Suehiro 2000: 62-3)

In FPO, a Bureau of International Economic Policy has been set up, and under this Bureau, three sections are established; namely, a section of economics, a section of the WTO, and a section of ASEAN. The section of economics is directly in charge of APEC-EVSL matters, and cooperates with MOC to deal with trade and investment liberalization and facilitation. But FPO does not have a working committee or working group to involve business sectors, therefore representatives from business sectors have never appeared at the FPO⁶.

⁵ For the role of national committees, refer to the argument of Suehiro and Higashi (2000: 35-38).

⁶ Interview with an APEC related official, the Ministry of Finance of Thai Government (MOF), 6 January 2000.

The Market Access Group (MAG), which is set up in the FPO, seems to play an important role in the APEC-EVSL process in Thailand. MAG of APEC is a sub-committee of CTI, which is controlled under SOM. MAG in FPO is a counterpart to MAG in APEC. The interesting point is that while MOC of Thailand is a counterpart of CTI of APEC, FPO is a counterpart of MAG of APEC, which is under the CTI. When Thailand started working on EVSL matters, CIEP assigned the tariff-related matters to MAP in FPO, not in MOC, because time was quite limited⁷.

The Deputy Director General of FPO chairs MAG of Thailand. Representatives from various governmental agencies, such as MOFA, MOC, the Ministry of Industry, the Ministry of Agriculture and Agricultural Cooperation attend this working group. Substantial talks on the reduction of tariff rates and the coordination of interests related to APEC-EVSL seem to be discussed in MAG of FPO. In case of important matters, after the Minister of Finance agrees with the conclusion at MAG in FPO, they are finally to be submitted to CIEP to be endorsed (but not all cases are submitted to the Committee).

II-5. The Ministry of Industry (Krasuang utsahakam)

If compared with MOFA, MOC, MOF, and CIEP, Ministry of Industry seems to have played a less active role in the APEC-EVSL process. Within the APEC framework, the Ministry of Industry pays particular attention to the promotion of support for small-sized and middle-sized enterprises⁸.

In the Ministry of Industry, the Department of Industrial Economics is in charge of APEC matters. It is true that during EVSL domestic interest coordination, the Ministry of Industry heard voices from the private sector on the issue of EVSL. But it is not clear whether the Ministry of Industry got involved in international negotiations or not.

II-6. Policy Decision Making Elite

Prof. Suthiphand, who analyzed the policy decision making process for the

⁷ Interview with an APEC related official, the Ministry of Finance of Thai Government (MOF), 29 March 2000.

⁸ Interview with an APEC related official, the Ministry of International Trade and Industry (MITI), Japan, 22 February 2000.

Osaka Action Agenda in the Thai government, mentioned a policy decision making elite, namely; Dr Narongchai Akrasanee, Krirkrai Jirapet (Former Director-General of the Department of the Business Economics, MOC), Kobsak Chutikul (Director-General of the Department of Economic Affairs, MOFA), Karun Kittistaporn (Director General of the Department of Intellectual Property Rights, MOC)⁹. He continues that “strangely enough, they were given quite a free hand to form the APEC strategy for Thailand since there were few people who were keen on the APEC subject. As a result, in the Banharn Government, again they were able to form explicitly the APEC process for Thailand without much intervention from other groups of interests involved. “ (Suthiphand 1997: 4)

Quite naturally enough, since there were few people who were keen on EVSL matters, EVSL negotiations were carried out by quite limited number of key persons, namely; Mr. Kobsak Chutikul (Director-General of the Department of Economic Affairs, MOFA), Mr. Karun Kittistaporn (Director-General of the Department of Business Economics, MOC), Mr. Vithun (Deputy Director-General of the Department of Business Economics, MOC), Dr. Chanchai Musignisarkon (Deputy Director-General, FPO, MOF) and so forth.

Other than those senior bureaucrats, there are some politicians who are interested in international economic policy, such as Dr. Supachai Panichpakdi, incumbent Deputy Prime Minister and Minister for Commerce, and Dr. Surin Pitswan, Incumbent Minister for Foreign Affairs. They are core members of Democrat Party, currently the governing party.

II-7. Interest Group

During the time that the present author was conducting interviews with those officials related to APEC-EVSL matters, the Thai government continued to hear opinions related to APEC-EVSL from the business world through the Federation of Thai Industry (FTI; Saphaa Utsahakam Thai) and the Thai Chamber of Commerce (TCC; Samaakhom hoo kaan kKhaa).¹⁰

⁹ Their titles were at the time when Prof. Suthiphand wrote his paper, possibly, in late 1996 or early 1997.

¹⁰ Prof. Suthiphand names FTI and the Board of Trade (BOT), not TCC (Suthiphand 1997: 2). However,

As is well known, FTI and TCC as well as Thai Bankers' Association are summit groups of Thai business world, which attend the Joint Public and Private Coordination Committee (JPPCC). JPPCC is well known for its important role in the economic decision making process, especially under the Prem Administration (1980-1988)(Anek 1992). Importance of these summit groups seems to be reflected in the composition of Thai ABAC members. The three Thai ABAC members are Dr. Wiphan (Asia University), FTI Vice President, Mr. Viroj Phuutchakoon, Bunroj Company, and Mr. Twatchai Yongkittikul, Bangkok Bank, secretary general of TBA. Dr. Wiphan is a coordinator of APEC in FTI, supported by the Pacific-American section, division of foreign affairs in FTI. The ABAC secretariat office is supported by TCC. Moreover, FTI, TCC and TBA have a monthly meeting, so called JSCCIB (Joint Standing Committee on Commerce, Industry and Banking), where representatives from 3 associations discuss international cooperation.

A person in charge of APEC matters in FTI explained that meetings between the Thai government and the business world had been held through 1997 and 1998. Upon receiving announcement from MOC about meetings, FTI and TCC disseminated information on the meetings to the affiliated business associations. FTI and TCC collected opinions from affiliated business associations by sectors then sent them to MOC and the Ministry of Industry. In case FTI and TCC could not agree on certain sectors, such as the opposition between the raw material companies and the processed companies, MOC and the Ministry of Industry heard opinions directly from them. Nonetheless, even in this case, direct interest coordination between governmental agencies and individual companies was held under the auspices of FTI and TCC.

In 1998, MOC organized successive "brain storming meetings" for business associations. "Brain storming meeting" were held almost everyday sector by sector. "Most of them were organized by MOC."¹¹

The Ministry of Industry also seemed to hold meetings with business associations. FTI, TCC and other various business associations sent representatives to the committees or working groups set under the Ministry of Industry to coordinate

TCC is affiliated under BOT. BOT affiliate 22 foreign chambers of commerce, such as Japanese Chamber of Commerce, the American Chamber of Commerce in Thailand, Thai-Chinese Chamber of Commerce, India-Thai Chamber of Commerce, and so on.

¹¹ Interview with an APEC related person, the Federation of Thai Industry (FTI), 7 January 2000.

business interests. But the Ministry of Industry seems to have held meetings less often than MOC.

According to the explanation of a person related to APEC in FTI, fisheries and gems and jewelry producers were the least opposed to EVSL of any of the 15 sectors. Producers in gems and jewelry seemed to understand that Thai industry was efficient in these sectors, so that no problems would occur with liberalization. On the other hand, infant industries felt anxious about liberalization. Naturally they had many reservations on EVSL. Among them, strong opposition came from producers of canned goods. Raw vegetable business groups were also opposed in general. There was also some opposition from sugar business groups. Rubber groups were also opposed, an issue that the Thai government found particularly difficult to manage, given the political delicacy of the issue in southern Thailand.

Generally speaking, business associations did not understand what the APEC-EVSL process was. At the most basic level, they even do not understand well what ASEAN Free Trade Area (AFTA) is, so it is quite difficult for them to understand APEC. Secondly, while AFTA stipulates a time-schedule, APEC does not say anything at all about what should be done. Thirdly, it was “difficult to get involved into the high technology” in some sectors, such as energy and aircraft. They are difficult to understand, because they are too detailed and overlap with other sectors. In the case of Thailand, most industries are infant industries, so they do not understand such high technology concerns.

III. The Development of the EVSL Consultation of Thailand

In this chapter, Thai government’s response toward EVSL process will be described chronologically.

III-1. May 8 to 10, 1997, 3rd meeting of Ministers for Trade, Montreal

As mentioned above Introduction, the basic position of the Thai government toward this ministerial meeting was to oppose the universal application of sectoral

liberalization and to claim the need to establish criteria first. Commerce Minister Narongchai said that APEC should not repeat the earlier mistakes of the ASEAN Free Trade Area, which outlined sectoral liberalization without setting primary criteria first. (Bangkok Post May 10, 1997).

Thailand also emphasized the necessity of human resource development and technology transfer as well as liberalization. Thailand proposed the liberalization of food, but members did not accept Thailand's proposal. Finally Commerce Minister Narongchai, as well as South Korea and Hong Kong, agreed to the proposal from New Zealand, which included 6 principles for sectoral liberalization as follows: (Bangkok Post 11 May 1997)

1. The selected sectors must have positive impact on the economy and growth of the members.
2. It must cover a range of sectors, which will bring broad benefits.
3. It should also have coverage over the service sectors.
4. The sectors must have broad private and business communities' participation.
5. It should lead to the acceleration of the liberalization process.
6. It should result in more imports by developed members from the developing economies.

III-2. July 1997

According to Thai ABAC representative, Mr. Vachara Pannachet, Thai government and business had reached an agreement that Thailand was ready to propose for EVSL as follows; (Bangkok Post 1997 July 4)

1. medical equipment and supplies
2. energy
3. rice
4. canned seafood
5. canned fruits and vegetables

6. natural rubber
7. frozen fish

Other sectors that Thailand might agree to liberalize before 2000 include:
(Bangkok Post 1997 July 4)

1. gems and jewelry
2. synthetic rubber
3. some chemicals
4. long-fibre pulp

In addition, according to the newspaper article, dated July 23, there were sectors which Thai government was able to liberalize ahead of the 2020 free trade deadline: (Bangkok Post 23 July 1997)

1. fish and canned and processed seafood
2. canned and processed fruits and vegetables
3. rice and rice products
4. natural and synthetic rubber
5. energy
6. medical equipment and supplies
7. gems and jewelry

According to this article, “a Commerce Ministry source said officials had discussed reducing the import tariff on fresh and frozen fish to 0-2% by 2003, and canned and processed seafood to 0-5% by 2005. But officials did not discuss the liberalization timeframe for all sectors.”(Bangkok Post 23 July 1997) As for canned and processed vegetables and fruits, Thailand would benefit from liberalization, if APEC member economies liberalized their canned and processed fruits and vegetables sectors. “Commerce Ministry officials considered reducing import tariffs on canned and processed vegetables and fruits to 0-5% by the year 2005.” (Bangkok Post 23 July 1997) As for rice, further negotiation would be necessary, but “Thailand was likely to be able to reduce its import tariffs to 0-5% by 2004.” (Bangkok Post 23 July 1997) In the

natural and synthetic rubber sector, “Thailand might propose the complete removal of import tariffs on rubber by 2005.” (Bangkok Post 23 July 1997) On energy and medical equipment, Thailand must import these products, so lowering trade barriers would benefit users. Finally, on gems and jewelry, Thailand expected to stimulate inward investment and boost jobs for skilled workers.

Prime Minister Chavalit Yongchaiyudh, who chairs the International Economic Policy Committee, approved Thailand’s liberalization proposal on 7 sectors. (Bangkok Post July 23, 1997)

The author’s interviews with APEC related officials at MOF and MOC mostly accord with the above-cited newspaper article. For instance, an APEC related official at MOF said, “the Thai government proposed fishery, gems and jewelry, energy, medical equipment, rice, canned fruits.” On the other hand, APEC related officials at MOC said, “Thailand had proposed rubber, rice and rice product, vegetables, processed fruits, sugar and so forth.” According to the officials’ explanations at MOC, the Thai government tried to remove sugar from the proposing list late but in vain and that rice was finally excluded from food sector.

According to *Inside U.S. Trade* (dated August 15, 1997), which carries “APEC voluntary liberalization nomination list by member economies”, the Thai government proposed such sectors as follows:

1. Fish and fish products
2. Canned and processed vegetables and fruits
3. Natural and synthetic rubber
4. Energy
5. Gems and jewelry
6. Rice and rice product
7. Medical equipment

It is clear that this information from the United States accords with a newspaper article in *Bangkok Post*, dated July 23. It will be possible to say that Thai government’s original attitude toward APEC-EVSL was clearly shown in July 23, 1997, since we can rely on this newspaper article.

III-3. November 1997, Vancouver

One of the APEC related officials in the Thai government, who refused to be named, told his/her personal opinion to present author as follows;

“Thailand had understood on the basis of voluntary principle Thailand should have agreed on some sectors which she could have agreed as early as possible, and that Thailand could leave other sectors which she could not reach agreement on.”

There had been 41 sectors for EVSL, which member economies proposed, but finally the number of sectors was reduced to 15 sectors. Thailand’s position, as well as other member economies, is put in order as follows;

Measures Sectors		Proposing Members (Oct. 1997)	Supporting Members (Nov. 1997)
Environmental goods and services	1998	Canada, Japan, Taiwan, Canada	Hong Kong, Singapore, Australia, Malaysia, NZ, PNG
Fish and fish products	1998	Brunei, Canada, Indonesia, NZ, Thailand	Hong Kong, Australia, Malaysia, Philippines PNG, Singapore, USA
Toys	1998	China, Hong Kong, Singapore, USA	Australia, Canada, NZ, Brunei, Indonesia, Malaysia, PNG, Taiwan, Thailand*
Forest products	1998	Canada, Indonesia, NZ, USA	Australia, Singapore, Hong Kong, Japan, Taiwan, Thailand
Gems and jewelry	1998	Thailand, Taiwan	Australia, Canada, Hong Kong, Malaysia, NZ, PNG, Singapore, South Korea, USA
Chemicals	1998	USA, Singapore, Australia, Hong Kong	Canada, Japan, Malaysia, NZ, PNG, Thailand
Telecommunications mutual recognition arrangement (MRA)	1998	USA	Canada, Japan, Hong Kong, Australia, South Korea, NZ, PNG, Taiwan
Energy sector	1998	Australia, Thailand, USA	Singapore, Hong Kong, Japan, NZ, PNG, Taiwan
Medical equipment and instruments	1998	USA, Singapore,	Australia, Japan, NZ, PNG, Hong Kong, Thailand

Natural and synthetic rubber	1999	Thailand, Japan	Australia, Canada, Indonesia, NZ, PNG, Singapore, USA
Food sector	1999	Australia	Hong Kong, NZ, Brunei, Canada, PNG, Singapore, Thailand, USA
Oilseeds and oilseed products	1999	Canada, Malaysia, USA	Australia, Brunei, Indonesia, NZ, PNG, Singapore, Taiwan
Fertilizers	1999	Canada	Singapore, Thailand, Japan, NZ, PNG, Taiwan, USA
Automotive	1999	USA	Singapore, Australia, Canada, Japan, NZ, PNG, South Korea
Civil aircraft	1999	Canada	Japan, Singapore, Taiwan, USA, Australia, NZ, PNG

Note: HK = Hong Kong, NZ = New Zealand, PNG = Papua New Guinea

* Original text notes 'Taiwan'. But since 'Taiwan' has appeared in this column already, the present author modifies from 'Taiwan' to 'Thailand'.

Source: Kim (1998)

III-4. 22-23 June 1998, 4th meetings of Minister for Trade, Kuching, Malaysia

One of the APEC related Thai officials realized that complying with EVSL in the front 9 sectors would not be as easy as had been expected. Mr. Vithun Tulyanond, Deputy Director General of the Department of Business Economics, pointed out that there were 3 problems; namely, (Bangkok Post June)

1st, first extent of coverage is not firm,

2nd, time frame for liberalization is not firm,

3rd, the final tariff rate has to be discussed, with some countries favoring zero and others up to 5%.

III-5. August 1998

According to the newspaper article, dated August 22, 1998, Finance Minister Tarrin Nimmanhaeminda had approved the 15 sectors in which Thailand would liberalize trade ahead of 2020. It also noted that the liberalization program was to be discussed at the senior officials meeting (SOM) on September in Malaysia. (Bangkok Post 22 August 1998)

Another newspaper article mentioned Foreign Minister Surin Pitsuwan's signal to APEC. Dr. Surin gave a speech on APEC at Thammasat University's Rangsit campus, saying that the problem lies not with liberalization itself, but with inadequate preparation for liberalization. He continued that now was the time to enhance human resource development so that the benefits of liberalization are shared among the 18 APEC member economies in a way that reduces the development gap between them. He also said that to be more balanced, APEC should not spend too much time emphasizing liberalization, but should consider other significant issues among developing members including social conditions and sustainable development. (Bangkok Post 28 August 1998)

Dr. Surin also reminded observers not to be surprised if they hear more cautionary speeches from some delegates in November. He explained as follows; (Bangkok Post 28 August 1998)

“In that case, it does not mean that we'll deviate from the liberalization process. In Thailand, for example, we remain fully committed, but with more caution than the past.”

His speech implies that the Thai government had anticipated a difficult conclusion in November. At this juncture, the Thai government seemed to indicate a cautious attitude toward liberalization under the APEC framework ahead of SOM 3 in Kuantan. It implies that Thailand tried to justify its position by referring to the economic crisis in Asia and the less attention paid by developed countries to other significant issues, such as “equitable development, transfer of technology and public understanding and support for further liberalization.”

III-6. September 1998, SOM 3, Kuantan, Malaysia and afterwards

After SOM 3 at Kuantan, Malaysia, a coordination meeting was held among MOFA, MOC, MOF, and the Ministry of Industry. The purpose of this coordination meeting was to bridge the gap with targets, set by APEC forum and to revise the sectoral trade liberalization program. (Bangkok Post 21 September 1998) Needless to say, the ‘APEC forum’ mentioned here refers to the SOM 3.

Thailand had confirmed its intention to participate in all sectors but wanted to reserve tariff rates of 0–5% for a number of sensitive products in each sector. It would not start decreasing tariffs down before 2005. With this plan, Thailand would have only met the APEC requirement in the gems and jewelry sector, which would be traded at the final tariff rate of 0-5% in 2005.

The Thai government earlier maintained that it wanted to start reducing tariffs after 2005, since the nine-member ASEAN countries could enjoy similar privileges under AFTA, which was due to begin in 2003. Thailand also wanted to maximize flexibility in terms of the APEC timeframe, which allows developing countries to liberalize trade by 2020 to boost revenue from collecting import tax.¹²

Such a reluctant attitude by the Thai government to conform with the APEC end-dates and the end-rates in other sectors drew criticism from the meeting, including ASEAN members. “All countries, including our ASEAN partners, attacked us. They thought our early voluntary sectoral plan conflicted with our policy image of trade liberalization.”(Bangkok Post 21 September 1998)

III-7. November 14-15, 1998, Ministerial Meeting, Kuala Lumpur and afterwards

Among the front 9 sectors, reservations had been made by the Thai government to such sectors as medical equipment and environmental and energy goods. An APEC related official at MOF said that Thailand tried to exclude ‘armchair’ from ‘medical equipment’ sector and ‘corns and steel’ from ‘environmental and energy goods.’¹³

On the other hand, APEC related officials at MOC said that Thailand expressed many reservations on the chemicals sector and the toys sector. Thailand also expressed many reservations on particular kinds of forest product, too. On the toys sector, Dr. Charnchai Musiknisakorn, the deputy director-general of FPO, MOF, said “Our domestic industries are suppressing us,” citing the potential impact on the toy industry which subjects imports of raw materials such as chemical products, plastics, electronics

¹² Another newspaper article, citing one observer’s opinion, says that Thailand is reluctant to cut import tariffs because of fears of revenue losses from tax collection during the period of unstable domestic consumption. *Bangkok Post*, 12 November 1998.

¹³ Steel seems to be considered as politically sensitive, since it is one of the key domestic industries. *Bangkok Post* 12 November 1998.

and motors to tariff rates of 15-30 percent. He continued, “ How can we compete with foreign products that enjoy zero tax?” (Bangkok Post 12 November 1998)

According to the matrix of “conformance with the Kuching product coverage, target end rates and targeted dates (%)” as of 13 November 1998, Thailand seemed to have only achieved low scores, namely; toys sector (8%), forest products sector (4%), energy sector (2%), and chemicals sector (0.3%), except for gems and jewelry sector (100%) and fish and fish products sector (74%).¹⁴ On medical equipment and instruments sector and environmental goods and services sector, Thailand got point zero, which indicates that “reservations on all product coverage for the tariff component and/or full or partial exclusion.” Deputy Prime Minister and Commerce Minister Supachai Panitchpakdi’s statement confirmed the Thai situation that “Thailand was ready to join liberalization in the fishery and gems sector but needed to maintain bargaining power for weaker performers such as environmental goods.” (Bangkok Post 13 November 1998)

Despite the above low achievement, Thailand maintained that there was some progress in Kuala Lumpur meetings. For example, an APEC related Thai official maintained that, although the Thai government could agree with only 75% coverage of the energy sector because of doubts about its qualifications, Thailand had achieved approximately 80% liberalization in terms of its coverage rate, definitely showing some progress in EVSL. Another APEC related Thai official said that KL meeting had agreed on the elements of Eco-tech.

Foreign Minister Surin’s answer to a question raised by a senior correspondent of *the Asia Week* about the ‘failure’ of EVSL, while Prime Minister Chuan Leekphai was in talks at the summit. Dr. Surin answered as follows;

APEC aspired to be a step or two ahead of the World Trade Organization. In the nine sectors [which APEC agreed to bring to the WTO], they are ahead, but there are certain things in them that need to have wider participation. So what they are doing now is making the connection to build the critical mass there and move

¹⁴ Another source said that Thailand submitted 6% in chemicals and 2% in energy. It also pointed out that Thailand was not ready to liberalize in such sectors as fishery, forestry, toys, medical equipment. *Krungthep Thurakit*, 12 November 1998.

along. [The problem] was over-expectation because the Crisis has reduced what any country can deliver. If the economies had remained as robust as two or three years ago, this problem wouldn't be there. Maybe the early sectoral liberalization was a bit of a bite to chew, but at least they made the attempt. (Brackets have been put in original text already.)

(<http://cnn.com/ASIANOW/asiaweek/98/1127/nat3.html>)

This is exactly what he had anticipated 3 months ago, when he gave a speech at Thammasat University's Rangsit Campus.

Thailand decided to push for the complete elimination of tariffs, with no exceptions, for trade within ASEAN by 2003, at the ASEAN summit in Hanoi in December. (Bangkok Post 5 December 1998) According to Mr. Charnchai Musignisarkorn, deputy director-general of FPO, Finance Minister Tarrin Nimmanhaeminda wanted Thailand to take a leading position in championing complete free trade within AFTA to help attract more foreign investment to ASEAN nations. Under the current AFTA plan, tariffs are to be cut between 0-5% by 2003. ASEAN members were concerned that slow progress under AFTA would result in a loss of trade competitiveness, regardless of what eventually happens at the APEC level.

This move clearly indicated that Thailand gives significance to ASEAN unity and regardless of APEC progress, Thailand was determined to show her preparation for future trade liberalization.

IV. Tentative Conclusions

IV-1. Why was the Thai government inactive and passive toward the entire APEC-EVSL initiative?

As has been clearly shown already in the above description, while the Thai government officially announced that it would agree on trade liberalization under the APEC-EVSL initiative in principle, in reality it had reservations in many sectors. As we have seen in III-6, Thailand was criticized at the SOM 3 on September 1998 by other member economies, including other ASEAN nations. Because of this, APEC-EVSL

related ministries, namely MOFA, MOC, MOF, and Industry Ministry, held a meeting to discuss further reduction of tariffs. Nonetheless, the outcome of this meeting seems not to have been productive, since the Thai proposal to Kuala Lumpur meeting does not appear to have been much improved, at least, in the matrix. (Refer to III-7.)

The main question is how we can explain such an inactive and passive attitude on the part of the Thai government toward the APEC-EVSL initiative?

If we reflect on the foreign economic policy decision making process in the Thai government, it is significant that the Thai government enjoyed a favorable situation from which to pursue its policy toward APEC-EVSL.

First of all, the policy making elite had taken a position supporting trade liberalization throughout the process. On November 1997, when the Vancouver meeting was held, the Thai government had changed from the Chavalit Administration to the Chuan Administration without a general election. Although the Chuan government is a coalition government, Prime Minister Chuan Leekphai has maintained his government for 2 years and 4 month to the current period (March 2000). Those ministers who are related with foreign economic diplomacy, such as the Foreign Minister, Commerce Minister, Finance Minister, have not changed since their appointment under the Chuan administration. They all belong to the Democrat Party of which Prime Minister Chuan is the party leader, and all support trade liberalization. "They have a basic belief in trade liberalization."¹⁵ In other words, no difference of opinion could be recognized about trade liberalization among the politicians who were involved in policy decisions. However they did not have any detailed knowledge of the EVSL process., therefore in international negotiations on the course of foreign economic policy, they must rely on the help from senior officials. On the other hand, other politicians do not have interests in foreign economic policy in general. Upon considering these arguments, it seems to me difficult to attribute the inactive response toward APEC shown by the Thai government to particular ministers or politicians.

Secondly, then, was the bureaucratic organization against trade liberalization or was there any sharp opposition among bureaucratic organizations on the issue of trade liberalization under the EVSL initiative? There seemed to be little sharp confrontation

¹⁵ Interview with Prof. Medhi Krongkaew, APEC Study Center, Thammasat University, 30 December 1999.

among bureaucratic organizations. This fact tells us that there were limited numbers of APEC-EVSL related bureaucrats. They are senior officials, since EVSL process required each bureaucrat to possess quite sophisticated technical knowledge and to have highly developed negotiation capabilities. They have long been in charge of APEC related matters, therefore they tend to cooperate rather than oppose each other. They even complement each other. For example, MOC had maintained the need to establish criteria first before starting selecting sectors under the EVSL process, whereas MOFA responded to the demand for rapid trade liberalization by introducing flexibility to the schedule and economic cooperation among developed countries to equalize their interests with those of trade liberalization. The division of responsibility between MOFA and MOC had been established since at least 1996. Nowadays, FPO of MOF seems to play a more important role in foreign economic policy making, but final endorsement by CIEP is required, as in the past. Strong opposition, such as from the Ministry of Agriculture, Forestry and Fishery of Japan, would not occur in Thai bureaucratic arrangements.

Nonetheless, due attention should be paid to two points. First, the role of the Industry Ministry was not clear in the EVSL process. The Industry Ministry is supposed to protect and support domestic industry. Unfortunately the present author could not touch on this issue, but roughly speaking, the Industry Ministry has played a significant role in improving the foreign investment environment and attracting foreign companies in order to advance export oriented industrialization. Only recently has the Industry Ministry begun to set about supporting small- and medium-sized enterprises. In a sense, the Industry Ministry has not functioned as a representative of domestic industrial interest. The current Industry Minister belongs to the Chart Phatana Party (National Development Party), not the Democrat Party, but according to the present author's investigations, the Industry Minister never officially commented on the EVSL initiative. This offers us indirect proof that the Industry Ministry does not oppose to the EVSL process, its carriage being mainly conducted by MOFA, MOC and MOF.

Another point is the role played by the Customs Department, MOF, towards the EVSL process. As we have observed in III- 6 , the Thai government seems to worry about lowering import tariffs as a result of trade liberalization. The present author does

not have any firm evidence to support this hypothesis, because of the lack of research on this issue. Nonetheless, it could be easily imagined that Thailand, severely hit by the Asian economic crisis, could not endure import tariff reductions without any concrete fruits from the EVSL initiative generated by trade liberalization under 'Open Regionalism' ahead of AFTA liberalization set for 2003. Although the Customs Department was not directly involved in the APEC-EVSL process, its interests might have been possibly represented through the FPO, which supervises Thailand's fiscal and monetary policies.

Even taking two points into consideration politics inside government, or bureaucratic conflict, does not fully seem to explain why the Thai government was so inactive in relation to APEC-EVSL. It is true that senior officials familiar with detailed knowledge and information on APEC-EVSL matters, sometimes showed their deliberate opinions, but they never rejected the principle of trade liberalization.

Thirdly, what about the role of the business sector? Here again, the present author must register some reservations, since his research is limited to only summit associations (namely, FTI) and his opinion may be biased from opinions expressed by APEC related officials and researchers. Nonetheless, my general impression is that the attitude shown by business sector was passive. There seemed no severe public opposition by particular groups to the APEC-EVSL process. One academic points out that it is difficult for the business sector to mobilize groups unanimously, since they are rivals inside the business sector, and consequently are rather hesitant to open their business activities to the public. He even added that the business sector tends not to believe in bureaucrats, because of historical suspicion between the bureaucracy and the business sector.¹⁶ Despite of the efforts to coordinate the interests of the business sector by MIC and Industry Ministry through FTI and TCC, the business sector apparently found it difficult to understand what APEC-EVSL meant. Therefore bureaucratic organizations were likely to prepare for international negotiations by taking the business sector's intentions and politically delicate matters into consideration according to their own judgement.¹⁷ It would be not denied that the passive and inactive response by

¹⁶ Interview with Dr. Sakda Thanikul, Faculty of Law, Chulalongkorn University, 29 December 1999

¹⁷ Dr. Sakda used the Thai word "daao ook" (to suppose) to make this comment. Interview, 29 December 1999.

business sectors had narrowed the win-set of the Thai government, but basically the business sector did not positively oppose its actions. In all, it would be difficult to argue that the response from the business sector made the Thai government's attitude toward the APEC-EVSL initiative inactive and passive.

There was no philosophical conflict among the political elite on trade liberalization. The relationship among bureaucratic organizations was good. And there was no distinct opposition toward EVSL from the business sector. These favorable political environments seemed to give the policy making elite a free hand to pursue foreign economic diplomacy by emphasizing the 'national interest' of Thailand.

A further question is: why was the passive performance of the Thai government during the EVSL process considered to be in the 'national interest'? We will inspect this hypothesis in the next section.

IV-2. Thailand's position as an ASEAN nation

When we start to reflect on Thailand's 'national interest' under the APEC-EVSL modality, we need to understand the simple fact that Thailand is one of major nations in ASEAN, is one of the developing APEC member economies, and was hardly hit by the Asian monetary and economic crisis beginning from 1997.

Thailand, as a major ASEAN country, is most concerned with the attractiveness of the ASEAN market as a target of trade and investment to countries outside the ASEAN region. Thailand's position is clearly shown by MOF's announcement of AFTA after the Kuala Lumpur meeting in December 1998 (Refer III-7.). In other words, any movement to destroy ASEAN unity is not likely to be welcomed by the Thai government. In fact, the trade liberalization element of APEC-EVSL held the possibility of decreasing ASEAN's attractiveness and disturbing ASEAN unity. This seems to be because the Thai government had repeatedly insisted on flexibility of end-dates in the liberalization element, apart from its technical problems, with the EVSL scheme. If we consider the preparations by the Thai government for the liberalization scheme in AFTA after 2003, we can understand that Thailand was prepared to accept APEC-EVSL initiative. From this point of view, Thailand's win-set was not so small in the EVSL process. But using its cards in EVSL process meant losing the chance to use them in AFTA.

During the course of the EVSL process, the Thai government continuously claimed that developed countries paid less attention to other areas than to trade liberalization. It is easily understood that an indispensable element of Thailand's win-set was economic cooperation from developed countries. Significantly, the Asian economic crisis had the effect of narrowing the win-set of the Thai government. The Thai government carefully announced publicly that Thailand needed economic cooperation in 1998. Just before the Kuala Lumpur meeting, Foreign Minister Surin said that "a note of hesitation and restraint" was not surprising when economies are suffering. (Bangkok Post 12 November 1998) This suggests that it was difficult for Thailand to accept EVSL without economic cooperation from developed countries.

In addition to that, Thailand seemed to pay more attention to fiscal revenues from import tariffs.¹⁸ As we have seen already, Thailand has the unique arrangement of having established MAG in FPO, not in MOC. Since the economic crisis, the role of MOF has become increasingly important. Even in the field of foreign economic policy such as EVSL and AFTA, MOF is deeply involved in the policy making process.

Before the Kuala Lumpur meeting was held on November 12-14, the Japanese government had sent Premier Obuchi's special envoy to Bangkok. The purpose was to ask Premier Chuan to understand the Japanese position in the forestry and fishery sectors. The Japanese government had been afraid that Japan would be isolated at the KL meeting. It was reported that "Chuan was sympathetic with both the Japanese and US positions" on the EVSL matters. (The Nation 13 November 1998)

The envoy fended off allegations that Japan had bribed Asian countries with its proposed Miyazawa plan to support its stance on trade liberalization. (The Nation 13 November 1998) Japan had initiated that 30 US billions dollar should be contributed to the economic recovery of 5 East Asian and Southeast Asian countries, including Thailand. Regardless of the truth of this rumor, Thailand seemed not to be unhappy with the result of the EVSL process in Kuala Lumpur, since it could get credit from Japan, keep its cards for AFTA, and receive economic cooperation from Japan.

While Thailand had long insisted on the flexibility principle in the EVSL program and economic cooperation as a precondition for trade liberalization in APEC,

¹⁸ The author, however, has not conducted sufficient research on the Tariff Bureau of the Ministry of Commerce as yet. It remains as a research subject for the near future.

Thailand had been prepared to proceed with liberalization in an AFTA framework. Although Thailand was severely hit by the Asian monetary and economic crisis and obliged to conform to the IMF structural reform scheme, Thai economic diplomacy in the multi-lateral framework proved to be tough. During the course of the APEC-EVSL process, Thailand had maintained as its basic principle of diplomacy to keep unity in the ASEAN market in order to attract foreign capital and to induce economic cooperation in multi-lateral programs and bilateral schemes.

Such a tough diplomatic task has been accomplished only by virtue of the fact that the current administration could pursue foreign economic policy in a rather top down style. Ironically enough, the fact that only quite a limited circle of people were interested in the EVSL process seemed to make Thailand's diplomatic task possible.

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MARCH 2000

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