

The Docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan: Opportunities, Challenges and Suggestions

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- Thailand is an important country in Southeast Asia, and China is an important country in Asia and even in the world. Thailand and China have good relations, we frequently express our close ties by stating that “the Chinese and the Thais are the same family” (中泰一家亲).

- And two countries have cooperated well in the Belt and Road construction, and Thailand has recently paid much attention to build the Eastern Economic Corridor. The Docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan is giving new opportunities to promote bilateral cooperation. I will analyze the Opportunities and challenges when The two countries conduct the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan, then will propose some suggestions.

I. Opportunities

- Firstly, total speaking, China and Thailand has cooperated well in implementing the Belt and Road Initiative in the past four years, which has lain good foundation the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan. According to the book The Belt and Road Initiative Report on the Five-Connectivity Index which was published at the end of the year of 2017, in the ten ASEAN countries, Thailand ranked third in 2017, and Thailand ranked sixth in more than sixty related countries in the world (Countries are counted in this book). These figures fully proves that Thailand and China have very close and fruitful cooperation in the Belt and Road cooperation.

- Secondly, both countries have attached much importance to the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan.

- The Belt and Road Initiative is the flagship initiative to promote cooperation with the foreign countries to boost China and the world development. And the Eastern Economic Corridor Development Plan is also the flagship plan to promote cooperation with the foreign countries to boost Thailand and the regional development. So China has put a lot of resources into cooperating with scores of countries to implement the Belt and Road Initiative, and also, now Thailand has put a lot of resources into cooperating with other countries to build the Eastern Economic Corridor. And two countries are consulting more and more about the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan, which are now the main points for two countries' cooperation.

- Thirdly, when two countries conduct the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan, it is sure that bilateral industry cooperation will have bright future, which will stimulate two countries' enterprises to cooperate with each other actively.

- Thailand's Eastern Economic Corridor Development Plan has many similarities with Made in China 2025, and it has great cooperation space with China's Belt and Road Initiative. Thailand's Eastern Economic Corridor Development Plan focus on infrastructure development, such as U-Tapao Airport, The High Speed Train, Laem Chabang Deep Sea Port, Map Ta Phut Port.

- And the Targeted industries in this Thailand's Eastern Economic Corridor Development plan are such as, High Wealth and Medical Tourism Industries, Biofuel and Biochemical Industries, The Food Processing Industry, Comprehensive Healthcare Industry, The Advance Agriculture and Biotechnology, Aviation and Logistics Industry, The Intelligent Electronics Industry, The Robotics Industry, The Next-Generation Automotive Industry, Digital Industry. And the ten key sectors of Made in China 2025 are: new information technology, numerical control tools and robotics, aerospace equipment, ocean engineering equipment and high-tech ships, railway equipment, energy saving and new energy vehicles, power equipment, new materials, biological medicine and medical devices, and agricultural machinery.

- So we can see that, Thailand's Eastern Economic Corridor Development Plan and Made in China 2025 have several similar industries development plan, and it has great cooperation space with China's Belt and Road Initiative, because China and Thailand enterprises will have more cooperation opportunities.

- Especially, Thailand's Eastern Economic Corridor needs to construct a lot of infrastructure, such as roads, railways, sea ports, airports, factories, industry parks, and in these areas, China enterprises have much capital, rich experience, high-end equipment, excellent expert, rich experience in international cooperation, and other advantages compared to many other foreign companies. So, China's enterprises and Thailand enterprises can cooperate well to boost the Thailand's Eastern Economic Corridor building.

- Fourthly, both China's economy and Thailand's economy are robust in recent years, and this is a very good environment for two countries' conducting the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan.

- Thailand is the second largest economy in ASEAN, and Thailand economy has grown relatively fast in recent years. According to Thailand government statistics, Thailand's gross domestic product grew by 3.9% in 2017, up from 3.3% the previous year, marking its fastest expansion since 2012.

- And Thailand's gross domestic product grew by 4.8 percent year-on-year in the first quarter of 2018, which is the strongest in 5 Years. The government projects Thai economy to grow 4.2 percent in 2018. And Thailand investment environment has become better in the past years. According to International surveys such as the World Bank's Ease of Doing Business report have recently ranked Thailand among the most attractive investment destinations in Southeast Asia, and the 2018 report moved Thailand up to rank 26 from rank 46 in 2017, bringing the country among the top three investment destinations in ASEAN.

- Thailand is situated in the heart of Southeast Asia, and it serves as a gateway to regional dynamic markets. The Thailand the Eastern Economic Corridor is an ambitious project, its building needs \$45 billion, and Thailand itself can't afford to invest all the huge amount of capital in the following years to Eastern Economic Corridor building. According to IMF, in 2017, Thailand GDP was about \$ 455 billion, its total investment accounted about 23% of GDP(about \$ 105 billion), and the general government gross debt was accounted about 42% of GDP(about \$ 191 billion).

- Chachoengsao, Chonburi and Rayong Provinces which are been designated for the development of the Eastern Economic Corridor have relatively good infrastructure and industry base, and they are Thailand's industry centers. In February, 2018, Thailand's parliament approved The Eastern Economic Corridor (EEC) bill geared towards attracting more investment to build the Corridor. The new law provides tax breaks for investors in the EEC project, a centerpiece of the junta's policy to boost growth and target investment into hi-tech industries.

- It also enables investors to rent land for up to 99 years. The government has also introduced relaxed visa measures for foreign professionals and also invoked executive powers to help speed investment approval. This law is attractive to foreign investors including Chinese enterprises.

- China is the biggest economy in Asia and the second largest economy in the world, and China economy growth every year is more than 6%, for example, it was 6.9% in 2017.

- China has great market, and China is cooperating with Thailand and other countries to implement the Belt and Road Initiative, and China's enterprises have a lot of investment and technologies to go abroad, in 2016, China's non-financial investment in foreign countries reached \$183 billion and ranked the second largest investor country in the world. In 2017, China's non-financial investment in foreign countries decreased to \$120 billion, one of the reasons was that China's investment met barriers in U.S, Australia, EU and other western countries.

- So, China's investment in foreign countries has paid more attention to developing countries including the ASEAN countries. Thailand is a good destiny for China's investment. Especially, the Eastern Economic Corridor is a pilot project for the economic development of Thailand's Eastern Seaboard, and Thailand law has given many preferential terms to foreign investors.

- Fifthly, China and Japan are Thailand's two big economic partners, and recently, the two countries relation has thawed, and Thailand has emerged as one of the first candidates for planned business cooperation between China and Japan in third countries. So, now, China, Japan, Thailand seek trilateral business cooperation in Thailand's Eastern Economic Corridor, such as building high-speed train. If trilateral business cooperation goes well, this is really a good opportunity to promote the Thailand's Eastern Economic Corridor development.

II. Challenges

- As mentioned above, there are many good opportunities for the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan. But frankly speaking, just as any bilateral economic cooperation, there are certainly some challenges ahead of docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan, and some are not easy to be overcome.

- Firstly, Thailand's Eastern Economic Corridor is the country's largest-ever infrastructure and industrial scheme, and there will be hundreds of big projects to be built, its development faces an uncertain future if local land use issues are not quickly resolved, because the planned industrial land of the Thailand's Eastern Economic Corridor is over 48 square kilometers, so the building the Corridor needs to occupy a lot of land to construct railways, roads, factories and so on. Some experts pointed out that the Eastern Economic Corridor Act lacked good governance on the management of land and natural resources, and it had also sidestepped many environmental protection measures for the sole reason of attracting foreign investment.

- Under the law, government agencies have special powers to bypass city-planning regulations in specially designated areas, while environmental impact studies and other requirements are also fast-tracked to boost the country's attractiveness in the eyes of international investors. Both the land acquisition and environment issues are very sensitive issues in Thailand. The land price in the Eastern Economic Corridor area will rise because more and more investors are coming. And in recent years, the forest area decreases about 1600 square kilometers every year in Thailand, so how to balance the protection of environment and the development of the economy, is a headache for Thailand. If some local people lose their land, and they are not satisfied with the compensation plan, there will be trouble for the land use, such as, protest and social instability, legal disputes.

- Whether the land issue can be resolved well, it will directly influence the building process of Eastern Economic Corridor. Even two countries have strong will to push our enterprises to cooperate more and more, the land and environment issue in the area of Eastern Economic Corridor will certainly influence two countries' enterprises' cooperation in building some projects in Thailand.

- Secondly, the shortage of skilled labor in both China and Thailand will be a long-term issue for the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan.

- In China, the aging population issue has become very serious in recent years. In 2017, there were totally about 240.9 million senior people who are over 60 years old, and just in that year, the senior people increased by 10 million, which was a huge number and occupied 17.3% of China's total population. And to around 2050, there will be about 487 million senior people, which will occupy 34.9% of China's total population.

- China is facing the shortage of labor force, so many factories can't employ enough and qualifies workers, and the salary of China's skilled workers increases quickly, This problem will become much more serious in the future.

- Similarly, according to the National Economic and Social Development Board (NESDB) statistics, Thailand has also been moving closer towards an ageing society since 2005, as the number of citizens aged 60 or older has steadily risen, and the number of aged people has risen to 11.23 million, or 17.13 per cent of the total population in 2017. “Thailand will become a full-fledged ageing society in 2021, when their number will rise to 13.1 million or 20 per cent of the total population,” according to an NESDB report.

- So just as China, Thailand is also facing the shortage of skilled labor; so many factories can't employ enough and qualifies workers. And Troubles never come single; Thailand is also facing another problem. In the past many years, because Thailand economy and salary levels are much higher than the neighboring countries, there were a lot of foreign workers from Myanmar, Cambodia and Laos. But, now, as these neighboring countries' economy develops fast, and their salaries become high, many foreign workers go back to home country. This phenomenon makes the things worse, that is, it aggravates Thailand's shortage of labor force. But if Chinese workers go to Thailand in large amount, it will also generate at least two problems.

- First, if Chinese enterprises send workers abroad, they should afford about 3 times salary as the domestic salary, and they will have a heavy burden. Second, Thailand people and media will protest lots of Chinese workers in Thailand, because more Chinese workers in Thailand mean less job opportunities for Thailand people.

- Thirdly, the high-tech industrial chain link between China and Thailand will have some trouble. In Thailand, the high-tech industrial cooperation is a very important field of the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan. Not only the shortage of skilled labor is a major disincentive to FDI and an impediment to higher R&D spending, but also, the shortage of high-end professionals/personnel in science and technology fields also will be a bottle neck when Chinese and other foreign high-tech enterprises cooperate with Thailand enterprises. And also, Thailand's high-end professionals/personnel's ideas, industrial standards and equipment standards were deeply influenced by the U.S., Japan and EU. But, China's high-end professionals/personnel's ideas, industrial standards and equipment standards have its own way. This situation will certainly be one obstacle for bilateral economic cooperation.

- Fourthly, the up and downs on the railway cooperation between China and Thailand in the past years maybe will cast some shadow to bilateral future big projects cooperation, especially in the infrastructure field. Thailand's Eastern Economic Corridor Development needs to build many big infrastructure projects, and the cooperative building of big infrastructure projects is also one of the important fields about the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan.

- It is possible that, the future bilateral big infrastructure projects cooperation will be influenced by the future progress of Sino-Thailand railway construction, because this project is the symbolic bilateral project. If the progress is smooth, it will give positive momentum to the cooperation of building bilateral infrastructure projects. If the Sino-Thailand railway construction meets setbacks again, it will damage the cooperation of bilateral infrastructure projects.

- Fifthly, the future of Thailand election and political situation change will also be another uncertain factor which possibly influences the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan. Whether Thailand can maintain long-term stability, is a very important factor which will influence bilateral economic cooperation much.

- Sixthly, on the one hand, both China and Thailand are pushing more and more cooperation, but on the other hand, Thailand's doubt, even fear mentality towards China is growing in recent years. Because two countries' economic gap is becoming larger and larger. In 2017, Thailand's GDP was about \$ 455 billion, and China's GDP was \$ 12 trillion, which was more than 26 times as Thailand's GDP. And the absolute amount of yearly China's GDP growth will be much bigger than Thailand's.

- So, now, even China has no intention to expand its influence in Thailand and control Thailand. And frankly speaking, no country including China can control Thailand. But in Thailand, some people and media worry about that, more and more bilateral economic cooperation will increase China's economic influence in Thailand, and Thailand is just a middle power. Some Thailand people think, when we conduct bilateral economic cooperation under the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan, China often gets the lion's share, while Thailand gets less share Thailand's ambivalence toward China will continue, and it will make bilateral cooperation to be sometimes good and sometimes problematic.

III. Suggestions

- Firstly, both China and Thailand should optimize their introduction of their development initiative/plan. Most of the times, China just introduce Belt and Road Initiative to Thailand friends, and similarly, Thailand just introduce Eastern Economic Corridor Development Plan to China friends. Either country just do its own business, and have no joint work. This separated introduction model is not good, and it possibly makes the audience to think that, you just introduce your country's plan, what's your plan's benefit to our own country's interests? How can we joint two countries' plan to benefit two sides?

- So, we should change this introduction model, China and Thailand should make joint introduction of the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan.

- We should set up a bilateral joint study and introduction group which is formed by two countries experts, such as international relations experts, language and culture experts, economic experts, industry experts, environment experts, media experts. This group should study the cooperation benefit from the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan. And the experts group should visit different places both in Thailand and China, to introduce all the benefit point by point to the two countries' officials, enterprises and people by using Chinese and Thai language, to let them know what are the concrete benefits they can get through active participation of the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan.

- This new model of introduction will eliminate the misunderstanding and rumors which damages bilateral economic cooperation, and will boost the enthusiasm of two countries' enterprises and people to more actively participate in the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan.

- Besides the above activities, in order to deeply boost the docking of China's Belt and Road Initiative and Thailand's Eastern Economic Corridor Development Plan both China and Thailand government should invest more resources to support their universities and think tanks to conduct more joint observation and study, to write more joint reports by using Chinese and Thai language and to hold more seminars to give strong intellectual support to two countries governments, enterprises and people.

- Secondly, both China and Thailand should pay more attention to the Comfort principle when they conduct cooperation.
- China is a big country, and Thailand is a middle power, it is natural for two countries to have quite different mentality and ways of acting when they conduct cooperation. So both of two countries should try to know each other's mentality and interests, to listen more to each other's requirements, to change their mind with each other, at last, to let each other comfortably make a deal.

- Besides these, two countries should dynamically adjust the speed and model of bilateral economic cooperation, to make the cooperation is much more suitable to our development need, to avoid the mismatch of bilateral interests, and to avoid unnecessary problems. China and Thailand should balance the efficiency and comfort when they conduct cooperation to avoid culture conflicts. And when we have differences, we should not ignore them and just go ahead, we should consult more to adjust the cooperation model and speed.

- Thirdly, two countries should pay more attention to promote bilateral people-to-people bonds. Both countries should support more and more scholars, businessmen, media people, civil elite and other groups of people to exchange with each other more and more often. More and more people-to-people exchange should follow the mass lines to form a situation that two countries people establish positive view towards each other. Only two countries' people' feeling is friendly to each other, bilateral relations can be stable, and bilateral economic cooperation can get more support from common people.

- Fourthly, China and Thailand should make joint efforts to train qualified people to meet the needs of bilateral cooperation. We should adopt the model of “ language + professional knowledge “, to train more people to not only know each other’s language and culture, but also master one or several kinds of useful knowledge, such as international relations, economics and trade, finance, science and technology, agriculture, transportation, environment, cross-cultural communication.

感谢

Thanks