

# Conference Reports

## Symposium 2016 “Thailand’s Role in ASEAN (Thailand’s Role in ASEAN)”

HAMBURG, 23 APRIL 2016

On 24 April 2016, a symposium on the position of Thailand within the Association of Southeast Asian Nations (ASEAN) was held at the University of Hamburg’s Asia-Africa Institute (AAI). More than 80 participants attended the symposium, which was jointly organized by the German-Thai Society (DTG, Deutsch-Thailändische Gesellschaft e.V.), founded in 1962 to deepen cultural relations between Germany and Thailand, and the Hamburg Society of Thai Studies (Hamburger Gesellschaft für Thaiistik e.V.), founded in 2011 to promote Thai Studies in Hamburg and beyond. The symposium was opened by HE Nongnuth Phetcharatana, ambassador of the Kingdom of Thailand in Berlin, and Stefan Krohn, Royal Thai Honorary Consul in Hamburg. Prof. Dr. Frauke Kraas, President of the DTG, and Prof. Dr. Volker Grabowsky, head of the Thai Studies programme of the AAI and President of HGT, gave the participants a warm welcome.

The keynote address was delivered by Ambassador Nongnuth, who discussed the challenges and opportunities for Thailand posed by the ASEAN Economic Community (AEC), founded in November 2015. The AEC is part of a long-term vision of the ASEAN countries to develop their association into a people-oriented community that by 2025 would complement the AEC with two additional pillars, the ASEAN Political-Security Community (APSC) and the ASEAN Socio-Cultural Community (ASCC). With almost 640 million inhabitants (in 2016) ASEAN is even larger than the European Union and presently the seventh largest economy in the world, with a GDP of \$2.4 trillion. With GDP growth rates of roughly 4.8 percent (average for the years 2015–16), ASEAN’s economy is growing faster than the global average (3.3 percent for the same period) though lagging slightly behind India and China.

After discussing the challenges and opportunities for ASEAN within trade agreements with its Asian and Pacific neighbours as well as with the USA and the EU, the Royal Thai Ambassador analysed Thailand’s economic outlook and its role as a centre of transport and a logistics hub linking China, India and ASEAN. With one quarter of its exports going to and one fifth of its imports coming from its Southeast Asian neighbours, Thailand’s largest trade partners are indeed ASEAN countries. Thailand has become one of the most competitive and globally linked economies in Southeast Asia. Ambassador

Nongnuth placed particular emphasis on the creation of ten special economic zones from 2015/16 to intensify Thailand's economic and trade relations with Myanmar, Laos, Cambodia and Malaysia. Among the policy measures identified to enhance the economic capacities of Thailand, infrastructure development – notably with regard to the modernisation of road infrastructure, the rather backward railway transport system and air transport – were discussed, as well as the development of an advanced digital society and measures to develop alternative energies as part of Thailand's commitment to reducing greenhouse gas emissions by 20 percent by 2030 compared with the 2005 level.

The inspiring keynote address was followed by Dr. Gerhard Will's lecture "ASEAN/China and ASEAN/EU: Thailand in between two Areas of Conflict". Gerhard Will is a researcher associated with the German Institute for International and Security Affairs (Stiftung Wissenschaft und Politik) in Berlin. In the first part of his presentation Will analysed ASEAN's relations with China and the European Union. Though the economic cooperation between China and ASEAN has grown considerably over the last two decades, this has not led to the development of close cooperation on political and security issues. Paradoxically, the opposite is the case. The speaker noted in particular ASEAN's increasing trade deficit with China and China's lack of readiness to cooperate in the exploitation of the resources of the Mekong River. Such behaviour tends to make China appear as the culprit behind many failed developments, in the eyes of many people in Southeast Asia. China's military build-up and occasional clashes in the South China Sea issue were further issues of concern. In contrast, relations between ASEAN and the EU would appear quite harmonious.

Though for a long time the EU was admired in Southeast Asia as a source of inspiration, the recent Euro crisis and the EU's exposure to serious security threats (armed conflicts in the Ukraine and the Middle East, massive waves of migration from outside Europe) are perceived as warning signals shaking the credibility of the EU as a serious player on the global stage. Therefore, Will concluded that an intensification of ASEAN-EU relations appears very unlikely, at least in the near future.

In the final part of his lecture Will explored the role of Thailand in these two areas of potential conflict. In spite of its economic success, Thailand has been caught in a "middle-income trap" for some time already and needs to create a new economic drive through technological innovations. Given its difficult internal situation before and after the last military coup d'état (in May 2014), it has become more difficult for Thailand to adopt a leading role in ASEAN with regard to the community's relations with China and the EU. There are even some indications that leading Thai politicians consider China not only as a powerful economic partner but also as a model of political order.

The third lecture, entitled "Thailand from the 'Land of Smile' to a Power Factor in ASEAN Related to Economic Policies", was delivered by Prof. Dr.

Andreas Stoffers from the European Institute for ASEAN Studies. Stoffers, the author of the most important reference work on the history of Thai-German relations, provided some crucial historical background much needed for a clear understanding of Thailand's current role in ASEAN. He pointed the attention of the audience to Thai-Vietnamese political rivalry in the nineteenth century, which had caused a number of conflicts in the heart of mainland Southeast Asia. Against this historical legacy the present-day economic and political cooperation between these two countries within ASEAN cannot be overstated. Stoffers emphasised that Europe is no longer the *Nabel der Welt* ("centre of the world"). ASEAN is increasing its global significance, having seen impressive economic development, reducing both poverty and social disparities.

Within the ASEAN economic system, Thailand plays a key role. No longer an agrarian society, Thailand has been transformed, now boasting one of the largest locations for automobile production and a thriving electronics industry. The country is a leading player in the production of electronic circuits and semiconductors. A diversified industrial sector, a strong private sector, a large population of almost 70 million potential consumers, and its prominent geo-strategic position constitute Thailand's great economic strengths. However, ongoing political and social tensions, dependence on oil and gas imports, the lack of sustainable environmental management and, last but not least, the already mentioned "middle-income trap" can be identified as the main weaknesses of the Thai economy. To complete his SWOT analysis, Stoffers looked also at the country's opportunities (e.g. to promote renewable energies, the internationalisation of Bangkok) and its threats (e. g. ethno-religious tensions in the South, an aging population). Political and social stability is certainly a key factor if Thailand is to consolidate its position in ASEAN and the world. Stoffers underlined that the way Thailand handles competition from within ASEAN, notably from Vietnam, is another crucial factor.

The relationship between Thailand and Vietnam was more deeply discussed in the short presentation by Dr. Michael Waibel, a geographer based at the University of Hamburg, that introduced the final panel discussion. Identifying various fields of cooperation and competition, Waibel demonstrated that with regard to foreign trade, both Thailand and Vietnam appear more integrated into the global economy than within the ASEAN economy. However, Thailand seems to be less an "extended workbench" than Vietnam. In many economic fields Thailand and Vietnam are direct rivals, such as in the tourist industry and in agribusiness. On the other hand, in sectors in which both countries have reached different levels of development, such as the car industry and the educational sector, Waibel saw some opportunities for cooperation.

In the vivid panel discussion, in which many participants from the audience were involved, the relations between Thailand and ASEAN on the one hand

and China and the EU on the other hand were examined once again. It became clear that issues of economic, political and social integration within ASEAN need deeper investigation. The EU may still serve as a model in some aspects while also providing warning examples which Thailand and ASEAN should take to heart.

*Volker Grabowsky*

## **32nd Annual General Meeting and Conference of the Pakistan Society of Development Economists (PSDE)**

ISLAMABAD, 13–15 DECEMBER 2016

“China Pakistan Economic Corridor and Regional Integration” was the topic of the 2016 annual meeting of the Pakistan Society of Development Economists (PSDE), the most prestigious social science conference in the country. The economic corridor under discussion is by far the largest development project ever begun here. The enormous publicity and enthusiasm that the project has created is not just because of its size, but even more because of its partner – the People’s Republic of China. From the 1950s onwards the United States had been Pakistan’s main economic, political and military partner, but whereas Pakistan became America’s most loyal ally in the proxy war in Afghanistan in the 1980s and in the War on Terror after 9/11, the USA did not live up to expectations in Pakistan’s wars against India and left Pakistan completely frustrated when the ongoing war in Afghanistan spilled over into its territory. Among all its allies, the USA is nowhere as unpopular as in Pakistan, which sees China, in contrast, as a reliable partner, whose friendship is praised as “higher than the highest mountains and deeper than the deepest seas”.

Therefore, when China came up with a programme to be known as the Chinese Pakistan Economic Corridor (CPEC), with investments of USD46bn (and more), it was seen as a saviour from all ills. However, not many details of the project were known; news items in the media were inconsistent. It was therefore hoped that the conference would provide some clarity. Clarity was also needed with respect to regional integration, thus far mainly understood as the integration of the eight South Asian states – Pakistan, India, Bangladesh, Sri Lanka, Nepal, Bhutan, the Maldives and Afghanistan. Like Afghanistan, Pakistan is also a member of the ten-nation Economic Cooperation Organisation (ECO) and of the Shanghai Cooperation Organisation (SCO), which began with China and some of the newly independent Central Asian republics. Pakistan has no direct access to Central Asia, while Central Asia’s land routes to the