

A STUDY OF THAILAND'S POLICY ON DEVELOPMENT COOPERATION WITH LAO
PEOPLE'S DEMOCRATIC REPUBLIC DURING 1991 – 2006

Miss Wilasinee Sittisomboon



จุฬาลงกรณ์มหาวิทยาลัย

CHULALONGKORN UNIVERSITY

บทคัดย่อและแฟ้มข้อมูลฉบับเต็มของวิทยานิพนธ์ตั้งแต่ปีการศึกษา 2554 ที่ให้บริการในคลังปัญญาจุฬาฯ (CUIR)
เป็นแฟ้มข้อมูลของนิสิตเจ้าของวิทยานิพนธ์ ที่ส่งผ่านทางบัณฑิตวิทยาลัย

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are the thesis authors' files submitted through the University Graduate School.

A Thesis Submitted in Partial Fulfillment of the Requirements
for the Degree of Master of Arts Program in Southeast Asian Studies

(Interdisciplinary Program)

Graduate School

Chulalongkorn University

Academic Year 2014

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การศึกษานโยบายการให้ความร่วมมือเพื่อการพัฒนาของไทยแก่สาธารณรัฐประชาธิปไตยประชาชน
ลาวระหว่าง ค.ศ. 1991 - 2006



วิทยานิพนธ์นี้เป็นส่วนหนึ่งของการศึกษาตามหลักสูตรปริญญาศิลปศาสตรมหาบัณฑิต
สาขาวิชาเอเชียตะวันออกเฉียงใต้ศึกษา (สหสาขาวิชา)
บัณฑิตวิทยาลัย จุฬาลงกรณ์มหาวิทยาลัย
ปีการศึกษา 2557
ลิขสิทธิ์ของจุฬาลงกรณ์มหาวิทยาลัย

Thesis Title	A STUDY OF THAILAND'S POLICY ON DEVELOPMENT COOPERATION WITH LAO PEOPLE'S DEMOCRATIC REPUBLIC DURING 1991 – 2006
By	Miss Wilasinee Sittisomboon
Field of Study	Southeast Asian Studies
Thesis Advisor	Assistant Professor Theera Nuchpiam, Ph.D.

Accepted by the Graduate School, Chulalongkorn University in Partial
Fulfillment of the Requirements for the Master's Degree

.....Dean of the Graduate School
(Associate Professor Sunait Chutintaranond, Ph.D.)

THESIS COMMITTEE

.....Chairman
(Associate Professor Withaya Sucharithanarugse, Ph.D.)

.....Thesis Advisor
(Assistant Professor Theera Nuchpiam, Ph.D.)

.....External Examiner
(Banchong Amornchewin)

วิลาสินี สิทธิสมบุญ : การศึกษานโยบายการให้ความร่วมมือเพื่อการพัฒนาของไทยแก่สาธารณรัฐประชาธิปไตยประชาชนลาวระหว่าง ค.ศ. 1991 - 2006 (A STUDY OF THAILAND'S POLICY ON DEVELOPMENT COOPERATION WITH LAO PEOPLE'S DEMOCRATIC REPUBLIC DURING 1991 - 2006) อ.ที่ปริกษาวิทยานิพนธ์หลัก: ผศ. ดร. วีระ นุชเปี่ยม, 182 หน้า.

งานวิจัยนี้มีวัตถุประสงค์สองประการ คือมุ่งศึกษาปัจจัยที่มีผลต่อการนำนโยบายการให้ความร่วมมือเพื่อการพัฒนาระหว่างประเทศไทยกับสาธารณรัฐประชาธิปไตยประชาชนลาวมาใช้ในระหว่างปี พ.ศ. 2534 - 2549 และศึกษาผลกระทบจากการดำเนินนโยบายในด้านการสร้างความไว้วางใจ และผลต่อความเป็นหุ้นส่วนทางเศรษฐกิจ

งานวิจัยนี้ใช้วิธีการวิจัยเชิงคุณภาพ ดำเนินการเก็บรวบรวมข้อมูลจากแหล่งข้อมูลปฐมภูมิ ทูตวิทยุ และ การสัมภาษณ์เชิงลึก

ผลจากการศึกษาพบว่าปัจจัยที่มีผลต่อการนำนโยบายการให้ความร่วมมือเพื่อการพัฒนาระหว่างประเทศไทยกับสาธารณรัฐประชาธิปไตยประชาชนลาวมาใช้มีทั้งปัจจัยภายนอก และปัจจัยภายใน โดยปัจจัยภายนอกเป็นปัจจัยสำคัญที่มีผลต่อการปรับเปลี่ยนทิศทางนโยบายการต่างประเทศของไทย ปัจจัยดังกล่าวประกอบด้วย การสิ้นสุดของสงครามเย็น การคลี่คลายความขัดแย้งในกัมพูชา และกระบวนการโลกาภิวัตน์ กล่าวคือ การสิ้นสุดของสงครามเย็นและความขัดแย้งในกัมพูชาที่คลี่คลายส่งผลให้ประเทศไทยปรับความสนใจไปที่ความมั่นคงทางเศรษฐกิจมากกว่าความมั่นคงทางการเมือง อันนำไปสู่การฟื้นฟูความสัมพันธ์กับสาธารณรัฐประชาธิปไตยประชาชนลาว ขณะเดียวกันกระบวนการโลกาภิวัตน์ส่งผลให้เศรษฐกิจมีการบูรณาการมากขึ้น และความสัมพันธ์ระหว่างประเทศที่ต้องพึ่งพากันมากขึ้น สำหรับปัจจัยภายในประกอบด้วย ความสนใจของผู้นำ ความเจริญทางเศรษฐกิจ และความสามารถในการถ่ายทอดความรู้และเทคโนโลยีของไทยด้วยความร่วมมือจากญี่ปุ่นเป็นปัจจัยภายในสำคัญที่มีผลต่อการนำนโยบายการให้ความร่วมมือเพื่อพัฒนามาใช้เป็น เครื่องมือดำเนินนโยบายการต่างประเทศระหว่างไทยกับสาธารณรัฐประชาธิปไตยประชาชนลาว

และการศึกษาผลกระทบพบว่านโยบายการให้ความร่วมมือเพื่อการพัฒนาระหว่างประเทศไทยกับสาธารณรัฐประชาธิปไตยประชาชนลาวเป็นเครื่องมือการดำเนินนโยบายต่างประเทศของไทยที่นำมาใช้ให้สอดคล้องกับเป้าหมายการต่างประเทศของไทยหลังสิ้นสุดสงครามเย็น การดำเนินนโยบายความร่วมมือเพื่อการพัฒนาด้วยหลักการ demand - driven นั้นส่งผลให้สอดคล้องกับความต้องการของรัฐบาลลาวในการพัฒนาประเทศ กล่าวคือความร่วมมือทางวิชาการส่งเสริมการพัฒนาทรัพยากรมนุษย์ และความร่วมมือทางการเงินสนับสนุนการพัฒนาโครงสร้างพื้นฐานและคมนาคมอันนำมาซึ่งการพัฒนาทางเศรษฐกิจของไทยและสาธารณรัฐประชาธิปไตยประชาชนลาว

สาขาวิชา เอเชียตะวันออกเฉียงใต้ศึกษา

ลายมือชื่อนิสิต

ปีการศึกษา 2557

ลายมือชื่อ อ.ที่ปรึกษาหลัก

5587689720 : MAJOR SOUTHEAST ASIAN STUDIES

KEYWORDS: THAILAND DEVELOPMENT COOPERATION, THAI - LAO RELATIONS, THAILAND FOREIGN POLICY, TRUST AND CONFIDENCE BUILDING, 182 PARTNERSHIP

WILASINEE SITTISOMBOON: A STUDY OF THAILAND'S POLICY ON DEVELOPMENT COOPERATION WITH LAO PEOPLE'S DEMOCRATIC REPUBLIC DURING 1991 – 2006.
ADVISOR: ASST. PROF. THEERA NUCHPIAM, Ph.D., pp.

The research aims to explore Thailand's policy on development cooperation with Lao PDR with special emphasis on rationales for the development of this policy during 1991 – 2006. It also aims to assess the impact of the development cooperation between Thailand and Lao PDR especially in terms of the building of trust and confidence, as well as Thai – Lao economic partnership.

The research adopted a qualitative method. Information was gathered from documentary research of both primary and secondary data sources, and from conducting in-depth interviews with key informants.

The findings indicated that both external and internal environment have influence on forming Thailand's policy on development cooperation with Lao PDR. External factors that influence the shift of Thailand foreign policy direction include the end of the Cold War, the settlement of Cambodia conflict, and the force of globalization. The end of the Cold War and the end of regional conflict shift the focus of Thailand from political security to economic security, and move toward restoration with Lao PDR. Globalization heightens interdependent relations and integrated world economy. The research found that internal environment comprising of leaders' interest, great economic outlook, and capability to share expertise with support from Japan are essential factors influence the formation of Thailand's policy on development cooperation with Lao PDR.

The research found that Thailand's policy on development cooperation with Lao PDR is a tool of Thailand foreign policy in response to a new focus of national interest after the end of the Cold War. In terms of impact, the research found that with the demand-driven approach, the policy responses to the need of the Laotian government for the country development: whilst technical cooperation addressed human resource development, financial cooperation contributed to infrastructure and transportation development which entailed economic development to both countries.

Field of Study: Southeast Asian Studies

Student's Signature

Academic Year: 2014

Advisor's Signature

ACKNOWLEDGEMENTS

First and foremost, I would like to express my gratitude to my thesis advisor, Assistant Professor Dr. Theera Nuchpiam for his valuable advice throughout the research. It is also an honor for me to thank my thesis committee members: Associate Professor Dr. Withaya Sucharithanarugse and Banchong Amornchewin.

I am also beholden to Dr. Saikaew Thipakorn who has supported and shared illuminating views on a number of issues related to the research, and Assistant Professor Dr. Carina Chotirawee who has provided me aspiring guidance, and constant encouragement throughout the research.

I wish to thank Associate Professor Dr. Sunait Chutintaranond, and all other lecturers for providing valuable knowledge and widening my perspectives both from course and extracurricular activities. I also would like to thank the staff at the Southeast Asian Studies Program, Chulalongkorn University for their assistance during the period of my study.

I would like to show my deep gratitude to my Laotian classmates who kindly introduced me to several key informants. I am especially grateful to my key informants who contributed to the completion of this research.

Finally, I am thankful to my family and friends for kindly support, encouragement, and loveliness that these loving people have shared with me. I would not have achieved this far without all the support that I have always received from them.

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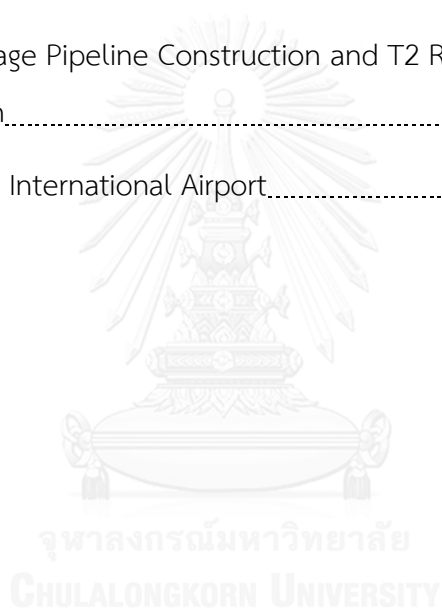


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LIST OF ABBREVIATIONS

ACMECS	Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy
ADB	Asian Development Bank
AFTA	ASEAN Free Trade Area
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
BIMSTEC	Bay of Bengal Initiative for Multi - Sectoral Technical and Economic Cooperation
CLMV	Cambodia, Lao PDR, Myanmar, and Viet Nam
DAC	Development Assistance Committee
EWEC	East-West Economic Corridor
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GMS	Greater Mekong Sub-region
GSP	Generalized System of Preferences
ITD	Institute for Trade and Development
JICA	Japan International Cooperation Agency
LDCs	Least Developed Countries
MDG	Millennium Development Goal

NECF	Neighboring Countries Economic Development Cooperation Fund
NEDA	Neighboring Countries Economic Development Cooperation Agency (Public Organization
NESDB	The National Economic and Social Development Board
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
TCDC	Technical Cooperation among Developing Countries
TCTP	Third Country Training Program
TDRI	Thailand Development Research Institute
TICA	Thailand International Development Cooperation Agency
TICP	Thai International Cooperation Program
TIPP	Thai International Postgraduate Program

CHAPTER I INTRODUCTION

1.1 Rationale

Relationship between Thailand and Lao PDR can be regarded as inextricably: the tie between the two countries and people are interwoven not only by geographical proximity, but shared history and several resemblances like language, race, religion, belief, and culture. Nevertheless, a thorough study of Thai – Lao relations shows that their long standing relation has passed through cooperation as well as conflicts.

From the historical perspective, several conflicts have occurred between the two as their alliance is temporary depending on time and circumstances, yet Thailand has managed to maintain amicable relations with Lao PDR by employing various means such as a royal marriage between Siam and Lan Xang, military force usage, Buddhist contact, and exchanges of state visits among royal family, state leaders and high level officers. (Hongkhammee, 1995; Ministry of Foreign Affairs, 1984)

Due to a shared common border, informal links and cross – border activities between the Thais and Laotians have existed for centuries. The Thai government has also promoted local people relations as in the past the Thai government sent a number of well – educated and highly qualified monks to advise the Laotian government upon requested, on the teaching of the Lord Buddha. Plus, the two countries also held friendly sports competitions like traditional boat races and several cultural events. (Hongkhammee, 1995) Thai – Lao relations which has been strengthen at every levels from royal family, state leaders, government officials to local people by various forms engagement as aforementioned clearly indicate that the Thailand wish to sustain and strengthen cordial relations with Lao PDR.

However, Thai – Lao relations became tense during the Cold War. For decades that political ideological conflict separates Thailand and Lao PDR apart and causes the two live with suspicion. When the communist regime took over of Lao PDR in 1975, it put a serious national security concern for Thailand. Nonetheless, the great change of international context during the Cold War did not lead to the termination of Thai – Lao relations as Thailand has tried to keep their diplomatic relation which is evident from exchange of visits by high level people.

Eventually, the Thai – Lao relations reached the turning point in 1988 with the General Chatichai Choonhavan government which is the time when the wind of Cold War subsided. The Chatichai government introduces a new policy that radically changes the direction of Thailand foreign policy towards Indochina. It brings drastic changes in Thailand foreign relations with Lao PDR since now Thailand perceives the next door neighbor with new perception: substitute threat by opportunity. Essentially, the introduction of the business – driven policy indicates Thailand new stance: economic precedes politics.

As a result, Thailand opens up a business opportunity, promotes trade and economic cooperation with PDR, as well as enhances relations among business sector. This is followed by growing of trade and investment in Lao PDR, and interaction among Thai – Lao business related. Following the Chatichai government, Anand Panyarachun became the interim Prime Minister and put development cooperation as Thailand foreign policy. He officially announced a foreign policy statement delivered to the parliament in 1991 saying;

“It is a mission of Thailand to assist economic, technical and cultural cooperation with developing countries particularly neighbouring countries.”(Secretariat of the Prime Minister, 1992, pp. 14 - 15)

In the following year, Anand highlights on Thailand's policy of equipping development cooperation with Lao PDR by acceding it in Thai – Lao joint agreement in February, 19 1992 during the official visit of the President Khamtai Siphandon in Thailand. These clearly express the determination of the Thai government to support Lao PDR.

Even though, Thailand had facilitated assistance to Lao PDR since 1963, development cooperation with Lao PDR was a secondary issue as it provided resources upon request and lacked of strategic planning. (Sunthornpipit, 1992) In this respect, the Anand government brought up Thailand development cooperation with neighbouring countries, namely, Lao PDR, Cambodia, Vietnam and Myanmar as the country's priority for the first time. Evidently, the Anand administration added up budget approximately 200 million baht to Thailand focal aid agency called Department of Technical and Economic Cooperation (DTEC), from 43 million baht in 1991 rose to 175 million baht in 1992. Besides, the government established the committee directly responsible for economic and technical cooperation and also launched an aid assistance program and country plan (for only four neighbouring countries) to implement in 1992. Plus, the policy on equipping Thai development cooperation with neighbouring countries has regular appeared in Thailand foreign policy statement.

Then, drastic changes of Thailand development cooperation policy occurred during the Thaksin Shinawatra government in 2001. It is the time when Thailand declares not to longer take foreign assistance, but to be a provider supporting neighbouring countries for development. Then, it is followed by the restructuring of Thailand aid system including integrating with the Ministry of Foreign Affairs, and the initiative of a new aid agency.

Noticeably, Lao PDR has been Thailand's largest partner since 1991 and its development cooperation has gradually increased in term of value, volume, number of projects, and frameworks to deliver. The Thai government has declared that Thailand development cooperation with neighboring countries aims to promote development, and to reduce socio – economic development gap in the region. Particularly, with Lao PDR, the Thai government states that development cooperation aims to add fuel to Laotian government's effort to meet the need of national economic reform based on "New Economic Mechanism", and to support Lao PDR to achieve its ultimate goal of graduating from the list of least-developed country by 2020.

The act of sharing resources and allocating its money to other countries can be perceived as the expression of altruism: shows that Thailand has a moral responsibility helping what Lao PDR lacks and needs. However, synthesized from several studies agree primary purpose of Thailand development cooperation is a diplomatic purpose. (Chartprasert, 1997; Phanvongsa, 2009; Sunthornpipit, 1992)

From my perspective, Thailand's policy on development cooperation is not only a tool of foreign policy, but it also encourages people to be an actor in state affairs. Activities included in development cooperation such as in country training, and exchanges of students and experts also contribute to the increasing exchanges and interaction among local people with a well plan of the Thai government. In other words, the state employs development cooperation policy to increase interaction among people contributing to strengthen local people relations as much as to foster state relations.

Hence, on one hand, development cooperation projects Thailand goodwill to cooperate what Lao PDR lacks, and presents the government's aspiration to restore friendly relation. On the other hand, Thailand development cooperation is employed as an instrument to consolidate Thai diplomatic objectives by reinforcing local people to be an actor.

In this regard, the research aims to study Thailand's policy on development cooperation with Lao PDR as it is a new form of Thai diplomatic tool in the post – Cold War period, and it has played a crucial role in Thai – Lao relations.

Firstly, the research attempts to investigate rationales of Thailand's policy on development cooperation with Lao PDR. Secondly, as Thailand's policy on development cooperation with Lao PDR has been implemented since 1991, yet the current literature does not include essential study on on impact of the policy implementation. Thus, I would like to explore impact of Thailand development cooperation policy with regard to trust and confidence building, and Thai – Lao economic partnership.

1.2 Research Objectives

1. To explore Thailand's policy on development cooperation with Lao PDR with special emphasis on rationales for the development of this policy during 1991 – 2006.
2. To assess the impact of the development cooperation between Thailand and Lao PDR especially in terms of the building of trust and confidence, and economic partnership.

1.3 Hypothesis

The study argues that growing globalization and changes in the regional atmosphere following the end of the Cold War contributed to a shift in the focus of Thailand's foreign policy towards Lao PDR. Thailand utilized a new tool, development cooperation policy, in support of its new foreign policy's goal.

1.4 Scope of the Study

Thailand International Development Cooperation Agency (TICA) explanation of "development cooperation" is the benchmark in this research.

The research focuses on Thailand development cooperation carried out by the two key government agencies in administrating development cooperation which are; Thailand International Development Cooperation Agency (TICA) under the Ministry of Foreign Affairs, and Neighboring Countries Economic Development Cooperation Agency (NEDA), a public organization, under supervision by the Minister of Finance. While TICA is the focal government agency allocating grant aid in service form called technical cooperation, NEDA is Thailand development aid agency providing financial cooperation in form of loan and grant as well as technical cooperation. The research covers Thailand development cooperation which is carrying out under bilateral, triangular, to sub - regional framework.

According to TICA, Thailand development cooperation embraces several fields including promoting public health, advancing agriculture, improving education, reducing human trafficking and drugs smuggling, and constructing roads and key infrastructure.

In addition, Thai – Lao development cooperation which is significantly carried out by other sector including the Thai Royal Family, Thai higher education institutes, and private sector in Thailand is as well addressed in the research.

The timeframe of the research is from 1991 to 2006. It covers from the interim government of Anand Panyarachun (March 1991 – April 1992) to the administration of Thaksin Shinawatra (February 2001 – September 2006). The rationale for this selection is because 1991 is the year when Thailand officially announces that the development cooperation policy is the country priority. Then, the research ends in the year 2006 as it is the ending tenure of Thaksin Shinawatra government which makes several drastic changes to Thailand's policy on development cooperation.

1.5 Research Methodology

The research adopts a qualitative approach. The information is conducted from documentary research both primary and secondary data as well as an in – depth interviews with key informants.

The information from primary documents data from state declarations both Thailand and Lao PDR, official government announcements from the Ministry of Foreign affairs, and Lao PDR Embassy.

The secondary document consist reviewing official documents from Thailand development cooperation – related organizations such as Thailand International Development Cooperation Agency (TICA), and the Neighboring Countries Economic Development Cooperation Agency (NEDA), relevant literatures, academic journals, research papers, data from news, and books in both Thai and English. Plus, the

research includes other related information from electronic sources where appropriate.

The data collection from documentary research is complemented by primary data from interviews. Firstly, I conducted interviews with the policy implementation levels including officials from Thailand International Development Cooperation Agency (TICA), Neighboring Countries Economic Development Cooperation Agency (NEDA), and Lao's desk officer, Ministry of Foreign Affairs. Moreover, I interviewed the Thai Ambassador who is a former Director - General of the East Asia Affairs Department for his view on Thai – Lao relations and on Thailand's foreign policy towards neighboring countries. The research as well conducted an interview with the policy's practitioners including two Laotian students who are currently studying in Thailand, and the alumni under TICA government scholarships.

Lastly, the research was completed with an interview with the former director of Mitr Lao Company, a Thai private sector playing a remarkable role in investment and development in Lao PDR.

1.6 Literature Review

The literature review conducted for the thesis is divided into two parts.

I. Thai – Lao Relations

The first section provides literature concerning Thai – Lao relations which provide a crucial background for understanding Thai – Lao relations from historical period until present.

Corrine Phuangkasem (1984), "Thailand's Foreign Relations 1964 – 1980," explores Thailand foreign policies between 1964 and 1980 towards its ten neighbors in Southeast Asia, and the four major powers including United States, the Soviet Union, China, and Japan. The study presents changes of Thai policies in seven governments during that time which reflects changes in domestic and international situations. The study reveals that the military leaders play a vital role in forming Thailand foreign policy and shaping Thailand foreign relations. On the other hand, it adds that Thai foreign policies have been adjusted according to external changes. Then it concludes that Thailand is quite success in carrying out foreign policy as it is able to preserve national independence and the integrity of the country. (Phuangkasem, 1984)

Ministry of Foreign Affairs (1984), "Evolution of Thai – Lao Relations," is separated into three chapters: evolution of Thai – Lao relations, Thai – Lao economic cooperation, and Thai – Lao cooperation in the framework of the Mekong Committee. The report emphasizes on the long standing inseparable relations between the two countries in both state and people level. The report elaborates both conflicts and cooperation that Thai and Lao PDR have been through in order to stress that Thailand never wishes to terminate relation with Lao PDR, and tries every possible way to maintain the intimate contacts. In term of fostering relations, the Thai government has promoted from the high level officials to local people in order to strengthen the two state relations. The report sums up that the exchange of visits by high ranking officials of both sides and also the joint participation among local people reinforce normal relations between the two states to continue regardless of political changes. (Ministry of Foreign Affairs, 1984)

Bongkot Hongkhammee (1995), "50 Years of Thai – Lao Relations," explores Thai – Lao Relations during 1945 – 1995. The study analyses changes of Thailand foreign

policies separated into five periods: before the World War II, Thai – Lao relations during the colonial period (1802 – 1954), during 1954 - 1976, between 1977 and 1987, and lastly between 1988 and 1995. It also discusses obstacles impeding Thai – Lao relations. Although, the alliance between the two kingdoms was temporary, trading along borders had occurred and remained for decades leading to the intimate relations of the people in the two kingdoms. The research shows that external factors highly influenced Thailand and Laos' foreign policy since the colonial period. In this regards, trade relations between Thailand and Lao PDR was happening in accordance with political relations. Then, between 1977 and 1987 Thailand began to change its foreign policy and started to restore relations with communist countries, yet the Thai – Lao relations was still uneven due to the Vietnam factor and border disputes. The last period is between 1988 and 1995 when which is the period described as the restoration time because the two countries share similar goal in economic development. It sums up that Thailand foreign policy toward Lao PDR since the Chatichai government has been directed by economic interest. (Hongkhammee, 1995)

Pafun Nilsawad (1999), "Summary of Thai – Lao Relations," elaborates that since the 14th Century, there are two forms of Thai – Lao relations: conflicts and cooperation, depending mainly on internal political factors and external political factors. However, it points out that several studies about Thai – Lao relations focus mostly on conflicts because their relations since Laos became independent in 1954 until 1980s dominated by conflicts. It highlights that even though, there were several border disputes before 1975, the situations never become severe until Laos adopted socialist system that caused suspicion between the two. Hence, Thai – Lao diplomatic relations continued with stress and doubt. The lowest point of their relations is marked by the three villages' dispute at Uttaradit, and later at Rom Klao

village in 1987 – 1988. Until 1990s, the Thai – Lao relations changed to focus on economic due to the changes of Thailand and Lao PDR policy: Thailand introduced new Indochina policy called “Turning battlefield into the market place,” while Lao PDR started to open the country with the new economic reform policy called “New Economic Mechanism.” As a result, the economic cooperation has increased as rising number of Thai investors in Lao PDR and trade contacts. (Nilswatdi, 1999)

Chinnawat Mandech (2001) “Lao-Thai relations: A Study on Lao's Policy Development from 1975 to 2001.” The objective is to study factors affecting Lao PDR decision making process of foreign policy toward Thailand after the dispute at the Rom Klao village in 1988. After 1988, Lao PDR changed its principle of foreign policy towards countries in the wide world including non – communist countries in Southeast Asia by shifting to peace, omnidirectional cooperation for mutual benefit and building security for the region. Consequently, the new principle of Lao PDR leads to widely cooperation with the free world. Even though, there were still unsolved conflicts between Thailand and Lao PDR such as Mhong refugees, border disputes, and Lao government leaders’ suspicious toward Thailand, the use of force or military never occurs to solve problems between them since the Rom Klao incident. What’s more, the cooperation between the two countries has increased such as the electric power plant, lignite factory, and the first Thai – Lao Friendship Bridge. The study sums up that Lao – Thai relations between 1988 and 2001 is compromising and amiable. (Mandetch, 2001)

Bouavone Souklaseang (2006), “Thirty Years of the Friendship Bridge: The Reflection on Laotian - Thai Relations, 1965-1995” aims to investigate internal and external factors influences the first Thai – Lao Friendship Bridge construction. It argues that the condition of economic dependence after the end of the cold war is the key

factor leading to the bridge construction agreement. While Thailand needs to expand its market and trade to Indochina, Lao PDR needs to develop its economic with the reform policy, “New Economic Mechanism” which shifts from centrally - controlled economy to capitalist system. Thus, it results in several agreements in various areas, including the construction of the first Friendship Bridge. And it is proved that no country can attain economic goal alone without depending on other countries. (Souklaseang, 2006)

In summary, these previous studies provide background of long historic Thai – Lao relations which consists of cooperation as well as conflicts. The long sharing borderline does not only contribute to Thai – Lao intimate relations concerning to state, and people relation, but also emphasize on extreme necessity of the interdependence. Even though, the fierce fighting arose or severe conflicts occurred, Thailand and Lao PDR has never once terminated their relations. Instead, both countries attempt to reduce conflicts and remain cordial relations. In this regard, foreign policy is an essential tool to maintain this peaceful atmosphere.

II. Thailand International Development Cooperation

This section provides literature related to Thailand international development cooperation. There are five studies focus on the overall of Thailand aid provision while the other two mainly study on Thailand development cooperation via multilateral framework called ACMECS¹.

¹ The multilateral cooperation among Cambodia, Lao People’s Democratic Republic, Myanmar, Thailand, and Viet Nam initiated in 2003 by the Thai Prime Minister Thaksin Shinawatra. The “Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy” aims to utilize member countries’ diverse strengths and to promote balanced development in the sub - region. The cooperation includes the areas of transportation, trade and investment facilitation.

Pichet Sunthornpipit (1992), "Providing Technical Assistance to Economic and National Security," is the first study about Thailand development assistance in form of technical assistance is done by the Deputy Director - General of DTEC, the government organization directly responsible for aid administration. The study aims to reflect the relation between aid provision and the national economic and political development. Pichet defines national security after the end of the Cold War that it intertwines with the state economic and political stability. He elaborates that the decision making process of donor countries is normally concerned with political principle, which based from humanitarian objectives and political objectives, rather than economic principle. He argues that the policy on aid provision during the Anand government aims to achieve friendly relation with other countries since aid is an incentive of trust building that affects trade and investment sector. Nevertheless, he emphasizes on the problem of a role of Thailand as aid donor in early period that it played just a passive role because it provided resources up to request and lacks of strategic plan. (Sunthornpipit, 1992)

Nopphadol Chartprasert (1997), "Thailand's Economic and Technical Assistance to the Lao People's Democratic Republic," aims to investigate obstacles in administrating Thailand economic and technical cooperation under the supervision of DTEC. The research shows that both economic and technical cooperation to Lao PDR between 1991 and 1997 highlighted on human resources development. The explanation is that because Thailand is experienced in training as it had been trained and transferred knowledge from other donors before. Plus, language and cultural resemblance between the two countries makes Thailand convenient in transferring knowledge and organizing training. Nevertheless, the research argues that there are several constraints in aid administration that impeded Thailand to achieve its objectives. The key problem of DTEC administration is lacking of unity in policy

direction due to political instability as DTEC is supervised by the Office of Prime Minister and it changes state leaders often. (Chartprasert, 1997)

Piemsak, Milintachinda (2006), "Thailand International Development Cooperation Programme: A case study of Lao People's Democratic Republic (Lao PDR)," aims to examine problems and effectiveness of Thailand development cooperation program during the period of 1990 – 2005. The researcher argues that development cooperation program is a key tool of Thailand's foreign policy that contributes to international economic cooperation. Yet, the effectiveness of the development cooperation program is questionable. The study comments that the policy on development cooperation of Thailand in early period lacked of joint strategic planning. Besides, the development cooperation program which was directed by DTEC under the Prime Minister Offices lacked a linkage with foreign policy formation. (Milintachinda, 2006)

Warit Rasri's study in 2007, "Thai-Laos Technical Cooperation during the Period of 2001-2006: A Case Study of Cooperation between Universities in the North eastern Thailand and Laos," focuses on development cooperation solely in term of technical cooperation covers activities like scholarships and fellowships provision, training program and transferring knowledge and technologies. The timeframe of the research is between 2001 and 2006 because the researcher believes that Thai – Lao technical cooperation reached its peak during the Prime Minister Thaksin Shinawatra. The peak of Thai – Lao cooperation is marked by the establishment of multilateral cooperation framework called ACMECS. The study aims to explore factors influencing positive outcome of the cooperation, as the trend showing the gradual rising number of Laotians come to Thailand either for higher education or career training. The finding reveals factors for positive result in Thai – Lao academic cooperation which

are stability of Thai government's policy, location, ethnic relations, socio - cultural resemblance, convenient transportation and stabilized relations. (Rasri, 2007)

Viengsamay Phanvongsa (2009), "Laos - Thai Relations: A Case Study of Thai Foreign Aid, 1975 to 2007," study impact of foreign aid on Lao - Thai relations between 1975 and 2007; in this case, foreign aid includes financial and technical cooperation. The study is conveyed from the recipient (Laotian) perspective. The research is separated time of study into three periods by starting from the year that Lao PDR became a socialist country to the 10th year anniversary of its accession to ASEAN: 1975 -1990, 1991 - 1997, and 1997 - 2007. According to the different timeframe, the research reveals that the increasing of aid provision grows corresponding to relations between the two countries. The research concludes that providing foreign aid to Lao PDR helps to improve relation between the two states. (Phanvongsa, 2009)

Next, there are a few researches related to Thailand's development cooperation under multilateral framework, ACMECS. The two research related to ACMECS which are Paranee Klaisuban's study in 2006, "Thai Foreign Policy Toward Neighboring Countries Under Thaksin Shinawatra's Government: A Case Study of ACMECS," and Kesarin Phanarangsana's study in 2009, "Thailand's Official Development Assistance to the Mekong Sub - Region: Embodying Domestic Political and East Asian Leadership," rather focus on Thai foreign policy during Thaksin Shinawatra and domestic politics. They aim to draw the connection between Thaksin foreign policy and the initiative of ACMECS. Both research found that the initiative of ACMECS related to his personal interest which is domestic politics gaining popularity at home. As a result, Thailand aid provision particularly ACMECS become Thaksin tool to gain political support from business sector and rural mass. (Klaisuban, 2006; Phanarangsana, 2009)

Aforementioned studies view Thailand development cooperation with neighboring countries on a basis that it is a tool of Thailand foreign policy to normalize relations. Whilst another two studies focusing on ACMECS emphasize that it is created with an aim to serve the government interest of domestic politics.

Even though, the objectives of previous studies about Thailand's aid are various, the policy of assisting neighboring countries with Thailand development cooperation becomes the national priority since 1991 during the Anand government. Since then, it keeps expanding from bilateral framework with small scale of cooperation to the multilateral framework with more resources and larger scale of cooperation. Essentially, their findings present that Thailand development cooperation is a part of Thailand foreign policy which aims for cordial relations between Thailand and partner countries.

1.7 Theoretical Perspective

As the research aims to investigate rationale of Thailand's policy on development cooperation, the research employs two key theoretical perspectives to explain the policy formation which are Foreign Policy Analysis and New Regionalism as following elaboration.

I: Foreign Policy Analysis (FPA)

Valerie M. Hudson elaborates that Foreign Policy Analysis (FPA) has begun from questions about how we should go to understand world today which is the sum of the catalytic shock of the Cold War termination, and the evident inability of IR theory to predict such profound change. He argues that FPA, which is the sub – field study of IR theory, completes IR theory as it is developed from a perspective that IR theory

requires a theory of human political choice to describe and anticipate the behavior of the human collectives comprising nation - states. Hudson sums up that FPA basically takes a foreign policy decision – making approach to the study of IR:

“From its inception, FPA has involved the examination of how foreign policy decisions are made and has assumed that the source of much behavior and most change in international politics is human beings, acting individually or in collectivities.” (Valerie M. Hudson, 1995, p. 210)

Basically, FPA is motivated by the desire to understand states’ interactions. Yet with a view that individual decision makers, alone or in groups, make foreign policy decisions. It is noteworthy to understand how international relations looks when viewing through the lens of FPA, First of all, the decision – making approach of FPA emphasizes on the people and units that consists of the state. What’s more, scholars involved in FPA views the concept of “the national interest,” as the interests of various players. (Valerie M. Hudson, 1995)

According to Valerie M. Hudson “Foreign Policy Analysis: Classic and Contemporary Theory,” FPA comprises six hallmarks as following;

1. FPA scholarship views the explanation of foreign policy decision - making as multifactorial;
2. The explanation of foreign policy decision – making comes with the desideratum of examining variables from more than one level of analysis (multilevel);
3. FPA is marked by Multi -/interdisciplinarity. This means insights from many intellectual disciplines including psychology, economics, sociology, organizational behavior, anthropology, and so forth will be useful for the analyst to explain foreign policy decision making;

4. FPA is the most radically integrative theoretical enterprise as it integrates a variety of information across levels of analysis and spans numerous disciplines of human knowledge;
5. Agent – oriented theory. FPA stresses on the ground of the human decision – maker since it adheres with the idea that only human beings can be true agents;
6. Actor – specific theory. The perspective of FPA is that the source of all international politics and all changes in international politics is specific human beings using their agency and acting individually or in groups. Hence, specific and concrete information about the decision makers would be compulsory to explain the phenomenon. (Hudson, 2007)

Studying the foundation works of FPA leads to understand three different aspects on FPA research at the present.

Firstly, James Rosenau expresses that “general, testable theory was needed” for studying states foreign policy behavior. He proposes to develop the middle – range theory meaning “a theory that mediated between grand principles and the complexity of reality.”(Valerie M. Hudson, 1995, p. 213) He suggests that the best way to bear the middle – range generalizations was through aggregate statistical exploration and confirmation. Plus, he underlines that foreign policy needs to be analyzed at “multilevel and multicausal,” (Valerie M. Hudson, 1995, p. 213) stating the need to synthesize information at several levels of analysis – from individual leaders to the international system.

On the contrary, Richard Snyder and his fellows concentrate on looking within the nation – state as the fundamental level of analysis as well as to focus on the players involved in making state foreign policy as saying:

“By emphasizing decision making as a central focus we have provided a way of organizing the determinants of action around those officials who act for the political society. Decision makers are viewed as operating in a dual aspect setting so that apparently unrelated internal and external factors become related in the actions of the decision makers.” (Valerie M. Hudson, 1995, p. 213)

In taking this approach, decision making is regarded as “organizational behavior,” which has to take the spheres of competence of the actors involved, the flow of communication and information, and the motivations of the various players. In this respect, Rosenau, Snyder and his colleagues agree on necessity of multicausal and interdisciplinary in efforts to explain behavior.

Lastly, Harold and Margaret Sprout seek to add reality in foreign policy analysis by contextualizing it. The key contribution of the FPA formation is suggesting that it is misguided to comprehend foreign policy outputs (they related with the analysis of power capabilities within an interstate system) without reference to foreign policy undertakings (they linked it with strategies, decision, and intentions). Essentially, the “psycho – milieu” of the individuals and groups making a foreign policy decision is what needed to look at in efforts to elaborate undertakings. Hudson defines psycho – milieu as the international context as perceived and interpreted by decision makers. In other words, it needs to find out as precisely as possible how specific persons actually did perceive and respond in particular contingencies.

The combined message of these foundation works continues to be the hard core of FPA which is summarized by Valerie Hudson as the following:

- Information about the particularities of the people making foreign policy decisions is critical to understand the nature of choices;

- Information about these particularities needs to be incorporated as instances of larger categories of variation in the process of creating middle – range theory;
- Multiple levels of analysis. Ranges from the most micro to the macro should be integrated to build theory;
- Concepts and theories from all fields of social sciences are beneficial for building theory;
- Understanding the foreign policymaking process is as essential, yet not more than, understanding foreign policy outputs. (Valerie M. Hudson, 1995)

However, there are questions must be further investigated due to time period differences in forming foreign policy. FPA illustrates research related time period which is framed by Hudson as the last decade (1985 – 1995) of FPA research when the world is being liberated from the Cold War.

The following are theoretical commitments that FPA research of the last decade has retained on foreign policy decision making:

- Actor – specific information;
- Building middle – range theory;
- Pursuing multifactorial with multiple levels of analysis;
- Employing theory and findings from across the social sciences;
- Viewing the foreign policy decision –making process as equally important as foreign policy output. (Valerie M. Hudson, 1995)

Finally, these are what the third generation of FPA research focuses on in the context of Foreign Policy:

- Individual Difference Studies
- Perception and Image
- Society and Culture

- Political System: It bases on the question asking “How do domestic political imperatives and constraints affect national foreign policy?” In this respect, Putnam proposes that foreign policy decision-making is the two – level game, meaning “a nation’s leaders simultaneously play an international game and a domestic game with every move they make in foreign policy.” (Valerie M. Hudson, 1995, p. 227)
- International System: It focuses on asking how drastic international system change affects what states do in their foreign policy.

To summarize, at the heart of FPA is an investigation into decision making, the individual decision makers, processes and conditions that affect foreign policy and the outcomes of these decisions. FPA aims to attain generalized knowledge about foreign policy decision making, behavior, and outcomes. It may seek to understand why they made the decisions they did; it may seek to explain the foreign policy behavior of states; or why certain outcomes occurred with an assumption that foreign policy decisions are made by individual decision makers. By adopting this approach, FPA is necessarily to consider not only with the actors involved in the state’s formal decision – making apparatus, but also with the variety of sub – national sources of influence upon state foreign policy.

Furthermore, in order to seek for a fuller explanation for foreign policy choice, analysts have to take account of the boundaries between the state’s internal environment and the external environment. Plus, it assumes that foreign policies are usually determined by the complex interplay of multiple factors, and it is needed to study at different levels of analysis.

As the research aims to seek rationale of Thailand’s policy on development cooperation which becomes the country foreign policy in 1991, the research explores

three levels of analysis: the international context, the domestic context, and the individual.

II: New Regionalism

New Regionalism has manifested itself in the international system, particularly after the end of the Cold War. Yet, it is not a new concept. James H. Mittelman points out that the recent trend of regionalism in international relations is often referred to the second wave of regional cooperation which is revived in late 1980s and gained strength in the 1990s. Importantly, it is a truly worldwide phenomenon that extends to more regions with greater external linkages. (Mittelman, 1996)

Regionalism has been defined in various ways as following; Mary Farrell mentions to new regionalism saying “regionalism is regarded as a multidimensional form of integration embracing economic, cultural, political and social aspects, thereby extending the understanding of regional activities beyond the creation of free trade agreements or security regimes. Regionalism is also considered to have a strategic goal of region – building, of establishing regional coherence and identity.” (Mary Farrell, 2005, p. 8) Similarly, Joseph Nye agrees on geographical aspect as he defines regionalism as “a limited number of states linked together by a geographical relationship and by a degree of mutual interdependence in the form of regional state grouping.” (Edward D. Mansfield, 1999)

Scholars settle that the second wave of regionalism differs from the first wave dramatically in term of context and content. The crucial difference between the old and new wave of regionalism is its different context of the Cold War and the Post - Cold War. (Bjorn Hettne, 1994; Michael Schulz, 2001) Schulz emphasizes on the different context that: “The old regionalism must be placed within a particular

historical context, dominated by the bipolar Cold War structure, with nation – states as the uncontested primary actors. By the same token, the new wave of regionalism needs to be related to the current transformation of the world. That is, the new regionalism is associated with or caused by a multitude of often interrelated structural changes² of and in the global system.” (Michael Schulz, 2001, p. 3)

Hettne argues that new regionalism belongs to a new global situation of a post - Cold War context which is characterized by multipolar and a situation where national economy is outgrowing national politics. (Bjorn Hettne, 1994) He explains that the end of the Cold War opens up new possibilities for inter – sub regional contacts, widening the potential regional cooperation. The decline of the American hegemony and the disintegration of the Communist subsystem create a space in which the new regionalism could develop. More importantly, he remarks that the old regionalism is driven by the interests of the Cold War superpower and reflects the Cold War rationales, whilst the new wave is a more spontaneous process “from within and from below” means that the constituent states themselves are main actors as they realizes the need for cooperation in order to tackle global challenges. (Bjorn Hettne, 1994) Mary Farrell agrees that since new regionalism has prospered in a more permissive international environment, thus, regions have been relatively freer to assert their own identity and purpose. (Mary Farrell, 2005) In terms of objective, new regionalism is regarded as a comprehensive and multidimensional phenomenon

² The structural changes in the global system in Michael Schulz’s explanation include: 1.) The move from bipolar system towards multipolar system of the post – Cold War context, 2.) The decline of the American hegemony, 3.) The restructuring of the nation – state and the growth of interdependence, trans - nationalization and globalization, 4.) The changed attitudes towards economic development and political systems in the developing countries as well as in the post – communist countries, and 5.) Recurrent fears over the stability of the multilateral trading order, hand in hand with the growing importance of non – tariff barriers (NTBs) to trade.

covering economic, political, security, cultural and social aspects, whilst the old regionalism stresses on either economic (creation of free trade agreements) or security (security alliances) sphere. (Bjorn Hettne, 1994; Mary Farrell, 2005; Michael Schulz, 2001)

In order to explain regionalism in economic aspect which is the interest of the research, Schulz and Mittelman stress that regionalism regarding to economic is extroverted rather than introverted which reflects the deeper interdependence of current global political economy, rather than a widely practice of protectionism. (Michael Schulz, 2001; Mittelman, 1996) While Nesadurai argues economic regionalism saying “refers more specifically to the regional coordination of economic activities, instruments, and arrangements.” (Nesadurai, 2003, p. 7)

Regionalism and Globalization

Despite of great changes of global politics after the end of Cold War, the dominating and growing movement of globalization is also discussed as a force driven the revive of the new regionalism. In essence, the analysis of the regionalism and international order are inseparable from globalization like Michael Schulz saying “The new regionalism is in different ways linked to global structural change, and especially to what is perhaps its dominating feature, globalization.” (Michael Schulz, 2001, p. 4)

The dominant theoretical model in the literature discussed about relationship between regionalism and globalization is introduced in what is called “Open Regionalism.” The term “Open Regionalism” is coined by Foreign Minister Gareth Evans saying “for regional trade arrangements that do not hurt third parties.”(Bjorn Hettne, 1994, p. 22) The original term for “Open Regionalism” is “a form of regionalism based on the principles of unilateral liberalization rather than formally

negotiated liberalization, as well as non – discrimination, meaning that regional concessions were offered to both members and non – members alike.” (Nesadurai, 2003, p. 33) And the term now is used in a more general sense about engaging with globalization and the global market. (Nesadurai, 2003)

While globalization is an on-going process that is constantly happening in the global context which is influenced by all sorts of actors, both state and non – state actors, that form part of the international system. New regionalism is a process initiated or influenced by state governments of particular region, in other words, states in a region put effort in forming the regional organization with their own rules and guidelines.

Basically, the explanation of open regionalism for such relations is that states employ regionalism as a way station towards globalization. Most of the literature defines open regionalism as a project of state governments responding to the needs of corporate actors to advance competitiveness in global markets by using regional action as a means to engage with the global economy. (Mittelman, 1996; Nesadurai, 2003; Wunderlich, 2007) Mark Beeson explains regional process and its relation to the process of globalization that “Regional cooperation potentially offers members advantages that equip them to respond more effectively to ‘global’ pressure.” (Wunderlich, 2007, p. 48)

Specifically, Helen Nesadurai highlights on the role of regionalism as it serves the business and organizations of a regional institution’s member states. She explains that regional institutions and regional economies can act as a training camp for national businesses and organizations that wish to achieve global level. Because at a regional level, they can take advantages of globalization and test their products on

international trade at a controllable level, without risks from global market. (Nesadurai, 2003)

In summary, the dominant theoretical model explaining relationship between regionalism and globalization is represented in open regionalism, in a sense that regionalism is a way station to the on - going process happening at global level called globalization. New regionalism concerns with cooperation based on shared interests, norms and values of a particular region, hence regarding to economic, regional cooperation serves as a tool to enable national economies to compete internationally, to engage with global economy and ultimately to integrate with global economy.

1.8 Keywords

Thailand Development Cooperation / Thai – Lao Relations/ Thailand Foreign Policy/ Trust and Confidence Building/ Economic Partnership

1.9 Contribution of Research

The study is designed to fill gaps in knowledge about inputs or factors of Thailand development cooperation policy formation, and impact of policy implementation. Thus, the research findings contribute to the study of Thailand's policy on development cooperation. What's more, the study provides insightful information about Thailand development cooperation with Lao PDR during 1991 – 2006 which will be beneficial for future research.

1.10 Chapter Organization

The research is divided into 5 chapters. The research proceeds as follows:

Chapter I: Introduction

This chapter includes general informational of the research: introduction, research objectives, hypothesis, scope of research, research methodology, literature review, theoretical argument, contribution of research, and structure of the research.

Chapter II: Factors Influence the Formation of Thailand's Policy on Development Cooperation

This chapter seeks for rationales explaining the formation of Thailand's policy on development cooperation in 1991, hence, it explores possible factors from external environment to internal environment that affect the decision makers.

Chapter III: Thailand's Policy on Development Cooperation during 1991 – 2006.

This chapter studies Thailand's policy on development cooperation with Lao PDR during the period of 1991 – 2006, with particular emphasis on rationale and the policy development for better understanding of Thailand's policy on development cooperation.

Chapter IV: Impact of Thailand Development Cooperation with Lao PDR

This chapter examines the impact of Thailand development cooperation with Lao PDR on the two specific areas. Firstly, the research explores the impact of Thai – Lao development cooperation regards to trust and confidence building. Secondly, the research examines the impact of development cooperation concerning on an aspect of Thai – Lao economic partnership.

Chapter V: Conclusion

The chapter summarizes key arguments as well as provides a conclusion of the research. Moreover, the chapter includes recommendations that were extrapolated from the research findings and analysis.

CHAPTER II FACTORS INFLUENCE THE FORMATION OF THAILAND'S POLICY ON DEVELOPMENT COOPERATION

Introduction

Foreign policy is a policy in dealing with other countries and other actors which can either creates peace or conflicts. It is must be designed to achieve and preserve the national interest as the most essential basis. (Phuangkasem, 1984) Thailand's skill in the conduct of foreign affairs has long been admired for its remarkably adaptive to shifts in international affairs and able to withstand challenges internally and externally. Prominently, with the ability to "bend with the wind" (Kislenko, 2002, p. 537; Liang, 1977, p. 1; Phuangkasem, 1984, p. 10), Thailand has been able to preserve its national independence.

In terms of relations with her close neighbour, Lao PDR, it can be seen that the two countries pass through both conflicts and cooperation, being both foe and friend from time to time. Nevertheless, Thailand adopts several strategies to maintain friendly relations.

In 1991, Thailand under the Anand Panyarachun government declares that providing development cooperation to neighboring countries, namely, Lao PDR, Cambodia, Vietnam, and Myanmar is the country's priority. It is the first time that the policy on development cooperation provision is highlighted as the country's prime foreign policy. In this respect, Lao PDR becomes the largest partner ever since. (shown in table 1)

Hence, this chapter aims to seek for rationale of Thailand's policy on development cooperation by attempting to seek for factors influences the Anand Panyarachun's

government (March 2, 1991 – March 22, 1992) in making Thailand development cooperation with Lao PDR as the country's foreign policy in 1991.

In this regards, the research explores possible factors influence the policy formation at three levels of analysis: external environment, internal environment, and the individual which is the most essential unit on making decision which comprises of state leader, and groups.

2.1 External Environment

This part elaborates significant changes in external environment according to the research's hypothesis. It attempts to explore external changes that influence direction of Thailand foreign policy toward Lao PDR, and influence decision makers. External environment is divided into two levels: international context, and regional context.

2.1.1 International Context

I: The End of the Cold War

The end of the Cold War is likely to be the most significant development in international relations since 1945 for various reasons. Clark D. Neher explains that the end of the Cold War is the extraordinary sweep of international change in the 1980s due to the transformation of the dominant bipolar world of Communists and the free world to a more fragmented and interdependent world of multipolar centers of power. It is the era where the United States participates in world politics as an equal more than a superpower while the Soviet Union loses its empire. (Neher, 1991) Michael Yahuda states that the disintegration of the Soviet Union signifies the end of

the bipolar era which leads to the fading of political ideological hostility. (Yahuda, 1996)

These changes in international arena affects all nations around the globe, including Thailand. Neher argues that as ideological distinction faded, economic relations with new, emerging centers of power became more significant than security ties. The containment of communism was no longer the main goal of either the United States or free world countries. Instead, trade and economic relations presume greater significance. (Neher, 1991; Yahuda, 1996)

The changes at international context, the end of the Cold War directly and substantially influences the direction of Thailand foreign policy. Neher argues that the most important and obvious manifestation of the new international era of the post – Cold War for Thailand is the diminishing of the Communist powers of the Soviet Union, China and Vietnam which Thailand regarded as a security threat. (Neher, 1991)

In addition, the decreasing presence of major powers: the decline of the American security role, the Soviet Union reduced its military presence and moved to improve trade ties with ASEAN governments allow countries in Southeast Asia to share defence burdens more than in the past. As a consequence, Thailand reduces its dependency on major power particularly the United States, balances relationships with all countries regardless of political ideology, prioritizes the international interdependent³ in economic matters particularly trade, and cultivates regional relations. (Funston, 1998; Neher, 1991)

³ An explanation of international political cooperation explained by Joseph Nye and Keohane (1977) (Michael K. Connors, 2012: 11) means that a growing level of mutual dependence; the

The end of Cold War brings a new era where military power becomes less significant in world politics, whereas economic power increases its momentum. As such, the key issue in international relations changes from conflicts, political ideologies hostility, and military confrontation to economic and trade competition.

To be specific, discussing about Thailand foreign policy towards Lao PDR and their relations, it can be seen that Thailand has shifted the directions of foreign policy several times in response to changes of political situations externally and internally.

First and foremost, during the Cold War, Thailand was alarmed with a fear of communist threat to its national security. A fear of communism pervades all aspects of Thailand foreign policy. So, its foreign policy toward Lao PDR had been highly influenced by the global context of bipolar world system which foreign affairs primarily occupied by political ideological conflict and national security. Thailand foreign policy during this period was dominated by anti – communism and perception that Lao PDR is a threat while cultivated close tie with the United States to guarantee the country's security.

In order to contain the spread of communism, Thailand agrees to establish security ties with the United States via the Southeast Asia Treaty Organization (SEATO) which focuses on the United States containment policy against international Communist

greater the level of interdependence, the higher the propensity for international co – operation. Keohane and Nye argued that international interdependence had developed such complexity that it was impossible for states to ignore the potential impact of their domestic and foreign policies upon other states. Thus, they asserted that under conditions of complex interdependence, there was no longer any clear hierarchy of issues.

threat. Due to the strategic location of Thailand, it is considered vital to America's containment policy. Following the agreement, Thailand has served as the primary base for a wide range of secret United States operations in Indochina for a long period of time.

Furthermore, Thailand established the intimate bilateral security cooperation with the United States which was affirmed by the Thanat – Rusk Joint Communiqué of 1962 in which the United States declared that “the preservation of the independence of integrity of Thailand as vital to the national interest of the United States and to world peace.” (Liang, 1977, p. 8) Thailand also intervene domestic politics in Lao PDR by cooperating with the United States Central Intelligence Agency in sending “Thai volunteers” to help the Vientiane government in Lao PDR. Plus, Thailand directly and indirectly coordinated the United States in the Vietnam War.

Subsequently, this critically stains Thai – Lao relations. Their relations become tense, full of wariness and conflicts. Notably, historical conflicts during the Cold War between the two countries remain a thorn in their relations up until present.

II: The Collapse of the Soviet Union

The collapse of the Soviet Union not only marked the end of the Cold War but also resulted in a loss of substantial assistance in terms of military, technical and economic among communist countries like Lao PDR. This leaves Lao PDR to seek for increasing assistance from foreign countries regardless of political ideology and international organizations as replacement for its major loss from socialist countries. (Phraxayavong, 2009) Following the Soviet Union's initiative of the perestroika and glasnost in 1985, economic policies of Indochinese countries radically change.

Lao PDR adopts a comprehensive economic reform policy called the “New Economic Mechanism (NEM)” which aims to reform the country economy from centrally – controlled to market – oriented economy. The essence of the policy is the opening of markets, the introduction of market - economy principles, and economy liberalization. (Government of Japan, 2006)

The clear positive consequence of Lao PDR economic reform is it actively seeks for market and business opportunities as well as foreign investments regardless of political ideology. The urge of Lao PDR to expand its trade and market opportunities reflects in the speech delivered to the Supreme Council in 1988 by Kaysone Phomvihane, the former Prime Minister of Lao PDR, that:

“No single country or group of countries, such as Indochina, could hope to develop in isolation from the world’s economy and the profound economic trends emerging within it.” (Phraxayavong, 2009, pp. 167 -168)

Ultimately, it leads to economic relation strengthening with Thailand. Strikingly, Lao PDR responds positively and enthusiastically with Chatichai’s business – driven policy with warm welcome of Thai business sector and investors. As the country aims for the success of national economic reform, the Laotian government realizes the need of the country in developing human resources and increasing their citizens’ capability. This is shown in the report of the Laotian government as following: “Where necessary, the Government will extend these reforms to secure success. The task, however, is enormous. Laos needs more skilled people to help lead the way.” (Phraxayavong, 2009, p. 168)

Hence, all of the above arguments are possible factors that drive the Laotian government to seek for assistance in order to achieve the country overriding goal.

III: Globalization

Globalization has been defined in several ways as the following; from the international relations perspective, Griffiths defines globalization as “A term that refers to the acceleration and intensification of mechanisms, processes, and activities that are allegedly promoting global interdependence and perhaps, ultimately, global political and economic integration.” (Wunderlich, 2007, p. 45) Jens – Uwe Wunderlich refers to globalization as “a multidimensional and multifaceted process that is transforming the organization of time and space across national borders. Besides, globalization involves an increase in functional integration, international interdependencies and transnational activities, and interactions in the political, economic and social areas.” (Wunderlich, 2007, p. 44) Robertson, defines globalization saying “a compression of the world not only in the objective sense of a new pattern of production, an integrated financial sphere, a homogenization of culture, but also in the subjective sense, of how the world is conceived.” (Bjorn Hettne, 1994, p. 1)

In this respect, the definition of globalization which is summed up by Andrew Hurrell that common theme of globalization is “It generates increasingly intense interactions between nation – states and societies through flow of goods, money, people, ideas, images and information, in the process making territorial boundaries less salient.” (Nesadurai, 2003, p. 24)

Fundamentally, globalization is the ongoing process of continuing integration of countries around the globe as territorial boundaries become less salient. It increases intensification of cross - border interactions and interdependence level between countries since it makes individual states more vulnerable to one another. It means

that globalization has an effect in changing relationship between states since countries are more dependent on each other as what happens inside one's territory tends to have an effect to others outside territory.

2.1.2 Regional Context

It is noteworthy to point out changes in regional context since when the wind of the Cold War subsided, rapprochement between Thailand and Lao PDR cannot be achieved. Even when the three Indochinese countries were taken over by the communist in 1975, the Thai government under Kukrit Pramoj introduced the foreign policy that aims for diplomatic relations with all nations called "Omnidirectional Policy"⁴, coexistence and cooperation with Lao PDR remains difficult.

In 1975, the three Indochinese countries were taken by the communist regime, and the prediction of the domino theory extremely threatens Thailand national security. It is noteworthy that Lao PDR has long been more vital of security concern to Thailand than others neighbors for various reasons. Arne Kislenko explains a strong concern of Thailand toward Lao PDR during the Vietnam War as "dagger held to the heart of Thailand." (Kislenko, 2002, p. 547) This is because Vietnamese and Chinese domination in Lao PDR endangered to intensify a communist insurgency based in Thailand's northeast which is economically disadvantaged and politically remote. This contributes to the tense relations between Thailand and Lao PDR since 1950s to 1970s. Specifically, when Lao PDR was taken by the communist regime in 1975, Thailand perceived it as a client state of Vietnam which is the crucial cause stains Thai – Lao relations.

⁴ In order to keep pace with the changing environment due to the decreasing of the American defence commitment in the region, the Thai government adopted the Omnidirectional Policy which aims to seek for diplomatic relations with all nations, regardless of their political ideology.

I: The Cambodia Conflict

As Vietnam's invaded into Cambodia, the intention of Thailand to restore relations with the three Indochinese countries was abruptly halted because the conflict triggers Thailand a fear for its own security. Thailand tries to engage major power in order to resist the communist expansion from Vietnam.

Historically, Cambodia and Lao PDR are regarded as the buffer states between Thailand and Vietnam. So when Vietnam invaded Cambodia, this exceedingly frightens Thailand as the communist power approaching its territory. Becoming the front-line state revived Thailand with the so - called Domino Theory. In this regard, it brings Thailand back to preoccupy with the national security concern and places the military in the driving seat of Thailand external policy. (Hongkhammee, 1995)

However, when the UN – brokered peace went into effect in 1991, followed by the withdrawal of Vietnamese troops, Thai foreign policy has been decisively more balanced. Arne Kislenko discusses that since the Cambodia's occupation finally settled, Thailand turned its attention to wider regional cooperation in Asia. (Kislenko, 2002) Besides, when Vietnam shows its effort to restore relations with other countries, this lessen Thailand concern about security threats in regional stability.

The improving of relations in the region can be clearly seen from several changes. For instance, Thailand began to develop economic relations with Vietnam in 1989, and the Thai government sent an invitation Prime Minister Hun Sen of Cambodia to visit Bangkok. (Buszynski, 1994) These are marked as a sign of reconciliation. The regional resolution over Cambodia conflict after the withdrawal of Vietnamese military bring permissive atmosphere for Thailand to restore relations and cooperate with her neighboring countries as security concern is lessen.

2.2 Internal Environment

I: Domestic Politics

In terms of domestic politics, synthesized from several studies argue that notably change can be seen from the declining of military role in politics. While military leaders decline its role in Thai politics, noticeably, the rise of business and other nonbureaucratic interests in the political sphere (the increasing number of business - cum - politicians). (Chachavalpongpun, 2010; Neher, 1991; Snitwongse, 2001) Historically, Thailand foreign affairs had been the domain of military government. Military is the most powerful group in Thai politics and national policy making, their views on foreign affairs which is primarily dominated and driven by security - consciousness and threat perception are often taken as an indicator of future trends in foreign policy. (Bunbongkarn, 1992; Chachavalpongpun, 2010) Since foreign policy is closely related to national security, the military role in the area of national defence and security naturally has an impact on the making and implementation of foreign policy. During the Cold War, each government may take difference strategies to preserve the country goal, yet they share the same perception that communist is a threat.

To illustrate, in early period of 1950s, the Cold War heated up due to the nuclear competition between the United States and the USSR, plus, the expansion of communism in the region especially a southward Chinese expansion. It is the period when Field Marshall Phibunsongkhram formed his government in April 1948, Phibun felt an emerging threat from the communism in mainland China, and had a strong anti - communist policy. Hence, he prioritized national security as the main concern while viewed the United States as Thailand's new best friend. As a fear of communism pervades all aspects of foreign relations and the United States foreign

policy is intent on securing as many allies as possible. Thus, Thailand cultivates a close tie with the United States for guaranteeing the country's security. Thailand foreign policy during this time is described as "adopted a pro – Western and anti – Communist policy" (Liang, 1977, p. 4)

For more than two decades since 1950, Thailand had extremely depended on the United States for security. On the contrary, Thailand has been vulnerable to its immediate neighbours, partly because of suspicion of Chinese influence through their road building activities in the north and partly through Vietnamese inspired communization of Lao PDR. Within this context, Thailand became ultimately close with the United States, whereas against its adjacent neighboring countries because it perceived them as threat. (Kislenko, 2002; Maisrikod, 1992)

The situation began to change with the arrival of the first popularly - elected premier since 1976 of General Chatichai Choonhavan in 1988. The Chatichai government brings significant change to Thailand tradition politics as it ends the long succession of military ruler, and leads to the decline of the military role in Thai foreign affairs. Several studies suggest that there is increasing number of business – cum – politician in Thai politics, hence, increasing influence of business sector in political sphere. (Buszynski, 1994; Funston, 1998; Neher, 1991; Snitwongse, 2001)

Besides, The Chatichai administration includes a Council of Academic Advisors that viewed changes in international and domestic as an opportunity for Thailand to reassess its foreign policy and to initiate new policies to be more appropriate to the new international order. (Snitwongse, 2001) The Chatichai government visualized Thailand to become the "economic engin" of the area, with economic instead of security considerations in command. (Neher, 1991)

Kusuma Snitwongse adds that the business-driven policy vis – a – vis Indochinese countries during the Chatichai administration was influenced by the new business interest group from both Bangkok – based and in the provinces as they saw the potential economic opportunities. Explicitly, the new vision of Prime Minister Chatichai towards Indochina was consistent with Thai business sector that have longed for the opening of the Indochinese market for investment and trade. (Snitwongse, 2001)

Subsequently, the Chatichai government leads Thailand foreign policy to the new era where economy preceded politics as the Prime Minister delivered a speech before the Foreign Correspondents' Club saying: "politics will take second place to economics and that economic wellbeing was the guarantee of security." (Buszynski, 1994, p. 722)

Chatichai introduces a new policy towards Indochina "Turn battlefield into a market place," which aims to transform Indochina from a war-zone to a peace-zone through trade ties, and investment, regardless of political ideology differences. This led to drastic changes in foreign relations between Thailand and Lao PDR which is mentioned as "quickly shifted to one characterized by peace, extensive government and private – sector cooperation, and greater trade and investment." (Kislenko, 2002, p. 561)

As a result of Chatichai determination to open up the Indochinese market, it abruptly turned a critical conflict into business ventures. However, this partly brings drawback in Thai – Lao relations as Thai businessmen are bustling into Lao PDR but been accused of being selfish and reap benefit from Lao PDR. (Vatthana, 2006)

II: Domestic Economy

Thailand has sustained a 7% economic growth, a rate equalled by other developing countries for several decades. Until 1986, Thailand economic shifted into an era of high GDP growth rate as well as an increasing financial strength as it can be seen that during the period of Sixth National Economic and Social Development Plan (1987 - 1991), the Thai economy growth has skyrocketed with gross domestic product (GDP) rising at an average of 10.5% per year. Moreover, the economic structure has become more outward – oriented and internationalized, as indicated by the increase in the proportion of international trade to GDP from 60% in 1986 to 80% by 1991.

According to the Seventh National Economic and Social Development Plan (1992 – 1996), it states that Thailand economy has grown rapidly and has become increasingly internationalized. NESDB marks that during the Sixth Plan period, the average industrial growth rate was 13.7% per year. Important factors stimulating the high growth are export growth and investment expansion, particularly export production, and large – scale industrial investment in import substitution.

Pavin seconds that as he argues that Thailand rapid economic growth in late 1980s was related to Thailand's opening up for financial investment, development of light manufacturing exports and financial liberalization. In essence, the structure of Thailand production moved from agriculture to industry and services. (Chachavalpongpun, 2010)

In order to sustain Thailand's economic growth with stability, neighboring countries becomes more attractive for further trade and investment opportunities. Another strategy of Thailand is expansion and diversify industrial base so that Thailand can be competitive in the global market and international trade.

III: Support from Japan (JICA⁵)

The international landscape of development is changing. The traditional perception on development has been highlighted on the concept of aid in which rich countries (the North) or traditional donors can support development efforts of poorer countries (the South). However, such approach to development is challenged with the rising trend of South – South cooperation⁶, and triangular cooperation⁷.

The crucial point is that Southern contributors, developing countries, are better placed to transfer development programs as they have relevant experience to respond to the needs and problems of other developing countries. More specifically, Southern contributors come up with successful models or practices which can be more appropriate to transfer to other developing countries, rather than those of traditional donors, developed countries or international aid agencies. Despite of having more appropriate technical expertise, development programs can be more cost effective as experts from developing countries are often paid less than nationals in donor

⁵ After joining the Colombo Plan 1954, Japan began providing technical assistance while it was still undergoing postwar reconstruction and receiving financial assistance from other donor countries. Japan was an ex-recipient country with experience of being "a provider of SSC." Japan aims to provide assistance to promote the inclusive and sustainable development by accelerating and sustaining dynamic economic growth beyond the present level, and taking measures against the widening disparity and social destabilization associated with rapid economic growth.

⁶ The United Nations Office for South – South Cooperation defines South – South Cooperation (SSC) as “a broad framework for collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains. Involving two or more developing countries, it can take place on a bilateral, regional, sub - regional or interregional basis.”

⁷ Triangular cooperation involves Southern-driven partnerships between two or more developing countries supported by a developed country(ies)/or multilateral organization(s) to implement development cooperation programs and projects.

countries and training costs (fees, use of facilities, travel, accommodation, and etc.) are generally lower than in developed countries.

Hence, demand on developing countries for sharing expertise among developing countries is likely to grow. (Tortora, 2011)

For Thailand, Japan has been the most essential and active development partner from the time of being a key donor⁸ of Thailand to be a development partner. JICA has actively promoted and supported Thailand to utilize its comparative advantage through South-South Cooperation.

In terms of expertise, Thailand past experiences as being aid recipient is advantageous. In the past, Thailand was a top foreign aid recipient of tradition donors like Japan, the United States, Australia, and other multilateral agencies like the United Nations agencies, the World Bank, ADB, and the Colombo Plan.⁹ (Department of Technical and Economic Cooperation, 1992) According to Kesarin's research on Thailand ODA in the Mekong region, it states that Thailand has been cited as a good model of high absorptive capacity as it finds that Thailand is always a great example if discussing about correlation between foreign aid and its impact on recipient country development. To be more specific, it explains that most of Thai agencies which received technical cooperation successfully took off and maintained development projects or programs on their own. These agencies such as the Institute

⁸ Foreign aid from Japan is conducted in three forms: grants, technical assistance, and loans which is prominent characteristic of Japan's aid comparing to other bilateral donors.

⁹ The Colombo Plan for Cooperative Economic and Social Development in Asia and the Pacific is a cooperative inter – governmental venture for the economic and social advancement of member countries in the Asia – Pacific Region. In early years, the primary focus of all Colombo Plan activities is on human resources development and south – south cooperation.

of Dermatology, the Department of Livestock Development and the King Mongkut's Institute of Technology can further transfer their know – how to other developing countries. (Phanarangsana, 2009)

Several researches suggest that crucial advantage of Thailand's expertise is its knowledge and technology because neighboring countries find them attractive since it is useful and relevant to their countries more than from developed countries. (Chartprasert, 1997; Phanarangsana, 2009; Sunthornpipit, 1992)

In this regards, Japan has collaborated with Thailand transferring know – how and technical cooperation to other developing countries in the Mekong region since the level of knowledge and technology from a former aid recipient which later becomes middle – income country like Thailand is more appropriate. Evidently, the interview between Kesarin and JICA official is cited as following:

“Thailand has digested technological knowledge it received from developed countries and can pass on the easier version to its neighbors. This help save time and energy for the recipients' learning process.” (Phanarangsana, 2009, p. 248)

Under partnership cooperation, Thailand and Japan is unequal cost – sharing development programs delivering to countries in the Mekong sub – region due to Japan's larger economic size. However, pushing Thailand to take a role of donor gives Japan benefit in a sense that Japan can save some ODA expense by utilizing Thailand's convenient location and appropriate technology with neighboring countries. Kesarin's research argues that being a partner with Thailand not only secures her interest (trade and economic consideration) in the region, but it helps

increase her role in the region to encounter China soft power influence. (Phanarangsarn, 2009)

Plus, geographical proximity, and socio – cultural resemblances between Thailand and Lao PDR has been an advantage of Thailand in delivering technical cooperation operation as well. Thus, Thailand has been used as major donors’ facilitator transferring technical assistance to neighboring countries since 1963. (Chartprasert, 1997; Phanvongsa, 2009)

Thus, rising trend of development among developing countries with highly support from Japan, equipped with ability to provide appropriate and advanced technology, accompanying with Thailand well economic outlook support Thailand to shift a role from recipient to a development partner.

2.3 The Individual Level

The individual level of analysis means to study at decision maker unit which can regard as state leader or groups as it is regarded as essential unit in decision making process. With FPA theoretical perspective, the research attempts to explore how individual level perceive external and internal environment, and how this leads to policy formation.

I: Anand Panyarachun Background and Interest

Anand Panyarachun was born in 1932 and educated in Thailand and England. After graduating from Cambridge University in 1955, he began his career at the Ministry of Foreign Affairs in 1958. Since then, he started to rise to various high – profile positions including the secretary to the Foreign Minister Dr. Thanat Khoman, serving

as the Ambassador to Canada, the United States, Germany and Permanent Representative of Thailand to the United Nations. Later, he was appointed Permanent Secretary for the Ministry of Foreign Affairs, Thailand. After serving 23 years in foreign affairs, he moved his career to the private sector as the Vice – Chairman of the Saha – Union Group in 1979, the Director of Siam Commercial Bank in 1984, and Director of various companies. Remarkably, he deeply involves in the ASEAN Chambers of Commerce and Industry during 1982 - 1984, eventually he becomes the President of ASEAN Task Force in charge of ASEAN cooperation during 1988 - 1989. Later before being appointed as the Prime Minister, he was a Chairman of Saha Union Group in 1991. (Nation)

In short, Anand Panyarachun is a diplomat – turned – business leader before he was appointed to be a Prime Minister in 1991. Since his background as serving Foreign Service for 23 years, undoubtedly, he is comfortable with diplomacy and is seen as a leader equips with sufficient experience and strong vision in foreign affairs.

Anand Panyarachun's Foreign Policy

Even though, Anand Panyarachun became the interim Prime Minister after the military coup in 1991, he is seen as oppose to the military. Precisely, he had conflict with military before leaving the Ministry. Suchit Bunbongkarn mentions about Anand Panyarachun that he is known as “liberal, anti - military in his thinking, and has having no personal connection with any military leaders.” (Bunbongkarn, 1992, p. 133) Suchit argues that Anand determines to be as independent as possible from the military influences since his policy quite against the interest of the military, yet because the junta needed a civilian government and a leader who got well respect

in the international community since the coup faced with strong criticism abroad. (Bunbongkarn, 1992)

According to Prime Minister Anand's speech at the Roundtable conference on Regional Security Cooperation in Southeast Asia in the 1990s not only suggests that Anand prioritizes economic development, people well – being, social justice, political freedom and democratization as essential for national security, but also reflects his military – thinking opposition as saying;

"No nation can profit from attempting to seek security through armed forces. No nation can seek absolute security at the expense of the security of other nations. And no nation can feel secure as long as its citizens are deprived of the freedom of political expression and of the opportunities for a better and more meaningful life." (Bunbongkarn, 1992, p. 135)

As he became the interim Prime Minister after the military coup in 1991, Anand extremely focuses on reconstructing the country's image in international affairs. According to his speech cited in the Secretariat of Prime Minister Report, Anand says that rebuilding trust and confidence from global community is extremely necessary, otherwise it will affect economy stability, and national economic growth. (Klaisuban, 2006; Secretariat of the Prime Minister, 1992)

In the context of foreign policy, it is noteworthy that Prime Minister Anand Panyarachun follows policies of the previous government by giving priority to rapprochement with neighboring countries, namely Lao PDR, Cambodia, Vietnam, and Myanmar, with the vision of Thailand to be a gateway of trade and investment to Indochina.

Although the premiership of Anand Panyarachun is quite short, he has made a number of significant innovations that contribute to strengthen relationship between

Thailand and its neighbours. To illustrate, Anand actively involves in the Cambodian peace process, and plays an impressive role in proposing ASEAN Free Trade Agreement.

Buszynski argues that Anand perceives Thailand as the "gateway to Indochina" (Buszynski, 1994, p. 727) and casts it in the pivotal role of a commercial, financial, and distributive center for mainland Southeast Asia. Panitan Wattanayakorn makes an observation that during the Anand period, economic ties between Thailand and Indochina has increasing dominant due to the upward trend of trade and investment in neighbouring countries and their growing economy. Therefore, an objective of foreign policy vis – a – vis neighbours is "More Oriented Toward Economics." (Pongsudhirak, 1994, p. 79)

What's more, he emphasizes on regional cooperation as a means for peace and economic prosperity as he expresses his view in engaging Indochinese countries in regional integration as the Straits Times reports Anand statement in 1991 that ASEAN should seek to establish a new regional order comprising all the nations of Southeast Asia in "peace, progress, and prosperity." (Vatthana, 2006, p. 29)

Anand recognizes the vital mission of Thailand which is to overcome the dividing Southeast Asia which was a result from the Cold War. For this reason, he has made a significant innovation in foreign affairs with Indochina by creating a new regional order in both politics and economic. In term of politics, Anand created the initiative of peaceful coexistence and cooperation with Indochina by advocating an expansion of ASEAN regionalism: calling for the accession of the Indochinese states to the Treaty of Amity and Cooperation (TAC) as a step toward ASEAN membership. In the area of

economic, Anand proposed for ASEAN Free Trade Area. (Secretariat of the Prime Minister, 1992)

Lastly, he has made a great change in foreign affairs with Indochina as he made development cooperation becomes an essential component of Thai foreign policy toward neighbouring countries which is the focus of the research.

Anand Panyarachun's Cabinet

Interesting, Anand has relative freedom to select his own cabinet members. Subsequently, his cabinet is dominated by civilians as it consists of technocrats, well known academics, retired government officers, and only two military leaders in security – related ministry¹⁰.

From the research of Piemsak Milintachinda¹¹, “Thailand International Development Cooperation Programme: A case study of Lao People's Democratic Republic (Lao PDR)”, says that in early period of Thailand development cooperation with neighboring countries reflects an adjustment of national aid system toward a new direction which the Thai government grasps benefits from the country economic power. It argues that it is the period when the Thai government recognizes foreign aid as a significant tool of foreign policy. (Milintachinda, 2006, p. 59) His synthesis based on the fact that the Prime Minister Anand Panyarachun, the Foreign Affairs minister Arsa Sarasin, and Minister Attached to the Prime Minister's Office M.R

¹⁰ Admiral Praphatwas appointed defense minister with General Wimol Wongwanij, the army assistant commander, as his deputy. General Issarapong was named interior minister, with another two officers (one each from the navy and air force) as his deputies. And two officers (one each from the army and the air force) appointed as deputy communications ministers.

¹¹ Piemsak Milintajinda is a former Thai diplomat, and former director general of Department of Technical and Economic Cooperation.

Kasemsamosorn Kasemsri all are former Ministry of Foreign Affairs officials. Probably, as they are experienced with foreign affairs, they acquire the comprehensive in foreign relations and recognize the significance of aid provision. In this regard, the Thai government realizes the need to grasp the opportunities in the world economy. (Milintachinda, 2006)

All from the above, presumably that the country economic development, national prosperity, people well – being, cooperation, and peace are major interest of Anand’s foreign policy with neighboring countries which similarly shared by his cabinet.

Thus, Anand’s experience diplomatic background, keen interest in business, and deeply engage with regional cooperation possibly influences decision makers to recognize the significance of aid provision, and grasp opportunity employing economic advance to be diplomatic tool. Presumably, the idea is either supported or shared by his cabinet that comprises of similar mind - set technocrats and civilians.

II: Thaksin Shinawatra

Thaksin Shinawatra brings substantial changes to Thailand’s policy on development cooperation as his administration restructures Thailand aid agencies and initiate new platform to deliver Thailand development cooperation. Thus, his direction in foreign policy should be explored to gain fuller explanation of the policy.

Thaksin Shinawatra is a business tycoon turned politician. He is a founder Thailand successful mobile phone operator, Advanced Info Service. His founded party, the Thai Rak Thai, won historic election victory in 2001 as his party overwhelmingly

gained moral support and political power from all sides, and made other small parties paralyzed.

Thaksin Shinawatra's Foreign Policy

When Thaksin Shinawatra assumed the office of Prime Minister in 2001, one of the significant reforms related to foreign policy is that the Prime Minister chairs a national committee on foreign policy. Thaksin approach to foreign affairs with the "CEO" concept implies that he perceives himself as the CEO of a company called Thailand. (Chachavalpongpun, 2010)

In the context of foreign policy, Thaksin follows Chatichai government direction giving priority to strengthening relations with neighboring countries. His primary focus is in Asia, particularly fostering relations with neighboring countries and China. Regards to relations with neighboring countries, the Thaksin administration has adopted a new approach of foreign policy as being pro – active and forward – looking called "forward engagement." (Sathirathai, 2005) Dr. Surakiart Sathirathai, the Foreign Minister served during the Thaksin administration, explains "forward engagement" policy as

"a grand strategy of Thailand's foreign policy which serves to expand the scope of cooperation to encompass all dimensions of mutual interests as well as to forge ties with countries across the globe so as to bring about sustainable peace and economic prosperity for our peoples." (Sathirathai, 2005, p. 84)

The Foreign Minister adds that the policy seeks to increase multi – tiered dialogues and cooperation at the bilateral, sub – regional, and regional levels in order to serve as building blocks for mutual prosperity. This is in consistent with the Thaksin government's principle of "prosper thy neighbours," declaring that the neighbours,

particularly CLMV should not be left neglected. (Chachavalpongpun, 2010; Klaisuban, 2006) In this regards, the government initiates regional cooperation with the four immediate neighbours with an aim to bridge economic and development gap of member countries in the sub – region called the Ayeyawady – Chao Phraya – Mekong Economic Cooperation Strategy¹² (ACMECS).

Critically, several studies argue that Thaksin aims to restore Thai relations with neighbors with aspiration to proclaim Thailand as the leader in the Mekong region. With this aspiration, the Thaksin government declares not to longer take foreign assistance, instead it declares to be an “emerging donor” offering financial and technical cooperation to other developing neighboring countries. (Chachavalpongpun, 2010; Klaisuban, 2006; Phanarangsarn, 2009) Subsequently, Thaksin administration brings drastically restructuring and institutionalization of Thailand development cooperation as it is further discussed in chapter 3.

2.4 Conclusion

First and foremost, Thailand’s foreign policy characteristic is greatly adaptive in accordant with external and domestic changes. Yet, for the middle – sized country like Thailand, external changes are the key influence of domestic changes. The research finds that during 1990s, changes at international level that extremely

¹² ACMECS was born out of the Economic Cooperation Strategy (ECS) in 2003 with the ideas of bridging the economic gap among member countries including Thailand, Lao PDR, Cambodia, Myanmar and Vietnam, while elevating prosperity in the sub - region in a sustainable manner. ACMECS adheres with self – help and partnership to achieve sustainable development, including poverty reduction, in line with the UN Millennium Development Goals.

influence the direction of Thailand foreign policy are the end of the Cold War, the collapse of the Soviet Union, and the force of globalization.

The end of the Cold War indicates the termination of bipolar world system, as well as the political ideological conflict faded. During the Cold War, Thailand was occupied with a fear of communism which is considered as national security threat, hence, relationship between Thailand and Lao PDR has been tense. The end of Cold War brings a new era where military power becomes less significant in world politics, whereas economic power increases its momentum. As such, the key issue in international relations changes from political ideology hostility, and military confrontation to economic development and cooperation. Besides, the end of the Cold War results in the interdependence relation between states.

Furthermore, globalization is the term used to describe the increasingly integrated world and interdependent world economy, which has contributed to higher trade, production and services outsourcing, as well as the migration. Regionalism as a response or way station toward globalization which increases intensification of cross - border interactions and interdependence level between countries as it makes individual states more vulnerable to one another, regionalism emphasizes on cooperation to participate in international trade and global market.

Apparently, the Thai economy has increasing integrated into the world capitalist system, thus, the nation's stability is increasingly vulnerable to external pressures and fluctuations. In this regard, economic ties become increasingly significant in foreign relations. And it becomes the country's major foreign policy concern. Nevertheless, Kusuma Snitwongse argues that the trend to readjust Thailand foreign policy in response to Thailand's rapid economic growth occurred since the Prem

Tinsulanonda administration, yet it cannot be done successfully due to the global and regional politics during that time. (Snitwongse, 2001) Normalization between the great powers partly leads to the resolution of the Cambodia conflict. This makes Thailand less weariness on security threat from its neighbours.

So the end of Cold War, the termination of bipolar world system, creates the permissive international atmosphere that allows the globalization process to work, and allows regionalism to prosper. As for Thailand and Lao PDR, changes in global context stress the need to be more dependent and heighten the need to cooperate in order to enhance competitiveness and bring greater opportunity to be able to engage in global economy. In addition, peaceful regional atmosphere lessen Thailand weariness on political security and allows Thailand to move toward restoration with economic interest. In essence, the realization that there is no longer security threats allows Thailand to focus on other goal of foreign policy. In this respect, external factors like the end of the Cold War, globalization, and peaceful regional atmosphere directly and prominently influence the changing direction of Thailand foreign policy.

The research finds that internal environment in Thailand in late 1980s dramatically changed, particularly with a declining of the military role. Then, it is followed by critical change of Thailand's direction of foreign policy.

Since the General Chatichai Choonhavan government in 1988, there is the increasing number of business – cum – politicians and the influence of the Prime Minister Advisory Group that thrust Thailand to reassess its foreign policy as it sees the economic opportunities from neighbors. This can be marked as a turning point of Thai – Lao relations, as the two countries move toward restoration with economic

incentives. Yet, business – driven policy from Thailand is perceived by some Laotians as exploitative intention.

Following, the interim government of Anand Panyarachun which includes a number of technocrats and diplomats sharing same vision toward Indochina, it follows the path that Indochinese countries are strategic allies and normalization needed.

The atmosphere of domestic politics is also extremely vulnerable; the significant mission of the Anand government is to restore the good image of the country after the coup. Plus, Thailand has a negative reputation among Laotians as being selfish and exploitative from its thirst of resources. Most importantly, it is crucial to consider decision makers either individual and groups as they are vital in the decision making process. Moreover, other internal changes including well economic outlook, having best practices to share with supporting from active aid agency like JICA are critical supporting factor for the policy formation as well.

Thus, it is essential for Thailand to create an appropriate diplomatic tool regarding to changing context in order to achieve national goal successfully. And Thailand's policy on development cooperation is a new diplomatic subtle tool that the Thai government employs to restore relations with Lao PDR in response to the new direction of Thailand foreign policy which has adjusted according to global, regional and domestic changes when Lao PDR is shifted from threat to opportunity.

CHAPTER III THAILAND DEVELOPMENT COOPERATION WITH LAO PDR

Introduction

The chapter begins by laying out general information about Thailand development cooperation with Lao PDR. Then, it elaborates the development of the policy from its early period when the Thailand was a major recipient and took development cooperation as a secondary issue to the time when development cooperation becomes one of the country's prime foreign policy and Thailand aid agencies got restructured.

The first phase covers between 1963 and 1991 when Thailand played a passive donor. The second phase is when Thailand prioritized development cooperation provision as the national agenda in 1991 during the Anand administration. The next period is when Thailand was hit by the Asian Financial Crisis which led to decreasing bilateral cooperation while rising of multilateral cooperation as Lao PDR became a new member of ASEAN in 1997. And the last phase is when Thailand announces that it will no longer receive foreign assistant and later followed by restructuring Thailand development cooperation during Thaksin Shinawatra administration.

3.1 Background of Thailand Development Cooperation

Thailand has declared that providing development cooperation to other developing countries, particularly the four neighbouring countries because of its long-term commitment to international development, regional integration, and most importantly, to the development of its neighbours in the region and its partners in the Association of Southeast Asian Nations (ASEAN). (Thailand International Development Cooperation Agency, 2009) Thailand has shared its expertise,

transferred know - how technology, and allocated budget to other developing countries through bilateral, trilateral and multilateral (sub – regional, and regional) cooperation framework. Thailand development cooperation involves several areas including agricultural, health care, education advancement, elimination of human trafficking and narcotic drugs, and infrastructure improvement. Neighbouring countries are grouped as the first priority of Thailand development cooperation, in which Lao PDR has been the largest partner country.

In the case of Lao PDR which is considered as strategically important to Thailand regards to geographical proximity, political stability, and interconnected social and economic development, the Thai government states that development cooperation provision aims for sustainable development and poverty reduction. The forms of Thailand development cooperation with Lao PDR includes grants¹³ and aid in service form called technical cooperation¹⁴, and concessional loans¹⁵ which are under administration of the two key government agencies:

¹³ The OECD terms grants as the transfers of cash, goods, or services which do not require for repayment. (OECD, 2003)

¹⁴ The Development Assistance Committee (DAC) of the Organization for Economic Co-operation and Development (OECD) defined technical cooperation that it includes:

- Grants to recipient countries in receiving education or training at home or abroad, and
- Payments to consultants, advisers and experts as well as training personal and administrators serving in recipient countries, (including the cost of associated equipment)

Technical cooperation is considered as a part of grants which specifically provided to facilitate the implementation of development projects which includes bilateral projects and program expenditures.

- I. Thailand International Development Cooperation Agency (TICA), under direct supervision of Ministry of Foreign Affairs. The agency is responsible for the administration of grants and technical cooperation.
- II. Neighboring Countries Economic Development Cooperation Agency (NEDA), a public organization. The agency provides two types of cooperation which are financial cooperation (concessional Loans, grants, mixed credit¹⁶) and technical cooperation.

3.2 Thailand's Policy on Development Cooperation during 1963 – 1991

❖ Thailand as a Passive Donor

Major aid recipient

Thailand has long historical in development cooperation. As a member of the Colombo Plan, Thailand was one of the top aid recipients of major donors like the United States, Japan, Australia, and other multilateral agencies such as the Asian Development Bank (ADB), the World Bank and the United Nations agencies. Foreign aid from other countries was a significant source enhancing the social and economic development of Thailand. (Chartprasert, 1997; Pokmontri, 2011) Remarkably, Thailand as a recipient country is considered as one of the most successful cases of development from several donors as it has always been cited as a good model of high absorptive capacity. (Phanarangsarn, 2009)

¹⁵ According to the OECD Glossary on Statistical Term, concessional Loans are loans that are extended on terms strikingly more generous than market loans. The concessional character is achieved either through lower interest rates than those available on the market or by grace periods, or a combination of the two. Concessional loans typically have long grace periods

¹⁶ Mixed Credit is described by OECD as a credit that consists of an aid element, so it provides concessional credit terms like a lower rate of interest or a longer credit period.

Development Cooperation Policy as Secondary Issue

Thailand as well delivered development cooperation to other developing countries called South-South Cooperation since 1963, yet with a small scale and as a secondary issue. (Chartprasert, 1997; Sunthornpipit, 1992) Following the adoption of the Buenos Aires Plan¹⁷, Thailand cooperation with other developing countries including Lao PDR has primarily focused on human resources development in three key areas which Thailand is specialized: agriculture, education, and public health. Mainly, Thailand development programs is in service form called technical cooperation covering activities like training program, dispatching of Thai experts and volunteers, provision of equipment, and giving scholarships and fellowships. Thailand development cooperation in this period was mostly in form of “Third Country Training Program (TCTP)” which is completely initiated and sponsored by either developed donors or multilateral agencies, whilst Thailand serves as a facilitator coordinating with major donors to arrange training programs in Thailand. (Sunthornpipit, 1992)

Thailand obviously played a supportive role facilitating development programs to other developing countries. Importantly, assisting development cooperation is regarded as a side issue since the country provided aid without planning: development cooperation programs are carried out under other donors’ guidance and the decision of aid provision was made upon other requests. In essence, several studies about Thailand aid program refer to Thailand as “passive donor” because the country grants aid as an act of convenience and implements it without a strategic

¹⁷ The Buenos Aires Plan of Action (BAPA) primary aims to promote , coordinate and implement technical assistance among developing countries by the United Nations General Assembly in 1978.

plan. (Milintachinda, 2006; Phanarangsana, 2009; Sunthornpipit, 1992) Since Thailand development cooperation was not either Thailand's initiative or planning, the research concludes that it cannot be regarded as a tool of Thailand foreign policy.

❖ Department of Technical and Economic Cooperation (DTEC)

Department of Technical and Economic Cooperation was first established in 1950 as the Thai government focal agency managing inflow aid from major donors and international organizations. (Chartprasert, 1997; Phanarangsana, 2009) It as well coordinates other donor agencies to facilitate technical cooperation to other countries.

The research by Kesarin Phanarangsana in 2009 reveals that DTEC cooperates with various Thai government organizations, especially with the National Economic and Social Development Board (NESDB), as foreign assistance is the significant source for developing the country. She stresses that DTEC serves as the one – stop service for foreign donors and international organizations, and acts as the hub of networks and policy dialogues between Thai government organizations and donor agencies. Kesarin points out that the structure of DTEC which is under the direct supervision of the Office of the Prime Minister affirms that the government agency enjoyed full authority and autonomy in approving project proposals and allocating budgets for the best interests of the nation's economic development without interference from other government organizations and line ministries. (Phanarangsana, 2009)

According to TICA officer, later in 1987, DTEC also set up an aid provision unit, yet it was just a small unit with a few officials who take dual responsibilities in administrating inflow aid as well as aid giving. (TICA Official, 2014)

3.3 Thailand's Policy on Development Cooperation during 1991 - 1997

3.3.1 Thailand Development Cooperation as National Priority in 1991

After many years of providing informal development cooperation to other countries with other donor's guidance, eventually, Thailand brought the development cooperation as a primary issue and prioritized it as the national agenda.

In 1991, the Prime Minister Anand officially announced a foreign policy statement delivered to the parliament saying, "It is a mission of Thailand to assist economic, technical and cultural cooperation with developing countries especially neighboring countries." (Secretariat of the Prime Minister, 1992, pp. 14 - 15) Likewise, Anand emphasizes an obligation to assist development cooperation with Lao PDR during an official visit of the Laos President Khamtai Siphandon. He stresses on equipping development cooperation with Lao PDR by acceding it in Thai - Lao joint agreement in February, 19 1992. (Rasri, 2007) Then, the Anand government drastically added up budget to DTEC from 25 million baht in 1991 to 175 million baht in 1992. Plus, the committee was set up specifically to deal with a direction of Thailand development cooperation policy chaired by the Prime Minister. (Chartprasert, 1997; Milintachinda, 2006)

DTEC Annual Report in 1992 states that on the subject of setting target country, DTEC collaborates with Ministry of Foreign Affairs, Ministry of Commerce, the Board of Investment of Thailand, and Joint Operation Centre of Supreme Command Headquarters concerning on several aspects including security, possibility of market expansion, supporting foreign direct investment, raw materials for supporting the country industrialization, and enhancing international cooperation. As a result, Thailand neighboring countries, namely, Lao PDR, Cambodia, Myanmar, and Vietnam

has been categorized as Thailand first priority target countries in assisting development cooperation. (Department of Technical and Economic Cooperation, 1992) Thailand launched the three years country program only for the four neighboring countries to implement in 1992 which designates that the budget provided to the first strategic group countries must not less than 60% of the total budget of Thai aid provision. (Chartprasert, 1997)

Concerning on areas of development cooperation, this based on a combination of Thailand's own development expertise and adaptation of suitable partner country practices. Thailand development expertise, particularly agriculture, education, and public health have been realized as a model of success from the experience of a developing country. Thus, agriculture, education, and public health have been the three key areas of Thailand to cooperate with Lao PDR combining with the partner absorptive capacity.

In late 1990s, DTEC reports that apart from the three key areas as aforementioned, DTEC gradually expands to other fields which Thailand is capable of and suitable for the partner in economic reformation toward market – oriented economy such as business administration, and tourism management. (Department of Technical and Economic Cooperation, 1996)

Since development cooperation between Thailand and Lao PDR primarily concentrates on improving Laotian capability; hence, its activities did not change much, except dramatically increase of value and volume. Remarkably, the number of scholarships offering to Lao PDR has dramatically increased, with the rising of master and doctorate degree scholarships whilst reducing bachelor degree scholarships in response to the request of the Laotian government. This is because the Laotian

government is anxious about socio - cultural influences from Thailand on Laotians. (Chartprasert, 1997; Rasri, 2007; TICA Official, 2014) Fellowship programs for short training are also raised, as well as a number of development projects. Besides, development projects with Lao PDR is fully supported (financial and experts) and initiated by Thailand.

Pichet Sunthornpipit, the former Director - General of Department of Technical and Economic Cooperation during 1994 – 1997, explains in the DTEC Annual Report in 1993 that apart from being expert in these key areas, the form of activities that carrying out development cooperation is successful and convenient due to the language and cultural resemblance between Thailand and Lao PDR. (Department of Technical and Economic Cooperation, 1993)

In essence, the Anand Panyarachun government makes a great innovation of Thailand policy as he makes the development cooperation becomes an essential component of Thailand foreign policy, and foreign relations with its immediate neighbours. Following the Anand administration, Thailand development cooperation with neighbouring countries has continuously implemented. Noticeably, development cooperation policy with neighbouring countries regularly appeared in Thailand foreign policy statement delivered to the cabinet. For instance, the policy statement delivered to the cabinet on May 26, 1995 of Banharn Silpa - archa Government Issue 3.7 states that “Shift the role of Thailand from ‘recipient country’ to being an ‘aid provider for neighbouring countries.’” (Phanvongsa, 2009, p. 58)

3.3.2 Thai – Lao Development Cooperation during 1991 - 1997

After many years of being a facilitator providing technical cooperation, aforesaid changes during the Anand government evidently show that Thailand finally makes

development cooperation policy with neighbours as the country priority. The top four target country partner of Thailand development cooperation is in accordance with Thailand foreign policy that prioritizes relations with immediate neighbouring countries as strategic ones. Thailand's policy on development cooperation has adhered to the principle of mutual benefit.

According to DTEC Annual Report in 1992, activities of Thailand development cooperation are carried out in four forms:

1.) Bilateral Program

The development cooperation which is fully supported and initiated by the Thai government carries out activities directly to foreign governments.

2.) Group Training Course

It is the in country training program offered to other developing countries, which the Thai government takes full responsibility.

3.) Technical Cooperation Among Developing countries (TCDC)

It is the collaboration between Thailand and other developing countries. Whereas Thailand takes responsibility in inbound training programs, partner countries take care of expenses on commute. This form of cooperation does not include in Thai - Lao development cooperation.

4.) Third Country Training Program (TCTP)

This type of cooperation provides training courses and study visits in Thailand for participants from other developing countries with full financial support from major donors and international organizations such as WHO, UNESCO, UNDP, and ILO.

DTEC's budget for development cooperation with neighbouring countries has steadily increased since 1992, and slightly dropped during the Financial Crisis. The DTEC budget for development cooperation with neighbouring countries is 25 million baht

in 1991, and then rocketed to 175 million baht in 1992 during the Anand administration. Then, during Chuan Leekpai government, DTEC budget raised from 203 million baht in 1993 to 246 million baht in 1994. (Department of Technical and Economic Cooperation, 1994) In 1995, the DTEC budget increased from 292 million baht to 336 million baht in 1996. (Department of Technical and Economic Cooperation, 1996) Later, the General Chaovalit Yongjaiyut government allocated budget to DTEC 422 million baht in 1997. Evidently, Lao PDR has been the top partner country as shown in table 1.

Table 1: Value of Thailand Development Cooperation with CLMV: by Country (1992 – 1997)

Unit: Million Baht

Year	Lao PDR	Cambodia	Vietnam	Myanmar	Total of DTEC Budget
1992	42.5	20	20	21	175
1993	54.5	30	17.4	41.5	203
1994	91.5	16	25	28.7	246
1995	119.1	40	50	55	292
1996	126.2	45	37	16.1	336
1997	178.00	57	48	25	422

Source: Department of Technical and Economic Cooperation

In response to the new situation of Thailand which its economic growth rockets and the provision of Thai development cooperation is rising, aid receiving from major donors has lessen and the development program has dropped as Kesarin named “the entry of the sunset period in many donors’ programs.” (Phanarangsan, 2009, p.

42) For instance, aid from Japan to Thailand declined in 1993, and Japan implemented new areas of development programs which required higher technology transfer. And the United States Agency for International Development (USAID) ended its bilateral cooperation with Thailand in 1995. (Phanarangsan, 2009)

❖ Thai – Lao Bilateral Cooperation

Bilateral cooperation refers to collaboration between two sovereign states. It assumes resources provided by donor directly to a partner country, national or international non-governmental organizations, which take part in international development cooperation programs. This framework has been accounted for the highest budget expenses.

Grants for Development Projects

According to the Ministry of Foreign Affairs of Lao PDR, the Thai government has offered grants to support several projects in Lao PDR upon its requests such as the construction of passenger terminal building and flight control tower at Luan Prabang airport to reach the international standard, and the construction of Bor Kaew School. (Phanvongsa, 2009)

Technical Cooperation

Human resource development is the key sector that DTEC aims to tackle. DTEC states its objective in assisting technical cooperation with Lao PDR as following;

- 1.) Supporting the economic reformation of Lao PDR toward the market – oriented economy.
- 2.) Introducing and transferring proper and sustainable technology for the development of Lao PDR economic system.

3.) Elevating the quality of life and social well – being of Laotians. (Department of Technical and Economic Cooperation, 1999a)

➤ **Technical Cooperation on Education**

As “human” is the most essential basis for the country development, Thailand aims to fuel the attempt of the Laotian government to achieve national reformation with Thailand development cooperation which is mainly in forms of higher education scholarships, and fellowships for training and study visits in Thailand. Nophadol Chartprasert’s study in 1997 reveals that during 1992 – 1997 a third fourth of DTEC yearly budget had allocated on scholarships for higher education and fellowships for study trips and training in various areas of Thailand. (Chartprasert, 1997)

Table 2: The Number of Thai – Lao Technical Cooperation: by Form of Cooperation

Year	Scholarships for BA, MA and PhD.	Fellowships for Training Study trips
1991	BA, MA 30	130
1992	BA, MA 30	240
1993	BA, MA 60	244
1994	BA 60, MA 22	230
1995	BA 50, MA 10	100
1996	MA 20	80
1997	MA 45, PhD 2	259

Source: Department of Technical and Economic Cooperation

Apart from scholarships and fellowships provision, Thailand coordinates Lao PDR in curriculum improvement in various programs such as Phon Hong Vocational School Development Project, Vientiane Technical College Development Project, Computer

and Secretariat Training Project, Library Reconstruction at Teacher College in Vientiane, English Improvement for Officials Project, and Nursing Curriculum Development Project. (Department of Technical and Economic Cooperation, 1997)

➤ **Technical Cooperation on Agriculture**

Thailand and Lao PDR agreed to develop education system on agriculture at the Nabong Agricultural College which is selected as a model school for agricultural training.

➤ **Technical Cooperation on Public Health**

Thailand cooperated with Lao PDR in developing public health system. Phone Hong Hospital is selected as a model hospital for this field of development. DTEC's contribution consists of the construction of hospital buildings, procurement of equipment and medical supplies, building the hospital employee capacity as well as assigning Thai experts to provide guidance and consultation for the hospital management. (Department of Technical and Economic Cooperation, 1996) In addition, there is a public health in border area cooperation project which Thailand assists Lao PDR with medical materials and equipment in several areas such as Luang Prabang, Sawannakhet, Udomchai, Kham – Muan, Chaiyabulee, and Hua Phan district. (Phanvongsa, 2009)

❖ **Triangular Cooperation**¹⁸

¹⁸ With the UNDP definition, triangular cooperation refers to collaboration in which traditional donor countries and multilateral organizations facilitate South-South initiatives through the provision of funding, training, and management and technological systems as well as other forms of support. It is also referred to North – South – South Cooperation.

The form of cooperation which developing countries, non – members of the OECD like Thailand gets support from OECD donors or international organizations to transfer knowledge and share expertise between developing countries like Lao PDR. In essence, under trilateral cooperation; Thailand serves as a hub for transferring skills, advanced and appropriate technology, and its expertise with financial support from major donors and international organizations. While some projects, the Thai government also shares responsibility in financial support with major donors like Japan.

Thailand development cooperation under the triangular framework has been developed within the concept of partnership for development. The key point is under trilateral cooperation; Thailand serves as a hub for transferring skills, advanced knowledge and its expertise to developing countries with support from major donors and international organizations. Cost – effectiveness, convenient location, appropriate technology, and being a model of successful recipient partially explain why Thailand gains high support from other donors to be a development centre providing development programs to neighboring countries. (TICA Official, 2014)

In the case of Lao PDR, there are several development cooperation programs that Thailand implemented in the form of Third Country Training Program (TCTP). For example, Thailand conducted development cooperation within the partnership with Germany as following:

- Upgrading the Paper Mulberry Supply Chain to Enhance Rural Cross-Border Economies in Northern Thailand and Lao PDR,
- Strengthening National GAP Project, and
- Improvement of Water and River Quality in Rural Areas. (Department of Technical and Economic Cooperation, 1996)

❖ Multilateral Cooperation

Multilateral refers to collaboration involves more than two nations or two parties. Thailand development cooperation programs and activities have been implemented under regional economic cooperation frameworks, which have been initiated to foster either economic or political interests in the region.

Greater Mekong Sub – region (GMS)

GMS is an economic sub - regional cooperation framework which is initiated and supported by Asian Development Bank (ADB) since 1992. GMS includes six country members, namely, Thailand, Lao PDR, Cambodia, Myanmar, Vietnam and the Yunnan Province of the People’s Republic of China. The program aims for sub – regional development with four strategic areas of development which is 1) Infrastructure Linkage, Facilitating across Border, 2) Trade and Investment, 3) Human Resources Development (HRD), 4) Environmental Protection and Sustainable Use of Share Resources. (Tsuneishi, 2007)

DTEC plays a crucial role in HRD by cooperating with line Ministries like the Ministries of Education, Public Health, and Labour to carry out development programs. For example, Thailand in 1994 was the meeting venue in which Thailand supported several projects such as improving infrastructure, Mekong development on irrigation system, fishery, and transportation, environment protection, telecommunication cooperation and human resource development. (Phanvongsa, 2009)

3.3.3 Establishment of Neighboring Countries Economic Development Fund (NEDF)

The country economic outlook during 1990s shows excellent progress, the Thai government decides to expand its aid activities in 1996 by initiating a new aid agency dealing with concessional loans for infrastructure and transportation projects called Neighboring Countries Economic Development Fund, or NEDF, under the Fiscal Policy Office, Ministry of Finance. (Department of Technical and Economic Cooperation, 1999a) Nonetheless, the agency did not activate much and most of its activities were pending due to the financial crisis in 1997.

3.3.4 Problems in Early Period

Although Thailand's policy on development cooperation has made remarkably progress since the Anand administration, several studies agree that Thailand development cooperation system in this period has several constraints.

Several studies and interview argue that one of a major problem of Thailand development cooperation is that it lacked of a direct linkage with the Ministry of Foreign Affairs. (Chartprasert, 1997; Phanarangsarn, 2009; Sunthornpipit, 1992; Thai Diplomat, 2014) The major reason is because the key agency of Thailand development cooperation, DTEC, is under the supervision of the Office of Prime Minister. Although, Foreign Minister is the chair of Joint Commission on technical cooperation between Thailand and Lao PDR, the policy formation is directly and fully responsible by the Office of Prime Minister, instead of Ministry of Foreign Affairs.

Another major problem is that although the development cooperation can achieve the major goal of making it as a vital component of Thailand and its foreign relations with neighboring countries, Thailand lacked of a clear direction on development

cooperation policy. Evidently, during this period Thailand has only a short term (three years) country planning, lacked of middle and long term planning.

Nopadol Chartprasert and Pichet Sunthornpipit discuss about major problems impede DTEC efficiency at the operation level which are limited national budget and officers, as well as delayed disbursement for those who got scholarships and fellowships which is managed by the Ministry of Finance. (Chartprasert, 1997; Sunthornpipit, 1992)

Next, Pichet Sunthornpipit, as the DTEC Deputy Director states in DTEC Annual Report in 1993 that even though the new unit was established in dealing with development providing, DTEC officials confused with the conflicted roles of DTEC since they had been trained and administrated aid as a recipient. Thus, DTEC needs some time to train and develop officials with the new role of equipping and providing development cooperation. This also includes the adjustment of rules and regulations at the operational level which changed from receiving to providing. (Department of Technical and Economic Cooperation, 1993) Similarly, Kesarin's study states that two matters impede Thailand development cooperation during this time are mind-set of aid personal, and problem with institutional arrangement because DTEC conflicted - role causes confusion to DTEC officials. (Phanarangsana, 2009)

3.3.5 Conclusion

Thailand Development Cooperation during 1991 – 1997

The Anand government makes Thailand's policy on development cooperation with neighbouring countries as the country priority. Thailand development cooperation becomes an establishing trend and a component of Thailand foreign relation with Lao PDR. Thailand Development cooperation remains primarily in forms of technical

cooperation in the three key areas of education, agriculture, and public health. In essence, Thailand's policy development cooperation has made great progress from a secondary issue to the country prime policy.

However, Thailand development cooperation in this early period found several constraints which impede the efficiency of Thai development cooperation. More importantly, Thailand development cooperation lacks a clear direction and a direct linkage with Thai foreign policy. Hence, the research concludes that Thailand development cooperation in this period (1991 – 1997) plays a role in generating goodwill as it expresses good intention in supporting what Lao PDR needs, whilst it cannot regard as the effective and actual tool of Thailand foreign policy.

3.4 Thailand's Policy on Development Cooperation during 1997 – 2001

When Thailand was hit by the Financial Crisis in 1997, the country foreign policy primarily aims to solve the current crisis with special attention on relations with major powers, while fostering relations with neighboring countries became secondary issue. Thus, the crisis took Thailand back to a role of heavy recipient as it extremely needs to rely on financial assistance from major powers and international institutions. According to DTEC annual report in 1999, it states that during 1998 the amount of technical cooperation that Thailand receives from major donors increased around 7.33%. (Department of Technical and Economic Cooperation, 1999b)

Remarkably, Thailand was in a huge debt of International Monetary Fund (IMF) loans. During this period, the Thai government did not initiate new development projects and the amount of budget allocated for technical cooperation with Lao PDR was cut. The on - going projects have continued such as scholarships and fellowships

provision for further studying and trainings. Therefore, since the end of the Cold War, activities of Thailand development cooperation with Lao PDR have never been halted. The budget within bilateral framework may drop, yet the cooperation has expanded to multilateral framework including GMS, and ASEAN.

3.4.1 Thai – Lao Development Cooperation during 1997 – 2001

❖ Thai – Lao Bilateral Cooperation

Grants for Development Projects

According to the minute of 10th Lao – Thai Joint Commission Conference, the Thai government allocated budget around 166.9 million baht to the second phase construction of Luang Prabang airport which had started in 1999 and finished in 2001. Besides, Thailand supported with the Thai – Lao Friendship Bridge construction at Xayaburi district value around 20.7 million baht. And there are other small projects such as improving the centre for products display at Vientiane value 2.5 million baht. (Phanvongsa, 2009)

Technical Cooperation

During the Thai – Lao Technical Cooperation Conference in 1997, Thailand agrees to support Lao PDR in HRD with a provision of 45 master degree scholarships, 2 scholarships for doctoral degree, 250 fellowships for training, and 2 fellowships for study visits in Thailand. (Department of Technical and Economic Cooperation, 1997)

According to DTEC Annual Report in 1999, the Ministry of Education of Thailand and Lao PDR have collaborated on a number of development projects such as library renovation and teacher college construction at Luang Prabang and Ban Goen, and development projects on teacher training and academic materials at Vientiane Technical School (Department of Technical and Economic Cooperation, 1999a) The

Office of Vocational Education Commission of Thailand and Lao PDR collaborate to develop Phon Hong Vocational Education Development Centre by sending four Thai experts and allocating budget around 15 million baht for the construction. (Department of Technical and Economic Cooperation, 1999a) During 1999 – 2000, the Thai – Lao Bilateral Cooperation Conference halted due to the preparation for the roadmap of Thai – Lao economic cooperation. Nevertheless, the provision of scholarships and fellowships has continued with lesser amount than previous as DTEC offers 15 scholarships in graduate level and 50 fellowships for training. (Department of Technical and Economic Cooperation, 1999a)

❖ Triangular Cooperation

Thailand views its role as a development partner, the Thai government has encouraged traditional donors and international organizations to adjust their cooperation approach to be a partner with Thailand. Thus, it has started partnership cooperation with major donors in assisting Lao PDR in the form of Third Country Training Program (TCTP).

To illustrate, due to the success of Thailand in national family planning project, UNFPA chose Thailand as one of the four among Centres of Excellence. Thailand greatly collaborates with the Japan government via JICA¹⁹ in providing development cooperation to Lao PDR: while DTEC transfers its expertise, JICA is responsible for financial supporting role. Likewise, New Zealand played an important role in supporting development project between Thailand and Lao PDR via the Greater

¹⁹ The Japan International Cooperation Agency (JICA) is the Japanese government agency providing technical cooperation and aid in other forms which is a part of Japan's Official Development Assistance (ODA) with an aim to promote economic and social development in other countries.

Mekong Sub – region framework. (Department of Technical and Economic Cooperation, 1999b)

❖ Multilateral Cooperation

ASEAN

The Association of Southeast Asian Nations (ASEAN) was established in 1967 by the Southeast Asia five members²⁰ who did not adopt socialist system. At its first establishment during the Cold War, it was likely a collective security arrangement. Later on, ASEAN aims to accelerate economic growth, social progress and social development in the region, and most importantly to promote peace and stability in the region. This reflects in ASEAN expansion that includes all Southeast Asian countries from Brunei Darussalam in 1984, Vietnam in 1995, Myanmar and Lao PDR in 1997, and lastly Cambodia in 1999. In doing so, ASEAN adheres to the three key principles: respecting for state sovereignty, non – interference, and no use of force/violent in solving conflicts.

The Prime Minister Thongsing Thammavong delivered a speech during the celebration of 15th Anniversary of Laos’s membership of ASEAN saying:

“The Lao PDR’s accession to ASEAN on July 23, 1997 is the fruit of the implementation of our consistent foreign policy of peace, independence, friendship and cooperation aimed at contributing to the building of Southeast Asia as a region of peace, stability, and cooperation for development.” (Times, 2012)

In essence, Lao PDR believes that being a part of ASEAN is greatly beneficial in several aspects especially on economic and trade liberalization. As one common goal of ASEAN member states is to create a common economic community meaning

²⁰ ASEAN Founding Members includes Thailand, Indonesia, Malaysia, Philippines and Singapore.

that it attempts to create a common market including free trade in goods, services and investments across Southeast Asia, this offers lots of opportunities for Lao PDR. Essentially, the Laotian government and business sector can take advantages from trade regional integration.

In this regards, Thailand development cooperation via multilateral framework increases channels to deliver development programs to address key problem on human resource development.

3.5 Thailand's Policy on Development Cooperation during 2001 – 2006

When Thaksin Shinawatra took the office of Prime Minister in 2001 (February, 9 2001 – September, 19 2006), Thailand's policy on development cooperation was remarkably restructured and elevated. (Chachavalpongpun, 2010; Phanarangsarn, 2009) First and foremost, Thaksin declared to graduate Thailand from the aid recipient status as he delivered the speech to the cabinet in November 29, 2003 that:

“from 2004 onwards, Thailand would... receive or request financial assistance... from foreign countries only if such assistance is given without any conditions, commitments or obligations which will make Thailand lose its negotiating power as an equal partner with that foreign country” (Phanarangsarn, 2009, p. 36)

Thaksin reemphasizes the changing status of Thailand to assist neighboring countries with development cooperation as it becomes national priority during the speech titled “The Future of Asia” which was delivered in Japan as following:

“Thailand, having swiftly recovered from the 1997 crisis much faster than many had anticipated, should ready to be of economic assistance to our neighbors. Economic empowering our sub – regional neighbors will take priority in our foreign policy.” (Wajjwalku, 2010, p. 80)

3.5.1 Restructuring the Department of Technical and Economic Cooperation

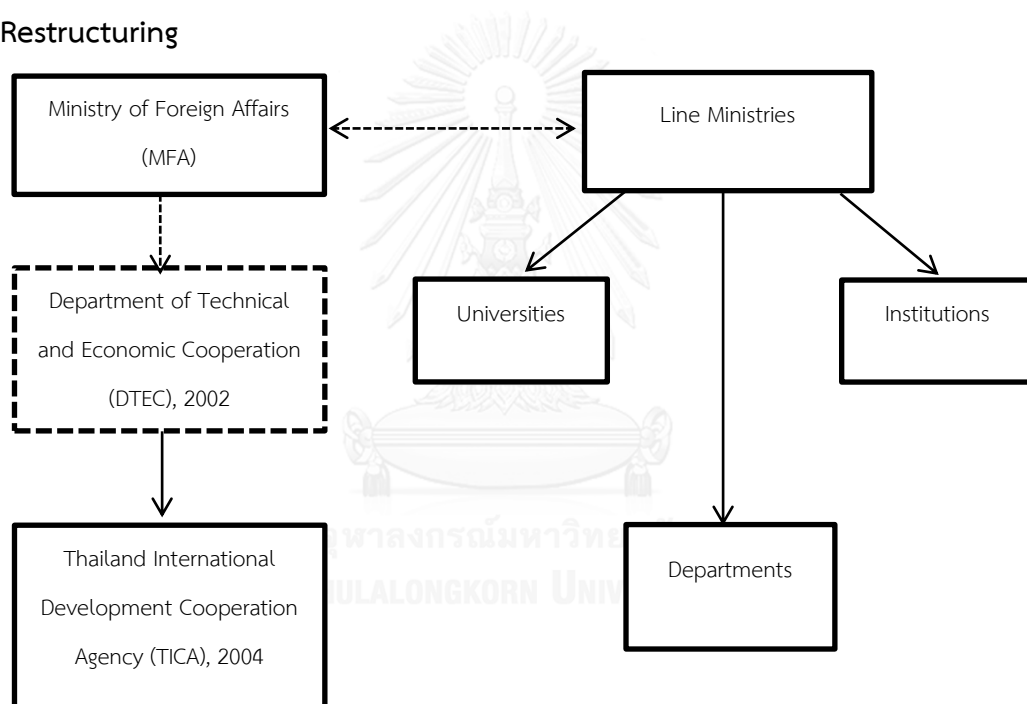
In 2002, the Thaksin Government decided to reconstruct the structure of DTEC and elevated it to be Thailand International Development Cooperation Agency (TICA) under the supervision of Ministry of Foreign Affairs. Later, TICA was established in 2004 as the Thai focal agency dealing with international development cooperation and promoting South – South Cooperation and North – South – South cooperation. TICA development activities and sector does not have much difference from DTEC, but it is crucial to point out that TICA is reformed with a new view of Thailand as the development partner to manage aid provision, rather than aid receiving.

Essentially, TICA official expresses that TICA after restructuring tends to work in align more with the Ministry of Foreign Affairs. Specifically, TICA works closely and cooperates more with the East Asia Department of Ministry of Foreign Affairs in dealing with neighbouring countries. (TICA Official, 2014) What's more, as Thailand's economy is growing and increasing its role in aid provision, Thailand has crossed itself out from recipient lists of major donors, and inflow aid from other donors has gradually dropped. (Phanarangsarn, 2009; Phraxayavong, 2009)

Furthermore, the TICA officer says that Thailand development cooperation during this period has a clearer rules and regulation on aid administration. This might be a result of the political stability during the Thaksin administration. To illustrate, TICA can manage to implement development cooperation according to the country strategy because the government allocates yearly budget consistency and continuously which responses accordingly to the need of the partner country. (TICA Official, 2014)

Similarly, Warit Rasri's research finds that political stability in both Thailand and Lao PDR partially contributes to smooth forming and implementing policy on development cooperation. Thailand under the Thaksin Shinawatra administration is the single – party government while Lao PDR under the socialist government, this contributes to the consistency of forming and implementing the policy in align with requests from the Laotian government. (Rasri, 2007)

Figure 1: Thailand Technical Cooperation after the Thaksin Government Restructuring



Source: Adapted from Brown, Stephen. 2006. *Aid and Influence: Do Donors Help or Hinder?* London; Sterling, VA: Earthscan.

Decision Making

Synthesized from the interview and published document conclude that Thailand's policy on development cooperation adopts the demand – driven approach. (Lao's Desk Official, 2014; TICA Official, 2014; Wajjwalku, 2010) TICA Officer states that the process of planning development cooperation policy with Lao PDR based on

requests or proposals from the Laotian government. Thailand grants authority to the Laotian government to decide on what it needs, and prioritize fields and curriculums that requires Thailand to support on, then this will be discussed in the Thai – Lao Technical Cooperation Committee Meeting. (TICA Official, 2014) There are two significant mechanisms which decide the future direction of Thai – Lao development cooperation:

1.) The Thai – Lao Joint Commission on Cooperation, co - chaired by Thailand and Lao PDR Ministers of Foreign Affairs.

2.) Thai – Lao Annual Consultation on Technical Cooperation, alternately chaired between the Director - General of International Development Cooperation Agency (TICA), Thailand and the Secretariat of Lao – Thai Cooperation Commission, Lao PDR.

The two mechanisms are coordinated between Thai and Laotian officials to discuss on requests from the Laotian government and to compromise with Thailand's capability to deliver. These are an essential mechanism to guarantee that the delivery from Thailand serves the needs of the partner country and to follow up on - going development projects. (Lao's Desk Official, 2014)

3.5.2 Initiative of Neighboring Countries Economic Development Cooperation Agency (NEDA)

NEDA is actually revitalized from NEDF which was first established in 1996, yet it was not successful due to the Financial Crisis. In 2005, Thailand began to offer financial cooperation with Lao PDR in form of grants, concessional loans, and technical cooperation for economic development under the agency called Neighbouring Countries Economic Development Cooperation Agency (NEDA), a public organization, Ministry of Finance. The main objective of NEDA is to ensure sustainable

development of neighbouring countries, and lessen the disparity of socio - economic development of countries in the sub - region. (Neighboring Countries Economic Development Cooperation Agency, 2014)

NEDA financial cooperation embraces three forms: grants, concessional loan, and technical cooperation. Whilst grants from NEDA are mostly offered for undertaking feasibility study for designing projects, concessional loan is provided for key infrastructure development and transportation construction. And Technical cooperation is offered following projects completion to transfer know - how technology and train development projects - related Laotian officers.

Importantly, NEDA financial cooperation is characterized as “tied aid” due to NEDA contracts regulations. NEDA concessional loan is a Baht loan, with 30 years loan, exempt from interest for 10 years, interest rate 1.5%. Contract with NEDA states that neighbouring countries must use products and services from Thailand at least 50% of the value of goods and services, procured in each NEDA’s loan project. Besides, workers and counsellors acquired under NEDA’s projects must be Thai. (Neighboring Countries Economic Development Cooperation Agency, 2014)

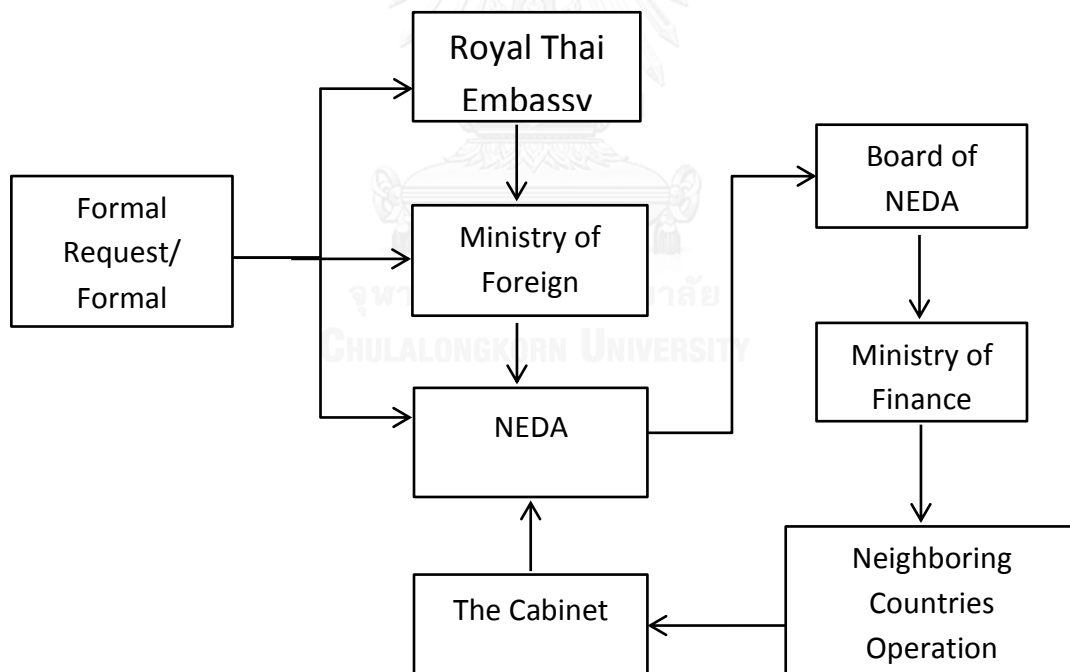
Decision Making

Discussing about how NEDA consider granting financial cooperation for neighboring countries, NEDA officer elaborates that NEDA primarily considers future benefits of Thailand, neighboring countries and the region, particularly transportation benefits along border areas of Thailand and its neighbors in order to facilitate international trade, investment and tourism. Essentially, NEDA places emphasis on significance,

urgency, and readiness of development projects under regional framework, particularly GMS and ACMECS, as well as government policies.

Nevertheless, NEDA development projects often base from partner countries' formal requests as shown in figure 2 and considering as aforesaid. And NEDA sometimes as well proposes some projects with partner countries and compromise for formal agreement. (NEDA Official, 2014) Lastly, even though NEDA is a public organization, NEDA can provide grants and loans to other countries only under the Cabinet approval.

Figure 2: NEDA Financial Cooperation Request Channel



Source: Neighbouring Countries Economic Development Cooperation Agency (NEDA)

It is noteworthy to point out about NEDA Board composition since it evidently suggests control from Ministry of Foreign Affairs in this public organization. NEDA Board composes of ten people which are a president (a qualified person from

outside), the four committee members from outside, and the other five committee members by government position that includes two representatives from Ministry of Finance and Ministry of Foreign Affairs.²¹

3.5.3 Thai - Lao Development Cooperation during 2001 – 2006

Thailand has advanced its development cooperation with Lao PDR as it expands from human resource development (in form of grants and technical cooperation) to include infrastructure and transportation development (in form of financial cooperation).

❖ Thailand International Cooperation Agency (TICA)

TICA official explains that Thailand's development cooperation programs are designed on a basis of Thailand expertise which has been developed over decades and has become the country strengths of development that are ready to be shared with other interested countries. She further emphasizes that development programs must be considered as appropriate and respondent to the need of the partner country. Plus, sharing expertise must concern on the partner's absorptive capacity as well. (TICA Official, 2014)

❖ Thai – Lao Bilateral Cooperation

Apparently, TICA has collaborated with line ministries, public and private sector, educational institutions for greater benefits of development networking and pooling Thailand's expertise such as Chulabhorn Research Institute, Mae Fah Luang Foundation, International Institute for Trade and Development, Foundation for

²¹ The five members by government position comprises of MOF Permanent Secretary, MOF Director – General of Fiscal Policy Office, MFA Permanent Secretary, Director – General of Department of International Economic Affairs (MFA), and Secretary – General of NESDB.

International Human Resource Development, and private educational organizations. As a result, areas of development has greatly expanded covering business administration, tourism, energy and natural resources, science and technology, textile and garment industries, and aviation training.

Grants for Development Projects

Thailand provides aid to Ramp construction project value at 34.3 million baht which is began in October 2004 and finished in April 2005. Then, the Thai government assists on the road construction connecting from Tha Buk to road number 13 length 1.85 kilometers, value 29.8 million baht, which is started in December 2004 and finished in March 2006. According to the Minute of 14th Thai - Laos Joint Commission in 2006 states that Thailand supports Lao PDR on the construction project of Drugs Rehabilitation Center at Champasak province value about 24.5 million baht. (Phanvongsa, 2009)

Technical Cooperation

Thailand technical cooperation with Lao PDR is implemented according to the yearly country program. Areas of cooperation have expanded with increasing collaboration from other sector like private organizations, higher education institutions, and line ministries, in which TICA acts as a coordinator between the Thai government, partner countries' government, and other organizations implementing development projects. Lao PDR remains the largest partner country of Thailand as the following table 3 illustrates.

Table 3: Value of Thailand Technical Cooperation with Neighboring Countries (1998 – 2006)

Unit: Million Baht

Year	Lao PDR	Cambodia	Myanmar	Vietnam	Overall
1998	126.9	44.6	19	34.3	305.4
1999	66.1	13.8	5.1	9.5	123
2000	48.8	14.5	16.7	9.1	113.2
2001	36.6	22.1	3.9	21.4	113
2002	29.2	30.4	2.7	13.2	117.5
2003	31.2	69.6	2.9	15.8	192.1
2004	49.4	30.5	5.5	16.5	170.4
2005	48.2	36.6	11.7	31.6	209
2006	63.6	36.3	13.8	22.7	320.2

Source: Thailand International Development Cooperation Agency cited in Viengsamay Phansvongsa, Lao – Thai Relations: A Case Study of Thai Foreign Aid, 1975 – 2007, (Master's Thesis, Department of International Relations, Faculty of Political Science Chulalongkorn University, 2009), p.82.

Table 4: The Number of Thai – Lao Technical Cooperation: by Form of Cooperation

Year	Scholarships for MA, PhD	Fellowships for Study Trips and Training
1998	15	60
1999	15	50
2000	15	50
2001	15	60

2002	20	70
2003	20	100
2004	20	100
2005	30	100
2006	30	100

Source: Department of Technical and Economic Cooperation, and Thailand International Development Cooperation Agency.

➤ Technical Cooperation on Education

Education in Lao PDR is considered as severe and in need of support for quality improvement in order to fuel the country development. While the Laotian government is occupied with raising literacy rate in which primary education is the focus, higher education in Lao PDR is seriously critical due to limited budget and limited resources. There are around five teachers training colleges and 81 private higher education institutions, and five public universities²² with not much diversity of areas of studying and limited of academic fields available at the graduate level. (World Bank, 2006)

In comparison, Thailand has a total of 146 higher education institutions and 19 community colleges with various fields of studying in both Thai and international programs available. (Thailand International Development Cooperation Agency, 2010) Besides, most of Thai state universities have added graduate programs conducted in both Thai and international programs offering master's and doctoral degree in

²² Five public universities which are managed by the Laotian government directly are national University of Laos (NUOL, Vientiane capital), Health Science University (Vientiane capital), Souphanouvong University (Luang Prabang province), Champassak University (Champassak province), and Savannakhet University (Savannakhet province).

various fields from social sciences, education, information's technology, engineering, science, health science, medicine, business administration, and etc.

Currently, the Thai government supports Lao PDR on education improvement with various activities. TICA has collaborated with line ministries, and higher education institutions to develop education in Lao PDR, especially at the tertiary level. For instance, TICA has signed the Statement of Cooperation with three Thai universities which are Khon Kaen University, Chiang Mai University, and Ubon Ratchathani University to develop education and human resources in Lao PDR. (Agency, 2009b) TICA also cooperates with the Office of Vocational Education Commission to develop the cooperation plan with Lao PDR universities and vocational schools.

The Thai government also allocates budget to support Lao PDR on building primary school at Sawannakhet 1 million baht, Bor Keow 2.3 million baht, Udom – Chai 2 million baht, and Champasak 1.5 million baht. It assists Lao PDR in building dormitory for orphanage students in Xayaburi value around 2.4 million baht. (Phanvongsa, 2009)

➤ **Technical Cooperation on Agriculture**

Thailand is an agriculture country and more than half of its population engaged in agriculture. From its past experiences, Thailand has successfully applied innovations in agricultural research and technology to advance its agriculture sector. Thailand expertise in agricultural development focuses on research and development aiming to raise productivity and cut costs by using advanced technology to improve product quality and to reach international requirements. (Thailand International Development Cooperation Agency, 2009)

According to the report in collaboration between TICA and UNDP concluded that Thailand's expertise in agricultural development can be grouped in to five categories:

- 1.) Increasing efficiency and productivity in agriculture
- 2.) Development of aquaculture
- 3.) Development of livestock production
- 4.) Value creation for agricultural products
- 5.) Food security

In agricultural sector, TICA has collaborated with other related organizations such as Ministry of Agriculture and Cooperatives, National Biological Control Research Center, Kasetsart University, and Pon Yang Kham Livestock Cooperative. For instance, the agriculture and forest development project at Phone Hong District, Vieng Kam City, and Luang Pra Bang aim to reduce deforestation and poverty. These development programs assist local farmers with proper skills in farming which will help them to improve their agricultural skills for higher income and ultimately decrease the misuse of forest lands. Within the project, TICA provides technical cooperation in the transfer of agricultural technology and know - how to Laotian farmers. (Thailand International Development Cooperation Agency, 2010)

➤ **Technical Cooperation on Public Health**

Thailand's expertise in public health have been striking, especially in the areas of family planning, HIV/AIDS treatment and prevention, epidemiology, infectious disease surveillance, food safety, village health volunteer program, health and nutrition promotion and the adoption of a universal health coverage system. (Thailand International Development Cooperation Agency, 2010)

Phone Hong Hospital is selected as a model hospital for this field of development. TICA's contribution consists of the construction of hospital buildings, distributing

hospital equipment and medical supplies, building capacity of hospital employees as well as assigning Thai experts to provide guidance and consultation for the hospital management. (Thailand International Development Cooperation Agency, 2009) Besides, the Thai government allocates budget value of 3.2 million baht to construct public health station at Don Khong, Champasak. (Ministry of Foreign Affairs, 2014)

❖ **Neighboring Countries Economic Development Cooperation Agency (NEDA)**

As NEDA is established, Thailand began to offer Lao PDR financial cooperation for infrastructure and transportation development which is in the composition of grants 30%, and concessional loans 70% (30 years loan, with an interest rate 1.5% per year, and 10 years of grace period). These are NEDA development projects during the research timeframe.

1. The Road Construction Project from Chiang Rai Province – Kunming, through Lao PDR (R3)

It is the first NEDA financial development project with Lao PDR, which the contract was signed in 2002. Thailand supports the road construction of 84.77 km between Bokeo – Luang Namtha; Lao PDR with concessional loan valued 1,385 million Baht.

It is important to mention that the R3 route development is a part of the R3A construction (linking Thailand and Kunming via Lao PDR) which is a part of building the North - South Economic Corridor (NSEC) under the Greater Mekong Sub-regional development project. The R3A project is a joint loan of China, the Asian Development Bank (ADB), Thailand, and Lao PDR for constructing the 228 km route between Huai Xai and Boten linking Thailand, Lao PDR and Southern China.

Figure 3: R3 Road Construction Project



Source: <http://www.neda.or.th/eng/contentviewfullpage.aspx?folder=88&subfolder=&contents=1167>.

2. Wattay International Airport Improvement Project, Vientiane

The project started in 2004, with an objective to renovate the Wattay International Airport to be able to accommodate larger aircrafts to support the ASEAN Summit in 2004 which Lao PDR is the host.

3. The Railway Construction from the Friendship Bridge (Nongkhai) to Ban Thanaleng

The project began in 2004 with an aim to create a rail link from Thailand border area (Nong Khai) to the interior areas of Lao PDR. It is the first railway connecting Thailand and Lao PDR which is completed in 2009. The project is a part of larger project of the Singapore - Kunming Rail Link.

Figure 4: Railway Construction from the Friendship Bridge (Nongkhai) to Ban Thanaleng

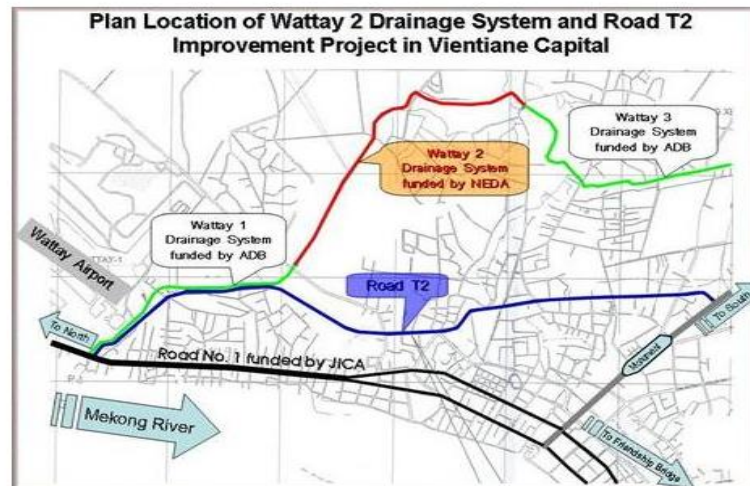


<http://www.neda.or.th/eng/contentviewfullpage.aspx?folder=88&subfolder=&contents=1169>

4. The Drainage Pipeline Construction and T2 Road Improvement in Vientiane

The project of constructing a 2.7 km drainage pipeline and T2 road development of 6 km. long aims to prevent flood and to facilitate commuting between Vientiane and the Wattay International Airport.

Figure 5: The Drainage Pipeline Construction and T2 Road Improvement in Vientiane



<http://www.neda.or.th/eng/contentviewfullpage.aspx?folder=88&subfolder=&contents=1171>

5. The Houi Kon – Pak Beng Road Development Project

This is the highway construction serves as a strategic route connecting Thailand and Lao PDR with other countries in the sub - region (from Houi Kon – Nan Province – Muang Nguen of Xai Buri – Ban Pak Beng, Udomxai Province), totalling 49.22 kilometres via connection with the R3 Project. The project began in 2004, and completed in 2010.

6. The Improvement of Pakse Airport Project

The objective is to advance the Pakse Airport to reach international standard so that it will be able to accommodate 150 passenger aircrafts. The project includes runways, taxiways, and aprons expansion. It also improves aviation control chamber. (Neighboring Countries Economic Development Cooperation Agency, 2014)

The following table illustrates NEDA development projects with Lao PDR between 2001 and 2006.

Table 5: Value of Loan Provided for Development Projects in Lao PDR by NEDA

Project	Amount of Loan (Million Baht)		
	Loans	Grants	Total
1. R3 Road Improvement Project	1,385.00	-	1,385.00
2. Wattay International Airport Improvement Project	224	96	320
3. Railway Construction from Friendship Bridge to Ban Thanaleng	137.90	59.10	197
4. The Construction of Drainage System and T2 Road Improvement Project in Vientiane.	112	48	160
5. Houi Kon – Pak Beng Road Development Project	588	252	840
6. Improvement of Pakse Airport Project	224	96	320
Total	2,446.90	455.1	2,902

Source: Neighbouring Countries Economic Development Cooperation Agency (NEDA)

❖ Multilateral Cooperation

The Premier Thaksin has emphasized on the idea of aiding neighboring countries in the pursuit of sustainable development. He states that these countries will continue to lag behind other ASEAN member countries if the countries in the region do not grant them special attention regarding to trade, finance, and the development of human resources. (Phraxayavong, 2009) Hence, he initiated the sub – regional cooperation framework called “Ayeyawady - Chao Phraya - Mekong Economic Cooperation Strategy” aims to bridge socio – economic disparity between Thailand and next – door neighbors.

➤ **Initiative of Ayeyawady - Chao Phraya - Mekong Economic Cooperation Strategy (ACMECS)**

ACMECS is one of the highest significant cooperation framework that Thailand concentrates on aiming to bridge economic development gap among countries in the sub – region. Hence, ACMECS consists of Thailand and its four immediate neighboring countries, namely, Lao PDR, Cambodia, Vietnam and Myanmar which are the highest priority of Thailand foreign policy.

The six priority areas of ACMECS cooperation framework are 1) Trade and Investment Facilitation, 2) Transportation Linkages, 3) Human Resources Development, 4) Agricultural and Industrial Cooperation, 5) Tourism Cooperation, and 6) Public Health Cooperation. (Thailand International Development Cooperation Agency, 2009)

According to Pavin Chachavalpongpun, ACMECS is initiated based on the Thai good neighbourly principles of “prosper thy neighbour” and “charity begins at home,” with the vision that bridging socio - economic development disparity is beneficial more for Thailand. For instance, it helps them to solve trans - border problems such

as drugs trafficking and illegal immigration, otherwise it causes an adverse impact on Thailand. (Chachavalpongpun, 2010)

This is reaffirmed by the statement of the Foreign Minister Surakiart Sathirathai as he addresses on ACMECS saying:

“Thailand’s forward engagement foreign policy is graduating Thailand from a recipient country into a donor country status... As we begin to be successful, our neighbors must not be left neglected. A fast – track economic cooperation strategy, by the name of ACMECS, was initiated by Thailand. It offers development assistance to all these neighbors... on the basis of self – help and partnership.” (Sathirathai, 2005, p. 27)

Within this framework, TICA is the key agency in HRD, by stressing on forming academic cooperation networks. Via ACMECS, Lao PDR proposes the concept paper for Thailand to consider on technical cooperation including scholarships for tertiary education, and some fellowships for training and study visits. Hence, with the ACMECS framework, technical cooperation has increased in number of scholarships and fellowships. For example, via ACMECS, TICA granted 40 scholarships for Laotians students in Savannakhet Vocational School in 2005. (Rasri, 2007) Plus, via ACMECS Thailand has financial support on roads construction in local areas and main roads connecting countries in the sub – region, and infrastructure construction. (Chachavalpongpun, 2010)

➤ **Greater Mekong Sub – region (GMS)**

Within the GMS framework, Thailand’s policy on development cooperation has two key objectives on economic and social aspect.

On economic aspect, GMS addresses on trade and investment facilitation, border trade, transportation, energy, agriculture, livestock, tourism, and capability

improvement. On social aspect, GMS focuses on human resources development, skilled labour improvement, public health, and connectivity. (Thailand International Development Cooperation Agency, 2010)

Later in 2000, the GMS six members, with a full support from ADB aim to transform GMS transport corridors into economic corridors. Thailand after recovered from the Financial Crisis positively supports GMS development program which aims to develop transport corridors linking countries in the sub – region and enhance transport linkage to population centres, tourist destinations, and markets. Development cooperation under the GMS framework leads to the emergence of transport corridors linking countries in the sub - region, which form the base for the economic corridors that are being developing and it composes of:

The North – South Economic Corridor (NSEC)

It is the road connected between Kunming and Bangkok consists of three sub – corridors which are Kunming – Bangkok via Lao PDR route (R3A) or Myanmar route (R3B); Kunming – Hanoi – Hai Phong; and Nanning – Hanoi which has been developed since 1998 following the GMS program. The transport corridor covering the area of Yunnan Province, Shan State in Myanmar, Northern of Lao PDR, and Northern Thailand.

Takao Tsuneishi elaborates that the renovation of the road from Chiang Rai to Kunming via Lao PDR (Luang Namtha Province of Northern Lao PDR) or Myanmar route is signified as “the R3 Route.” He states that the project is one of the priority projects mentioned during the Third GMS Ministerial Conference in 1994 under the GMS Economic Cooperation Framework. (Tsuneishi, 2009)

Via NEDA, the Thai government has supported Lao PDR on the R3A construction with a loan value 1,385 million baht for 84.77 km in Huay Xai province.

The East – West Economic Corridor (Myanmar – Thailand – Lao PDR – Vietnam)

It is the direct and continuous land route between the Indian Ocean and the South China Sea linking Thailand with ACMECS countries; 200 km. in Myanmar, 800 km. in Thailand, 240 km. in Lao PDR, and 260 km. in Vietnam. (Supatn, 2012) The project is completed in 2006.

EWEC includes Route no.9 which is financially supported by ADB, connecting Savannakhet – Muan Pin – Dan Sawan 210 km. in total. The route begins from Mawlamyine, a gateway to the Indian Ocean in Myanmar, connected to Phitsanulok, the lower north region of Thailand as an Indochina cross – road with the North – South Economic Corridor (NSEC), then reached to Khon Kaen, which is promoted as a logistics hub and medical and human resources development centres, and connects to the border gateway Mukdahan, a province situated the second Thai – Lao Friendship Bridge. The EWEC passes Savannakhet in Lao PDR to Heu, and ends at the gateway to the South China Sea Danang, Vietnam. (Tsuneishi, 2007)

As a part of EWEC, Lao PDR and Thailand are connected by the second Thai – Lao Friendship Bridge (Mukdahan – Savannakhet), which is financially cooperated in form of concessionary loans between Japan and Thailand.

➤ ASEAN - IAI (ASEAN-Initiative for ASEAN Integration)

It is the regional cooperation framework which is supported by the six ASEAN old members, with an aim to expediting public sector reform in the new ASEAN member countries. The framework emphasizes on the area of infrastructure development

(transport and energy), human resources development (public sector capacity building, labour and employment, and higher education), information and communication technology, and regional economic integration (trade in goods and services, customs, standards and investment).

In summary, through multilateral framework, Thailand presents itself as the joint partner for sub – regional and regional development by emphasizing on socio – economic development of the region. Thailand has supported economic cooperation with neighbouring countries in bilateral and sub – regional development framework of ACMECS, GMS and ASEAN. With multilateral framework, Thailand technical cooperation increases channel to deliver development programs as increasing number of scholarships, fellowships, and number of projects increases from sub – regional framework to tackle human resource capacity building. In contrast, Thailand financial cooperation under multilateral framework is strikingly crucial as it reinforces sub – regional and regional economic integration because projects contributes to regional transportation network development.

3.5.4 Role of the Thai Royal Family

The Thai Royal Family critically contributes to amiable relations between Thailand and Lao PDR, not only by their regular goodwill visits but also by offering development cooperation under the Office of Royal Development Project Board (ORDPB).

❖ The Agricultural Service and Development Centre (Km.22)

The centre marks as the first Royal Development Project in Lao PDR as it is officially established in 1994. This centre is born out of the amicable relationship between His Majesty the King Bhumibol and His Excellency Mr. Kaysone Phomvihane. The practice

of this centre has followed His majesty the King's suggestion on Development Study Centres in Chiangmai and Sakol Nakhon province. (Wajjwalku, 2010)

The centre has conducted several key activities including infrastructure development: water and electricity system, water sources development like building reservoir at Huai – San, land development, improving agricultural technology, livestock and fishery development, and lastly developing on academic and technology know – how transferring. So throughout years, the centre has served as the agricultural centre providing knowledge and transferring advanced technology via development training programs. (Khien Theeravit, 2002)

❖ **The Vientiane Cultural School for Orphans and Ethnic Minorities (Km. 67)**

The school was established in 1976 by the Laotian government and international organizations in collaboration in order to accommodate orphans and poor children who got affected from the war during 1970s. Nonetheless, the school has limited budget, it resulted in inadequate of dormitory, food, and water which later causes malnutrition among children. (Wajjwalku, 2010) According to the Office of Her Royal Highness Princess Maha Chakri Sirindhorn's Projects, Her Royal Highness offered financial support to the school to construct the dormitory, to develop water resources for consumption and agriculture during the first visit in 1990. She continues to support the school by establishing the committee to conduct activities and provide support in various areas such as on students' health and nutrition, developing key infrastructure in the school like water system, dormitory and classrooms, transferring know – how on agriculture, and providing training programs to teachers as well. (Office of Her Royal Highness Princess Maha Chakri Sirindhorn's Projects, 2007) From her initiative, these activities have been carried out until present

which the Princess regularly pays visit to the project development during her yearly goodwill visit in Lao PDR.

❖ **The Training Project on Medical Technology and Public Health for Hospital Officials**

H.R.H. Princess Maha Chakri Sirindhorn recognizes that good health of citizens is greatly significant for the country development. Thus, the Princess has provided medical equipment and supplies to various hospitals in Lao PDR upon their request. In 2000, Her Royal Highness initiates the training programs for officials in hospitals with an aim to enhance knowledge and develop skills of Laotian officials in medical and public health sector, which will contribute to the better quality of life of Lao PDR's citizens. (The Royal Thai Embassy)

❖ **Experiential Exchange Among Laotian Governors**

Siriporn Wajjwalku research argues that the governors exchange project with Lao PDR is born out of close relationship between Her Royal Highness and Laotians as she recognizes a vital role of Laotian local leaders in pushing the country to achieve its development goal. (Wajjwalku, 2010) In 2003, Her Royal Highness initiated the project with an aim to heighten the potentiality of Laotian local leaders from every province, with a hope that the high potential and skilful local leaders will contribute to the Laotians' quality of life improvement. The Princess offers in country study trips program to exchange experiences on various areas of development and public administration with Thai high level state officials. (The Royal Thai Embassy)

3.5.5 Role of Higher Education Institutions

Apparently, Thailand higher education institutes actively increase its role in technical cooperation rather than assisting TICA or DTEC like in the past as many institutions

provide a number of scholarships and cooperate with universities in Lao PDR to advance education. To illustrate, information from the Royal Thai Embassy in Vientiane states that Khon Kaen University and Thammasat University offers Laotians master degree scholarships yearly, while Faculty of Mass Media and Communication, Chulalongkorn University offers bachelor and master degree scholarships to Laotians. (The Royal Thai Embassy)

Despite of scholarships provision, Thai and Laos education institutions collaborate to develop programs and curriculums. For instance, the Chiang Mai University launches the collaboration project with the National University of Laos (NUOL) to develop international program for master degree and the program is arranged during weekends. Ramkhamhang University joins with Thailand University Foundation, and Udonthani – Nongkhai International College in elevating 114 NUOL officials to graduate Bachelor degree in education field. (The Royal Thai Embassy)

3.5.6 Role of Thai Private Sector

A Case Study of the Mitr Lao Sugar Company

Apparently, several Thailand private sectors have collaborated with the government agencies to deliver technology and plays important role in capacity building. The Mitr Lao Company, under the Mitr Phol Sugar Group is the prominent Thai business in Lao PDR. The company began cane plantation in Savannakhet district in 2006 as it got 10,000 Hectare (around 62,500 Rai) concessionaire from the Laotian government for 40 years. After 2 years, the company began to build the sugar manufactory. Apparently, the Mitr Lao Company got land concessionaire about 125,000 rai, and operate sugar manufacturing. Despite of job creation from cane subsistence agriculture and sugar manufacture, Mitr Lao also helps improving Laotian human resource, and develops rural areas.

❖ Cane Plantation and Sugar Manufacturing

According to an interview with the former director of Mitr Lao Company, firstly, the company needs to train Laotians for doing cane plantation. This includes labours, and labours with land property for plantation as the MOU with the Laotian government called 2+3 Project²³. He says that it consumes a lot of time since labours have no idea about cane at all. Then, during constructing the sugar manufactory, the company recruit Laotian engineers, technicians and other workers related to engines operations to get training in Thailand with the Mitr Phol group for around one year. Apparently, workers at operation level often get direct training from the Mitr Phol group in Thailand for a year, while workers in the plantation gain knowledge from Thai specialists who were sent to Lao PDR. Throughout years, now the Mitr Lao Company has Thai employees around 7%: only the company director, specialist technicians, and manager in some department, and the rest are Laotians in both the manufactory, and cane plantation. (Former Director, 2014)

❖ Other Development Projects

Later on, the company set a pilot model about livestock since locals did know how to do farming and let cows eat cane production in their land. So the company solves this problem by demonstrating how to do livestock, and delivers veterinarian so that locals can make a living from this job as well. The Mitr Lao Company as well collaborates with Vocational College, and Agricultural School in Savannakhet for training, especially accounting and farming, then recruit after finish school without obligation. (Former Director, 2014)

²³ 2+3 Project is the MOU between the Mitr Lao Company and the Laotian government. In this case, two signifies Laotian labours, and Laotian with land property. While 3 means investor must provide capital, deliver knowledge and technology, and serve as market for Laotians' production.

❖ Infrastructure and Transportation

When the Mitr Lao Company first established in Savannakhet Province, it brings great development on infrastructure and land transportation as it needs convenient route for logistics, and proper environment for doing plantation. This results in convenient paved roads connecting small villages around 200 kilometres, electricity in remote areas, soil improvement, and weir construction. (Former Director, 2014)

The former director says that both Laotian local government and national leader once gave the company compliment that it takes development seriously and make it real. (Former Director, 2014)

The former director further adds that at this point the company have great coordination with Laotian government since they have to work together from the beginning and solve problems together. Every development projects or CSR activities that the company plans to do normally need to consult with the local government first, then cooperate to deliver. The issue about livestock training is cited as an example. As a foreign investor in Lao PDR, you have to no right to deal with Laotians but to consult with the local government to solve problems with their people in their home. (Former Director, 2014)

3.6 Conclusion

Thailand impressively moves from a major aid recipient to be a partner country sharing development cooperation with neighboring countries, particularly Lao PDR which is the largest partner country. Regarding to policy, the Thai government has employed Thailand development cooperation as a tool of foreign policy since the policy is planned, and formulated under the guidance of the Ministry of Foreign Affairs. Throughout years, Thailand development cooperation policy progressively

works in accordance with the country foreign policy as the four neighboring countries have always been TICA and NEDA's priority among other development partner countries. After restructuring, the two key aid agencies of Thailand become more integrated with the country's foreign affairs as it reflected in the decision making process: TICA and NEDA, is under the guidance of the Ministry of Foreign Affairs.

Interestingly, NEDA's projects approval does not solely prioritize financial benefit, but diplomatic consideration as well as it can be seen from the Drainage T2 project development which only helps prevent flood in Lao PDR. Plus, airport development that supports Lao PDR to host ASEAN Summit is clearly not an urgent project if considering economic benefit alone.

Moreover, Thailand initiated the sub – regional cooperation framework which aims to bridge the economic disparity among countries in the Mekong sub – region called ACMECS, and it becomes a significant multilateral framework which Thailand implement the development cooperation policy.

So that after restructuring, Thailand's policy on development cooperation increased its role in Thai – Lao relations, and becomes an essential component of Thailand foreign policy with Lao PDR. In this sense, Thailand's policy on development cooperation becomes an actual effective diplomatic tool of the Thai government.

In addition, Thailand's policy on development cooperation has been formulated based on the key principle of mutual benefits with an aim to move forward and grow together. So that the Thai government realizes the importance of making the strategic plan on Thailand development cooperation with partner country for policy and plan alignment. Besides, since Thailand views its current role as development

partner, the Thai government has encouraged traditional donors and international organizations to adjust their cooperation approach to be a partner with Thailand. Upward trend of Thailand development cooperation provision with Lao PDR when the growth of the country economy was rising obviously reflect the growing importance of Lao PDR in Thailand foreign policy.

On the other hand, despite of government aid agencies, other sectors of Thailand like the Royal Family and private sector as well play essential and increasing role in assisting Lao PDR with development cooperation. These highly contribute Thailand role as a development partner country.

Regards to advantages, Lao PDR clearly gains benefit from what Thailand has assisted, then what about Thailand? Thus, the next chapter aims to seek for positive consequences of development cooperation policy considering from Thailand perspective.

CHAPTER IV IMPACT OF THAILAND'S POLICY ON DEVELOPMENT COOPERATION WITH LAO PDR

Introduction

Since 1991, Thailand's policy on development cooperation has been highlighted as one of the highest Thailand foreign policy as it is promoted to be a development tool to improve partner countries and their people well – being with the demand – driven approach. The Thai government has exposed that it is willing to support Lao PDR to achieve sustainable development.

However, as the research argues that development cooperation policy is the country diplomatic tool, and it continues to be an essential element in Thailand foreign policy, this chapter continues to explore impact of Thailand's policy on development cooperation with Lao PDR from the stance of Thailand. Regarding to examine impact of the policy, the research emphasizes on two key issues: 1.) trust and confidence building, and 2.) Thai – Lao economic partnership.

4.1 Impact on Trust and Confidence Building

Straightforwardly, it is difficult to measure “trust and confidence” in international relations. Aaron Hoffman illustrates that the matter of trust is crucial in relationship between states because states tend to cooperate rather than making conflicts. (Hoffman, 2002) However, it does not mean that without trust states will not cooperate since national interest are predominantly driven force in state relations. Although, state relations are primarily driven by “interest” rather than “trust”, a thorough study of Thai – Lao relations shows that suspicion is relatively responsible for conflicts occurring between the two states.

Historical perspective, tense relationship between Thailand and Lao PDR during 1980s reflects in occurrence of several fierce fighting along border from the Three Villages incident to the Rom Klao conflict which resulted in hundreds of dead on both sides. Nevertheless, political conflict during the Cold War is not the only cause responsible for territorial dispute as Martin Stuart – Fox, the Asian History Professor specialized in Lao PDR, discusses that the weight of mutual suspicion and recrimination are the key cause that makes the preliminary talks between official delegations collapsed, and unable to bring out the forthcoming agreement. (Stuart-Fox, 1989)

The distrust that the Lao People's Revolutionary Party has towards Thailand and the Thai government is clearly expressed in the statement of the Laos Ambassador Saly Khamsy delivered to the Center for the Study of Foreign Affairs, Foreign Service Institute in 1988 when he discusses about border conflict with Thailand saying:

“... It should be noted that in Thailand there are some elements in the ruling circle whose attitude is unfriendly, hostile, and even aggressive towards the Lao People's Democratic Republic. They continue to perpetrate a secret war, mainly psychological, of spying and of sabotage against Laos, aimed at creating there a climate of permanent insecurity in order to weaken us economically and to sow division among various social strata and ethnic groups.” (Unger, 1991, pp. 210 - 211)

Although a sign of thaw began to show after 1988 as there are several official exchange visits of high level state officials, and several discussion and meeting of Thai – Lao Local Military Committee which is held monthly in order to decrease conflicts along borders. Yet, Vientiane continued to accuse Thailand for supporting and harbouring Lao insurgents. Evidently, the Laotian leader, Kaysone Promvihane gave an interview to the French reporter in 1989 that Thailand has supported Lao

resistance that fled into Thailand to assault in Lao PDR. (Kongtaewthong, 1996) After the Rom – Klao incident was solved, there are other conflicts occurring between Thailand and Lao PDR, particularly border disputes, and illegal migrations.

Even when Thailand initiated a new move toward Lao PDR promoting trade and economic cooperation during the Chartchai administration, this does not end historical distrust. Conversely, it reinforces the long – held suspicion that Thailand will conquer other weaker countries especially Indochina with economic power as Thailand is often charged of “neo – colonialism.” (Khien Theeravit, 2002; Mayoury, p. 35; Um, 1991, p. 267) Evidently, the bitter feelings on the Lao side is reflected on the Radio Vientiane saying; “Having failed to conquer us militarily, they have turned to a new weapon, one without firepower, the effectiveness of which is much greater than that of other weapons.” (Um, 1991, p. 251)

Seemingly, Thailand and Lao PDR are intimate neighbors that have shared several resemblances. Regrettably, similarities between the two do not always imply mutual understanding, worst, language commonality easily sparks conflicts.

The current Lao’s desk officer describes Thai – Lao relations as “stable but extremely vulnerable.” (Lao's Desk Official, 2014) He states that the key issue that Ministry of Foreign Affairs is aware of is vulnerability in their relationship; the Ministry is very concern on any actions from the Thai side triggering acrimony. As a Lao’s Desk Officer, he says that he has to pay great attention, particularly on Thai media, soap opera, public statements as well as official documents in order to prevent any negative gestures that may lead to misunderstanding, and easily lead to severe conflicts. The case of Thai movie “The Lucky Loser” in 2006 is cited as example. (Lao's Desk Official, 2014)

The matter of trust and confidence is critical in Thai – Lao relations as it is affirmed by Mr. Phitsanu Chanwitan, the Thai Ambassador in Vientiane. He gave an interview to the MBA magazine about his key concept in conducting diplomacy with Lao PDR, and one of which that he prioritizes is building trust and confidence with the Laotian government and Lao people in order to regain intimate relations that has been deteriorated during the Cold War. (Magazine, 2014)

In fact, reasons why Laotians perceive Thailand and Thai people negatively are various collected from historical period up until the Cold War; from the distorted history about Chao Anuvong, yielding territory to Thailand during colonization period, enmity during the Cold War, military intervention with the Lao revolution, broadcasting hostile message toward Laos, putting embargo on border trade, and fear of losing identity. (Khien Theeravit, 2002) Causes of distrust also mentioned from the Thai Ambassador to Vientiane, Phitsanu Chanwitan including a matter of Great Emerald Buddha and other significant religious artefacts ownership, the belief of Thai Hegemonic, exploiting image of Thai officers, and essentially supporting Lao insurgents against the Vientiane communist regime which the incident at Chongmek – Wangtao is cited as example. (Chanwitan, 2005)

The key point is suspicion towards Thailand and its people has been widely instilled from national leaders to common people from various causes, and it remains a thorn in Thai – Lao relations until present.

At state level, suspicion becomes an obstacle impedes cooperation, whilst at local people level suspicion that rooted in their view easily prompts conflicts. Clearly, suspicion has been a great obstacle in reinforcing amicable relations: Thailand's foreign policy that aims to change foe to friend cannot be achieved without trust. In

this regards, building of trust and confidence is foundation of Thai – Lao intimate relations.

As the research argues that Thailand’s policy on development cooperation is a diplomatic tool, and the research attempts to explore its impact concerning on building of trust and confidence between Thailand and Lao PDR. This section is separated into two parts: impact at the government level, and impact at the local people level.

4.1.1 At the Government Level

Aforementioned, suspicion among Laotian leaders remains a thorn in Thai - Lao cordial relations. The research argues that supporting the Laotian government to achieve its national goal, and conform to the partner country development policy is the key to create Thailand positive image and foster good relationship between the two governments.

First and foremost, poverty alleviation has been the primary challenge of the Laotian government since the 6th Lao PDR National Socio – Economic Development Plan (2006 – 2010). The Laotian government aims to graduate the country from the list of LDC status by 2020. (Government of Japan, 2006; Vatthana, 2006) Likewise, the current 7th National Socio – Economic Development Plan (2011 - 2015) highlights on transforming the country into a modern and industrial society.

Nevertheless, Lao PDR faces with immense constraints that hinder the country economic development including low capacity of human resources, rugged terrain, poor physical infrastructure, and vitally its landlocked geography. (Vatthana, 2006)

The research finds that Thailand development cooperation greatly fills the need of the Laotian government for the country development: whilst technical cooperation assists appropriate technology, and skills, financial cooperation substantially contribute to the Land – Link strategy as the following elaboration.

I: Trust and Confidence Building between States

As the diplomatic tool, Thailand development cooperation is a means to generate goodwill to the Laotian government by exposing that Thailand wishes be a friendly and supportive neighbor assisting on what a friend needs. The essential point is Thailand development cooperation is not only a means to project the government will, but it as well serves the interest of the partner country with an emphasis on mutual benefit rather than being exploitative. This is a key to makes Thailand development cooperation an effective diplomatic tool.

Thailand Technical Cooperation

Since Thailand has equipped advanced technology, knowledge and better economic outlook, it is expected to share its expertise to neighbors who live in poverty and deprivation as expressing altruism which possibly helps foster relationship.

The Laotian Ambassador to Thailand, Mr. Hiam Phommachan states in an occasion of 55 Year Anniversary of Thai – Laos Relation at Ramkhamhang University that Thailand is the country that possesses money, advanced technology, and high quality professors, thus, Thailand and Lao PDR should cooperate more on education so that the two countries will develop more, and it is another means to sustain good relations. (Rasri, 2007)

Furthermore, the Lao's Desk Official expresses his opinion that since Thai – Lao has a quite vulnerable relationship, adhering to the demand – driven approach in supporting the country development will be a means to express the Thai government's sincerity. He asserts that both of Thailand government aid agencies launch development projects based on requests and proposals from Vientiane, and it must be agreed on both sides. He further adds that the Ministry is very careful with every official paper, and official document when writing to the Laotian government regarding to development projects from Thailand to do in Lao PDR as saying;

“I cannot put specific name of the place or province of projects without official agreements or official permission from the Laotian government; even though it is just library development projects in small schools or colleges.” (Lao's Desk Official, 2014)

Similarly, the Thai diplomat believes that serving exact need of the partner country at the significant level confidently project the Thai government sincerity, and might bring optimistic outcomes. (Thai Diplomat, 2014)

Thailand Financial Cooperation

Remarkably, Thailand financial cooperation via NEDA highlights on constructing basic infrastructure and transportation which certainly conforms to the Laotian government development plan: “Land – Link Strategy.”

The Laotian government aims to tackle poverty eradication with the “Land - Link Strategy,” meaning to transform the country from landlocked geography to the transit economic one with infrastructure and transportation development, with a vision that its position as land bridge with adequate transportation will increase trade and attract foreign investors to boost the country economic development. (Vatthana, 2006)

The Thai government via NEDA has played a remarkably role in assisting Lao PDR to improve transportations and infrastructure via both bilateral and sub – regional framework including GMS, and ACMECS. NEDA projects approval often prioritizes supplementing regional transportation network, whilst compromising with proposals from the Laotian government. In this regards, the research discuss how NEDA development projects contribute to the Land – Link strategy as following.

○ R3 Road Construction

The R3 project linking Thailand and China via Lao PDR supplements the R3A route which is a part of the NSEC. The project creates physical transportation network in Lao PDR from Huai Xai, Bokeo province Mae Sod, and Luang Namtha province which transforms the mountainous areas to be the transit area of economic activities.

Besides, the R3 route from Luang Namath province can reach to Vientiane via national route No.1, and national route No.13, as well as to Dien Bien Phu and Hanoi in Vietnam via the national route No.1 and national route No.4. (Vatthana, 2006)

After the project completion in 2006, there is more variety of investment in Luang Namtha province from Thai and Chinese investors as there are an emerging of manufacturing industries, processing industries, casino and entertainment complex, and related services like golf courses, hotels, and shopping malls. ITD's research reveals that the convenient road brings flow of Chinese investors who transforms Luang Namtha province to be the large rubber and oil palm plantation. This leads locals to change agricultural production from small business to mass production serving manufacturing industries. Plus, the paved road of R3 route through Luang Namtha province helps to promote eco – tourism. (International Institute for Trade and Development, 2011)

Hence, an increasing of foreign entrepreneurs means rising of secure job opportunities offer to locals. Evidently, the NEDA Evaluation Report in 2010 reveals that around 70% of local respondents agree that they have higher income, and have a better quality of life after the R3 route construction. (Neighboring Countries Economic Development Cooperation Agency, 2010)

It is noteworthy to mention that the NEDA Evaluation Report states that the result of the two lanes paved road reaching into local areas of Northern Lao PDR which is the habitat of various ethnic groups gives advantages to Laotian local rulers as it helps them reach and be able to monitor and rule these problematic areas. (Neighboring Countries Economic Development Cooperation Agency, 2010) Probably, since Thailand has been accused of support and encourage the Laotian government's resistant and ethnic minorities group against the government, this gradually reduces distrust toward the Thai government.

○ **The Houi Kon/ Muang Nguen – Pak Beng Route Construction**

This project not only provides convenient road in the northern part of Lao PDR, but it also builds strategic route linking countries in the region: the North of Thailand at Nan Province, the North of Lao PDR, the North of Vietnam at Dien Bien Phu, and the Southern province of China.

The transportation development in Lao PDR encourages border trade and foreign investment as it is observed growing of Thai businesses in the area including mining industries, service businesses, and agricultural processing industries. (Neighbouring Countries Economic Development Cooperation Agency, 2011)

○ Nong Khai – Thanaleng Railway Development Project

Constructing the first railway between Thailand and Lao PDR supports the Laotian government plan in building domestic railway transportation network. Besides, this railway project is designed to complete the regional railway transportation network, the Singapore – Kunming Railway Project²⁴ which will link Lao PDR to other countries with regional railway. Currently, the Thai government agrees to expand the railway project from Ban Thanaleng to Vientiane, a distance 7.5 kilometres.

It promotes cross – border trade and facilitates international shipping as the Laotian government plans to expand the railway from Vientiane to other provinces including Luang Prabang, and Boten which connect to Yunnan, the southern province of China, and the Laem Chabang Port of Thailand. (Neighbouring Countries Economic Development Cooperation Agency, 2012) The railway network will greatly support the future expansion of trade, investment, services and tourism business in the region.

○ Wattay International Airport Development, Pakse Airport Development Project

After the development projects completed, the Wattay International Airport and the Pakse Airport are able to accommodate international and domestic flights which greater lead to growing of tourists as well as foreign investors. As the two airports can accommodate more passengers accompanies by availability of direct flights from

²⁴ The Singapore – Kunming Rail Link (SKRL) Project or Pan Asia is a project of the ASEAN - Mekong Basin Development Cooperation (AMBDC). It is a significant railway transportation network in Asia, spanning some 5,000 kilometers from Singapore to Kunming, with an objective for cross – border cargo transportation in the region.

foreign countries, this result in growing of tourism sector in key provinces of Lao PDR such as Vientiane, Pakse, and Luang Prabang.

Importantly, the international standard of the Wattay Airport in the Vientiane Capital City contributes Lao PDR to have a role in international arena. To illustrate, the elevation of Wattay airport project enhances Lao PDR ability in global stage as the country is able to host the ASEAN Summit in 2004 and ASEM Summit in 2012.

○ **Construction of Drainage System, and T2 Road Improvement Project, Vientiane**

Thailand's cooperation on drainage system improvement in Vientiane grants direct benefit and serve the need of the partner country in reducing sufferings and lost cost from flood as the project supports the Laotian government's city plan, and supports the Laotian government's master plan on environmental quality improvement of Vientiane. (Neighbouring Countries Economic Development Cooperation Agency, 2012)

In summary, Thailand financial development projects supplement the “Land – Link Strategy” of the Laotian government, which consists of land, rail and air transportation from the R3 construction project, the Houi Kon – Pakbeng development project, the railway construction, the Wattay airport development and the Pakse airport development project. These projects create physical linkage and transportation network that link Lao PDR with other countries in the region including Thailand. Significantly, these projects entail economic activities in rural areas and elevate quality of lives.

Profoundly, Generating goodwill with mutual benefit principle, and the demand – driven approach are key issues conducting positive image, eventually, this diplomatic tool contributes to building of trust and confidence.

II: Among Local Officials

To begin, development activities both TICA and NEDA excellently strengthen local officials' relations between the two countries as there are more chances to collaborate at operational and practice level, while physical proximity enhances closer relationships.

Thailand Technical Cooperation

The Lao's Desk Official expresses his opinion that at the operation level of development projects in Lao PDR, this brings a chance to collaborate more between Thailand and Lao PDR government officials. (Lao's Desk Official, 2014)

Thailand Financial Cooperation

The follow up technical cooperation²⁵ from NEDA helps strengthening relationship of government officials between the two countries. In several projects, NEDA provides experts or specialists to transfer knowledge to Laotian officers after completion of development projects. For example, NEDA offers training programs including road safety engineering workshop, road operation and management after the road construction finished, as well as debt management and fiscal issues. (NEDA Official, 2014)

²⁵ Form of Technical Cooperation offered from NEDA are 1.) Providing expert or specialist to transfer knowledge and advanced technology to officers of neighboring countries 2.) Providing Thai consultant to conduct the study on economic analysis, EIA or IEE, detailed or conceptual design and bidding document.

What's more, the NEDA evaluation report one year after the project completed on the Houi Kon – Pak Beng project reveals that local officers between the two countries have close relation as it found local leaders including chief district officer, provincial governor and government officials have interaction very often with friendly manner. (Neighbouring Countries Economic Development Cooperation Agency, 2011)

4.1.2 Local People Level

Straightforwardly, Thailand's technical cooperation is almost impossible to evaluate direct outcomes. But the research considers that the policy critically contributes to trust and confidence building in a sense that the policy creates reciprocal effect, and provides chances and accessibility to people on both sides to learn each other from their direct experience, rather than judging one another holistically from media.

I: Promoting Positive Image of the Thai Government to Local People

Evidently, the study about Laotians perception toward Thailand and its people in 2001 by Professor Khien Theeravit reveals that various forms of Thailand assistance are cited as example of Thailand friendly gesture, in which education cooperation²⁶ is the top example from every target groups²⁷, followed by basic infrastructure development, economic cooperation, and medical equipment provision respectively.

²⁶ The research uses the term “education assistance” which refers to activities like scholarships provision, training programs, and study trips.

²⁷ The research conducted from seven target groups which are 1) National leaders, 2) leaders from Luang Prabang, Xieng Khouang, Champassak, Savannakhet, and Bokeo provinces, 3) Lao students studying in Thailand with the Thai government scholarships, 4) Lao individuals who crossed to Thailand at Chong Mek – Wang Tao, 5) Lao individuals who crossed to Thailand at Mukdahan – Muong Khanthabouri, 6) Lao individuals who crossed to Thailand at the Thai – Lao Friendship Bridge, 7) Lao individuals who crossed to Thailand at Chiang Khon – Houayxay.

Essentially, these are cited as an example, and explained based on their personal experiences and areas of responsibilities. (Khien Theeravit, 2002)

The research discovers that what making Thailand assistance is perceived as friendly gesture because Laotians find them useful and beneficial.

Thailand Technical Cooperation

Information from interview with three Laotian students agrees that they find knowledge and skills they gain from studying are beneficial for their future career as it is applicable to their local condition. What's more, studying in Thailand helps them expand knowledge towards neighboring countries which are useful for their career as two of them are policy makers and one is university lecturer. (L. M. Student, 2014; L. P. Student, 2014)

One student says that he knows that the Thai government wishes to strengthen relations with his country. So even if provision of scholarships is a kind of international relations benefit, it is alright because this is exactly what his country and people need. (L. P. Student, 2014)

Thailand Financial Cooperation

Obviously, NEDA development projects grants Laotians direct benefits as they gain convenient transportation to travel in domestic such as accessing to hospitals, to schools, to market and take a trip between provinces. Several studies related to NEDA development projects often found that convenient transportation contributes to Laotians better living in development project areas.

For instance, the NEDA evaluation report one year after the R3 project completion reveals that about 70% of locals are contented with the project construction. And around 50% of locals know that the road construction is supported by the Thai government. (Neighboring Countries Economic Development Cooperation Agency, 2010)

Similarly, the NEDA evaluation report one year after the Houi Kon – Pakbeng route construction completed finds that 97.26% of respondents agree that the road is beneficial for their daily life. The paved road makes it is convenient in travelling in the areas by bicycle, and motorcycle. (Neighbouring Countries Economic Development Cooperation Agency, 2011) Importantly, around 50% of locals know that the development project is from the Thai government. (International Institute for Trade and Development, 2012)

The crucial point is outcomes of financial cooperation serve the need of locals and they found them useful. This relatively helps raising friendly image of Thailand and the government.

II: Foster People – to – People Relations

It is noteworthy to point out that Thai media has been a main form of media that Laotians consume. Interaction between the Thais and Laotians occur a lot along the border, but most of them know or perceive each other from media which sometimes Thai media portrays Laotians negatively.

So activities under Thailand development cooperation increase a chance between the Thais and Laotian to know each other from their direct experiences. In addition, advantage from convenient transportation including good condition of road linking

border areas, direct flights, and the train service between Thailand and Lao PDR directly encourages crossing border activities like border trade, travelling, and cultural exchanges as following elaboration.

Thailand Technical Cooperation

Activities of technical cooperation like scholarships and fellowships provision, in country trainings, and dispatching Thais experts and volunteers to Lao PDR excellently increase face –to – face interaction, cultivate friendship and encourage cultural exchange. Possibly, this brings a chance to people on both sides to reset their mindset about one another. However, this is impossible to evaluate exact result since it is individual experiences. Presumably, the increasing of people dynamics and cultural exchanges positively enhances people - to - people relations.

○ Interview with Lao's Desk Official

The Lao's Desk officer mentions about opportunities to mingle with locals in Lao PDR. He says that when there are development projects from Thailand such as renovating temples, developing water sources, and building school libraries, this allows the Thais and Laotians to interact and work together. It is a great opportunity for friendship cultivation among people. Plus, it is as well a chance to promote positive image of the Thai government as being generous. (Lao's Desk Official, 2014)

○ Interview with Lao students in Thailand

According to the interview with one Laotian student who studying master degree in Thailand with TICA scholarships, it found that after been studying for two years in Thailand she has perceived the Thais better than before. Before coming to Thailand, she experienced herself disparaging comments about her country from Thai tourists and she felt upset about it. After two years living in Thailand, she said that there are

both good and bad Thais just like other foreigners. She found negative thoughts about her country remains among some Thais, as well as nice Thai people who have helped her during her study especially Thai professors, Thai officers, and some good Thai friends. What's more, she said she was reluctant to come to Thailand after getting a scholarship because she was afraid that Thailand is perilous place to live since she heard a lot of daily crimes from news, and terrorism in the Southern Thailand from Thai media. But after living in Thailand, she says "it is better than she thought, and it is not as danger as what she heard from news." (L. M. Student, 2014) She adds that she wish to come back to Thailand for travelling more after she finish her study. She ends that her two years experiences staying in Thailand is very contented due to convenience, not much adaptation living, and several amazed things to explore here. (L. M. Student, 2014)

Similarly, the Laotian alumni from Ubon Ratchathani University says that after finishing his study, he has managed to get a good networking with Thai professors and scholars whom he got to know during his study. He highlights that he found it is very advantageous for his career as policy maker in Lao PDR such as getting insightful information, analyzed view on particular issues, or researchers to do field research. Interestingly, strong connection between him, some classmates, and professors remain strong after finish studying as he points out that it is convenient for him to travel back and forth. (L. M. Student, 2014)

Furthermore, the PhD Laotian student who has been studying in Thailand for seven years under TICA scholarship since bachelor degree, he says he does not find any differences between the Thais and Laotians. He accepts that he has confronted with derogatory words. At the beginning, he felt angry when hearing those words, but as he has been living in Thailand for a while, sometimes he found those words just slip

out without intention to insult personally such as “Kode Lao” (means obsolete). (L. P. Student, 2014)

○ Increasing Interest to Study in Thailand

Synthesized from several researches and in – depth interview about preferences of choosing Thailand as a destination for further study might imply that animosity gradually faded since Laotians decide to study and live in Thailand on factors related to availability and accessibility to quality of education, transportation, and living cost rather than concerning on past history. Essentially, it is likely that Laotians are willing to study in Thailand if they have got a chance without much concerning on past conflicts.

The research by Kon Kaen University in 2013 reveals that there are rising number of Laotians coming to Thailand to pursue higher education, particularly in the north eastern part of Thailand. In 2013, Laotians is the largest group of international students at Khon Kaen University. (Seriphanuwat, 2013) Similarly, the Kasikorn Research Center states that a growing number of CLMV students in Thailand during 2012 – 2013 rose about 10%. (Center, 2013) Several researches suggest that since Lao PDR has limited ability to offer higher education, most Laotians wish to pursue further study abroad, and they predominantly choose Thailand as a destination. (Center, 2013; Rasri, 2007; Seriphanuwat, 2013; Supatn, 2012) The statistic from the Lao Embassy in Bangkok shows rising number of Laotian students in Thailand higher education institutions between 1988 and 2006, from 40 to 467 respectively. An upward number of Laotian studying in Thailand consists of both scholarship and non – scholarship students. (Rasri, 2007)

Interestingly, Mr. Hiem Phommachan, the Lao PDR Ambassador to Thailand, gave an interview in Matichon newspaper in 2004 that at present Laotians greatly increase interest in studying from bachelor degree to doctorate degree in Thailand because they have better attitude toward Thailand. (Rasri, 2007)

According to the interview with Laotian students, they say that they attain information about studying in Thailand and scholarships mostly by word of mouth. Hearing of good reputation and experiences about studying in Thailand from their acquaintances greatly affects their decision making. (L. M. Student, 2014; L. P. Student, 2014) Two students who got scholarships from several countries says that getting information from his friends' direct experience studying in Thailand has highly influenced him when making decision. (L. M. Student, 2014; L. P. Student, 2014)

In addition, one Laotian student who is a high level state official discusses that convenient transportation between the two countries is also an attractive factor to study here since he has to travel back and forth quite often due to urgent works and family errand. Some of his acquaintances as well prefer to pursue higher education in north-eastern provinces of Thailand. (L. M. Student, 2014)

Thailand Financial Cooperation

The main point is NEDA development projects create convenient transportation between Thailand and Lao PDR which leads to clear advantage that excellently encourages crossing border activities like border trade, travelling, studying and cultural exchanges.

Firstly, the passable and adequate road of R3 route and Houi Kon to Muang Nguen result in active border trade in the Northern part of Thailand and Lao PDR. This is

shown in the border trade statistics at Chiang Kong and Houi Kon checkpoint respectively, and a number of people and vehicles crossing border. (table 8)

Similarly, creating of physical linkage strengthens relations of communities along border areas as they increasingly interact from trade and travelling. For example, the railway commuting between Nong Khai and Thanaleng district accommodate locals for various purposes to Nong Khai.

Besides, increasing of convenient transportation between Thailand and Lao PDR like direct flights between Bangkok – Vientiane, Bangkok – Pakse, and train service from the first Thai – Lao Friendship Bridge greatly contributes to growing popularity of tourism in Lao PDR which also helps deepening people relations. Apparently, there are a lot of Thais going to Lao PDR for travelling purpose, and vice versa. The ITD Research states that there is an increasing trend of Thais travelling to China by the R3A route crossing border at Chiang Kong to Bokeo province which is around 24,573 in 2007 and rose to 50,486 in 2009, this also leads Thai tourists to travel inland district in Lao PDR like Huai Xai as well. (International Institute for Trade and Development, 2011)

In addition, the research of Warit Rasrit found reveals that convenient transportation between the two countries is one of the key factor influences Laotians deciding to choose Thailand as destination for further study. (Rasri, 2007)

Despite economic activities, there are other local people activities between the two countries that are held yearly including boat race and sport competition, Loy Kratong Festival, New Year Celebration, four wheels and motorcycles caravan, and Buddhist festivals like making merit at Wat Phra That Phanom. So the convenient

transportation positively supports such activities which ultimately strengthen to local people relations.

Ultimately, increasing chances of direct experiences and face – to – face interaction among local people promote mutual understanding, encourage them to reset mind-set about one another, and importantly foster intimate relations between the people on both sides in the long run.

4.1.3 Prospect of Thai – Lao Cooperation in the Post - Cold War Period

During the Cold War when the world is separated by political ideological conflict, Thailand and Lao PDR had to be on different side and historical enmity has created up until present. After the hostile ideology faded and Thailand shifts to pursue normalization with Lao PDR, there are signs of thaw occur as following.

I: Goodwill Exchange Visits

Official exchanges visit between Thailand and Lao PDR occur often at every level from the Royal family, state leaders, high level officers, and military leaders. The role of Thai Royal Family is crucial in Thai – Lao relations. The unprecedented visit to Lao PDR by Thai Princess Maha Chakri Sirindhorn in 1990 is marked as the high point of Thai – Lao relations. Laotians praises and high value Thai Royal Family for decades especially H.R.H. Princess Maha Chakri Sirindhorn. Despite of several Royal development cooperation projects, H.R.H. Princess Maha Chakri Sirindhorn visits Lao PDR very often during special occasion like Song Kran Festival, and Laos National Birthday. Besides, there is the Offering Ceremony of the Royal Kathin Robes²⁸ in Lao PDR every year. The signs of greater cooperation between the two also followed by

²⁸ Kathin Ceremony performed by a state dignitary or an organization in the name of the King.

the exchange visits by state leaders on both sides, and high level state officers as it can be seen in various occasions.

II: Cooperate to Solve Conflicts

The Thai Ambassador Phitsanu delivers an interview with Kom Chad Luek newspaper that from his experiences both formal and informal meetings with Lao high level state officers and national leaders, the Laotian government follows the same direction with Thailand that it is time to move forward and stress on cooperation. (Loongjam, 2013)

These are more examples of several conflicts in the past between Thailand and Lao PDR that both sides cooperate to solve including border demarcation and refugees.

In 1996, Lao PDR agreed to set up a Joint Border Commission (JC) which is chaired by foreign ministers from the two countries in order to deal with the demarcation of the common border. Plus, both sides agree to set Thai – Lao General Border Committee (GBC) to enhance security along their shared border to deal with issues like the deployment of troops and joint patrols, and illegal immigrations.

Issue on refugees or Hmong tribesmen has been the sensitive issue between the two countries as Thailand has been accused of supporting and encouraging Lao resistance group. As time passed, Thailand and Lao PDR have an agreement to deport Lao refugees back. The two governments also cooperate in sharing information from secret service if related to these Hmong Lao refugees. (Chanwitan, 2005)

III: New Cooperation between Thailand and Lao PDR

The Thai Ambassador Phitsanu discusses that one of the major current issues between Thailand and Lao PDR that the government mostly concern is on business conflicts like illegal trade so the two governments agree to set up the Thai - Lao National Committee to deal directly with issues related to economic conflicts. (Chanwitan, 2005) Similarly, the Lao Desk's Officer argues that current issues between Thailand and Lao PDR pretty much stressing on economic aspect like contract farming, and reinforcing connectivity. (Lao's Desk Official, 2014)

Furthermore, government from both sides currently discuss on the schedule for the construction of the 5th Mekong Bridge between Bolikhamsay of Lao PDR and Bungkarn of Thailand in the near future. The future plan is that Thailand and Lao PDR will have Mekong Bridge linking every Thai – Lao border provinces. (Lao's Desk Official, 2014)

IV: Local People Relations

Despite of local activities that have been held yearly to reinforce relationship of people across the Mekong River like the sport competition, boat race, religious events, motorcycle caravans, and etc, growing interest of studying in Thailand and rising number of Laotians and Thai tourists can indicate friendly atmosphere between two sides.

Apparently, there is growing number of Laotian tourists in Thailand and vice versa. This does not only indicate economic activities, but also the better progress of relationship among local people. Laotians travel to Thailand for various reasons including religious purpose, making merit at Wat Phra That Phanom, cultural fair like

Loy Kratong, and for leisure. Time and different generation may be key factors, but it is also a sign of better prospect of leaving the past behind.

According to the statistic from the Ministry of Tourism and Sports, it shows higher number of Laotian tourists in Thailand rose from 83,985 to 96,340 in 2013 and 2014 respectively. The Thai Ambassador to Vientiane mentions that Thai people are the majority tourists in Lao DPR recently. In 2013 there are Thai tourists around 1.9 million out of total 3 million tourists in Lao PDR. (Loongjam, 2013) Likewise, several provinces in Lao PDR gradually gain popularity from Thai tourists especially from younger generations such as Luang Prabang, Vang Vieng, Pakse, and Vientiane. The Rangsit University research finds that among 10 ASEAN countries, Lao PDR ranks the third tourists destination among college students. (TextbooksProject, 2014)

In short, Thailand and Lao PDR progressively improve their relations from the Cold War period. Yet, the matter of trust building requires time and several means support to achieve. Impact of Thailand development cooperation concerning amicable relations may not be seen clearly, but the research finds that it grants positive consequences on Thai – Lao friendly relations in the long term as it helps substitute negative attitude with being a supportive neighbour promoting mutual benefit, cultivate friendship among people, and enhance mutual understanding on both the Thais and Laotians.

4.1.4 A Case Study: Lao Airline Plane Crash into the Mekong River, 2013

The clear example reflecting great prospect of Thai – Lao relations is the Lao airplane crash incident into the Mekong River last year at Pakse. The incident results in killing all 49 people on board, so Thailand dispatched divers and rescue team for searching bodies at the crashing site in Champasak Province. The incident shows

great prospect between the two countries as they closely cooperated on searching victims. The key point is that around a hundred of Thai divers and rescue teams entered into Lao PDR without legal paper from immigration checkpoint due to urgency. Plus, some of Thai rescue teams from provinces nearby the crashing site marched to Lao territory at night for searching victims. Afterwards, there are no serious conflicts over the trespass. In opposition, the Laotian government expresses appreciation for Thai rescue team and the Thai government for assistance.

Likewise, among Lao social media, Laotians give compliments to Thai divers and staffs for kindly cooperation. Aforementioned, I would like to point out that Thai – Lao relations after the end of the Cold War shows great prospect as animosity tends to reduce and cooperation from government to people level continuously heightens.

Figure 6: Pakse International Airport



Source:

<http://www.neda.or.th/eng/contentviewfullpage.aspx?folder=88&subfolder=147&contents=1172>

4.2 Impact on Thai - Lao Economic Partnership

4.2.1 Background on Thai – Lao Economic Partnership

To begin, the research needs to clarify the key term employed here “Economic Partnership.” It is used as generic term for economic cooperation between Thailand and Lao PDR to prevent confusion with economic cooperation in term of assistance.

Thai – Lao economic relations is considered as highly momentous in Thai – Lao relations and it is interwoven closely with state relations and political stability. Several studies agree that economic relations between the two, particularly since 1975 has been uneven; value and volume of trade has fluctuated accordingly to the political relations as state conflicts often resulted in border closure and embargo on strategic goods. (Hongkhammee, 1995; Kongtaewthong, 1996) Then, it can be seen that after the end of the Cold War state relations around the globe are moving toward cooperation rather than making conflicts.

Surachai Sirikrai, the Thai international relations scholar, explains about international relations in the post – Cold War era that it is marked by the interdependence relations especially on economic which developed and developing countries need to cooperate for mutual benefit.

The need of interdependence relations on economic between Thailand and Lao PDR is explicitly affirmed and heightened since 1988 during the Chatichai government. His vision seizes on the new diplomatic with the perception of economic opportunities. Consequently, the Chartichai government supplants the foreign policy of locking the door against Communism by business - incentives with expansionary drive to bring capitalist development to the Indochina. (Battersby, 1998 - 1999)

On the other hand, in response to the decline of the Soviet Union and its loss of major assistances from communist countries, Lao PDR in 1986 adopted a comprehensive economic reform policy called the New Economic Mechanism (NEM) to shift the country from a centrally - planned to a market – oriented economy. The economic reform of Lao PDR resulted in the economic open - door policy seeking for trade opportunities and investment from any countries regardless of political ideology differences.

Upon these background, economic relations between the two countries since the end of the Cold War have been promoted and strengthened by the government from both sides.

Maintaining cordial relations with neighboring countries has been Thailand foreign policy's first priority. Likewise, the Thai government stresses that the key to sustainable economic growth is to cooperate with its next – door neighbors. Specifically, the Thaksin administration highlights on the concept of “prosper thy neighbor” in which the Thai government stresses on collaboration with neighboring countries aiming for “economic partnership” or cooperate without intention to dominate but coordinate to be able to compete in global trade.

The research explores impact concerning Thai – Lao economic partnership on five fields of cooperation according to Agreement on Economic Cooperation between the Government of the Kingdom of Thailand and the Government of the Lao People's Democratic Republic including trade, investment, infrastructure development, tourism, and HRD.

4.2.2 Impact on Trade

I. Background of Thai – Lao Trade Relations

Regards to trade, Thailand is Lao PDR largest trade partner as it is the most convenient channel for Lao PDR exports and imports. Lao PDR is a growing market for Thailand exports as its economic growth is continuously rising.

On the other hand, although, Lao PDR has limited producing ability, it possesses abundant of raw materials and natural resources that are necessary for Thailand's industrial production, particularly hydroelectric power and natural resources like wood, timbers, and minerals. Thus, Thailand has relied heavily on Lao PDR resources to serve its growing industrial production. Basically, Thailand has gained trade surplus from past to present as the table 6 shows.

Table 6 Trade Statistics between Thailand and Lao PDR (1990 – 2006)

Unit: Million Baht

Year	Export	Import	Value of Trade	Trade Balance
1990	1,683.19	1,134.26	2,817.45	548.93
1991	1,958.80	1,200.60	3,159.40	758.23
1992	3,074.00	1,044.20	4,118.20	2,029.80
1993	4,431.20	1,598.80	6,030.00	2,832.30
1994	7,326.70	1,735.60	9,062.30	5,591.00
1995	8,831.51	1,737.74	10,569.26	7,093.77
1996	9,200.82	1,734.88	10,935.70	7,465.93
1997	11,813.95	1,734.20	13,548.16	10,079.75
1998	15,264.15	1,297.58	16,561.73	13,966.58
1999	15,565.77	2,140.53	17,706.30	13,425.25

2000	15,381.97	3,013.65	18,395.62	12,368.33
2001	18,248.56	3,956.84	22,205.40	14,291.71
2002	17,092.86	4,011.35	21,104.21	13,081.51
2003	18,915.72	4,296.84	23,212.57	14,618.88
2004	23,382.56	4,610.73	27,993.29	18,771.82
2005	30,965.45	9,125.13	40,090.58	21,840.33
2006	38,720.47	19,752.71	58,473.18	18,967.77

Source: Information Technology and Communication Centre, Office of the Permanent Secretary, Ministry of Commerce

II. Trade Promotion

The research finds that activities from Thailand technical cooperation indirectly encourage trade, while NEDA development projects directly influences trade with its loan's characteristics and border trade as development projects creates physical linkage between border areas.

Thailand Technical Cooperation

The TICA officer expresses her view that the development projects and training programs that have implemented in Lao PDR greatly promote Thai products, Thai brands, and Thai technologies. She cited products and technologies related to agricultural sector as an example. She says that it is naturally that they tend to consume same products, same brands after got training. (TICA Official, 2014)

Indirectly, the Thai Ambassador to Vientiane, Phitsanu Chanwitan elaborates that when higher income or better living of Laotian benefit Thailand trade value. This is because Laotians consider goods made in Thailand and Thai brands as premium products especially daily necessities are most favorable among Laotians, so when

they have higher income means higher purchasing power to consume Thai products. More specific, he explains that Laotians favor to cross border to consume Thai goods during weekends which he believes that its value lots of millions baht which does not record as bilateral trade. (News, 2014; Magazine, 2014)

Thailand Financial Cooperation

First and foremost, Loan's characteristic of NEDA financial cooperation is "Tied Aid" gives positive result on enhancing Thai goods consumption. Since it is a regulation according to the contract and consultant contracts to use Thai's product and service during construction period, this indirectly encourages Thai products and services consumption, as well as promotes the role of Thai private sectors and Thai enterprises in neighboring countries. (NEDA Official, 2014)

For instance, the contract of Huai Kon – Pak Beng Road Development Project says that the project construction must use Thai products and services no less than 50% of total project value. After the project completed, Thai products such as diesel, concrete, cement, construction equipment and machineries are used accounted for 75% of total project value 608,106,000 baht. (Neighbouring Countries Economic Development Cooperation Agency, 2011) As a result, NEDA financial cooperation relatively increases exports such as machinery, rubber, cement, stone, concrete, sand and concrete, steel, and fibre synthesis, plus workers from Thailand.

Moreover, NEDA official says that Thai economic cooperation generates income and share benefit with Thai private sector, and state enterprises since it is a loan condition that contractor and consultant must be Thai entity. (Appendix 4) For example, the Pakse Airport Improvement Project is responsible by the Italian Thai

company that mainly employs Thai engineers, and Thai technicians, while uses some unskilled Laotian labours. (NEDA Official, 2014)

More importantly, the transformation of rugged terrain to paved road connecting with Thailand results in border trade increasing.

○ The R3 Construction Project

Advantages from the convenient R3 route and transportation to larger market with lower cost via R3A increase Thai exports, and encourage trade. Border trade at Chiang Kong checkpoint is greatly rising. Before the R3 construction, border trade between Thailand and Lao PDR at the northern part of Thailand was little. After the project completed in 2008, total value of border trade at Chiang Kong post in 2009 is rising 28.31%, while exports from Thailand via the Chiang Kong custom post increased 46.63% as shown in table 7. (Neighboring Countries Economic Development Cooperation Agency, 2010)

Table 7 Border Trade at Chiang Kong Custom Post (2008 – 2013)

Unit: Million Baht

Year	With Lao PDR		With Yunnan	
	Exports	Imports	Exports	Imports
2006	1,062.1	600.2	0.7	77.2
2007	855.1	614.7	15.8	69.5
2008	789.1	481.2	12.0	59.0
2009	1,493.18	495.29	436.90	491.03
2010	2,087.22	546.92	1,023.77	1,184.36
2011	246.32	33.49	300.18	281.51
2012	319.00	55.32	276.75	253.19
2013	238.30	28.73	594.49	258.46

Source: Chiang Kong Custom Post

The upwards value of trade at Chiang Kong international border checkpoint indicates a vitalization of economic activities in the border areas. The adequate road results in the substantial increasing number of people and cars crossing at Chiang Kong custom post after 2009 (as shown in table 8 which also can indicate the active cross – border trade at Chiang Kong checkpoint).

Table 8: Entries and Departures of Vehicles at Chiang Kong Immigration Office

Unit: Cars

Year	Trucks		Vehicles	
	Entries	Departures	Entries	Departures
2007	3,278	3,278	176	424

2008	2,872	2,872	303	514
2009	5,393	5,393	299	757
2010	9,580	10,259	551	907
2011	15,218	15,736	1,032	1,148
2012	19,726	20,557	1,199	1,147
2013	21,516	23,706	3,117	1,798

Source: Chiang Kong Custom Post

Thus, the area becomes a transit venue of investors and economic border area of Thailand, Lao PDR and Kunming.

○ The Huai Kon – Pak Beng Road Development Project

The NEDA Evaluation Report after one year project completion reveals that value of border trade at Houi Kon - Muang Ngeun Permanent Border Checkpoint is growing around 37.21% per year. (Neighbouring Countries Economic Development Cooperation Agency, 2011) Border trade at Houi Kon custom post is very active and significant as there is a border market exchanges products between Thailand and Laos open daily 8 am – 5 pm which the Nan Provincial administration highly supports.

The Nan Provincial Administration plan to promote the Houi Kon border checkpoint to be the “International Gateway of Trade and Tourism” since it lies adjacent to Muang Ngen, Sayabouly Province. The Houi Kon checkpoint has potential to link with Northern provinces of Lao PDR like Muang Ngen, Muang Hongsa which is a significant source of lignite for power plant production, Sayabouly province, and Udomchai province, Dien Bien Phu of Vietnam, and the Southern province of China.

(International Institute for Trade and Development, 2012) Thai products are popular and get high demand not only among Laotians but also Vietnamese.

Via Houi Kon checkpoint, Thailand can increase exports to larger market in Lao PDR, Vietnam and China, as well as increase imports from China and Lao PDR with lower transportation cost. According to the Ministry of Finance statistic showing border trade at Nan Province (table 9) which includes three custom posts²⁹ in which Houi Kon permanent border checkpoint is the largest one, border trade in this area has grown substantially after 2010 which is the year the project completed.

Table 9: Value of Border Trade at Nan Province (2009 – 2013)

Unit: Million Baht

Year	Exports	Imports	Balance of Trade
2009	250.93	242.22	8.71
2010	548.72	278.16	270.56
2011	2,592.86	268.12	2,324.74
2012	4,422.27	187.23	4,235.04
2013	4,262.36	131.08	4,131.27

Source: Bureau of Trade and Investment Cooperation, Department of Foreign Trade

Furthermore, the passable good condition of road encourages demand on Thai products especially construction materials and supplies since several northern provinces of Lao PDR are growing and there are a lot of construction projects going on. To illustrate, the ITD reveals that the road greatly facilitates transferring materials and machines used for the Hongsa Lignite Power Plant Construction Project from

²⁹ Nan Province includes three custom posts: Houi Kon permanent border checkpoint, Ban Mai border checkpoint, and Ban Huai Satang border checkpoint.

Thailand in Hongsa district which is an adjacent city of the project area. (International Institute for Trade and Development, 2012)

○ The Nong Khai – Thanaleng Railway Project

Nong Khai is the one of the main channel of Lao PDR providing consumption products, increasing border trade is expected after the railway links to the capital of Vientiane. (NEDA Official, 2014)

If the railway reaching to Vientiane, this will result in direct benefits to Nong Khai province where situates only 25 kilometres away from the Vientiane capital, and has possessed the highest trade value and volume of Thai – Laos border trade. Since significant export products of Nong Khai are gasoline, vehicles and auto parts, and construction machines, while major significant import products from Lao PDR are processed wood and left – driving cars and parts (Supatn, 2012), the railway linking Nong Khai and Vientiane certainly give positive consequences on increasing border trade because train transportation can carry heavy goods with low cost.

4.2.3 Impact on Investment

This part is separated into three parts. It begins with background explaining the trend and reasons for increasing Thailand FDI flows into Lao PDR. Then it examines two impact of Thailand development cooperation policy on two key aspects which are investment facilitation, and creating investment opportunity as these are the Thai government responsibility according to the country National Economic and Social Development Plan.

I. Background on Thailand FDI in Lao PDR

The Thai government has encouraged Thai entrepreneurs to increase investment in neighboring countries because this is a strategy to raise Thailand competitiveness, and enhances domestic economy. Despite political stability and open market reform, Lao PDR has various factors attracting foreign investors flow into the country as following.

Firstly, Lao PDR possesses of rich natural resources waited to be developed including forests, water, and minerals, are the prime sources for hydropower, mining industries, and wood.

Despite of excessive exploitation of natural resources, the entire forest in Thailand is reserved since 1989 Thailand has promulgated a total ban on forest exploitation. (Supatn, 2012) Narongchai Akrasanee, a former Minister of Commerce and Senator of Thailand, states that Thailand is in critical stage of resources. And economically speaking, Thailand is most advanced, but neighbouring countries have most of the resources we need. In the case of Lao PDR, he adds that Thailand is seriously lacks of energy resources; hence, it will be more and more relying on Lao PDR for hydropower energy. (Chongvilaivan, 2013)

Lao PDR is viewed as the future energy source for the Mekong sub - region as well as the Southeast Asian region due to its large potential in hydropower energy generation of over 23,000 MW. (Chongvilaivan, 2013) Thailand has not only been a major consumer in electricity production, but also the large investor. On the contrary, revenues coming from the sale of electricity play a vital role in Lao PDR's economy growth.

The excessive need of natural resources and raw materials has led to a reorientation of Thailand's economic strategy which is seeking in neighbours for what Thai businesses could not supply. (Tsuneishi, 2005; Vatthana, 2006)

What's more, Thailand currently faces with labour shortage, and labour price rate is getting higher, while Lao PDR has a number of young populations to serve labour – intensive industries with lower cost.

Furthermore, an essential advantage to invest in Lao PDR is its eligibility for Generalized System of Preferences (GSP)³⁰ from 42 countries such as European Union countries, Russia, Australia and Normal Trade Relation (NTR)³¹ with the United States because Lao PDR is listed as least developed country. Besides, Lao PDR has gained trading privileges including tax exemption on imports which more than 200 listed items are under a special quota from several countries like EU and Japan. In addition, Lao PDR is granted duty free preference from China under the China Special and Preferential Tariff Treatment (SPT)³² which covers 459 tariff lines. Lao PDR has an Agreement on Common Effective Preferential Tariff (CEPT)³³ from ASEAN member countries, which imports and exports tariff among member states are reduced almost to zero. Hence, products from Lao PDR origin can access to global market with lower tariffs or completely duty free.

³⁰ The Generalized System of Preferences (GSP) means developed countries exempt or reduce tariffs for imports from developing and least developed countries.

³¹ NTR is the status given to the US trading partner who is eligible to receive low tariffs and other concessions in exchange for similar benefits. This is also called permanent normal trade relations.

³² 91 categories of goods exported to China from Lao PDR enjoy zero-tariff treatment.

³³ It is an agreed effective tariff, preferential to ASEAN, to be applied to goods originating from ASEAN Member States, and which have been identified for inclusion in the CEPT Scheme in accordance with Articles 2 (5) and 3.

Most importantly, Lao PDR has a strategic location. Aforesaid land link strategy that aims to transform Lao PDR to be an active economic area with developing key infrastructure and improving land, water and air transportation in order to unite domestic areas together, and linking Lao PDR with adjacent countries including Thailand, Cambodia, Myanmar, Vietnam and the Southern China. In this sense, Lao PDR serves as “land bridge” linking Thailand with larger market but cheaper cost is crucial and attractive.

Ultimately, the trend of relocating steadily arises due to those advantages Lao PDR offers as aforesaid. Apparently, Lao PDR attracts foreign direct investment vigorously from China and Vietnam, yet Thailand remains the biggest cumulative foreign investor in Lao PDR (as shown in table 10). Significant sectors of Thailand’s FDI in Lao PDR are hydropower energy, clothing industry, mining, woods and processed woods, rubber plantation, and hotel businesses. (Tsuneishi, 2007)

Table 10: Top Five Countries’ Share of Direct Investment in Lao PDR in 2005

(Unit: Million US\$, %)

Country	No.	Amount
Thailand	25	450.91
China	33	58.12
Vietnam	23	43.27
Australia	8	21.29
South Korea	10	10.22

Note: Figures include domestic investment.

Source: Adapted from IDE Discussion Paper No. 115. Thailand’s Economic Cooperation with Neighbouring Countries and Its Effects on Economic Development within Thailand. Takao Tsuneishi. 2007. (Tsuneishi, 2007, p. 7)

II. Investment Promotion and Facilitation

Development programs and activities from technical cooperation plays a role in increase human resources capacity to serve industrialization, whilst financial development cooperation directly promote investment and facilitate Thai investors as development projects reduce logistic cost, and provide access to domestic market and raw materials.

Thailand Technical Cooperation

Activities from technical cooperation is essential in a sense that it helps strengthen human resources, and assist them necessary skills to be able to serve the country industrialization.

For instance, the PhD Laotian students studying in economic points out that the reason that he chooses studying in Thailand over Western countries because he thinks that the knowledge he learnt from Thailand including shared banking system, and other financial system is more beneficial for his work and his country as it is applicable. (L. P. Student, 2014)

Furthermore, several development projects from Thailand help to improve the quality of vocational training schools and their officials such as the Phon Hong Technical College development project in Vientiane by TICA, or the Royal Development Project in the Cultural School. These projects aim to increase Laotians capacity and equip them with various skills which do not only increase employment opportunities but also raising their efficiency to support Thailand industrial production or serves as quality resources for Thai businesses in Lao PDR. Thus, several vocational training courses delivered to Laotian staffs becomes a great source supplying Thailand labour – intensive industries. (Lao's Desk Official, 2014)

Thailand Financial Cooperation

NEDA development projects give direct positive outcomes on facilitate investment as many projects results in adequate road and rail transportation diminishing transportation cost, and greater access to raw materials.

Thailand Board of Investment states that roads in Lao PDR are inadequate for economic usage because of poor condition and limited road networks. The underdeveloped physical infrastructure leads to high cost of logistic transportation due to distance, terrain, fuel prices, and time consuming. Since Lao PDR is a consumer market and industrial production base of Thailand, the improvement of infrastructure and transportation in Lao PDR certainly gives Thailand various positive aspects including diminishing transportation cost, consuming less time for shipping goods, and reducing risks in logistic transportation as following elaboration.

○ The R3 Construction Project

As a part of the R3A, R3 road construction results in substantial logistic benefit. The R3 construction helps speeding up transport of goods between Thailand, Lao PDR and China as NEDA reports that the R3 project saves 50 minutes transportation time. Plus, the adequate road helps vehicle operating cost saving. (Neighbouring Countries Economic Development Cooperation Agency, 2012)

Furthermore, the R3A route is constructed for primary purpose on international shipping goods since previously shipping products to the South of China mainly relied on water transportation via Mekong River.

Likewise, shipping high value perishable products via the R3A breaks even shipping by water transportation. For example, agriculture products exporting to China that need

to be carried with freezer such as frozen poultry, vegetables, fruits, orchids are safer in shipping via this route rather than water transportation that takes longer time. Moreover, Thai entrepreneurs can save shipping cost via this route transportation. The ITD research reveals that Thai businessmen favour to change trucks carrying products from Thailand at Boten, the border province of Lao PDR before shipping to China because China has an agreement with CLMV to pay tariff 50% lower than regular rate. (International Institute for Trade and Development, 2011)

Currently, the transportation network between Thailand, Lao PDR and China via Chiang Kong custom post is completed with the Fourth Thai – Laos Friendship Bridge³⁴ connecting between Chiang Kong district of Chiang Rai province and Bokeo province.

○ The Houi Kon - Pak Beng Road Development Project

The 52.03 kilometres road construction between Houi Kon and Pak Beng is highly advantageous regarding to logistic, as the transportation time between the two areas decreases from 4 hours to 1 hour with more safety. (NEDA Official, 2014)

III: Create Investment and Business Opportunity

The two following development projects results in transforming mountainous areas to adequate land transportation that links with massive market in the region, and provides access to domestic market and resources to serve industry production. In

³⁴ The transportation network will also improve local transportation in landlocked areas of northern Laos, providing an accessible route for goods transport to domestic markets and providing international market opportunities as well.

this sense, it creates more business opportunities, and attracts more Thai investors, particularly in tourism and service sector.

○ **The R3 Construction Project**

The R3 route links to R3A route connecting Thailand with the gigantic market of China and neighbouring countries on the Mekong sub – region. The passable route connecting to rural areas and larger consumer markets results in greater access to resources and raw materials to serve manufacturing industries.

Consequently, Thai entrepreneurs bustle to invest in Lao PDR. Before the R3 development, FDI from Thailand in the project areas were marginally as there are a few industries in mining. After the route completed, Thai investors are bustling into the area doing various business from huge projects like casino and entertainment complex in Huay Xai, manufacturing industries, agriculture sector particularly oil palm³⁵ in Bokeo province, to services sector. (International Institute for Trade and Development, 2011)

○ **The Houi Kon³⁶ – Pak Beng Road Development Project**

Prominently, the road links Thailand to important sources of growth to support industrial production in Thailand: agricultural centre and electricity power plant.

The ITD research found that the Houi Kon – Pak Beng route attain most advantages on agriculture and agricultural processing sector because the road reaches to Udomchai Province, the agriculture center of the northern part of Lao PDR, and

³⁵ Rubber Tree and Oil Palm are the two kinds of plant that the Laotian government allows for Foreign Direct Investment.

³⁶ Houi Kon is elevated to be Houi Kon International Checkpoint in 2008.

Luang Namtha Province which is the important rice cultivation area in the northern part of Lao PDR. (International Institute for Trade and Development, 2012)

In addition, rice products are a dominant industry sector in Nan Province as the province is found 91 rice mills in 2012. The land transportation linking to significant provinces in Lao PDR will increase opportunities for agricultural raw material exports, and contract farming. Likewise, the route allows Thailand to access to Sayabouly province which is the important province for electricity power production, a necessary resource for manufacturing.

4.2.4 Impact on Tourism

Tourism is one key sector that Lao PDR has much potential to develop. NEDA development projects entail tourism booming between Thailand and Lao PDR, particularly in border towns. With physical linkage between the two countries and connect with countries in the region, it is likely to bring more tourists.

○ R3 Construction Project (Huay Xai Province – Luang Namtha)

The paved road linking from Thailand, Lao PDR and China trigger higher number of tourists as it can be seen from increasing number of tourists in Bokeo province after the emerging of casino and entertainment complex. For instance, the Lao National Tourism Administration shows a number of tourists in Bokeo in 2001 were 42,561, rose to 79,006 in 2004 and 145,567 in 2008. (Neighboring Countries Economic Development Cooperation Agency, 2010)

NEDA officer adds that even though, most of Thai tourists are departing for travelling in China, but small villages along the route have gained tourists and enable to promote tourist spot such as silk production villages in Huay Xai. (NEDA Official, 2014)

On the contrary, the adequate route linking to Kunming increases channels for Chinese tourists to visit the northern part of Thailand via Chiang Kong international border checkpoint. A growing number of tourists lead to tourism sector and related services booming in Chiang Kong, and the development project area in Lao PDR as it reflects in expanding of small hotels, guesthouses, and restaurants. (Neighboring Countries Economic Development Cooperation Agency, 2010)

○ Houi Kon – Pak Beng Development Project

The NEDA officer states that the route development aims to increase the potentiality of tourism business in the area as the route links from Nan Province at Ban Houi Kon to Pak Beng and Luang Prabang which is the UNESCO world heritage city. (NEDA Official, 2014) Promoting tourism sector is another key strategy in developing Nan Province.

Previously, travelling from Nan to Luang Prabang is impossible to do during the monsoon season, and it takes around 12 hours per trip by river transportation. The ITD research discusses that the convenient direct route from Nan Province to Luang Prabang will be a means to promote the province as a tourist attraction spot because Nan has high potential in historical tourism and beautiful natural touristic spot.

Plus, other related services such as hotels, spas, guides, and tour agencies in Nan province will subsequently grow. On the contrary, it increases business opportunities for Thai investors to do business in service sector in Lao PDR.

○ The Nong Khai – Thanaleng Railway Development

The railway development project makes travelling between Thailand and Lao PDR more convenient with twice daily rail service from Nong Khai to Ban Thanaleng, yet it does not operate freight services.

○ The Wattay and Pakse Airport Development Project

Since the Wattay and Pakse airport are elevated to be able to accommodate larger flights, there is more availability of domestic and international flights which directly affects number of passengers.

Currently, there are direct flights between Thailand and major provinces of Lao PDR like Vientiane, Pakse, Savannakhet, and Luang Prabang. Plus, there are direct flights between Vientiane and various countries in Asia including Vientiane – Bangkok, Vientiane – Hanoi, Vientiane – Phnom Penh, Vientiane – Kuala Lumpur, Vientiane – Singapore, and Vientiane – Kunming.

A statistic from Civil Aviation Department of Lao PDR shows that number of passengers and flights from domestic and international at the Wattay International Airport have increased substantially. For instance, there are about 9,612 flights with 426,297 passengers during the first year of operation in 2005, and then in 2007 the number of flight rose to 19,481 with 793,554 passengers. (Neighbouring Countries Economic Development Cooperation Agency, 2012)

A number of flights and passengers after the Pakse Airport Development Project finished are rising. The Lao Airports Authority reports that the number of passengers uses Pakse Airport after the project completed in 2011 increases 97.88%. According to the statistic of Lao Airports Authority, there were 947 international flights in the

early year of the project in 2007, and then the number rose to 1,274 flights in 2011. NEDA reports that Pakse airport is primarily used for business purpose, followed by travelling, and transit to Siem Riep or Ho Chi Minh. (Neighbouring Countries Economic Development Cooperation Agency, 2012)

The 2009 Statistical Report on Tourism in Lao PDR shows number of tourists in Champasak province is growing after the Pakse airport improved: a number of tourists were 165,750 in 2007, rose to 220,214, and 278,054 in 2008 and 2009 respectively.

Thus, the development of Pakse Airport clearly gives positive result in advancing tourism sector in the Southern part of Lao PDR.

With convenient transportation in Lao PDR as direct flights are available both domestic and international, this brings increasing of entrepreneurs related to transportation, and encourages Thai investors to invest in service businesses.

In addition, interestingly, the research of Transportation Institute, Chulalongkorn University in 2012 reveals the current trend that as number of tourists in Lao PDR is rising, 72% of tourists visiting Vientiane are travelling there through Thailand.

In summary, transportation development extremely leads to growing of tourism and service sector as it reflects in growing number of tourists, hotels, and restaurants. This possibly contributes to job creation and income generation to locals which is explored in the next part on project areas development.

4.2.5 Impact on Infrastructure Development

I: Background on Infrastructure and Transportation Development

The landlocked geography of Lao PDR becomes a strategic location as it aims to transform the country to be a land bridge in order to pursue economic

development. Yet it faces serious difficulties related to financial issue which extremely needs assistance for construction.

Adequate roads do not give fully advantages from the strategic location of Lao PDR. Thailand, ADB, Lao PDR and other neighboring countries share the same vision toward Lao PDR as a platform for the transit of goods in the region. Hence, they join multilateral cooperation framework like GMS, ACMECS, and ASEAN that share the same objective in developing infrastructure and transportation networks in order to enhance economic development.

The ADB with an aim to narrow economic development gap in the region introduces the concept of “Economic Corridor.” Creating physical linkage in the Mekong sub – region has been the focal interest of GMS framework as a strategy to reduce economic disparity. The idea is to build roads and bridges connecting areas in order to promote trade, investment, tourism, and agriculture through the linkage.

Similarly, ACMECS framework aims to reduce socio – economic disparity between Thailand and her neighbors by emphasizing on distribute development to border areas in order to improve competitiveness in the region, and encourage economic activities along border towns and economic zones. The idea is infrastructure and transportation network would entail economic development along the areas.

In this regards, NEDA prioritization of projects approval has been concerned on mutual benefit of Thailand and the partner country with a focus on transportation networks under multilateral framework, especially GMS, and ACMECS framework that aim to convert underdeveloped area to be an active economic one with transportation linkage.

In short, the purpose of NEDA infrastructure and transportation development is to create regional connectivity for social and economic stability. The research will elaborate advantages to Thailand in supporting the transformation of Lao PDR into an economic and logistic transit area.

II: Project Areas/ Border Areas Development

For Thailand, Lao PDR does not only serves as the consumer market, and important source of growth but also a land bridge of Thailand to reach to other countries, to larger market with high consumption potential, yet lessen transportation cost.

Like other countries, Thailand faces with widening rural – urban disparities. Plus, Thailand has to deal with several problems from neighbouring countries sharing border due to poverty issue such as illegal migrants and drugs trafficking. Since the 7th National Economic and Social Development Plan (1992 - 1996) to the current 11th development plan (2012 - 2016), it can be seen that Thailand has emphasized on diffuse growth from urban to rural by developing centre city in each regions of the country.

For instance, the 8th National Economic and Social Development Plan (1997 – 2001) highlights on economic cooperation with neighbouring countries under the sub – regional framework. It emphasizes that border provinces along the North – South Economic Corridor, and the East – West Economic Corridor should be developed as the gateways to the GMS countries. (Tsuneishi, 2005)

Currently, the 11th National Development Plan aims to create regional connectivity for social and economic sustainability, with a means to develop connectivity in transportation and logistics system under regional cooperation framework. It can be seen in the chapter 3 that Thailand has actively supported financial development

cooperation with Lao PDR in form of grants, technical cooperation and concessional loans focusing on infrastructure improvement and logistics transportation construction.

○ **The R3 Route Development: Huay Xai – Luang Namtha, Lao PDR**

Even though, the R3 construction project is in the Bokeo and Luang Namtha province of Lao PDR, the project brings a lots of development to the border area of Chiang Kong district which is a small district lies adjacent to Bokeo province of Lao PDR.

Before the R3 and R3A completion, both volume and value of border trade in this area is quite small since goods transportation relies mainly on the Mekong River shipping goods between Thailand and some northern provinces of Lao PDR which is often found problems during the monsoon sea. When the road linking to Kunming, the southern province of China completed, the road network encourages both trade and investment along the route.

Furthermore, the fourth Friendship Bridge supplements the North – South Economic Corridor connecting Chiang Rai province of Thailand with Yunnan province of China. Consequently, the transportation network heightens potentiality for industrial development in the area, increases trade, and attracts more investors from Yunnan to set up an industrial estate in Chiang Kong.

Since the area becomes an active economic one, cost of land in Chiang Kong district is dramatically rising. For instance, it is observed in 2010 that the land nearby the fourth Friendship Bridge value around 700,000 – 8000,000 baht/ rai. (Samneang, 2013)

Plus, an on - going the Luang Namtha airport construction aims to accommodate tourists coming through Chiang Kong immigration checkpoint. Hence, the R3A road

network contributes to the Thai government plan in developing a poor border area of Chiang Rai province to be an economic one serving as gateway to the GMS countries.

On the contrary, transforming the trunk road between Bokeo province and Luang Namtha province to paved road bring a lot of businesses flows from China and Thailand such as the motorcycle production industries from the Jialing Morter Co Ltd, the Golden Boten City Group creates the special economic zone, and casino business and related services like golf courses, hotels, shopping malls and processing industries. (International Institute for Trade and Development, 2011) After the construction completed, these foreign investment transform the project area from the sleepy rural area to active economic one with various job opportunities offer to locals.

What's more, Bokeo province becomes the largest location for rubber plantations from Chinese investors. These growing businesses create job opportunities and generate income to local which entails GDP increasing of Bokeo and Luang Namtha province.

○ Houi Kon – Pak Beng Construction Project

The route development gives several advantages to the project area on Thai side, the Houi Kon international checkpoint in Nan province. After a year when project completed in 2010, NEDA found that the volume of people and vehicles crossing at the Houi Kon international checkpoint is rising greatly. According to NEDA evaluation report, volume of people crossing the border between 2006 and 2010 has increased around 24.71% per year, while the volume of vehicles seriously rises almost 50% per year. A number of vehicles crossing the border in 2010 rose to 10,304 which are 7,000 cars higher from 2006 which is a year when the construction began.

The road is mostly used for shipping goods as much as travelling which major purposes are promoted of the route construction.

Apparently, the Nan provincial government implements several project in improving the Houi Kon checkpoint and nearby areas to be able to accommodate economic expansion such as developing 40 kilometres road to be able to accommodate large cargo trucks. The obvious change which is the result of active economic activities in the area is rising of land price nearby the Houi Kon custom post.³⁷ For instance, in 2012 land price in immediate district such as Amphoe Toongchang rose from 1-2 million baht / rai to 3 – 4 million baht/ rai. (International Institute for Trade and Development, 2012)

In contrast, Laotians also attains benefits from the project development. The NEDA evaluation report reveals that the paved road is highly beneficial to people in the areas as it found that 97.26% of respondents (locals) agree that the road is beneficial for their daily life. For instance, they gain convenient transportation to local health stations and to schools as now there is paved road that they can travel by bicycle, and motorcycle. (Neighbouring Countries Economic Development Cooperation Agency, 2011)

Besides, the project helps increase local people's quality of life. NEDA study reveals that 80% of local respondents agree that the route partly helps increasing their income. (Neighbouring Countries Economic Development Cooperation Agency, 2011) People in the area have more secure job and better income, particularly agriculture,

³⁷ The Houi Kon permanent checkpoint area is a national conserved forest, thus it is not allowed for any commercial construction.

and livestock for trade like corn and ginger because now they can access to market. (International Institute for Trade and Development, 2012)

○ **Nong Khai – Thanaleng Railway Transportation**

Nong Khai province lies adjacent to Vientiane, where people normally travel through Nong Khai to get to Vientiane. Yutthana Sritabutr, the Chief Executive of the PAO of Nong Khai says that the rail linkage from China to Thailand will be beneficial to the province and locals. The Nong Khai provincial government has a strategy to develop Nong Khai to be the train stop post or the transit post which will attract more investors to the area. Besides, the PAO states that income of trade in Nong Khai mostly comes from products from other areas which Nong Khai serves as transit area to market in Lao PDR. Plus, the railway construction will support the plan to promote historical tourism in the province.

The NEDA official points out the railway development project gives positive results on the Lao PDR side as well. Firstly, the railway makes transportation convenient to access to Thailand for locals in Ban Thanaleng. Plus, the railway leads to the development of the poor area of Ban Thanaleng as it can be seen from the occurrence of golf courses, hotels, and restaurants. (NEDA Official, 2014)

Currently, the Thai and Laotian governments agree on the railway extension which will expand to Vientiane together with the warehouse construction project that includes container yards and an asphalt access road delivering goods to the train station. (NEDA Official, 2014)

4.2.6 Impact on Human Resource Development

Thailand Technical Cooperation

Apparently, Thai education becomes an important export industry, particularly in border provinces. Thailand has become a popular destination among Laotians to pursue tertiary education as it reflects in higher number of Laotian students both scholarships and non – scholarships in Thailand education institutes. Availability of scholarships is not the only reason contributing higher number of Laotians students in Thailand.

Scholarships offering to Laotians in early period mostly are from the Thai government, but recently private sectors and higher education institutes have increasingly provided scholarships and fellowships to Laotians and people from neighboring countries as well.

According to interview with Laotian students, there are several influential factors affecting decision to study in Thailand including education quality, economical living cost, socio – cultural similarities like language, and adjacent location with convenient transportation. Undeniable, physical proximity and convenient transportation is one of pull factors since it is convenient for commuting between the two countries.

The rising trend of people from neighboring countries coming to the north eastern provinces of Thailand for further education results in income generated in the education business. Education becomes an important industry enhancing the GPP of the north eastern provinces as it reflects in the statistic of provincial economic activities. According to the Office of the National Economic and Social Development Board in 2010, education ranks the third among highest industries that influences the

GPP of Nong Khai and Nakhon Phanom, whilst ranks in the top five industries in Ubon Ratchathani and Mukdahan. (Supatn, 2012)

Thailand Financial Cooperation

NEDA assistance in form of technical cooperation after NEDA development projects completed plays essential role on HRD especially to Laotian officials and technicians. Most of NEDA technical cooperation is delivered to Laotians to help them operate the project. For instance, NEDA provides training courses related to the railway projects to Laotian technicians, and passes on technologies of management, maintenance and operation related to railway to Laotians officers. This cooperation enhances Laotians capacity for further development related to railway operation.

4.2.7 Conclusion: Impact on Economic Partnership

Thailand and Lao PDR as a next – door neighboring country, they recognize the need to rely and cooperate to heighten their potential to be able to participate in global economy effectively. While Lao PDR has ability to supply natural resources, energy products, cheap labors which are necessary for the growing manufacturing industries in Thailand, and serves as the land bridge linking Thailand with other countries with lower logistic cost. Thailand has ability to supply advanced technology, share its expertise for human resources training, encourage flow of FDI, and support infrastructure development which are all are considered as crucial means to tackle poverty reduction and sustain economic development in Lao PDR.

Ultimately, it results positive consequences to border areas. From economic perspective, Thailand development cooperation is not only beneficial for Thailand as aforementioned, but for Lao PDR as well since transportation development entails

higher tourists, attract investors, generate jobs and incomes to locals, and elevate Laotians' well - being.

Moreover, NEDA financial development projects completes regional transportation network as several projects link Lao PDR with other countries in the sub - region like China, Vietnam, Cambodia, and Myanmar. Lastly, Thailand financial cooperation greatly contributes to integrated infrastructure which is the key to accelerate regional integration. Thus, sectors and activities supported by Thailand development cooperation creates win - win outcomes as it greatly heightens Thailand economic development, as well as grants benefits to the partner country.

4.3 Conclusion

Since 1991, Thailand's policy on development cooperation has become a prime foreign policy conducted with Lao PDR; it has been promoted as a means for the partner country development. Indeed, Thailand does not provide development cooperation to Lao PDR without concerning on its own interest.

As a diplomatic tool, Thailand's policy on development cooperation aims for strengthening cordial relations. Its impact is contributes to trust and confidence building between Thailand and Lao PDR from government to people level. Besides, the policy significantly supports the economic cooperation with Lao PDR, and leads to the country economic development. The research concludes that the policy has diplomatic ends to serve national interest which is the country economic development. Yet, the policy creates reciprocal effect and win - win outcomes.

CHAPTER V CONCLUSION

5.1 Conclusion

I: Rationale of Thailand's Policy on Development Cooperation

As the research aims to seek for rationales behind Thailand's policy on development cooperation, it focuses on the question "Why Thailand gives aid?" The act of states sharing their resources and allocating their national budget to other countries has long been controversial; whether it did out of altruism or self-interest. In order to find explanation for the question above, the research explores possible factors from three levels of analysis according to Foreign Policy Analysis (FPA): external environment, internal environment, and the individual which is the most essential unit on decision making process which comprises of state leader, and groups.

Essentially, changes at external environment including the fall of Soviet Union, the end of the Cold War, the settlement of the Cambodia conflict bring Thailand realization that there is no longer security threats. This allows Thailand to focus on other goal of foreign policy. Specifically, economic security precedes political security. The intensification of globalization after the termination of bipolar world system increases integrated world and interdependent world economy, consequently, this heighten level of interdependence relation between countries including Thailand and Lao PDR.

Furthermore, the research finds internal environment is crucial for the policy formation as well. Firstly, decision makers either individual or groups are most important in the decision making process. The research assumes that Prime Minister

Anand Panyarachun with experience diplomatic background, keen interest in business, and deeply engage with regional cooperation moderately influences decision makers to recognize the significance of aid provision, and grasp the opportunity employing economic advance to be diplomatic tool. Presumably, the idea is either supported or shared by his cabinet that comprises of similar mind - set technocrats and civilians. Besides, internal environment including well economic outlook, having best practices to share with supporting from active aid agency like JICA are critical supporting factor for the policy formation.

With an equip of economic advance, ability to share appropriate expertise, and support from key donor like Japan are essential factor influence the Thai government to employ the new tool to build diplomatic relations in response to a new focus of national interest after the end of the Cold War.

The research concludes that Thailand's policy on development cooperation is the subtle tool of the post - Cold War diplomacy that is accordance with the new direction of Thailand foreign policy which has adjusted according to global, regional and domestic changes when Lao PDR shifts from foe to friend, from threat to opportunity.

II: Summary on Thailand's Policy on Development Cooperation

Thailand's policy on development cooperation with Lao PDR has become one of the country's highest foreign policy since 1991. The policy has been improved to work in accordance with Thailand foreign policy which gives priority to maintain cordial relations with neighboring countries. After restructuring Thailand aid agencies during the Thaksin government, Thailand's policy on development cooperation becomes

more effective tool of foreign policy as it is under guidance of Ministry of Foreign Affairs as it is reflected in decision making process of TICA and NEDA.

In addition, it is likely that Thai- Lao development cooperation continue to expand more in term of value and volume as there are increasing role from Thailand public and private sector as well as other government organizations. Thai education institutes apparently deliver various projects that encourage cultural exchanges among Thai and Lao students. Training programs to raise Laotians capacity are rising as private sectors get involve more in training skilled – labours such as the Mitr Lao Sugar Company.

The research finds the demand – driven approach is the key promoting Thailand’s spirit of mutual benefit. While, technical cooperation concentrates on capacity improvement, particularly on Laotian government officials, NEDA development projects supports the Laotian government development strategy as the policy results in creating physical linkages and completing regional transportation network according to GMS and ACMECS framework which is a basis to accelerate regional integration.

III: Impact of Thailand’s Policy on Development Cooperation

The research finds that providing development cooperation with Lao PDR which is a next door neighbor living in poverty is not solely altruism, it profoundly concerns on the country interest. Even though Thailand development cooperation is the diplomatic tool to serve the country interest, Thailand development cooperation adheres to the principle of mutual benefit with the demand – driven approaches. Subsequently, it brings optimistic consequences to Thailand from foreign relations to economic development, and creates positive outcomes on Lao PDR development as well.

It is clearly that in order to move forward in the globalizing world, Thailand cannot withstand alone but needs strategic ally and great cooperation. Maintaining cordial relations with strategic allies like Lao PDR and strengthening cooperation is strategic means to achieve Thailand national interest. However, Thailand's policy on development cooperation is likely to create reciprocal effect. Specifically, technical cooperation from Thailand is appropriate and applicable to local condition. Information and interview suggests that they found Thailand's expertise and knowledge beneficial and useful. On the contrary, financial cooperation via NEDA greatly supports infrastructure and transportation network in Lao PDR which is a key strategy for the country development.

5.2 Recommendations

I: Thai – Lao Relations

Clearly, Thailand and Lao PDR are interwoven and inseparable. Historical distrust and ill feelings that spread among national leaders and Laotians may fade by time, but several recent incidents reflect that suspicion remains erode Thai – Lao relations. Thus, if Thailand can remove this long – held distrust, Thai – Lao relations will be much improved and greater cooperation can be achieved. As such, Thailand and the Thais should be aware of their actions and understand more about your neighbor.

Thailand development cooperation is one example of the government tool that helps to foster and deepen Thai – Lao relations from government to people level. It would be more advantageous if positive consequences of the policy implementation which is found in Laotian students' better attitude toward Thailand should be further promoted to public.

What's more, as aforementioned Thai – Lao relations is highly vulnerable. Economic interest must come hand in hand with friendly relations, so exploitation must be avoided. Another thing that the Thai government must stresses on at this point to Thai investors in Lao PDR is not only not to reap benefit in a short time, but should be aware of mutual respect as well since Laotians can understand Thai language as much as the Thais. Plus, transferring knowledge and improving capacity greatly consumes time and energy, thus the government should mark this to Thai entrepreneurs as well.

II: Thailand's Policy on Development Cooperation

The essence of Thailand's development cooperation is that it is a tool of foreign policy that has national interest end. The key point is it serves as subtle tool balancing between strengthening relations and making benefit to the country. In the case of Thailand and Lao PDR which are next – door neighbours what need to concern most is mutual benefit as it is proved that the two must cooperate in order to thrive forward.

Technical Cooperation on Skilled - Labour

It is clearly that labour shortage becomes a great challenge for Thailand, thus, the Thai government should address more on skilled – labors improvement as Laotian labor forces is vital for Thailand industrial production. Besides, Thailand private sector and business companies play a crucial role on increasing Laotian labors capacity, sot that the Thai government should put more support by being a facilitator between the Laotian government, public organizations and private sectors particularly in the strategic Thai – Lao border areas, or on Lao PDR special economic zone.

Financial Cooperation

Aforesaid, convenient transportation and physical linkages relatively boost rapprochement between the two countries and their people. However, transnational problems like drugs smuggling, and human trafficking can be intensified. Hence, the government should seriously concern and tackle these issues as well so that it won't cause further conflicts.

Moreover, Thailand financial cooperation greatly contributes to integrated infrastructure which is the key to accelerate regional integration. In order to make the most from regional transportation network and achieve regional connectivity, there is a need to do more on reducing formalities like implementing cross – border transportation agreement, and encouraging one – stop window.

5.3 Future Work

According to document research and interview suggests that Thailand's policy on development cooperation with Lao PDR and neighboring countries is in upward trend as it is Thailand diplomatic tool. Nevertheless, there is a gap of aid effectiveness is lacked in the study about Thailand development cooperation. Thus, this should be further investigated from the partner country side to makes the most from this diplomatic tool.

More importantly, as Thailand's policy on development cooperation aims to decrease thorn and enhance Thai - Lao relations, other aspects of Thailand development cooperation should be further examined such as socio – cultural and environmental impact in partner country in order to avoid negative effects that projects may cause.

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APPENDIX

จุฬาลงกรณ์มหาวิทยาลัย
CHULALONGKORN UNIVERSITY

APPENDIX I: Brief History of Japan Official Development Assistance (ODA) for Thailand

1954	Commencement of Training Program in Japan	• สโมสรนิสิตจุฬาลงกรณ์มหาวิทยาลัย
	(21 Thai trainees received training in Japan)	
1969	Commencement of Japan ODA Loans to Thailand	
1970	Commencement of Japan Grant Aid to Thailand	
1981	Commencement of dispatching Japan Overseas Cooperation Volunteers (JOCV) to Thailand	
	(Hat Yai Technical College (Computers))	
1993	Termination of Japan Grant Aid to Thailand	
	(Thailand GNP per capita exceeded the threshold of USD 1,445)	
1994	"Japan-Thailand Partnership Program (JTPP)" started	
	(Japan and Thailand jointly provide assistance to other developing countries)	
1997	Commencement of dispatching Senior Volunteers (SV) to Thailand	
2003	Phase II of "Japan-Thailand Partnership Program (JTPP)" started	

Source: <http://www.jica.go.jp/english/about/organization/>



APPENDIX II: List of Thai Prime Minister during 1988 - 2006

Government	Period
Chatichai Choonhavan I	August 1988 – December 1990
Chatichai Choonhavan II	December 1990 – February 1991
Anand Panyarachun I	March 1991 – April 1992
Sujinda Kraprayoon	April 1992 – May 1992
Anand Panyarachun II	June 1992 – September 1992
Chuan Leekpai I	September 1992 – July 1995
Banharn Silpa-archa	July 1995 – November 1996
Chavalit Yongchaiyudh	November 1996 – November 1997
Chuan Leekpai II	November 1997 – February 2001
Thaksin Shinawatra	February 2001 – April 2006

Source: Adaptation from http://www.cabinet.thaigov.go.th/eng/pm_his.htm

APPENDIX III: What Is South-South Cooperation

South-South cooperation is a broad framework for collaboration among countries of the South in the political, economic, social, cultural, environmental and technical domains. Involving two or more developing countries, it can take place on a bilateral, regional, subregional or interregional basis. Developing countries share knowledge, skills, expertise and resources to meet their development goals through concerted efforts. Recent developments in South-South cooperation have taken the form of increased volume of South-South trade, South-South flows of foreign direct investment, movements towards regional integration, technology transfers, sharing of solutions and experts, and other forms of exchanges.

Collaboration in which traditional donor countries and multilateral organizations facilitate South-South initiatives through the provision of funding, training, and management and technological systems as well as other forms of support is referred to as triangular cooperation.

Basic Elements of South-South Cooperation

South-South cooperation is initiated, organized and managed by developing countries themselves; often, Governments play a lead role, with active participation from public- and private-sector institutions, non-governmental organizations and individuals. It involves different and evolving forms, including the sharing of knowledge and experience, training, technology transfer, financial and monetary cooperation and in-kind contributions. South-South cooperation can include different sectors and be bilateral, multilateral, subregional, regional or interregional in nature.

Guiding Principles of South-South Cooperation

South-South cooperation is a manifestation of solidarity among peoples and countries of the South that contributes to their national well-being, their national and collective self-reliance and the attainment of internationally agreed development goals, including the Millennium Development Goals. The South-South cooperation agenda and South-South cooperation initiatives must be determined by

the countries of the South, guided by the principles of respect for national sovereignty, national ownership and independence, equality, non-conditionality, non-interference in domestic affairs and mutual benefit.

Objectives of South-South Cooperation

The basic objectives of South-South cooperation are interdependent and mutually supportive and contribute to the broader objectives of international development cooperation. These objectives are to:

- foster the self-reliance of developing countries by enhancing their creative capacity to find solutions to their development problems in keeping with their own aspirations, values and special needs;
- promote and strengthen collective self-reliance among developing countries through the exchange of experiences; the pooling, sharing and use of their technical and other resources; and the development of their complementary capacities;
- strengthen the capacity of developing countries to identify and analyse together their main development issues and formulate the requisite strategies to address them;
- increase the quantity and enhance the quality of international development cooperation through the pooling of capacities to improve the effectiveness of the resources devoted to such cooperation;
- create and strengthen existing technological capacities in the developing countries in order to improve the effectiveness with which such capacities are used and to improve the capacity of developing countries to absorb and adapt technology and skills to meet their specific developmental needs;
- increase and improve communications among developing countries, leading to a greater awareness of common problems and wider access to available knowledge and experience as well as the creation of new knowledge in tackling development problems;

- recognize and respond to the problems and requirements of the least developed countries, land-locked developing countries, small island developing States and the countries most seriously affected by, for example, natural disasters and other crises; and
- enable developing countries to achieve a greater degree of participation in international economic activities and to expand international cooperation for development.

Benefits of South-South Cooperation

Benefits of South-South cooperation include:

- strengthening of the voice and bargaining power of developing countries in multilateral negotiations;
- use of experience and capacity that already exists and the development of new capacities in developing countries;
- opening of additional channels of communication among developing countries;
- promotion and strengthening of economic integration among developing countries on as wide a geographic basis as possible;
- enhancement of the multiplier effect of technical cooperation;
- fostering of economic, scientific and technological self-reliance;
- increased knowledge of and confidence in the capacities available in developing countries;
- coordination of policies on development issues relevant to a number of developing countries;
- development of indigenous technology and the introduction of techniques better adapted to local needs, particularly in traditional subsistence sectors such as agriculture;
- promotion of:
 - national science and technology plans;
 - economic and social planning;

- linkage of research and development with economic growth;
- project planning and evaluation;
- use of human and natural-resource potential;
- modern management and administration;
- technical, scientific and administrative manpower; and
- accelerated professional training at different levels.

Source: http://ssc.undp.org/content/ssc/about/what_is_ssc.html



APPENDIX IV: DTEC's Guidance of Economic and Technical Cooperation Policy

In 1991, DTEC has formulated the guidance of policy on economic and technical cooperation with other countries on the basis of mutual interest with particular four main objectives under the agreement of the cabinet as the following:

1. Fostering political, economic, technical and cultural relations with developing countries especially with neighboring countries for better understanding.
2. Promoting and supporting related government organizations and business sector for enhancing trade, investment, and tourism in Thailand.
3. Exchanging Thailand advancement on economic, education, science, and technology with other countries.
4. Enhancing the role and expertise of Thai education institutions and Thai scholars in both government and private sector.

DTEC formulated the strategy of Thailand's policy on development cooperation as following:

1. Providing development cooperation combines with the country interest in short and long term in accordance with main objectives.
2. Providing development cooperation must be implemented systematically with a clear plan and cooperated closely with related organizations both from public and private sector.
3. Engaging private sector to participate in Thailand development cooperation more.
4. Expanding forms of cooperation from giving scholarships and fellowships to assist with Thai experts and scholars, services, equipment and grants provision.
5. Enhancing the cooperation with other countries government and international organization in providing development cooperation with other developing countries.

Source: Annual Report of Department of Technical and Economic Cooperation 1992.

APPENDIX V: Consulting and Sub – Contractual Firms for NEDA Development Projects

Project	Consulting Firm	Subcontractor
Lao PDR		
1. Chiang Rai – Kunming via Lao PDR Road Improvement Project (R3)	<ul style="list-style-type: none"> • Pacific Consultants International (Thailand) Co., Ltd. (PCIT) • Southeast Asia Technology Co., Ltd. (SEATEC) 	<ul style="list-style-type: none"> • Phrae – Namtha Joint Venture
2. Wattay International Airport Improvement Project	<ul style="list-style-type: none"> • Thailand's Department of Aviation 	<ul style="list-style-type: none"> • Thai Wat Engineering Co., Ltd.
3. Railway Construction from Friendship Bridge (Nong Khai) to Ban Thanaleng	<ul style="list-style-type: none"> • STS Engineering Consultant Co., Ltd. 	<ul style="list-style-type: none"> • Sermangan Construction Co., Ltd.
4. Houi Kon – Muang Ngen – Pak Beng Road Improvement Project	<ul style="list-style-type: none"> • Asian Engineering Consultants Corp., Ltd. 	<ul style="list-style-type: none"> • Phrea Thomrongvit Co., Ltd.
5. Construction of Drainage System and T2 Road Improvement Projects in Vientiane, Lao PDR	<ul style="list-style-type: none"> • Team Consulting Engineering and Management Co., Ltd. 	<ul style="list-style-type: none"> • Thai Wat Engineering Co., Ltd.
6. Pakse Airport Improvement Project	<ul style="list-style-type: none"> • Thailand's Department of Aviation 	<ul style="list-style-type: none"> • Italian-Thai Development Plc.

Source:


<http://www.neda.or.th/eng/contentviewfullpage.aspx?folder=87&subfolder=&contents=1031>

VITA

Wilasinee Sittisomboon was born and raised in Phitsanulok, Thailand. She began her undergraduate at Faculty of Arts, Chulalongkorn University in 2009. Her interest toward Southeast Asian Studies and ASEAN developed during her internship at ASEAN Department, Ministry of Foreign Affairs in 2011. After she completed a Bachelor of Arts in English Literature, she continued her study for Master of Arts in Southeast Asian Studies, Chulalongkorn University. In 2012, she participated in ASEAN Exchange Program with Faculty of Social Science, Vietnam National University. She completed the programme in 2014.

