

Thailand's Foreign Policy-making Towards Myanmar Since 1988: The Reflection from the Business Sector's Roles

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ABSTRACT

This paper examined the roles of Thai business sector on Thailand's policy towards Myanmar since 1988 and illustrated their bargaining power with the state and, to some extent, their networking with the state and the political sphere. From the study, it appeared that their roles in Thailand's foreign policy-making process and policy implementation derived from the mutual benefits between the state and the business sector.

It is also found that the business sector monitored Thailand's bilateral economic relationship with Myanmar mainly through business associations, particularly, the Provincial Chambers of Commerce (PCC) in the border provinces and the Thai Chamber of Commerce (TCC), or the PCC top body through various means; state co-option, six PCC cooperative committees, JPPCC mechanism, direct participation in politics, and direct dialogue with the Myanmar authority.

Key words: Thai-Burmese relations, Thai politics, Thai foreign policy-making, role of Thai business sector

INTRODUCTION

In the past, Thailand's foreign policy-making and policy implementation process was predominantly controlled by the state apparatus, namely, the Royal Thai Army and Ministry of Foreign Affairs. Only after a blossom of the political and economic development during Prime Minister Chatichai Choonhavan's administration (1988-1991) and immediately after the May uprising in 1992, an emergence of business sector into the circle of foreign policy-making and policy implementation process was obvious as one of the key factors orchestrating Thailand's foreign policy since then.

The context of Thailand-Myanmar relations could be an observable example in the adjustment of

its foreign policy. After its political and economic development since 1988 along with the shift of world politics and economy under the tide of globalization in late 1980s, Thailand fundamentally reevaluated its policy towards Myanmar and endorsed economic partnership as priority. This was also coincident with Myanmar's needs to open itself to the world in 1988 in order to legitimize its military regime and to cure its ailing economy captured by more than 26 years of self-imposed isolation.

The result of Myanmar's open policy gave ample business opportunities for Thai businessmen to rush in for conducting trade and investment there. Import, export, and investment activities were unprecedentedly flourished with business like jewelry, banking, hotel and tourism, pharmaceuticals, retails,

mining, forestry, fishery, oil and gas exploration and production, construction and so forth.

Despite mounting conflicts between the two countries in issues such as illegal trade, drug and arms trafficking and the Burmese migration along the border, and more importantly, the international sanction over Myanmar's human rights issue, Thailand still undauntedly carried its constructive or optimistic stand point towards this neighbor. It is hypothesized here that this policy has been derived from Thai business sector whose strategic stance is to protect its business interests in Myanmar.

This empirical study of business circles is in accordance with the study of Laothamatas (1992), who tried to prove the theory of 'transitional societies' by emphasizing the rise and the increasing roles of business class in Thai society. His two arguments in his study could be employed here. Firstly, he suggested that Thailand has ceased to be a bureaucratic polity, at least in the realm of economic matters. It is because organized business has formed politically effective extra-bureaucratic groups and the policy of the government is no longer determined solely by the bureaucratic elite. Then in his second argument, he referred to the new characteristics of the business sector to push for an enhancement of the ability and efficiency of the government in supporting business operations. And lastly, He claimed that provincial chambers of commerce have begun to exert their leadership in provincial development.

This paper attempted to extend Laothamatas argument particularly on the roles of the business sector in Thailand's foreign policy-making process with a case study of Thailand-Myanmar relations. It examined the influence of the business sector in Thailand's foreign policy-making process towards Myanmar, highlight their operation and networking, and elaborate their emergence of bargaining power with the state and the relationship between Thai government and the business sector.

Backgrounds of Thailand-Myanmar relations

Understanding Thailand-Myanmar relations through trade and investment backgrounds

After the rise of the State Law and Order Restoration Council (SLORC) in 1988, the Myanmar junta changed its isolation policy, a legacy of the Nevin regime, as a result of the country's devastating economic failure. This new military regime overhauled the economic system by dumping a central-planned economy for a more open economy that recognized the existence of the private sector and encouraged foreign direct investment to the country. This development overwhelmingly affected the change of diplomatic and economic policies toward Myanmar of international communities, and Thailand in particular.

Under the open policy, an abundance of trade transactions between Thailand and Myanmar, including the official direct investments from Thailand, could be observed for the first time. Border trade volumes increased particularly through Tak and Chiang Rai provinces in the north of Thailand. (Table 1) In addition, Thailand by Petroleum Authority of Thailand (PTT), the state-owned oil and gas company, began its import of natural gas from Yadana and Yetagun gas fields through trans-border pipeline to the central gas plants in 2000.

By 1988, in the emergence of business cooperation endorsed by both sides, there were more than 85 Thai companies being operated in Myanmar, which were owned either by local merchants, politicians, and state officials. In order to access to cheap labor and natural resources, business operations were traditionally concentrated along the border area covering parts of the north, the west, and the south of Thailand, including areas in the northeastern and southeastern region of Myanmar.

When the Myanmar government began to employ investment promotion regulations in 1989, Thai investment in hotel industry and tourism was leading the way. Quickly catching up investments were those in the areas of agricultural industries, fisheries, mining, air travel business, estate

Table 1 Border Trade Values between Thailand and Myanmar During 1991-2004.

(Million Baht)

Year	Gross trade volumes	Export values	Import values	Trade balance
1991	2,671.00	2,182.00	489.00	1,693.00
1992	4,069.00	1,601.00	2,468.00	-868.00
1993	5,468.00	3,366.00	2,102.00	1,264.00
1994	9,591.95	6,282.51	3,309.44	2,973.07
1995	5,906.35	4,754.37	1,151.98	3,602.38
1996	3,671.67	4,928.87	523.97	4,404.90
1997	8,983.89	8,316.43	667.46	7,648.97
1998	7,464.20	6,405.00	1,059.20	5,345.80
1999	8,710.18	7,288.89	1,421.29	5,867.60
2000	18,724.90	11,137.70	7,587.30	3,550.40
2001	40,536.40	7,444.90	33,091.50	-25,646.60
2002	43,145.20	6,279.70	36,865.50	-30,585.80
2003	57,716.10	12,020.60	45,695.50	-33,674.90
2004 (Jan-Apr)	18,585.90	6,095.40	12,490.50	-6,395.10

Source: Department of Business Economics, Ministry of Commerce, Thailand (2005)

development, telecommunication, and transportation. As a result of expansion in transactions of trade and investment values, by 1995 five major Thai commercial banks launched their representative branch offices there.² It included Krung Thai Bank, Kasikorn Thai Bank, Bank of Ayudhya, Thai Military Bank, and Siam City Bank.

In addition to direct investment in Myanmar, due to its uncertainty in politics and inconsistent interpretation of commercial regulations, Thai businessmen tended to invest in Thai border provinces in order to take an advantage of cheap pool of labor from Myanmar to employ in labor intensive industries like silk weaving industry and clothing. In District of Mae Sod, Tak Province, numbers of factory increased from 7 in 1996 to a peak of 16 factories in 1997 with a total capital value of 126.7 million baht, employing more than 1,486 migrants.

Even with the criticism of human rights and unpredictable regulations imposed by Myanmar authorities, Myanmar was still a promising economic

potential in the view of many Thai businessmen. The country was also the potential site for Thailand's labor-intensive manufacturing base for re-exporting goods to other destinations. The relocation of manufacturing base seemed unavoidable while a minimum unskilled labor wage in Thailand had been continuously rising (Table 2). In addition, the new location was expected to be served as the potential logistic base and distributing channel of Thai-origin goods for the land-locked southern and western regions of China and South Asian nations. Moreover, Myanmar's abundant natural resources and cultures which made it the destination for tourism, would fulfill Thai government's agenda for launching Thailand the tourist hub of Asia.

In fact, not only Thai businessmen but also several other foreign entrepreneurs oversaw the business potentials in Myanmar. Although economic sanctions by the United States and its allied countries have been imposed to this country, it is ironical that investment from these countries through international

² However, in 2005 all these banks closed their offices there due to the dissatisfaction with Myanmar's inconsistent financial and trade policy and its internal political conflicts.

Table 2 Rate of minimum labor wage in Bangkok Metropolitan Area.

Year	Rate of minimum wage (baht/person/day)	Change (%)
1984	66	
1985	70	6.10
1986	70	-
1987	73	4.30
1988	73	-
1989	78	6.80
1990	90	15.40
1991	100	11.10
1992	115	15.00
1995	145	7.41
1996	157	8.28
1998	162	3.18
2000	165	1.85
2001	165	-
2002	165	-
2003	169	2.42
2004	170	0.59
2005	175	2.94

Source: <http://www.labour.go.th/yearbook.PDF> (2005)

consortium still explicitly persists (only direct trade is sanctioned). According to the statistics on foreign direct investment in Myanmar as of December 31st, 2002 (Table 3, 4), a total amount of investment value from 21 countries stood at 7,461.46 million US dollars: six top ranking countries were Singapore at 1,566.62 million US dollars, UK at 1,404.01 million US dollars, Thailand at 1,290.2 million US dollars, Malaysia at 642.5 million US dollars, the United States at 582.06 million US dollars and France at 470.37 million US dollars.³ And as for Thailand's investment there, the top three investment projects in Myanmar were in manufacturing, livestock and fisheries, and hotel and tourism.

The significance of Myanmar in Thai government's perspectives

Since Prime Minister Chatichai Choonhavan's administration (1988-1991), the implications of Myanmar to Thai government's perspectives could be summarized as follows:

(1) The significance of Myanmar in economic development of border area in the West and the North of Thailand

Up until now, border trade between Thailand and Myanmar shows a steady increase in value, which Thailand mostly enjoyed trade surplus except after 2000 when the import pipeline gas began. Following the trade statistical report for the first half

³ <http://www.mofa.gov.mm/aboutmyanmar/am12.html> p.1, 19/7/2004.

However, in fact the actual foreign direct investment in Myanmar should be higher than the official records especially that of China. It is because investment from China was not under Myanmar's foreign direct investment law. And some of foreign investment was run by Burmese nominees. See Bangkok Bank Public Company Limited, *Economic Journal* (July 1996): 21.

Table 3 Foreign Investment in Myanmar (31 October 1996 and 31 December 2002)

(million US dollar)

	Country	No. of project		Amount of investment	
		1996	2002	1996	2002
1	Singapore	50	71	1,158.85	1,566.62
2	United Kingdom	25	37	1,011.16	1,404.01
3	Thailand	33	49	946.16	1,290.20
4	France	2	3	466.37	470.37
5	Malaysia	16	32	446.27	642.50
6	USA	15	16	243.57	582.06
7	Netherlands	5	5	237.84	238.83
8	Japan	11	23	183.42	212.57
9	Austria	1	2	71.50	72.50
10	Hong Kong	17	28	64.44	149.83
11	South Korea	9	32	60.69	156.40
12	Australia	10	14	39.00	82.08
13	Canada	9	16	32.53	59.78
14	Indonesia	2	12	21.00	241.49
15	China	6	13	15.95	64.15
16	Germany	1	1	15.00	15.00
17	Denmark	1	1	13.37	13.37
18	Philippines	1	2	6.67	146.66
19	Bangladesh	2	2	2.96	2.96
20	Macao	1	2	2.40	4.40
21	Srilanka	1	1	1.00	1.00
	Total	218	367	5,040.05	7,461.46

ที่มา: Golden Myanmar Magazine, Volume 4 Number 1: 1997 p.13 and <http://www.mofa.gov.mm/aboutmyanmar/am12.html>
p. 1, 19/7/2547

Table 4 Thailand's Investment in Myanmar as of 1999.

Type of investment	Number of projects	Amount of investment (Million US dollars)	Share of total investment in Myanmar (%)	Share of total FDI in Myanmar (%)
Manufacturing	12	571.214	45.61	38.341
Livestock and Fisheries	7	171.013	13.65	60.349
Hotel and Tourism	5	124.170	9.91	11.912
Transportation	4	106.300	8.49	38.600
Construction	1	17.267	1.38	100.000
Industrial Estate	1	14.000	1.12	7.250
Agriculture	1	2.690	0.21	18.744
Mining	1	0.613	0.05	0.117
Others	14	245.186	19.58	3.417
Total	32	1,252.453	100.00	-

Source: Ministry of National Planning and Economic Development, Union of Myanmar (2005)

Note: Statistics as of September 30th, 1999.

of 1999 of three permanent border checkpoints, it was indicated that Thailand obtained a trade surplus of 900–1200 million baht. On the contrary, when the border trade was blocked (usually by Myanmar government in the height of military conflicts with their minorities and the feeling of economic inferiority to Thailand), Thailand would stand a chance to lose revenue of 637.4 million baht per month on average (Thansettakij, 1999). These figures clearly reflected the expansion of cross-border economy and the livelihood of small and medium entrepreneurs living in border area in particular.

Besides, Thai government both in national and local level could gain opportunities initiating development plans and projects in the border area accompanying trade growth, investment and tourism promotion. And as strategic areas for development, these provinces could also gain a significant increasing share of the national budget to develop necessary infrastructures and development projects. As a result, they tried hard backing border trade through facilitating official documentation, strengthening the organization of local merchants and entrepreneurs as well as providing an easy access to Thailand-Myanmar border checkpoints.

(2) The significance of Myanmar in promoting Thailand “a regional economic hub”

The vision to promote Thailand as the mainland Southeast Asian hub of transportation and commerce has been frequently proposed in every government since 1988. In this scheme, Myanmar was considered the most important strategic partner to achieve the objective. Projects such as Myawadi-Yangon highway construction and the Western Seaboard development initiated by National Economic and Social Development Board (NESDB), were commenced to link Thailand to Yunnan, China autonomous region, and India, and form the Special Border Economic Zone (SBEZ). To amalgamate both economies, it was planned that certain associate industries should be relocated to Myanmar for completing the supply chain. Such cooperation was also seen as the counter measures to alleviate the

illegal Burmese labor problem in Thailand. In addition, the East-West highway project under the Hexagon Economic Cooperation was expected to help mobilize raw materials and industrial products within the economic zone amid Indian Ocean, South China Sea and Indochina at cut-rate transportation cost.

(3) The significance of Myanmar as energy supplier in natural gas, hydropower and as the major supplier of raw materials for industries from jewelry, fisheries to wood products.

Because of the deterioration and depletion of natural resources in Thailand, it left enormous pressure on Thailand to search for new resources so hurriedly as to sufficiently feed the factories and the speed of economic growth.

The situation turned severe when the devastating flood struck the vast area in the south of Thailand in 1988. The government from that particular time tempted to realize the impact of the fast demolition of forests so it had to issue the commandment for a country-wide ban on logging and termination of forest concession licenses in early 1989 so as to preserve Thailand's remaining rain forests. The consequence was a significant drop in domestic logging and wood products which was not sufficient to support domestic consumption and furniture manufacturing for exports.

Another example is the notorious deterioration of marine environments in the Gulf of Thailand. The marine ecology was worsened by the outlaw, and excessive exploitation for such a long period of time. Moreover, due to the declaration of exclusive economic zones by India, Vietnam, Myanmar, Cambodia, Indonesia, and Malaysia in 1977, Thai fishing fleets lost out three hundred thousand square miles of traditional fishery area in the Gulf of Bengal and the South China Sea, leaving only an overly exploited area under Thai sovereignty in the Gulf of Thailand and Andaman Sea.

The shortage of marine resources highly affected the state revenues, particular in canned seafood industries. The industries were for a long

time one of the major sources of the country's incomes, generating nearly three billion baht worth of exports yearly. It made up to top-ten list of the most-valued exports of Thailand in the last decade and leapfrogged Thailand to the biggest seafood exporting nation with more than 60 destinations worldwide. As a result, the government tried hard to find new maritime, uncharted fishery area, particularly in Myanmar territories, to replace its present enclosed and low productivity area.

For mineral and energy resources, Thailand also faced severe depletion of mineral resources in the last decade and what remained was unlikely to sustain the present rate of consumption of Thai domestic industries, given the ever-increasing demand. To maintain the present rate of economic development, it needed to secure the steady supply of raw minerals to meet the projected demand. This included the energy demand for oil, natural gas and hydropower, which are abundant in Myanmar.

For these reasons, it was an enormous pressure for Thai government to look for substitute supply sources of natural resources elsewhere beyond its sovereign boundaries in order to support industries in the country. Myanmar was undeniable the prime target for timber, minerals, fishery, natural gas, oil as well as hydro-electric power because of its rich in these natural resources comparing to any other surrounding neighbors. Yet opportunity of undeveloped natural gas and oil probable reserves were enormous based on international valuation and oil and gas companies active in this area.⁴

(4) The significance of Myanmar in Thailand's national security strategy

Beyond the perspective of natural resources, Thailand has also been aware of the gravity of Myanmar imposition onto Thailand's national security. With the share of 2,401 kilometer-long border, the Thai, the Burmese and other ethnic minorities living in the border area were traditionally no stranger with one another. Their cultures have been assimilated to

one another's ways of life since the very old time. Only after the colonization period, the people of both countries have been refused to travel freely with the installation of checkpoints, military posts and man-made barricade. The border control checkpoints have occasionally been tightly scrutinized on both sides following the accusation and distrust between the two nations. For instance, Myanmar government accused Thailand of providing refuge to the Burmese dissidents and its ethnic militia while Thai authority condemned Myanmar for not suppressing large scale production of illegal drugs and drug trafficking to Thailand. This impasse yet remains unsolved.

There is always ambiguity to make natural geography such as rivers and mountains the national boundary agreeable to both countries as it must take the great political will and mutual understandings to forego the legacy left by the British colony. As a result, only a few kilometers of border line were officially accepted by both sides. Therefore, whenever there is the suppression of ethnic minorities or the Burmese dissidents near the border area, the matter prompts Thai security concerns on expansion of fighting, misfiring into Thai territory and the migration of displaced people. As the matter keeps on going, the national security would be one of the top agendas in Thailand-Myanmar relations as realized by every previous Thai government.

In regional security, China factor has already posted the immediate and long-term security concern to Thailand because China has had a strategy to tap Myanmar as a launch pad to extending its boundary of influences throughout Southeast and South Asian regions since 1990s. The insertion of power by China might possibly weaken the Thai stance on various issues towards Myanmar. For example, in order to access the deep sea port in the Indian Ocean, the Chinese government provided generous economic assistance package in exchange. This gave Myanmar unexpected bargaining power when dealing with external powers and its neighbors, or Thailand in

⁴ At present Thailand imports 25 per cent of natural gas consumed in the country from Myanmar.

particular. At present, it is likely that China is the biggest trading partner and the most important investor in Myanmar.

To outlive this wind of change, Thailand had to quickly counteract this development by adjusting strategic policy in order to ensure that its national security was still intact. Thai government with other ASEAN nations came to a conclusion that the constructive engagement policy and the membership of ASEAN were the way to contain the change and to integrate Myanmar into regional and global communities. Under the same umbrella, the members could bring up resolutions in the way of consensus in any case of conflicts between member states. Thailand expected that the ASEAN summit would be a more effective venue to negotiate with Myanmar than employing a direct dialogue, and ASEAN forum would be exercised to counterbalance assertive pressure from its giant neighbor. ASEAN nations profoundly believed that it could allure Myanmar to the democratic path and the rules of law under the dynamism of global economy. Yet until the present time, such intentions of ASEAN could not prove successfully soften the military regime and still leave ambiguity to the international community.

The roles of business sector in Thailand-Myanmar relations

Traders and investors in Thailand doing business with Myanmar comprise of two groups. First is small and medium-sized local business group along the border area. Many of them are members of the PCC in 10 provinces: Chiangrai, Chiangmai, Mae Hongson, Tak, Karnchanaburi, Ratchaburi, Petchaburi, Prachuapkirikhan, Chumporn and Ranong. Among these, the PCC of Tak, Chiangrai, Ranong and Karnchanaburi play the highest role in Thailand-Myanmar relations due to their high volumes in trade and investment with Myanmar.

The second group are mostly Thai business enterprises from Bangkok, joint venture companies and also foreign owned companies. Well-known companies with large scale of investment were, for

instance, Loxley, Sahaviriya, Ital-Thai, Sahapattanaphibul, Charoen Pokphan Group, ICC International, Shinawatra, Siam Cement, TOT Corporation, Electricity Generating Authority of Thailand, and PTT Exploration and Production.

Some of them are joint-investment with the USA, European countries, and Japan. Also some foreign owned enterprises tried to use Thailand as their production and export base to Myanmar in order to avoid their governments' economic embargo against Myanmar.

To assure their voice being heard, Thai traders and investors with small and medium scale in particular require certain mechanism to protect their business interests. It is found that among several business organizations, the Provincial Chambers of Commerce (PCC) in the border area and the Thai Chamber of Commerce (TCC) have helped them played the highest role in policy-making and implementation process concerning Thailand-Myanmar relationship.

The important mechanism frequently employed by the PCC and the TCC to promoting provisions in policy-making or prospective direction of Thailand-Myanmar relationship could be elaborated as follows:

(1) Co-opting government officials onto their regular conventions and seminars

The PCC as well as the TCC works on behalf of their business members to organize regular conventions and seminars for presenting their prospective roles and general standing of their business activities. For Thai-Burmese trade (and investment), the seminar has been convened regularly to gather general business information and obstacles particularly at times of divisive row in Thailand-Myanmar relations. As mentioned before, in order to protect their interests, the businessmen have to build a common ground with state agencies by sharing information and persuading the state authorities to realize the necessity of including business requirements in their policy-making process. The state authorities were mainly from National Security Council, Ministry of Commerce, Ministry of Foreign Affairs, Ministry

of Transportation and other related agencies.

In previous years, it appeared that the government considered the proposals prepared by private sectors seriously. Several recommendations were included into government policies and implementation plans towards Myanmar e.g. the modification in immigration laws, the policy regarding Burmese laborers and the establishment of the Joint Commission (JC), which was initially programmed for guarding Thailand-Myanmar relations in economy, trade, society and culture, and any other issues except national security.

In terms of public relations of the business sector, a distribution of information by the PCC was effectively and systematically organized through the publications of the "Joint Public-Private Consultative Committee" journal and the Newsletter of the Thai Chamber of Commerce. These publications were handed to all of the Joint Public-Private Consultative Committee (JPPCC) offices in most provinces and every PCC office. There are cases which members of the PCC voluntarily distributed the information through their own mouth pieces as some of them own regional newspapers and printing business. Given the level of public awareness, it appears that the media coverage on Thai-Burmese trade by the PCC and the TCC was largely and successfully distributed in forms of news, articles and commentary.

Besides conventions and seminars with government officials, press release was another channel frequently used, particularly during the situation that required immediate attention. It also presented a direct statement from the business sector to the public and the government. The statement could be a request or suggestion depending on what was best served the end result. The other ways were the meeting of the JPPCC between state and business representatives, and the direct appeal to responsible government agencies.

(2) Forming a cooperative committee among the PCC members from six border provinces that have economic relations with Myanmar, and taking coordinator role in correspondence with Thai

government

For mapping their business opportunities, businessmen from the six border PCC of Ranong, Tak, Prachuap-kirikhan, Chiang Rai, Kanchanaburi and Ratchaburi, exchanged information with their Burmese counterparts and sometimes with Myanmar authorities through business connection. These provincial chambers played an important role in feeding first-hand information according to their perspectives back to Thai government.

With such business networks, Thai state authorities, therefore, realized the importance of these provincial chambers, and frequently obtained information through such unofficial channels. In exchange, these chambers of commerce straightforwardly requested some preferential treatment on their proposals.

In the cooperative role, these business organizations were placed in consultative committee body working along side the government. Under this manner, the business sector could introduce their visions and business concerns directly to Thai government and sometimes participated in a joint meeting between Thai and Myanmar authorities.

(3) Endorsing the preemptive measures and conflict supervisory mechanism in promotion of Thailand-Myanmar relations through the Joint Public-Private Consultative Committee (JPPCC)

The JPPCC was first established in 1980 by General Prem Tinnasulanond's administration (1980-1988) to promote the mutual understanding between public and business sectors. To pursue the primary objective, it installed representative offices in provincial areas. But according to the new directives under the latest Thaksin Shinawatra administration (2001-2006), this consultative committee was dismantled by the issue of Prime Minister Office's decree in 2003. This administration preferred the meeting between the business sector and the CEO-governor (the province-level experiment for integrated development) form of provincial forum to the JPPCC approach. At the national level, the prime minister joined the meeting with the representatives from

business sector in February 2002 prior to an official announcement of the JPPCC termination. Following a weekly cabinet meeting, the resolution was given by the cabinet to set up the new prime minister and business sector meeting in 2003, with the National Economic and Social Development Board (NESDB) as its secretariat. In this resolution, the meeting would be held every week, however, only eight and five meetings were actually convened in 2002 and 2003 respectively. By comparison, the meeting between the prime minister and the business sector was more often than the JPPCC, of which one to four meetings were convened annually. With this format of meeting, the business leaders could take opportunities to hold private discussions with the prime minister or the minister(s) in charge.

(4) Providing direct correspondence between the business sector and government authorities

This is one of the important steps for the TCC or the PCC to have a direct correspondence with high-ranking authorities. As for well-known and highly successful members of the chambers of commerce, their business experience and connection was unique and highly required by public offices. With trust-building between public authorities and the chambers of commerce, the invitation to attend the state high level meetings provided opportunities to review, promote and propose policies or any other measures on trade and public investment. For instance, there was former Chairman of Thai Chamber of Commerce nominated in the Board of Investment Committee or appointed Thailand trade representatives in foreign countries, etc.

(5) Direct participation in politics

The TCC supported several of its members to get involved directly in political arena. During 1988 to 2004, there were many retired chairpersons and members of the TCC committee taking prominent roles in political parties. For example, Pichet Panwichartkun who had previously worked as the Deputy Chairman of the TCC (1993-1996) became Deputy Finance Minister in Chuan's administration during 1997-2001.

From 2001 to 2006, under Thaksin Shinawatra's administration, there were several key persons in cabinet who had been rooted from businessmen, such as Watchara Pannachet, secretariat of the TCC (2001-2002), became the Assistant for the Ministry of Industry; Piyabutr Cholvijarn, a TCC committee member (1999-2002), was the Vice Minister for Education; Surachak Srisajjung, president of Trat Chamber of Commerce, was the Advisor to Vice Prime Minister Chavalit Yongchaiyudh; and Arch Taolanont, an ex-TCC president, was the Advisor for the Prime Minister.

Specifically for Arch Taolanont, in contrast to general cases, he took many high ranking positions both in the public and private sector before taking the top position in the TCC. That is he was the former chief executive of the Charoen Pokphand group (CP), the former executive board of Mitrabhap Agriculture Industry and Trading Company (conducting trade and investment in Laos including extension projects for farm products and related industries) and the former vice chairman of Telecom Asia PLC. He joined Anand Panyarachun's cabinet during 1991-1992 and later took a management position in the TCC during 2001-2005. He met with Myanmar leaders and pushed for several important policies toward Myanmar such as integrated fishery investment there.

(6) Direct dialogue between the PCC and Myanmar authority

In order to protect business interests and strengthen their trade position, direct contact with Myanmar authorities was another offensive strategy employed by the business sector.

Members of Tak Chamber of Commerce were among the first group that went their own way to promote trade along Thailand-Myanmar border. They even traveled to Yangon in order to call for direct discussions on various pressing subjects with Myanmar authorities. Those subjects were the construction of a bridge crossing "Moei" river, the inauguration of the new motorway from District of Mae Sod to Yangon, the impact of a depreciation of

Burmese currency “Kyat” and so forth.

Other provincial chambers of commerce also made regular contacts with Myanmar authorities in order to search for opportunities or find clarifications on trade and investment issues. In addition, being alliance with Myanmar authorities and trade counterparts was beneficial for them to obtain inside information and their initiatives on direct dialogue, for some extent, helped smoothening relationship of both countries.

Furthermore, provincial chambers of commerce in the border area played a role of facilitator in administrating disputes between Thai investors and Myanmar authorities when they violated the signed agreements. For example, in case of an official protest of Myanmar authorities regarding the violation of Thailand-Myanmar fishery agreement by Thai fishing boats inside the Burmese territory, the chambers of commerce quickly moved in to defuse the heat by administrating the investigation with state authorities, tightening quota system, proposing preemptive measures to ban traders and investors with shoddy records, and appealing for direct dialogue with Myanmar central government on the issue.

It was the undeniable fact that provincial chambers orchestrated proactive strategies, led or sometimes by-passed the government authorities in order to pursue some pressing issues and clear disputes directly with Myanmar authorities from local to central administrative level through official or unofficial channel. As Myanmar government also saw benefit of trade with Thailand in its grand scheme of economic development, this, therefore, became a basis of the modern Thailand-Myanmar relations. Such condition was proved true in most cases, except when the dispute was linked to Myanmar domestic and sensitive political affairs, such as the Burmese minority issues, internal politics

and power struggle among Myanmar top leaders. In such issues, if there were comments from Bangkok, strong diplomatic protests followed by retaliation against Thailand's business interests particularly the close of border checkpoints would be immediately drawn by Yangon.

(7) Mediating relationship by employing cultural means for their business gains

The PCC picked up Thai-Burmese cultural commonness to promote mutual relations particularly in times of political intense along border area such as the Songkran festival, merit making at Chwedakong pagoda, making relations with revered Burmese priests and the establishment of association of Thailand-Myanmar cultural and economic relations in border provinces. The association is aimed to promote mutual understanding between both countries.⁵

To say in short, these mentioned activities of the business organizations could illustrate their institutional endeavor and consistency in playing a part in Thailand-Myanmar economic relations to protect the interests of their members. However, there are many business enterprises that do not join membership of any business organizations but these entities might play individual roles in direct transaction concerning their interests in Myanmar through several forms of network. These include having relations with military men or with politicians, constructing networks among business groups, and lastly, employing their military or political status to do business in order to exploit state power for their own benefits. Also, from the study it is found that the TCC or the PCC members have intentionally taken advantage of businessman-cum-politicians so as to gain access to direct deal with the state.

⁵ Interview with Panithi Tangphati, Advisor and Former Chairman of Tak Provincial Chamber of Commerce, October 11, 2004.

Some cases of the recent Thai government policy that successfully initiated and steered by the PCC and the TCC

‘Mae Sai Special Border Area Economic Zone’ development policy

Chiang Rai Chamber of Commerce initiated the promotion of the district of Mae Sai to the distribution and economic centre in the 4th/1999 convention of Border Trade Promotion Committee (BTPC). This is recently known as “Special Border Area Economic Zone” or SBEZ.

The BTPC committee was established according to the study of 10-year strategic plan of the upper north development (1999-2008) and the reception of cooperation scheme for the Growth Rectangle of Thailand-Myanmar-Laos-China (Ministry of Commerce, 2000). In fact, the inception of special economic zone along the northern border was based on the direct dialogue between the TCC Border Trade Committee, Myanmar ambassador to Thailand, Department of Foreign Trade and Department of Job Recruitment of Thailand.

From the proposal of Chiang Rai Chamber of Commerce, the cabinet under Chuan Leekpai’s administration (1997-2001) had at large made a decision to make a full study of this unprecedented establishment of the Special Border Area Economic Zone in Chiang Rai on February 17th, 2000. Subsequently, all relating agencies together with the TCC were able to push their proposals through the administration in charge. In the following joint-meetings, it was indicated that the land transportation connecting Chiang Rai, Kengtong and Chiang Rung would be beneficial to Thailand, Myanmar, Laos, and southern China. Moreover, it was claimed also that the location of the distribution centre project in Mae Sai was quite feasible, not only being ready to the start of the first development phase but likely to get accomplishment in the short time once the infrastructure was in place.

After two years of extensive review, in 2002 the cabinet under Prime Minister Thaksin approved the proposal and the status of Special Border Area

Economic Zone to the District of Mae Sai and Chiang Saen. To this connection, the National Economic and Social Development Board (NESDB) was ordered to plan the basic infrastructure in both selected districts.

Immigrant labor policy

The acceptance of illegal immigrant workers from neighboring countries was initiated in the Anand Punyarachun’s administration in 1992. The cabinet resolution stated the tight control and repatriation of illegal immigrants, most of whom were from Myanmar. However, while waiting for the repatriation process, they were allowed to work temporarily in nine border provinces: Chiang Rai, Chiang Mai, Mae Hong Son, Tak, Kanchanaburi, Ratchaburi, Prachuabkirikhan, Chumporn and Ranong on condition that their employers paid a guarantee fee of 5,000 baht for a work permit.

The following government under Prime Minister Chuan Leekpai also carried on similar procedures by controlling illegal immigrant workers, while opened up for Burmese workers in fishery industry and rubber plantations in the South of Thailand.

The next Banharn cabinet took a major step to deal with the illegal immigrant labor problem by allowing them into legal employment system claiming to solve the problems of influx of illegal workers in a systematic manner and to solve the shortage of labor forces in the 39 provinces nation wide. Thus this administration issued the foreign worker registration and gave legal working status for illegal foreign workers for the first time.

The following governments ended with allowing these workers to work legally in Thailand. According to the report of the Department of Provincial Administration, Ministry of Interior, in 2004 there were a total of 57,729 immigrant workers showed up for registration. Out of this number, more than 39,700 were from Myanmar, almost 9,560 from Laos, and about 8,400 from Cambodia. And at present Thailand hosts about one million illegal

immigrant workers, about 200,000 registered with the Ministry of Labor, while the remaining 800,000 did not.

The organization playing a strong role in lobbying for government's implementation and reconsideration the immigrant labor policy is the TCC and the PCC particularly through the Joint Public-Private Consultative Committee.

Other than the above mentioned policies, the TCC along with the PCC became involved in organizing Thailand-Myanmar cooperation organization, which in the past was merely functioned by the military such as Thailand-Myanmar Regional Border Committee (RBC) and Thailand-Myanmar Township Border Committee (TBC). However, since 1993 both Thai and Burmese business groups along the border have launched Thai-Burmese Cultural and Economic Association and the Nine Upper North Provinces Business Sector Consultative Committee in order to promote provincial development and to endorse the growth rectangle sphere in the north.

CONCLUSION

Since 1988 every Thai administration has deliberately conducted national policy towards Myanmar in the same direction. The policy set a priority on building economic relationship with Myanmar. The core factors influencing the policy were the common interests of the state and the business sector in economic development, and the persuasive roles of the TCC and the PCC. Other than that each government seemed to be aware of the troubles that would occur if hard-line policy applied towards this immediate neighbor, sharing a long border of 2,401 kilometers. The business sector, therefore, built up their institutional strength and legitimacy in entering the policy-making process. The more effective their institution was, the higher prerogatives they could influence the policy-making sphere.

The case of business roles in Thailand-Myanmar relations is in line with what Anek pointed

out that the organized business played a role in economic development. It had the ability to initiate, transform, or block major policies or legislative measures put forward by the government. It also had two forms of political influence: direct participation in the parliament and the cabinet and group-based lobbying (Laothamatas, 1992). However, the key point which has changed after the year of his study is that the incident of May uprising in 1992 once again alerted Thai society the importance of democracy. Under such circumstances, societal forces, the business associations in particular, have been able to exert much influence on public policy-making. As being examined in this study, the government has solicited business opinions or sought the consent of business sector in deciding critical issues.

Furthermore, in Thailand-Myanmar relations, the roles of the business sector could be seen in two patterns: the supporting roles as the state consultants and the leading roles in economic relations with the Burmese public and private sectors, at national and local level. Although sometimes it 'bypassed' the state, it still could gain the state supports. From the study, it could be argued that the mentioned roles of the business sector were vital and affected the state policy decision-making towards Myanmar as it stood in the inner circle of economic deals with Myanmar while the state sector was proved inefficient particularly in systematically handling economic information of that country.

Nevertheless, considering the overall trade and investment from Thailand both in types and values, Thai businessmen seemed to gain interests while they were not able to contribute long term benefits to the Burmese counterpart such as long-term employment, value adding to the Burmese resources and technology transfer to Myanmar. Thus the relationship the Thai state along with the business sector developed in Myanmar would not ensure long term relations of both countries. As it could be noticed by the action of Myanmar government, it was ready to change policy direction towards Thailand once it felt disadvantage either in economic relations

or in security issues. As a result, the past relationship with Myanmar could be proved as merely a short gain for Thailand.

It is undeniable that up until present neither the pro-embargo policy led by the United States and the European countries nor the constructive engagement stance of the ASEAN and Japan is practicable to deal with the authoritarian regime of Myanmar. The pro-embargo policy seems too crude, blunt and one dimensional (Holliday, 2005). It is also argued that the policy is the real prospects for collapse of the Burmese economy (Oishi, 2002). On the other hand, the constructive engagement practice is viewed as a harsh excuse for exploiting Myanmar resources while negating political and social suppression strongly imposed by Myanmar military regime. Constructive engagement thus could not serve Myanmar to find its way out of current troubles. As for the Thai case, even with a diplomatic collision course with its powerful allies, it is imperative for Thailand, under economic pressure and security concern, to pursue constructive engagement policy towards this immediate neighbor. Thailand is by any means not in a position of a robust voice in adopting a carrot-and-stick policy towards Myanmar. This can be perceived through Thai-Burmese historical relations. In addition, Myanmar military regime can easily reach for substituting external supports such as from China. Yet Thailand could apply a policy of dialogue and a means of 'quiet diplomacy' with the military regime in Myanmar for the prospect of long term national interests and the livelihood of compassionate Burmese people in collaboration with the business sector. It is due to the fact that Thailand hosts large numbers of Burmese workers who remit their wages to their families in Myanmar. Thai government should assert its roles in development of cross border economy and livelihood of these local peoples in association with the business sector as it may play an important role in Thai-Burmese relations and perhaps the development of Myanmar internal politics. Also as the sole buyer of Myanmar gas production in Yadana and Yetagun gas fields, the

government should be able to play a negotiating power out of the shade of trading partnership. Likewise, bonding efforts with ASEAN would increase potency to contend with Myanmar issue for regional stability and prosperity.

On the part of the business sector, it is not too late for the business sector to debate about corporate social responsibility, a concept that suggests that commercial corporations have a duty on their stakeholders in all aspects of their business conduction. The business sector particularly the well established TCC and PCC should learn from the misconduct of Thai businessmen in the neighboring countries, which aroused the sense of objection and nationalism. Then it should pilot measures to promote social responsibility among Thai businessmen. Such a long term vision in doing business with Myanmar would be necessary for enhancing their long term benefits and mutual gains of both Thailand and Myanmar.

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