Regional Workshop on Assessing the Potential Impact of the Belt and Road Initiative on Sustainable Development Goals in Asian Economies

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Overview

• International economic relationship between ASEAN (or Thailand particularly) and China has been strengthening as Asia has, over the course of the years, become a more significant force in the global economy. BRI for ASEAN is expected to establish an important link to create a community of about 2,000 plus populations. The connectivity issue has been the key function endorsed by ASEAN members as it appeared in AEC 2025 framework.

• ASEAN has become the major trading partner for Thailand with China on the horizon.

• Japan remains to be the key player in the Thai economy stage of economic development both in trade and investment. As a result, BRI for some aspects have become geo-political as well as international political issues beside economic and social consideration.

• Thailand appears to be at the stage of economic transition and struggling to get away from “Middle-Income trap” as some of country’s competitiveness seems to fade away and there is a need of economic restructuring (moving into a more knowledge-, technology-, or innovation-base economy, adjustment mechanisms socially and economically to deal with becoming an even deeper ageing society and generation gaps issues)
At the National Policy level

- Economic collaboration in the form of BRI seems to be very much welcome in Thailand to cope with its economic situation given that it had missed out on TPP and the later CPTPP.

- BRI in general has been perceived as another form of trade and investment liberalization by providing logistic facilitation to stimulate international trade and investment activities. Hence, it creates both economic opportunities and challenges.

- There is a geopolitical issue in which ASEAN need to balance influences among Chinese, Japanese, and the Western leading by the US.

- Economic impacts VS Social Impacts – depending on how deep economic integration established by BRI so that economic assessment of BRI related project needs to covered more than benefits from growth and efficiency improvement but also for inequality and social impacts particularly on the long-term sustainable development path.
National Policy Strategy – BRI - SDGs

The 20-year National Strategy Plan (2018-2037)

- 12th National Economic and Social Development Plan (2017-2021)

17 SDGs
The 2017 Voluntary National Review of Sustainable Development Goals shows early successes in many of the SDGs for Thailand despite of the important goals left to pursue.

Challenges facing policy makers:
- To promote constant economic development (consistent growth)
  - Lacking behind of competitiveness improvement
- Widening Inequality (income and other factors leading up to differences in economic opportunities)
  - Turning rapidly into ageing society
  - Etc.

By 2037 Thailand to become high-income country with per capita income of $15,000
At the Ministry Level

• Thailand 4.0 [in parallel with the 12th NESDP] from Agriculture based economy to Light industry based economy (utilization of idle resources plus industrialization) to Heavy (more complex) industry based economy (efficiency driven for development) to Innovation and Knowledge based economy (higher value added generated from advance technology and knowledge)

• Thailand’s Transportation Infrastructure Development Master Plan (2015-2022)

• National cost of living supporting scheme (about 13 mil. registered) – Self identification of the poor which raising some question about the accuracy of the program and the coverage of the subsidizing program (an example of afford to achieve SDG: Zero Hunger)

• Others including programs to address inequality inequality issues, competitiveness improvement, good governance and transparency.
The 20-year National Strategy Plan (2018-2037)

• “to become a developed country with security, prosperity and sustainability in accordance with the Sufficiency Economy Philosophy”

• Six groups of indicators are introduced for evaluation of success (most of which are in line with SDGs):
  • Well-being of Thai people and society
  • National competitiveness, economic growth and income distribution
  • Development of human of capital
  • Social equality and equity
  • Sustainability of national biodiversity, environmental quality and natural resources
  • Government efficiency and better access to public services
Six Key Strategy under the 20-year NSP

- National security
- National competitiveness enhancement
- Human Capital development and strengthening
- Social cohesion and just society
- Eco-friendly development and growth
- Public sector rebalancing and development
The National Strategy for National Competitiveness Enhancement

• Indicators include;
  • National income – expansion of GDP and income distribution
  • National productivity – covering production and labor factors
  • Research and development investment
  • National competitiveness

• Guidelines for development
  • Exploring value-added agriculture
  • Developing future industries and services
  • Creating diverse tourism
  • Developing high quality infrastructure to connect Thailand with the world
  • Developing a modern entrepreneurship-based economy

Consistent with some of the key SDGs

BRI can be of a great support via facilitation of connection of people movements of goods and services
The major project directly linked to BRI has been the Thai-Chinese high speed rail project (considered to be a flagship BRI project in Thailand).

- Route runs from Bangkok to Nong Khai (Northeastern province in Thailand) where passengers can cross the border and board a train (another BRI project) in Vientiane, Lao PDR heading north and eventually arrives in Kunming in China. So far, only a 3.5 km section (1 of the 14 contracts in Phase 1) has started in construction. The rest of the contracts are either in the bidding or TORs process.

- With a total budget of about $9.9 billion (300 billion baht), the budget and construction of the project will be divided into 2 parts; Phase 1 (Bangkok-Nakhon Ratchasima 252 km) about $5.8 billion (179 billion baht) and Phase 2 (Nakhon Ratchasima-Nong Khai 350 km) covers the rest of the route. The financing of the project is still under negotiation with the initial plan of using 80% internal source (in Thai baht) and 20% from external source (in U.S. dollar).

- The project is running in parallel with the domestic logistic infrastructure upgrading project from single-track rail route to dual-track rail route (taking both passenger and freight). In fact, the high speed train will run alongside with the existing rail route. There are more progress made on the dual-track rail route and the high speed train project thus far.
Thai-Chinese High Speed Rail Project

• Most of international organization (IMF, the World Bank) gave a positive assessment of the project pointing out that providing the connection to Vientiane and Kunming can benefit Thailand’s economy, raising land values (especially alongside the rail route), and reducing trade costs.

• However, there are also challenges ahead as it is not clear (especially to the public) how the benefit can be gain and how it will be distributed across the country.

• There are also concerns over economic feasibility of the project as it is almost certain that the project will not financial feasible. Also how those economic benefits will be allocated between Thailand and China (in the negotiation which has been delayed) and among local communities.
BRI and Foreign Direct Investment

• Promotion of Eastern Economic Corridor (EEC) as a special economic development area perceived as a hub in ASEAN connecting Southern China to ASEAN

• EEC has been the major government driving force to stimulate investment in Thailand as it has been lacking behind since the 1997 financial crisis. Also, it was designed to attract more foreign direct investment; Chinese and Japanese investors has been the target for the program.

• Several transportation infrastructure had been initiated to turn the area into an investment hub connecting international economic activities to ASEAN and other part of the world.

• In these aspects, BRI is a very much needed supporting facilities to connect not only Thailand to China but also the global economy especially as Thailand’s economic structure has been shifting toward more service sector oriented
BRI and Urbanization/Inequality

• Special Economic Zone at the border areas to realize the benefits of increasing trade and investment activities at the border serves as a mechanism to stimulated economic growth in the local provinces and if possible a forming of some industrial production networking in the areas.

• Part of the transportation infrastructure projects in the transportation master plan are aiming at creating better transportation networking such that urbanization can be dispersed more to majority part of the country and thus, some of the inequality problems can be mitigated.

• Since BRI is aiming at not only promoting movements of goods and services across border but also human mobility (passengers), it raise a hope for national policy makers to rely on BRI as part of the development policy to alleviate some of the inequality problems in Thailand.