Push Economic Cooperation Between Southwest China and Thailand Forward

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Southwest China is currently opening itself to the outside world through every province and autonomous region. It has entered into this new period as a result of the increase of two-way foreign trade and the increased levels of development which have emerged in China in recent years.

Southwest China includes Sichuan Province, Guizhou Province, Yunnan Province and Guangxi and Tibet autonomous regions. It covers an area of 2.25 million square kilometers with population amounting to over 200 million people. The area is a very important base for energy, the steel industry and machinery manufacturing as well as being an aviation and spaceflight center in China.

It borders primarily on Vietnam, Laos, Myanmar. India, Nepal, Bhutan and today is playing a very important role in China’s economic development.

According to the geographical privileges of the Southwest and its present positive economic development situation, the ninth meeting for economic coordination in the provinces and autonomous regions of
the Southwest, held in Kunming (capital of Yunnan) in July 1992, proposed a motion to “Join, go and enter into Southeast Asia”, which had been considered one of the important policies for foreign opening in Southwest China.

To develop economic cooperation between Southwest China and Thailand is one of the important parts of this policy.

**A Sound Foundation of Developing Economic Cooperation Between Southwest China and Thailand**

To develop economic cooperation between Southwest China and Thailand possess a sound foundation, reasons are as follows.

First, the smooth and steady development of a good working relationship between China and Thailand has created the necessary conditions to develop good economic cooperation between Southwest China and Thailand. China and Thailand have no cardianal conflict of interests and no problems which need urgent political resolution such as territory disputes and other such nationalistic issues. Over many years, China and Thailand have established a close, friendly and cooperative relationship, which can be taken as a good example of friendly cooperation between countries that have significantly different social systems. Such mutual understanding contributes a fundamental guarantee for economic cooperation between Southwest China and Thailand.

Second, China’s reforms and the opening of its society reached a new high point with the publishing of the speech made by Deng Xiaoping in the south and the convening of the 14th session of the Chinese Communist Party. Under this reform wave, the provinces and autonomous regions in the Southwest China had made Southeast Asia an important area for the opening of foreign markets for them as Thailand is their major economic cooperation partner. In the past two years, the major leaders of the provinces and autonomous regions in the Southwest China have visited Thailand in order to seek the ways for further economic cooperation. In April 1993, the governor of Sichuan province
led a government representative group to Thailand and in May 1994, the governor of Yunnan province once again led its provincial government representative group to Thailand. These actions demonstrate that the Southwest China has paid much attention to its cooperative links with Thailand. These visits have most definitely born fruit.

Third, Thailand thinks highly of economic development and cooperation with China, especially economic cooperation with Southwest China. After Prime Minister Chuan Leekpai took office, he actively gave impetus to the cooperate imagination of the golden quadrangles, that includes the four neighboring countries of China, Thailand, Myanmar, and Laos. Both the Thai government and non-government agencies have carried out many studies in this regard. In February 1993, the international seminar “The prospect of investment and trade cooperation between South China and Thailand” was held by Thammasat University’s East Asian Institute. During the seminar scholars from China and Thailand exchanged views. In August 1993, Prime Minister Chuan visited China and during his talk with Chinese Prime Minister Li Peng, he expresses his expectation that China could and would support his “golden quadrangles” vision as well as development in the Lang Chang and Mekong River basins. A mutual agreement to such was reached during Chuan’s visit. In October 1993, Chendu, the capital of Sichuan province, held a forum to further develop economic cooperation and exchanges between Southwest China and Thailand. The Thai Foreing Ministry sent the vice-director of its economic department as well as other officials to attend the forum and discuss mutual economic cooperation problems with the government leaders from the provinces and autonomous regions in the Southwest China. In 1994, Thai government, some industrial and commercial circles and academic circles held several meetings and symposiums to discuss the relevant issues. Both Thai government and non-government agencies have the same intentions to seek and develop further economic cooperation with Southwest China, which reflect the strong desire of Thai people in every level for developing economic cooperation with Southwest China.
Fourth, the economies of Southwest China and Thailand complement each other, which, as a matter of fact, has already been recognized by both sides through many years of economic transactions. As seen from past trading practices, because of the different geographical conditions between Southwest China and Thailand both sides have their own advantages in natural resources which can be of use to the other. For example, Southwest China is rich in minerals such as coal, iron, phosphorus, lead, zinc, copper, asbestos and fossil fuels, i.e., those which Thailand has both shortages of as well as are in urgent need of. Contrarily, Thailand’s nonmetal materials such as fluorite and barite are in need in Southwest China. Furthermore, although Thailand has abundant agricultural and forest resources, the medicinal materials and perfumes, beans and assistant materials which abound in Southwest China, as well as other agricultural and side-line, native products still have a good market in Thailand.

To see from the economy and technology, an integrated industrial system has not yet taken shape in Thailand. Its integrated technology is still low, which its advanced science and technology industries remain backward. Comparatively, Southwest China has set up more integrated industrial system with completed industrial units. It can boast of better equipment and advanced technology in machinery, steel, chemicals, medicine, mining, agricultural machinery, cigarette and food industries, noticeable in aviation and spaceflight technology, nuclear technology, electronic engineering technology, biological engineering technology and other high technological fields which have put the Southwest in a leading position in China. There are more than 700 state-owned scientific institutions and more than 100 universities with scientific and technology personnel in the Southwest China. The amount of science and technology personnel in the rate of the local population is higher than average in whole of China.

There is no doubt that both Southwest China and Thailand can benefit and earn increased profits by strengthening their cooperation in the economic and technology fields.

Fifth, at present, there has already been a good beginning to
economic cooperation between Southwest China and Thailand. In recent years, significant achievements in economic cooperation between the two regions has been attained. In transportation, aside from the earlier-opened flight from Kunming to Bangkok, a new airline from Chendu to Bangkok was formally opened in 1993. The time and distance between Southwest China and Thailand will accordingly be shortened.

In foreign trade, transactions between Southwest China and Thailand has increased gradually. From 1988-1992 total exports from Guangxi to Thailand increased from US$ 3.33 million to US$ 20.27 million, a nearly six-fold rise. Exports From Yunnan to Thailand in 1987 were US$ 1.58 million but then took a drastic jump to more than US$ 20 million in 1993.

In investment, Thailand has increased the scale of such in the Southwest China. In recent years, only the Charoen Pokphand Group's investment in Southwest China amount more than US$ 5 hundred million. Other Thai entrepreneurs have also strengthened their investments in the area of Southwest China. Some financial setups intend to establish "Yunnan Foundation". At present, many Thai industrial and commercial businessmen continuously come to the Southwest China to survey the investment environment and seek opportunities. In addition, some companies and enterprises in the Southwest China have already started investing and running enterprises in Thailand. Certainly, the investment amount and scale is very small, but the first step for investment in Thailand is now under way.

In finance, Thai commercial banks have already established representative offices or branches in Southwest China.

In addition, some university department and research workers in Thailand and in the Southwest China have jointly carried out investigation and studies for projects going to be undertaken and which require cooperation from both sides. Examples of this are the united investigation for the shipping situation in the Lanchang-Mekong River, and the construction situation of the Manwan water electricity station in Yunnan province. Those activities laid the foundation for the further development of economic cooperation between the Southwest China and Thailand.
To Remove Obstacles Which Undermine the Development of Economic Cooperation between the Two Sides

At present, the economic cooperation between two sides is very limited though the foundation is well and sound. The great potential capacity for economic cooperation has not yet been fully developed. Present obstacles which undermine the development of economic cooperation are the problems of knowledge, which are invisible, and practice, which is most visible.

The problem of knowledge is that both sides lack understanding of each other. Since China’s embarked on its ambitious programs of reform and opening of itself to the outside world, it has implemented a development strategy which aims to develop the costal areas as the “dragon head” so that the other areas can be brought along. The reform and opening in the coastal areas have made great strides. Consequently, more and more entrepreneurs from other countries-- including the Thais-- kept their eyes on the coastal areas but lost sight of the natural resources, industrial structure, and investment environment in the interior area of the southwest of China, as well as its social, economic and cultural situation. Foreign businessmen especially lack the knowledge about the great changes which happened after the reforms and opening of the Southwest China. Over the past few years, the major economic and trade partners with Southwest China have mainly been from Japan, America, European countries, Hong Kong and Macau. Unfortunately, its seems the economically-developed element of Thailand is not well informed of Southwest China. Though there have recently been more interaction between the Southwest China and Thailand, it is mainly concentrated in academic and cultural exchanges and much less in the sphere of economic transactions. Besides, among the Thai entrepreneurs, many of them from Guangdong, Hainan and Fujian, which are the coastal areas. So, they felt close to their home towns when they started economic cooperation. Other places are being neglected when are choosing trade partners. Admittedly, however, this kind of situation was more serious years ago and it must be said that it has been changing in recent years.
From the practical point of view, the transportation is not convenient, which is difficult in economic cooperation between the Southwest China and Thailand. The two regions do not share a common boundary and it is inconvenient to have to leave the country by sea to pursue trade. Southwest China is hinterland, such as Sichuan, Guizhou and Yunnan, where the export commodities have to be shipped through the port in Guangdong. This has resulted in increased freight costs which lessen profits and obviously is not beneficial to the economic cooperation between two sides. In addition, although Southwest China has certain economic strengths, its production capacity in general levels can not compare with the coastal areas. Management and staff performance are both on the low side and the economic benefits or profit in some enterprises is not ideal enough. These elements caused Thai entrepreneurs and businessmen to hold prudent attitudes when they started developing trade and investment in the Southwest China area.

The problems mentioned above have been heeded by both sides and improvements are being undertaken. As for Southwest China, more and more privilege policies have been implemented so as to attract foreign loans while at the same time other measures have been adopted in order to expand foreign companies’ access to the region’s markets. In addition, road construction from Southwest China to outlying areas has been implemented in earnest. Also, Thailand is strengthening its understanding of the economic development in Southwest China. In recent years, some famous industrial and commercial unities in Thailand have sent groups to look into and investigate the economic development situation in the Southwest China areas and seek cooperative opportunities there. It can and should be assumed that those obstacles which undermine economic cooperation between the two sides will be eliminated gradually along with the deepening economic development between Southwest China and Thailand as well as the increasing economic transaction between the two sides.

Good Prospects in Economic Cooperation between Southwest China and Thailand

According to the analysis above, the development of such economic
cooperation between Southwest China and Thailand has great potential and vast opportunity. Such kinds of cooperation will help both side to develop economically. We should actively promote economic cooperation between the Southwest China and Thailand and this writer considers that the economic cooperation for both sides can be implemented and improved in the following ways:

1. Accelerating construction of the transport lines which connect the Yunnan and Thailand.

To develop communication links is very important in promoting economic cooperation on both sides. At present, the test shipping from the Lancang River to the Mekong River has succeeded, effectively creating a waterway from Southwest China to Thailand. Recently, the Asian Development Bank agreed to provide funds for the feasibility research about the construction of a road from Yunnan to Mynamar and Laos which can lead to Thailand. In addition, the Asian Development Bank will grant funds for the feasibility research about the construction of a railway from Yunnan to Thailand passing through Laos. After the completion of this big project, the distance between Southwest China and Thailand will be shortened which will be more convenient for the economic transactions between both sides.

2. Expanding mutual commodity trading.

Both Southwest China and Thailand are rich in natural resources which can supply each other’s needs. At present, the specification and quantity of import and export commodities between Southwest China and Thailand are very small. It is well worth doing to develop such bilateral trade. Aside from the fact Southwest China continues to export mineral materials, agricultural by-products and indigenous products to Thailand, it can also expand its exports of machinery, machinery equipment, automobile and motorcycles’ fittings, agricultural machinery and fittings, electric materials, hardware tools and other commodities. Such kinds of
commodities will have a big market in Thailand, Thailand can in turn increase its exports to Southwest China in agricultural products, sugar and other food or agricultural, plastic and rubber products, leather goods and mineral products.

3. Developing mutual tourist cooperation.

Among Southeast Asian countries, the tourist industry is well developed in Thailand. In 1994, about 6 million foreign tourists entered into Thailand. Thailand got an income of US$ 50 hundred million. Tourism earnings exceeded the major income of the exported rice commodity which has become one of the pillar industries of the Kingdom. At present, the Thai tourism market receives tourists mainly from Asia, Europe and North America, the three of which comprise 95% of tourism customer resources.

Southwest China is rich in tourist resources, possessing an advantage over the rest of the whole country in natural tourist resources, and cultural tourist resources. The tourist market of Southwest China is primarily Hong Kong, Taiwan, Japan, the USA and European countries, with an increase in tourists from Singapore and Thailand in recent years. The Southeast Asian area is becoming a tourism customer resources base for Southwest China. Both sides could benefit by developing tourist cooperation between the two sides. Suggested means of cooperation are:

A. Southwest China and Thailand unite together to develop international tourism. The Thai side will organize foreign tourists to go to Southwest China, and China side will organize Chinese and foreign tourists to Thailand.

B. Open tourist lines from Thailand to Southwest China, such as, Bangkok--Chiangmai-Jinghong (the capital of the Xishuang Banna Dai Nationality Autonomous Prefecture in Yunan Province)--Kunming--Guilin (the famous tourist spot of Guangxi Zhuang Nationality Autonomous Region); Bangkok--Chengdu (the capital of Sichuan Province) --Leshan (the famous tourist spot in Sichuan)--Guilin--Kunming; Bangkok--
Kunming--Huangguoshu (the famous tourist spot in Guizhou Province, China's most famous waterfall)--Guiyang (the capital of Guizhou Province)--Chengdu; Bangkok--Chengdu--Jiuzhaigou (newly discovered tourist spot in Sichuan Province, which is well known for its excellent natural scenery)--Chongqing (the biggest industrial and commercial city in Southwest China)--Guiyang--Kunming; as well as others.

C. Both sides cooperate to open more tourist destinations in Southwest China.

D. Both sides cooperate to run some tourist hotels, restaurants, and train personnel in tourist industry.

E. The tourist departments in Southwest China should set up tourism organizations with Thai tourism bureaus so as to consult and work together in due time.

4. Developing mutual cooperation in the industrial field.

In this field, there are many cooperative opportunities, such as:

A. Both sides exploit mineral resources through joint capital.

B. Both sides develop industry in the remote and impoverished areas in both Southwest China and Thailand to produce the products to supply the local people with food, clothes, houses and transport means. First should be the establishment of grain and oil processing factories, agricultural machinery and tool factories, vehicle and machinery repair factories, small electricity-generating stations and other small or medium enterprises which have close connection with people living in the remote and impoverished areas.

C. Both sides undertake infrastructure projects such as roads, railway, bridges, dams and small water stations.
5. Developing mutual cooperation in the agricultural field.

Agriculture is a traditional industry in both Southwest China and Thailand but that their characteristics are not the same. Both sides have much scope for cooperation opportunities in this fields, such as:

A. Both sides develop united plantation and cultivation in Southwest China and Thailand by providing lands, water to each side and by sending out technicians for instruction.

B. Both sides produce agricultural, forest, husbandry and fish products to meet market requirements. At present, the products in large demand are tobacco, food, sugar, leather, native products and other agricultural, forest, husbandry and fish products.

C. Both sides unite to develop the international agricultural products market by consigning another side to produce or process according to the demand of the international agricultural market.

6. Developing mutual cooperation in science and technology.

The cooperation in science and technology fields have vast opportunities. Many projects are available. At present, these are some projects needing cooperation:

A. Exploiting new products. Southwest China and Thailand can study and produce together irrigation equipment, fruit-picking equipment, logging equipment which is suitable for the country-side and other farm machinery such as multiple tractors, generators, etc., which specifically apply to use in the remote mountain areas. In civil use products, they can exploit lighting installation aimed at saving electricity, motor-driven vehicle installation for oil savings, water purification installation, and in the realm of solar energy produce new products such as sun-powered batteries, water heaters, cooking utensils and household electric products.

B. Science and technicians’ training with training classes to be held
in both Southwest China and Thailand. Thailand can send its experts to China to exchange skills. Practically, Southwest China can help Thailand to train electronic, computer, software workers, engineering and construction designers, machinery designers and manufacturers, farming technicians, etc., to improve the skill level for both sides through mutual technical exchanges.

C. Conducting joint research. Both sides can joint start research some projects such as "Water purifying in the Menam River", "Mountain land resources utilizing", "Earth protection from salinization", "City sewage treatment", "Countermeasure of environment protection" and other projects. In addition, also the exploitation of natural gas, nonferrous metal, good rice seed cultivation, reforming of farm processing techniques, vegetable planting in opposite seasons, fresh fruit-processing improvement, cultivation of leaner pigs and new types of construction materials. All of these are of the utmost concern to both sides.

7. Developing cooperation in the third industry.

The third industry is an important field which has been noticed by people due to its function in the economic development and its importance which is emerging day by day in pace with the advancement of world science and technology and economic development. As the third industry includes many departments, cooperation for both sides in this field has bright prospects. At present, Southwest China is actively cooperating with Thailand in the third industry. Aside from tourism, there is also finance and information cooperation.

For example, both sides can set up bank representatives and branches to develop international trust activities; the two sides could establish a "United China-Thai Economic Cooperation Information Center", suggested to be set up respectively in Kunming and Bangkok which will be responsible for collecting information about economy in the Southwest China, the whole of China, and Thailand, and which should issue periodical publications. This center would become the window for the economic, industrial and commercial field in both China and Thailand to keep abreast of current developments in the economies of both in China and Thailand.
In addition, both sides should strengthen transaction and cooperation in education, science and technical research so that the academic and cultural exchanges can serve the economic cooperation.

Conclusion

At present, Thai government is pushing sub-regional economic cooperation forward. In fact, the economic cooperation between Southwest China and Thailand is just a part of this cooperation. Speaking to a certain extent, economic cooperation between two countries is easier than more countries because the obstacles are not more. To view from history and reality economic cooperation between the Southwest China and Thailand is required by each other and will complement the outcome of the development of the world economy as a whole. This kind of cooperation is advantageous for economic development for both sides with big potential and vast prospects. It is destined to bear rich fruits if both sides make their best endeavors.

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