

**DOMESTIC INFLUENCES AFFECTING
THAILAND'S FOREIGN ECONOMIC
COOPERATION POLICY:
A CASE STUDY ON AFTA**

**By
Suvicha Pouaree**

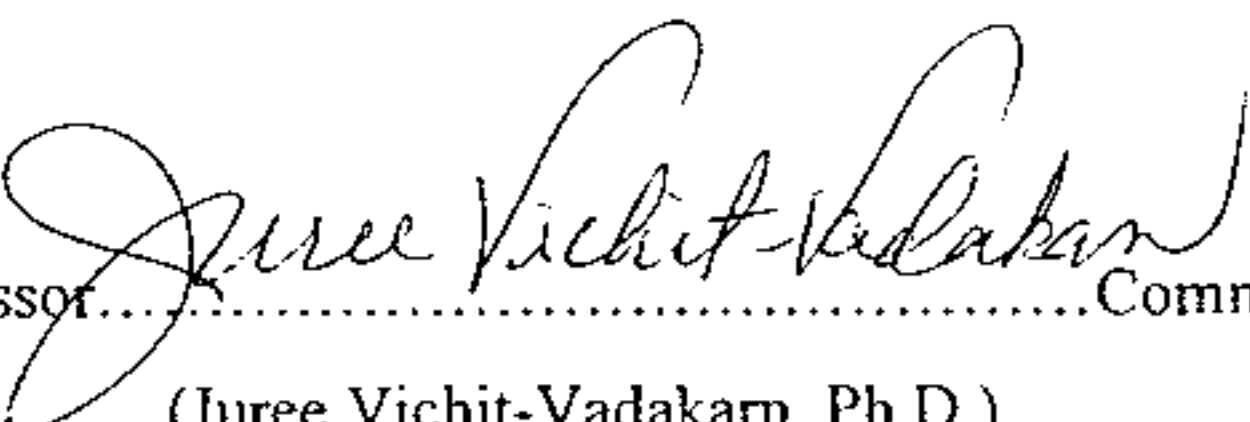
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Fulfillment of The Requirements for The Degree of
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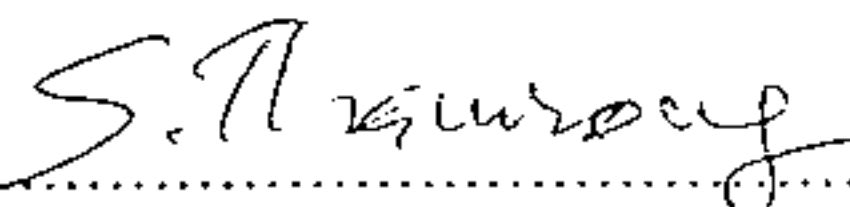
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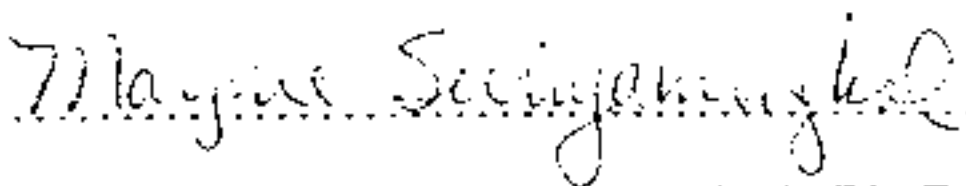
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ABSTRACT

Title of Dissertation : Domestic Influences Affecting Thailand's Foreign
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Author : Mr. Suvicha Pouaree
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This research is to study about Thailand's AFTA policy-making process as a political activity where various ideas and interests may be in contention. The research focuses on three research questions: (1) who are actors contributing to the dynamic process of Thailand's AFTA policy? (2) how and why were various domestic actors and their interests crucial to Thailand's AFTA policy-making process? (3) did interest groups from industry and business play an important role in the process of Thailand's foreign economic cooperation and policy-making?

The research argues that ideas, interests and positions of political leaders and/or policy-makers are domestic influences affecting Thailand's AFTA policy-making. Those policy-makers' ideas, interests and positions related to Thailand's AFTA policy will determine their decisions and actions on the policy. In order to explain and analyse the way in which those domestic policy-makers' ideas, interests, and positions influenced the policy, a combined use of the elite model, group theory and bureaucratic politics model help to analyse relevant information in this research.

The research makes use of qualitative methods as its research methodology. The research begins with documentary research to gain a clear general picture about the process of Thailand's AFTA policy-making, and to identify key players of the policy-making process. Then the research employs the method of in-depth interviewing. A total of sixteen key informants gave formal interviews for this research. In order to answer all of those three research questions, four brief explanations are:

- (1) Actors who contributed to the dynamic process of Thailand's AFTA policy were: (1) political leaders of the government; (2) cabinet members, particularly the Minister of Finance, the Minister of Commerce and deputy Prime Minister in charge of economic policy-making and administering; (3) bureaucrats including those policy advocates such as Minister's or the Prime Minister's advisors; (4) private interest groups, including Federation of Thai Industry.
- (2) Those actors were crucial to Thailand's AFTA policy-making process because their ideas, interests and positions related to the policy and determined their decisions and action on the policy. This included policy-makers' interactions with each other to influence the policy.
- (3) Thailand's AFTA policy was made based on: (1) the top-down policy-making process; (2) interest groups' influences; and (3) bureaucratic politics among policy-makers.
- (4) Interest groups from industry and business played an important role in the process of Thailand's AFTA policy-making by both supporting and working against the policy. Their roles were based on their ideas, and interests relevant to the policy.

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ABBREVIATIONS

Abbreviations

Equivalence

AEM	ASEAN Economic Ministerial Meeting
AFTA	ASEAN Free Trade Area
AIC	ASEAN Industrial Complementation
AIJV	ASEAN Industrial Joint Ventures
AMM	ASEAN Ministerial Meeting
APEC	Asia Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASEAN-CCI	ASEAN-Chamber of Commerce and Industry
ASEAN-PTA	ASEAN Preferential Trading Arrangement
BOI	Board of Investment
BOT	Bank of Thailand
CCCA	Coordination Committee on CEPT for AFTA
CEPT	Common Effective Preferential Tariff
EAEG	East Asian Economic Grouping
EC	European Community
EFTA	European Free Trade Area
EG	Ethylene Glycol
EU	European Union
FDI	Foreign Direct Investment
FTI	Federation of Thai Industry
GATT	General Agreements on Trade and Tariff
GDP	Gross Domestic Product
GNP	Gross National Product
HDPE	High Density Polyethylene
IEPB	International Economic Policy Board

IERPB	International Economic Relation Policy Board
IMF	International Monetary Fund
LDPE	Linear Density Polyethylene
LLDPE	Low Linear Density Polyethylene
MOP	Margin of Preference
MP	Member of Parliament
NAFTA	North American Free Trade Area
NIEs	Newly Industrialised Economies
NPC-1	National Petrochemical Complex 1
NPC-2	National Petrochemical Complex 2
NPKC	National Peace Keeping Council
NTB	Non-Trade Barrier
OECF	Oversea Economic Cooperation Fund
OIETC	Office of International Economic and Trade Coordination
ONESDB	Office of National Economic and Social Development Board
PP	Polypropylene
PRC	People Republic of China
PTA	Preferential Trading Arrangement
PVC	Polyvinyl Chloride
PWO	Public Warehouse Organisation
SAP	Social Action Party
SEOM	Senior Economic Official Meeting
SM	Styrene Monomer
TCC	Thai Chamber of Commerce
TEL	Temporary Exclusion List
TPI	Thai Petrochemical Industry
UN	United Nations
VCM	Vinyl Chloride Monomer
WTO	World Trade Organisation

CHAPTER 1

INTRODUCTION

1.1 Southeast Asia and Strategies for Economic Development

In order to talk about development, not only one dimension should be stressed, but all dimensions concerning development should be considered, including politics, economics, societal, and public and private administration. Since the 1950s, many developmental strategies have been employed by developing countries to achieve their goals of development, including the focus on economic growth during the 1960s through basic needs strategies in the 1970s, the sustainable development in the 1980s, and the sustainable human development strategy in the 1990s.

Nevertheless, the emergence of the newly industrialised economies (NIEs) in the East Asian region – Hong Kong, Taiwan, South Korea, and Singapore -- which employ foreign trade policies of export promotion instead of import substitution as their main strategies for development, have become examples of developmental models for other developing countries throughout the world to follow. These NIEs have opened their economic systems to absorb foreign direct investment (FDI) and new technologies for production. They employ an export-led-growth strategy through their foreign trade policies. Foreign trade is then viewed by the governments of developing countries, including Thailand, as making a significant contribution to a country's development. Foreign trade is considered not only as a system of international exchange for productive efficiency, but also as an engine of growth (Robertson, 1949. Quoted in Meier, 1968: 214).

The Southeast Asian region has also benefited from the changing pattern of world economic development. The regional economies since the 1980s, particularly those founder members of the Association of Southeast Asian Nations (ASEAN) – Thailand,

Singapore, Philippines, Malaysia, and Indonesia -- have been growing rapidly, with increasingly integrated regional production and trade networks. The main driving force for rapidly economic growth of ASEAN countries derived from their foreign trade policy of export promotion. The policy has led to the closer economic linkage between ASEAN countries and other Asian neighbors -- particularly Japan, Taiwan and South Korea (Lim, 1995: 246).

The turning point of ASEAN countries' economic development strategy began at the worldwide currency re-alignment initiated by the Plaza Accords of 1985 (Lim, 1995: 245). The stronger Japanese yen brought about the competitive cost that pressured Japanese export manufacturers. They had to relocate their manufacturing for export. The Southeast Asian region then became Japanese investors' target investment area. Nevertheless, the FDI flowing to ASEAN countries was not only from Japan but also from the United States, the European Union and other East Asian countries such as Taiwan and South Korea (see table 1.1). As a result, a large amount of FDI flowed to ASEAN countries in the late 1980s. The ASEAN share in global FDI flows, for example, increased from less than 1 percent in 1980 to 9 percent in 1992 (UNCTAD, 1994. Quoted in Athukorala and Menon, 1996: 77). The industrial relocation from Japan and other East Asian countries to ASEAN countries has led to a triangular pattern of trade, in which the ASEAN countries import machinery, equipment, parts, and supplies from the Asian home countries of foreign investors, use these to manufacture final products, and then export them to Western markets (Lim, 1995: 247).

Table 1.1 Approved Foreign Direct Investment by Country and Region (%)

		Japan	US	EU	NIEs-3	ASEAN-5	Others
Indonesia	1986-1990	14.9	5.1	13.9	17.8	3.2	45.1
	1991-1996	13.5	5.0	17.4	17.6	10.8	35.6
Malaysia	1986-1990	25.6	4.7	7.2	33.2	11.2	18.0
	1991-1996	21.0	16.4	4.9	20.8	14.1	22.8
Philippines	1986-1990	25.4	16.5	9.3	35.6	2.5	10.8
	1991-1996	14.9	21.1	13.1	16.5	12.0	22.3
Singapore	1986-1990	37.0	38.9	21.1	NA	NA	2.9
	1991-1996	27.5	44.7	26.8	NA	NA	1.1
Thailand	1986-1990	32.4	8.0	14.0	35.4	6.0	4.3
	1991-1996	35.6	14.9	18.1	15.4	9.5	5.1

Source: Takeuchi, 1999: 102.

Note: Investment figures are paid-up capital plus loans. Figures for Singapore and Malaysia include only investment in the manufacturing sector.

NIEs-3: Hong Kong, South Korea, and Taiwan.

ASEAN-5: Indonesia, Malaysia, Philippines, Singapore, and Thailand.

However, in the years prior to 1992, there was an emergence of a more competitive global and regional economic environment. Particularly there were formations of large and powerful economic groupings among the developed countries, i.e. the European Union (EU), and/or between developed and developing countries, i.e. North American Free Trade Agreement (NAFTA). These formations of economic groupings, possibly, had affected significantly the economic development of ASEAN countries. Hence, in order to sustain rapid economic growth and development and their international competitiveness on a world scale, ASEAN countries needed to reconsider all these: how to make this region an attractive area for investment; how to respond to the external challenges such as the formations of economic groupings worldwide; and how to maintain strong economic relations with major trading partners, thereby ensuring its market access to the United States, Japan and Europe (Tan, eds., 1996: 1). The Framework Agreement on Enhancing ASEAN Economic Cooperation was made during the ASEAN Summit in 1992 in Singapore with an aim of sustaining Southeast Asian economic growth and development which are essential to the stability and prosperity of the region (see the document on Framework Agreement on Enhancing ASEAN Economic Cooperation in Appendix B). ASEAN Free Trade Area (AFTA) -- as an area of ASEAN

Cooperation in Trade under the Framework Agreement on Enhancing ASEAN Economic Cooperation -- was also agreed by ASEAN members during the ASEAN Summit in 1992 in Singapore. It aims at promoting a wide and open regional market with low tariffs ranging from 0 to 5 percent and removing non-trade barriers (NTB) within the Southeast Asian region. The regional trade liberalisation is expected to be achieved within fifteen years (under the original agreement in 1992). The Common Effective Preferential Tariff (CEPT) is made as a main mechanism for implementing AFTA (See the document on CEPT Scheme for AFTA in appendix C). The establishment of AFTA should mean more free flow of goods in the ASEAN region and the increase of ASEAN competitiveness. The expectations of the establishment of AFTA are: ASEAN competitiveness would be attractive enough to create trade and investment in the region; and the more efficient allocation of resources within a wider ASEAN market would have trade-creating effects far beyond ASEAN borders (Arndt, 1996: 42).

1.2 Thailand Economic Development and Its Interests with AFTA

In September 1993, the World Bank reported that Thailand was among eight high performing Asian economies -- the others were Japan, Taiwan, South Korea, Hong Kong, Singapore, Malaysia and Indonesia -- which achieved the highest growth rates between 1965 and 1990 (World Bank, 1993. Quoted in Jomo, et al., 1997: 1). Between 1960 and 1990, Thailand's average annual growth in Gross Domestic Product (GDP) was approximately 4.81 percent (Thomas, and Wang, 1993. Quoted in Unger, 1995: 140). Thailand's GDP growth rates during the 1960s and 1970s were approximately 8 and 7 percent. Between 1980 and 1986, Thailand's GDP growth rate was about 5.4 percent. In 1987 its GDP growth rate was approximately 7 percent. By 1988, the country achieved a double-digit growth rate (approximately 10 percent) for the first time since the devaluation of the baht in 1984 (Somsak Tambunlertchai and Suthiphand Chirathivat, 1990: 192).

A main factor for the economic achievements of Thailand was a shift of its economic development strategy from import substitution to export promotion. Since

1985, exports grew at 17.8 per cent a year in volume terms, with manufactured exports continuing to increase substantially in the last half of the decade (Pisit Leeahtam, 1988. Quoted in Suchit Bunbongkarn, 1996: 13). The important manufactured exported products included textiles, electrical and electronic products, mechanical equipment and parts, precious stones and jewelry, canned food, shoes, toys and games, travel goods and leather products, confectionery and automobile parts. Thailand's major trading partners during the 1980s were the US, Japan, European countries, other ASEAN countries, and Asian NIEs-3 -- Hong Kong, Taiwan and South Korea (Somsak Tambunlertchai, and Suthiphand Chirathivat, 1990: 211-225).

It was not only an export-led growth strategy that brought about changes to the Thai economy, but other factors also contributed to changes. These included increases of both FDI, and local investment, the expansion of the tourism and service industries, and an improvement in the country's terms of trade as a result of the significant decline in imported oil prices, and moderate improvement in export commodity prices (Somsak Tambunlertchai and Suthiphand Chirathivat, 1990: 192). For example, in 1986, the total number of domestic investments that received support from the Board of Investment (BOI) was 295 projects with 154 projects as foreign direct investments (Thailand. Board of Investment, n.d. Quoted in Savek Meelarpkit, 1994: 78). In 1988, total BOI supported investments were 1,454 with 888 foreign investment projects. The value of BOI supported investments also increased from 34,610 million baht in 1986 to 200,894 million baht in 1988.

Since the country has changed its economic development strategy from import substitution to export promotion, Thailand's economic system has been more liberalised, and more dependent on foreign trade. However, in the years prior to 1992, there was more economic competition, not only between individual countries but also between regional economic blocs. This situation created fear among Thai economic policy-makers that it might lead Thailand's economy into a difficult position in the future if Thai businesses could not find new market for their products. Meanwhile the US and European markets which have long been important markets for Thai products seemed to be more protected toward their own economic blocs -- such as NAFTA and the European

integrated single market (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000). The FDI was also tentatively shifting away from Thailand and the other ASEAN countries to Vietnam, People's Republic of China (PRC), Mexico, and Eastern European countries where their costs of production were lower – particularly the labor costs. In addition, although Thailand's trade with ASEAN countries had been increasing dramatically since the mid 1980s, trade volume was still low at only approximately 12 percent of the total Thailand's foreign trade between the mid 1980s and 1991 (Wisarn Puppavesa, et al., 1996: 17).

Hence, in order to maintain the country's competitiveness and export markets, the country's strategy for economic development had to be changed. A way to strengthen the country's competitiveness and export strategy would be to have closer economic cooperation with neighboring countries, particularly other ASEAN countries. The creation of a regional economic bloc became the country's foreign economic cooperation policy in the early 1990s. In 1992, AFTA was proposed by the Thai government – especially by Thailand's then Prime Minister, Mr. Anand Panyarachoon -- to stimulate intra-ASEAN trade, including trade between Thailand and other ASEAN countries. Particularly, the increasing population of ASEAN countries (six countries as founders of AFTA in 1992, i.e. Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand) – which would reach 400 million by 2007, meaning a large expansion of market size – would give a great opportunity to Thai industry, and also to the Thai economy (Amaret Sila-on, 1992b).

1.3 Research Questions

It may be asserted that part of the Thailand's economic achievement derived from the Thai government's foreign economic policy that has been increasingly outward looking to the world economy, particularly the policies created by three Prime Ministers from the early 1980s through the early 1990s. These policies consisted of a more liberal economic policy to increase FDI, with stable politics during the terms of Prime Minister Prem Tinsulanon; the policy of Prime Minister Chatichai Choonhawan to change the

Indochinese battle field into a trading area; and particularly Prime Minister Anand Panyarachoon's liberal economic policy.

AFTA, as a foreign economic cooperation policy which was initiated by the Thai government during the era of Prime Minister Anand, was an outward looking foreign economic policy. However, certainly AFTA did not occur automatically. It had to be initiated by political leaders or driven by domestic forces like influential persons or interest groups. Moreover, AFTA, as an international cooperative agreement concerning tariff reduction would inevitably bring about winners and losers domestically. Therefore, it would generate supporters and opponents (Milner, 1997: 8-9). Domestic influences are comprised of official policy-makers – political leaders, cabinet members and bureaucrats – and unofficial policy-makers – such as businesses and industrial interest groups, media groups, academic groups, and political parties. Those unofficial policy-makers might try to put pressure on official policy-makers to affect the implementation of Thailand's AFTA policy. Furthermore, the leading role of the government, the political leaders' ideas about the policy, the bureaucratic politics among various government agencies, and the party politics might be domestic factors affecting not only Thailand's AFTA policy-making process, but also the achievement or failure of the policy. Whether or not these groups of people are main domestic influences affecting Thailand's foreign economic cooperation policy, particularly on Thailand's AFTA policy, is the subject of inquiry. The process of policy decision-making, and movements by those official and unofficial policy-makers to influence Thailand's AFTA policy-making, are interesting to study as the focus of this research.

Hence, the research questions are:

- (1) Who are the actors contributing to the dynamic process of Thailand's AFTA policy?
- (2) How and why were various domestic actors and their ideas crucial to Thailand's AFTA policy-making process?
- (3) Did interest groups from industry and business play an important role in the process of Thailand's foreign economic cooperation and policy-making?

1.4 Objectives of the Study

The study will consider Thailand's policy-making on AFTA as a political activity where various ideas and interests may be in contention. The focus will be on the actions of those key policy-makers and their various ideas and interests concerning how Thai national economic development should be linked with foreign economic policy. The research questions and conceptual framework will guide the analysis of how domestic influences affect Thailand's AFTA policy.

A better understanding of the process of Thailand's AFTA policy-making will lead to a better understanding of the importance of foreign economic cooperation policy, particularly Thailand's AFTA policy, that contribute to the country's economic development. The research can contribute to the body of knowledge about Thailand's AFTA policy-making. It can also give a clear picture of the dynamics of interaction among specific interest groups, their ideas and their actions in supporting or not supporting AFTA and regional trade cooperation as a strategy to enhance Thailand's national economic development.

1.5 Scope of the Study

The research focuses only on domestic influences affecting Thailand's foreign economic cooperation policy, particularly Thailand's AFTA policy. The process of Thailand's AFTA policy-making is the main focus of the research. However, since Thailand's AFTA policy is an international cooperative agreement, it is unavoidable to also partially consider the international dimension of policy-making. The research focuses on the role of domestic influences in the international process of AFTA making. The period to be studied is between the advent of the Anand Panyarachoon Government in 1991 and the end of the ASEAN Summit in Vietnam in December 1998. This is based on two reasons: (1) AFTA was proposed by the Anand Government in 1992 so that the advent of the Anand Government in 1991 might be meaningful to the establishment of AFTA, and also to Thailand's AFTA policy; and (2) the 6th ASEAN Summit in Vietnam

in December 1998 was the first summit since the regional economic crisis which began in mid 1997 and so might make some changes to the policy. The key actors from both public and private organisations involved in the process of Thailand's AFTA policy are studied. These include key policy-makers from: (1) the Office of the Prime Minister including the Prime Minister himself; (2) the Ministry of Finance; (3) the Ministry of Commerce; (4) the Ministry of Foreign Affairs; (5) the Federation of Thai Industry (FTI), and (6) other relevant public and private organisations.

1.6 Research Methodology

This research on domestic influences affecting Thailand's foreign economic cooperation policy by means of a case study on AFTA is conducted based on a phenomenological perspective in which qualitative methods are employed. This is research that produces descriptive data about people's own written or spoken, and observable behavior. Phenomenology stresses that the study of human behavior is how the people define their world with focus on the interpretation of human behavior – particularly on the social meaning people attach to the world around them.

The main concept of phenomenology is that people are constantly interpreting and defining things as they move through different situations. The reasons why different people say and do different things are because of their different experiences of learning social meaning under different situations...how a person interprets something will depend on the meaning available and how he or she sizes up a situation (Taylor and Bogdan, 1984: 10).

The phenomenological perspective is relevant to this research because the research's conceptual framework focuses on ideas, movement, actions, and interactions of Thailand's AFTA policy-makers, those in policy-influencing positions, and other participants in the process of Thailand's AFTA policy. Moreover, because this research studies Thailand's AFTA policy-making as a political activity, the study of human behavior, influenced by their experiences of learning social meaning and their ideas, therefore, is needed. How and why those participants in the process of Thailand's AFTA

policy-making define the policy, and how they interact with each other is very important and must be studied in order to answer the research questions.

This research employs interviewing as a qualitative research method. Qualitative interviewing – so-called in-depth interviewing -- has been referred to as non-directive, unstructured, non-standardised and an open-ended interview...By in-depth qualitative interviewing we mean repeated face-to-face encounters between the researcher and informants directed toward understanding informants' perspectives on their lives, experiences, or situations as expressed in their own words (Taylor and Bogdan, 1984: 77).

However, it is because qualitative research generally is concerned about informant's perspectives and experiences, the exaggerations and distortions in informants' stories might exist. People or informants might be prone to exaggerating their successes and denying or down-playing their failures...(hence) the researcher also has the responsibility for imposing cross checks on the informants' stories (Taylor and Bogdan, 1984: 98-99). Researcher would examine informants' statements for consistency between different accounts of the same events or experiences (Klockars, 1977. Quoted in Taylor and Bogdan, 1984: 99). For example, if a researcher asks a question at the very beginning of the interview, that question might be used again at the mid or the end of the interview. The researcher then would compare the answers at different times.

In addition, the researcher should not be confident that all data gathered from interviews are truth. Methodological triangulation should be employed. Triangulation means the combination of methods or sources of data in a single study (Denzin, 1978; Patton, 1980. Quoted in Taylor and Bogdan, 1984: 68). Triangulation is often thought of as a way of guarding against researcher bias and checking out accounts from different informants...By drawing on other types and sources of data, an observer (or researcher) also gains a deeper and clearer understanding of the settings and people being studied (Taylor and Bogdan, 1984: 68). It is a way to assure validity and reliability of the research. The qualitative researcher would verify the statement of one informant against other sources of information and assess the probability that the statement given by the informant is correct.

The first step of this research is based on conducting documentary research to gain a clear general picture about the process of Thailand's AFTA policy-making and to identify key players of the policy-making process. The research then uses a qualitative method of in-depth interviewing key informants or key players of Thailand's AFTA policy. A total of sixteen key informants gave formal interviews for this research (see List of Interviewees in Appendix A). There were actually about thirty key informants, but about fourteen key informants declined to give interviews. The interviews were unstructured with open-ended questions in order to learn about informants' ideas, interests, and experiences involved with Thailand's AFTA policy-making process.

The purpose of the interviews for this research is to learn about: (1) the whole process of Thailand's AFTA policy-making; (2) the key informants' ideas about world economics, and Thailand's AFTA policy; (3) the key informants' interests on Thailand's AFTA policy; (4) the roles and movement and interactions of key informants involving the process of Thailand's AFTA policy. In addition, cross checking during the interview and triangulation methods -- such as comparisons between information gathering from interviews and information received from documentary research, and comparing information gathering from different informants -- are employed in this research.

Qualitative data analysis is essentially about detection, and the tasks of defining, categorizing, theorising, explaining, exploring and mapping which are fundamental to the analyst's roles...the methods used for qualitative analysis therefore need to facilitate such detection, and to be of a form which allows certain functions to be performed (Ritchie and Spencer, 1994: 176). In policy research, all these functions might be needed (Ritchie and Spencer, 1994: 176):

Defining concepts: understanding internal structures:

Mapping the range, nature and dynamics of phenomena:

Creating typologies: categorising different types of attitudes, behaviors, etc.:

Finding associations: between experiences and attitudes, and between attitudes and behaviors:

Seeking explanation: explicit or implicit:

Developing new ideas, theories or strategies.

It is because this research is about the detection of domestic influences affecting Thailand's foreign economic cooperation policy with Thailand's AFTA policy as a case study, the research also employs those functions as ways to analyse data. For example, in defining concepts, the researcher seeks to understand about the structure of Thailand's AFTA policy. Then the nature and dynamics of phenomena in Thailand's AFTA policy-making process are studied. Perspectives of informants about the policy, and their behaviors involved with Thailand's AFTA policy-making process are categorised. The linkage between informant's experiences and perspectives about the policy, and between their perspectives and behaviors is made. This data analysis ultimately brings about answers to the research questions.

CHAPTER 2

THEORETICAL FRAMEWORK

2.1 Arguments of the Research

This research makes use of Charles F. Doran's model of factors influencing foreign economic policy. Doran states that domestic ideologies -- this research will use the terms "idea" instead of ideology¹ -- are sub or intra-national forces influencing national (and foreign) economic policies -- in this case, Thailand's AFTA policy (Doran, 1987: 179). Ideas are beliefs held by individuals, (that) help to explain political outcomes, particularly those related to foreign (economic) policy...Ideas influence policy when the principle or causal beliefs -- beliefs about cause-effect relationships -- they embody provide road maps that increase actors' clarity about goals or ends-means relationships, when they affect outcomes of strategic situations in which there is no unique equilibrium, and when they become embodied in political institutions (Goldstein and Keohane, eds., 1993: 3). Furthermore, because people have incomplete information when they select strategies by which to pursue their preferred outcomes, the ideas individuals hold therefore become important elements in the explanation of policy choice (Goldstein and Keohane, eds., 1993: 13). Particularly if decision-makers are not certain about the consequences of their decision-making and actions, their causal beliefs as well as their institutional arrangements for authoritative decision-making will explain decision-makers' expected effect of actions.

¹ *Neufeldt, eds., 1988: 669-670).*

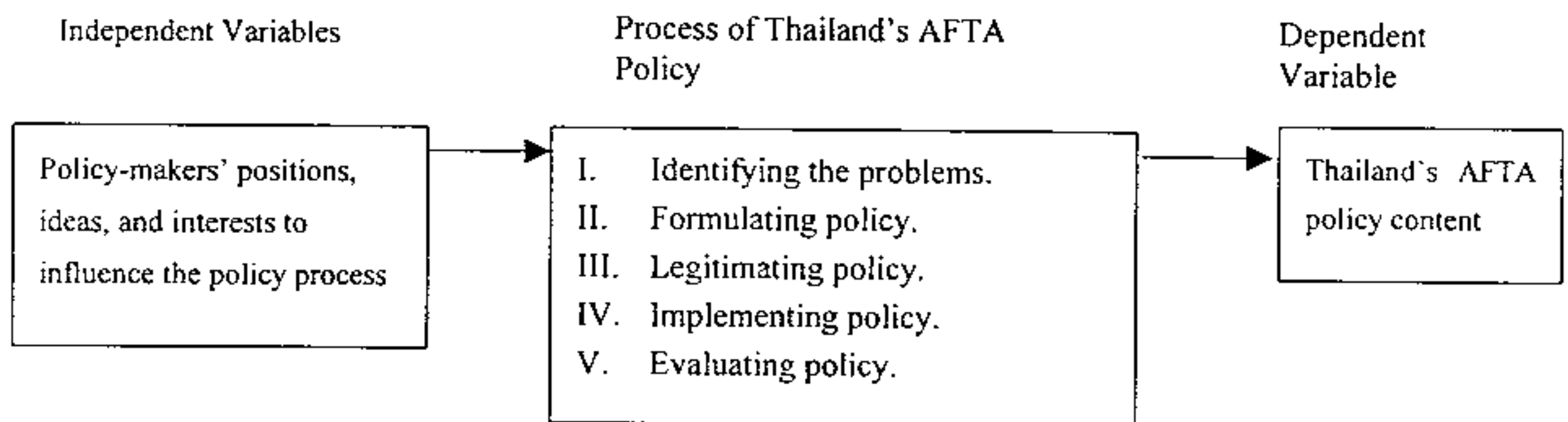
¹ The terms "idea" is used in this research instead of ideology because idea is about something existing in the mind as an object of knowledge or thought; an absolute truth; something one thinks, knows or imagines; an opinion or belief. Ideology is about the study of ideas, their nature and source; thinking or theorising of idealistic, abstract, or impractical nature (Neufeldt, eds., 1988: 669-670).

This research also argues that there is no single idea dominating foreign economic policy-making. Rather, there are many domestic ideas competing with each other to influence foreign economic policy-making, including foreign economic cooperation policy such as Thailand's AFTA policy. In addition to Doran's model, this research argues that policy-makers' interests and their positions are factors influencing foreign economic policy-making. The choices of decision-makers' specific ideas may reflect their interests, and positions, and vis-à-vis.

There are two main policy-makers who try to influence foreign economic policy-making: unofficial policy-makers and official policy-makers. Those unofficial policy makers are private interest groups or business groups, political parties, media groups, independent academics, and non-government organizations such as the Thai Chamber of Commerce (TCC), the Federation of Thai Industry (FTI). Official policy makers are political leaders, cabinet members, members of parliament, political position holders -- such as the Prime Minister's advisors, and/or Minister's advisors -- and high and medium rank bureaucrats who are authorized to make public policy. The positions of policy-makers will determine their authority, influence and interests relevant to a particular case of foreign economic policy-making. It might be because these policy-makers' ideas, interests and positions relating to foreign economic policy are different, the interaction among those unofficial policy-makers or among official policy-makers themselves, and among official and unofficial policy-makers to influence foreign economic policy-making -- in this case, Thailand's AFTA policy -- usually occur. Therefore, these policy-makers' ideas, interests and positions relating to Thailand's AFTA policy, and their interaction with each other to influence the policy-making process are **independent variables**. Within a process of policy-making, these official and unofficial policy-makers make decisions on foreign economic policy based on their interests in the policy, their positions within the process of policy-making, their own ideas about how the world (economics) works, how to develop the national economy, and what should be domestic objectives (see more explanation in 2.4). In addition, the policy is made based on interactions among policy-makers themselves -- that is how they influence each other to have an effect on policy.

This research uses group theory and elite theory of policy-making, and Graham T. Allison's bureaucratic politics model for explaining and analyzing the way in which those domestic influences – with different positions, ideas and interests -- interact with each other to affect Thailand's AFTA policy-making. In explaining the process of Thailand's AFTA policy, this research employs the model for studying public policy as political activity in which the political process and behavior is a central focus of the study. The content of Thailand's AFTA policy as a result of political interactions among policy-makers – that derive from their positions, ideas and interests relating to the policy -- is **the dependent variable**.

2.2 Conceptual Framework



2.3 Model for Studying Public Policy as a Political Activity

Public policy, certainly means policy that is created by governmental agencies or authorized persons. However, it does not mean that the content of any particular public policy is created or influenced only by government officials or political leaders. Public policy may also be heavily influenced by the private sector or private actors. However, in order to understand the whole picture of public policy -- such as who makes policy, who has an influence on shaping that particular public policy -- Lindblom (1980: 2) suggests that one must understand the characteristics of the participants: what roles they play; what authority and other power they hold; and how they deal with and control each other. Hence, the whole process of making a

particular public policy should be stressed. This process includes: (1) how to identify policy problems, and who brings it into the government agenda for decision-making? (2) who is directly and indirectly involved in formulating policy? what are their positions, ideas and interests concerning the policy? and how do they interact with each other to influence the policy-makers or to make an affect on the policy? (3) how is the policy selected by the policy-makers? how is the policy enacted as a law or how is the policy provided with its legal framework? (4) how do government agencies implement policy? and (5) how is policy evaluated?

The model for the study of public policy as a political activity is to explain the whole process of the particular public policy -- in this case, Thailand's AFTA policy - - by mainly considering various political activities within a process of public policy-making. It is to study how decisions are made. It is not the content of public policy that is to be (mainly) studied, but rather the process by which public policy is developed, implemented, and changed (Dye, 1981: 25). The process of the policy with various policy-makers involvement, according to the model for studying public policy as a political activity, affect the policy content. The process of Thailand's AFTA policy, as an outcome of political activities, might include the negotiations, arguments, compromises, and building of coalitions and counter-coalitions not only among government officials, but also among private actors, and between private actors and government officials. Consequently, policy content might change from time to time. It depends on how those participants in the policy process define the policy problems? how their positions, ideas and interests related to the policy are developed? how they interact with each other to influence the policy? and how they make policy? (see more explanations and cases studies in chapter 3, chapter 4 and chapter 5).

2.3.1 Stage One; Identifying the Problem

In this stage, when there is a problem involving a particular public issue, there will be person(s), or organization(s) raising the issue, and demanding government action to tackle the problem. This stage is very important to solve the public problem because as long as the problem is not correctly identified, an appropriate policy might not be created, and consequently, the problem might not be solved adequately.

2.3.2 Stage Two; Formulating Policy

When the problem of the policy is already identified, many policy proposals will be raised by many groups in the society, including government official and private actors. The agenda will be set either by public or private person(s) or group(s) for public discussion in order to find out the best solution to the problem, and interaction between groups of people or among person(s) whose interest in that particular problem will occur. The movement of groups and/or person(s) would be based on their positions, ideas, and interests relating to the policy. In this stage, however, the content of the policy proposals might or might not be relevant to the public problem depending on the policy-making participants' notions about the policy problem and solution, and their interests in the policy.

2.3.3 Stage Three; Legitimizing Policy

The result of formulating policy will be policy proposal(s) -- in other terms, policy alternative(s). The government, as the only authorized body to make policy legitimate, will select a proposal (one or more) and enacting it as a law or giving it a legal framework. Before the content of the policy is completely imposed, many interest groups both public and private sectors might try to influence policy-makers or political leaders to select the policy proposal they prefer. How these interest groups convince the government to select a policy based on their preference depends on the political influences of each group.

At this stage, there will be discussion among political leaders themselves to select a policy proposal. Negotiations, compromises, political lobbying and balancing of the power among policy-makers might occur. Consequently, the policy content -- in this case, Thailand's AFTA policy -- might be changed, and differ from those policy proposals in stage two. When the government has already selected a policy proposal, then that policy must be given a legal framework by, for example, announcing it as a royal decree, or sending it to the parliament for enacting it as a law. This stage hence requires political support from those political leaders, and law-makers. To build political support for making a policy as a law, the negotiation, and bargaining process between political leaders might happen again in which it might make changes to the policy content too. In the case of Thailand's AFTA policy, although it needs not to be

approved by the parliament -- because it is an international agreement, not a law -- it still needs to be approved by the cabinet -- because it is concerned about reducing tariffs. The authority to reduce tariffs belongs to the Minister of Finance with approval by the cabinet members. So, the policy at least needs political support from the cabinet members.

2.3.4 Stage Four; Implementing Policy

Bureaucrats will be the main actors for implementing any particular public policy, but these bureaucrats might be influenced by interest groups about the way to implement Thailand's AFTA policy. The government will set up the budget to support policy implementation, and also assign a particular government office to be responsible for implementing the policy -- in the case of Thailand's AFTA policy, the Customs Department of the Finance Ministry and the Department of Foreign Trade from the Commerce Ministry are major offices responsible for implementing the policy.

2.3.5 Stage Five; Evaluating Policy

Policy evaluation is a key instrument for decision-makers to determine, for instance, whether or not a policy has met its objective(s); whether or not a policy has been implemented correctly and smoothly; and whether a policy should be continued or terminated or re-designed. Dye (1981: 367) defines the term policy evaluation as the assessment of the overall effectiveness of a national program in meeting its objectives, or assessment of the relative effectiveness of two or more programs in meeting common objectives. However, since policy evaluation is concerned with the estimation and assessment of policy, including its content, implementation and effects, policy evaluation can and does occur throughout the policy process and not simply as its last stage (Anderson, 1979: 151). In the case of Thailand's AFTA policy, since the government has announced the policy, both the public and private sector began to analyse and evaluate the policy, particularly if it is implemented, on how it would affect to the country's economic development and how it would affect domestic industries.

2.4 Foreign Economic Cooperation Policy

2.4.1 What is Foreign Economic Cooperation Policy?

In order to define the words “foreign economic cooperation policy”, one should first divide these words into two parts – foreign economic policy, and foreign or international cooperation policy – and define them separately. Foreign economic policy is the government’s decisions and actions that affect both foreign and economic issues. It is a policy that has an impact not only on national economic development, but also on relationships with and economic development of other countries. Hence, the basic problem of foreign economic policy is to balance between domestic and international interests, especially decisions that affect both. Destler (1980: 16) states that in a government where the domestic-international dichotomy still prevails organizationally, foreign economic policy must bridge foreign and economic policy. For example, in the case of Thailand’s AFTA policy, the government’s decision to reduce or not to reduce a tariff on a particular product must be made based on domestic interests and its affect on the relationship with neighboring countries and trading partner countries.

Cooperation can be conceived as a process of exchange, (while) cooperation among nations is a specific type of exchange that involves the adjustment of one state’s policies in return for, or anticipation of, the adjustment of other state’s policies so that both end up better off (Milner, 1997: 7-8). Keohane (1984. Quoted in Little and Smith, eds., 1991: 102-114) explains that international cooperation will exist if actors’ policies and behavior are adapted to cope with expected preferences of others through a process of policy coordination. Coordination implies mutual policy adjustment among countries intended to reduce the negative (or enhance the positive) effects of one country’s policy choices on the others. In the absence of coordination, countries’ policies would have been different (Putnam and Bayne, 1987: 2; Webb 1991: 311-312. Quoted in Milner, 1997: 8-7). In order to create international cooperation among countries, a process of negotiation and bargaining is needed. Each country might have a policy to pursue its own self-interest, but they also may have an

open mind for bargaining that could give benefits to all parties, thought not necessarily equally. It is because cooperation is highly political so that conflict might occur during the process toward cooperation. But (ultimately), cooperation is a reaction to conflict with an aim to overcome that conflict -- see an explanation about the process of international cooperation for making AFTA in chapter three (Keohane, 1984. Quoted in Little and Smith, eds., 1991: 102-114).

2.4.2 Relationship between Foreign Economic Policy and Ideas

In order to study foreign economic policy-making, the characteristics, attitudes, and beliefs of players or participants in making foreign economic policy must be focused on: how policy-makers, both official and unofficial policy-makers, define the situation abroad, and how they ultimately define their national interests and choose courses of action, are influenced by values, attitudes, ideas, and a host of perceptual factors, including the use of analogies? Response to situations may also be affected by personality characteristics and by political needs of leading government officials (Holsti, 1995: 285).

Professor Charles F. Doran explains that changes in ideas of a country's political leaders, and those in policy-influencing positions affect national economic policies including foreign economic policy. Ideas are prominent factors not only in deciding priorities in foreign economic policies, but also in choosing a model of how the world works as a guide to economic policy making (Doran, 1987: 178). Ideas, emanating from national political and social processes, are inputs to the policy-making system in two ways: first, ideas (of policy-makers) influence the objectives of national policies, including priorities in party platforms or manifestos; second, ideas shapes the economic world view of people who influence policy (Doran, 1987: 179).

For Doran's model (see figure 2.1), the effects of ideas on economic policy may change as policy-makers evaluate information about the relationship between the domestic and international economic systems...(while) those in policy-influencing positions must play advocacy roles, transforming their data into arguments that will persuade policy makers to adopt certain options rather than others (Doran, 1987: 180).

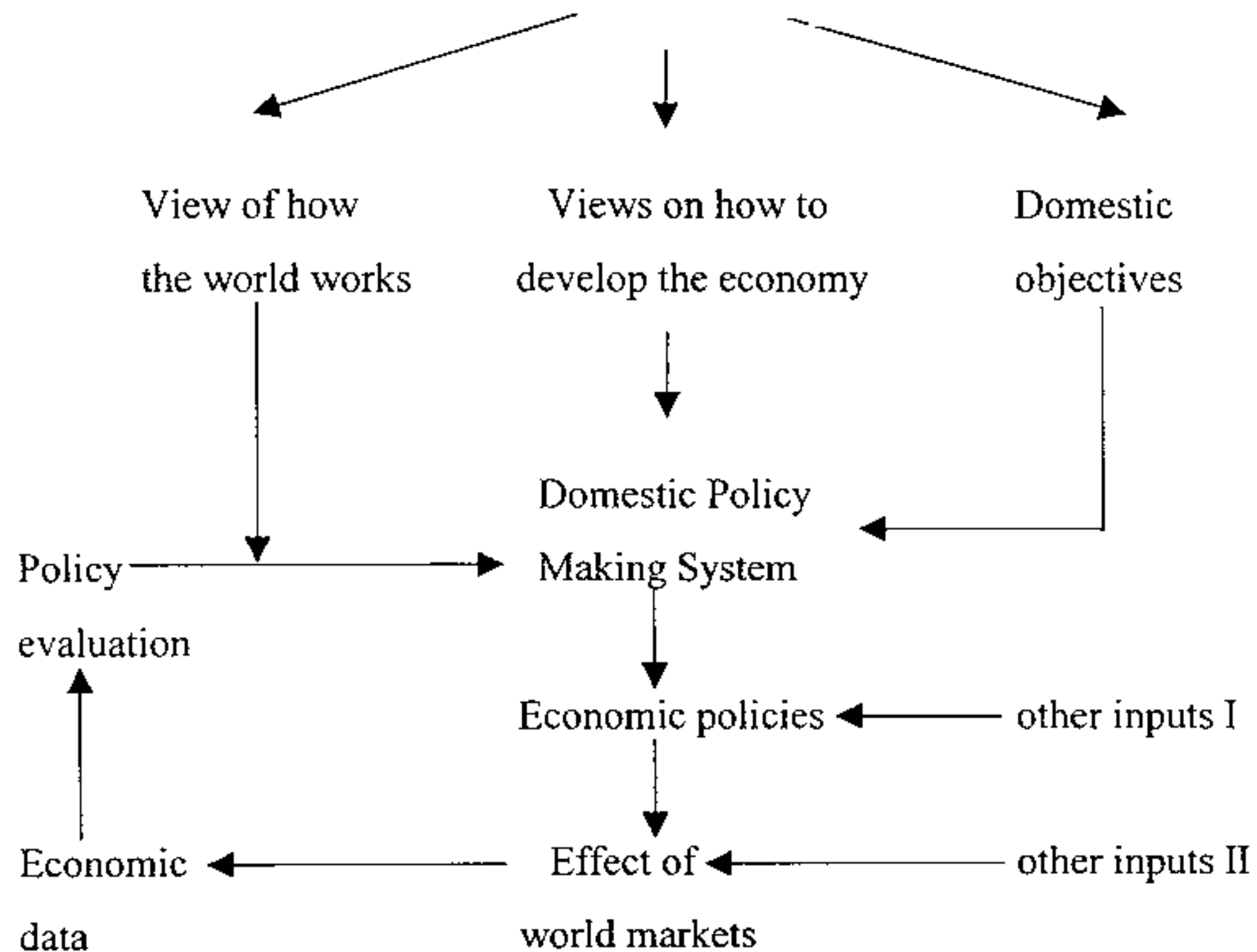


Figure 2.1 Factors Influencing Foreign Economic Policy

Source: Adapted from Doran, 1987: 181.

Note I: Other inputs I are changes of domestic economics and politics. Other inputs II are changes of world economics and politics.

Note II: Domestic objectives mean objectives of the national policies.

AFTA, as a Thailand foreign economic policy, is influenced by domestic ideas – the views of domestic person(s) or group(s) on how the world works; how to develop the economy; and how the domestic objectives (or the objectives of national policies) are developed. Those political leaders, and participants in the process of Thailand's AFTA policy-making will determine this policy from their ideas on domestic objectives, their views on national economic development, and their views about the trend of the world economy. The national objective of Thailand's AFTA policy and the way those domestic influences view the international economic system, will have an affect on the dynamic process of Thailand's AFTA policy. All economic data or information – including the information on the domestic and the world

economic situations -- will support those in policy-influence positions to pursue their policy preferences.

2.5 Group and Elite Theories of Policy-Making

According to the group theory of policy-making, an interest group is any organisation or coalition of organisations that attempts to influence public policy at any branches and levels of government...Interest groups mainly deal with legislation, executive decisions, judicial decisions, and implementation of legislation and policy decisions (Hilsman, 1990: 220-221). An interest group is a shared attitude group that makes certain claims upon other groups in the society...If and when it makes its claims through or upon any of the institutions of government, it becomes a political interest group (Truman, 1955: 37).

In the process of foreign economic policy-making, although ideas are important factors influencing foreign economic policy, in Thailand, no group or any particular idea in the society has the supreme power to influence foreign economic policy, particularly foreign economic cooperation policy. They all share this influence together, but their weight of influence might be different. The influence of groups depend on their numbers, wealth, organizational strength, leadership, access to decision makers, and internal cohesion. It is because some domestic interest group(s) with different ideas will gain or lose deriving from the particular foreign economic policy adopted (in this case AFTA policy), these domestic interest groups will try to influence, and engage in the policy-making process. Individuals with common interests and ideas will group together both formally and informally to raise demands upon government. Grouping then is a necessary function in any society to link between individuals and the government.

According to the group theory of policy-making, politics of policy-making is really the struggle among groups to influence the policy. So, as explained in group theory, it is the task of the political system to manage group conflict by: (1) establishing rules of the game in the group struggle, (2) arranging compromises and balancing interests, (3) enacting compromises in the form of public policy, and (4)

enforcing these compromises (Dye, 1981: 27). The struggling of groups to influence public policy will ultimately reach compromise in which the relative influence of interest groups will determine the changes in public policy in which public policy will move in the direction desired by the group gaining influence and away from the desires of groups losing influence -- see explanation on interest groups and Thailand's AFTA policy in chapter 5 (Dye, 1981: 27).

For the elite theory of policy-making, public policy may also be viewed as the preferences and values of a governing elite (Dye, 1981: 29). The people or the mass tentatively follow the elite's attitudes, ideas, behaviors and purposes are, although it is not necessary that this always happens. Elite actually shape mass opinion on policy questions more than masses shape elite opinion. Public officials and administrators merely carry out the policies decided upon by the elite (Dye, 1981: 29). However, by elite theory, those elite will agree with the fundamental norms of the social system in which the stability and even survival of the system rely on this consensus. In the case of Thailand's AFTA policy, the Prime Minister and cabinet members are among the elite who make decision on the policy. Meanwhile, the elite will try to make foreign economic policy that is quite acceptable to the masses in order to maintain societal stability (see explanation on the elite and Thailand's AFTA policy in chapter 3).

2.6 Bureaucratic Politics Model

Allison (1971: 162) suggests that the governmental actions (or decisions on a particular public policy) are intra-national political resultants: resultants in the sense that what happens is not chosen as a (pure) solution to a problem but rather results from compromise, conflict and confusion of officials with diverse interests and unequal influence; political in a sense that the activity from which decisions and actions emerge is best characterised as bargaining along regularised channels among individual members of the government. These individual members' influence (or power) over government decisions and actions is an elusive blend of at least three elements: bargaining advantages; skill and will in using bargaining advantages; and other players' perceptions of the first two ingredients (Allison, 1971: 168). In

addition, the sources of official's bargaining advantages are: (1) positions and their authorities and responsibilities within positions; (2) actual control over resources necessary to carry out action; (3) expertise and control over information that enables one to define the problem, identify options, and estimate feasibility; (4) control over information that enables a chief to determine whether and in what form decisions are being implemented; (5) the ability to affect other players' objectives in other games, including domestic political games; (6) personal persuasiveness with other players (down from personal relations, charisma); and (7) access to and persuasiveness with players who have bargaining advantages drawn from above – based on interpersonal relations (Allison, 1971: 169).

The foreign economic cooperation policy-making – in this case Thailand's AFTA policy -- is also the outcome of the interactions among government officials or so-called bureaucratic politics. The concept arises from two inescapable conditions: (1) no single official possesses either power, or the wisdom, or the time to decide all important executive branch policy issues himself; and (2) officials who have influence inevitably differ in how they would like these issues to be solved (Destler, 1974. Quoted in Little and Smith, eds., 1991: 182). However, the concept does not only mean the policy that would be administered by many departments. If that public policy is administered by only one department, the process of bargaining, negotiating, interacting and compromising over the public issue would still take place, both up-and-down and between officials at the same level.

2.7 Economic Integration

Economic integration exists when two or more countries agree to create a commercial policy to eliminate or reduce trade barriers only among nations that are grouped together. There are many kinds of economic integration ranging from preferential trade arrangements to free trade areas, custom unions, common markets, and economic unions.

Preferential trade arrangements refer to a situation where particular goods of certain countries of origin are subject to an imposition of lesser or lighter custom

duties in comparison to the same class of goods from other countries (Kalra and Ahuja, 1994: 292). A free trade area exists when an association of a number of countries between which all import tariffs and quotas and export subsidies and other similar government measures – such as the imposing of too high an imported product standard -- to influence trade has been removed. Each country, however, continues to retain its own international trade measures vis-à-vis countries outside the association (Bannock, et al., 1998: 164). A custom union is established within two or more countries if all barriers to free exchange of each other's goods and services are removed, at the same time, a common external tariff is established against non-members (Bannock, et al., 1998: 91). A common market goes beyond a custom union by also allowing the free movement of labor and capital among member nations, while an economic union goes still further by harmonising or even unifying the monetary and fiscal policies of member states (Salvatore, 1995: 300).

Economic integration among developing countries is created, and based on the assumption that developing countries which are located in the same region with relatively equal size and/or equal stages of development should join together to form a regional trading bloc. Trade among countries within a region will be freely conducted. The economic integration among developing countries will give an opportunity to established industries as well as to those which can take advantage of economies of large scale production made possible by expanded markets. Economic integration is a mechanism to support a rational division of labor among participant countries, each of which is too small to benefit from such a division by itself. In the absence of integration, each separate country may not provide a sufficiently large domestic market to enable local industries to lower their production cost through economies of scale (Todaro, 1994: 510). Without cooperation and integration, the prospects for sustained economic progress by most low-and-middle income developing countries will be greatly diminished (Todaro, 1994: 512).

2.8 The New Regionalism

In the 1950s and 1960s, the focus of academic and practical interest in regionalism was on Europe which was represented by the European Community (EC) with the process of establishing a mechanism for European economic integration and political decision-making. In the 1970s, however, the practical process of achieving integration under the EC hit a snag, and the integration theory lost ground to a newly rising interdependence theory (Watanabe, 1993: 45). The decline of the first wave of regionalism derived from the slow-down in West European integration and the failure of the Third World free trade areas – such as Latin American Free Trade Areas. Rather than leading to development, they reproduced the global centre-periphery structure within the regions (Hettne and Inotai, 1994: 1). This occurrence marked the end of first wave regionalism.

The new regionalism usually refers to the second wave of regional cooperation which started in the 1980s. Hettne and Inotia (1994: 1-2) explain about the differences between the first and the second waves regionalism in the following respects: (1) the first wave regionalism was formed in a bipolar Cold War context, while the new regionalism is taking shape in a more multi-polar world order; (2) whereas the old regionalism was created from outside and from above (i.e. by the superpowers), the new is a more spontaneous process from within and from below (in the sense that the constituent states themselves are main actors); and (3) the first wave regionalism was specific with regard to objectives, the new is a more comprehensive, multidimensional process.

Bowles (1997: 224-225) regards the new regionalism as an open regionalism that is premised on countries' continuing participation in the international trading system. The preferential regional trading arrangements in the 1960s and 1970s, which occurred in the first wave regionalism period, aimed at strengthening the developing countries to be more independent of the global economy or to reduce North-South economic linkages. It was based on the belief that the developing countries' opening their economies to trade with, and obtain investment from, developed countries would bring about underdevelopment rather than development (Frank, 1969. Quoted in

Nafziger, 1997: 107) Trade between developed and developing countries would result in peripheral capitalism – a capitalism unable to generate innovations and dependent for transformation upon decisions from outside...(in addition) the periphery countries of Asia, Africa, and Latin America specialised in primary products in an enclave controlled by foreigners while importing consumer goods that were the fruits of technical progress in the central countries of the West (Furtado, 1970. Quoted in Nafziger, 1997: 106).

The new regionalism in the 1990s, however, is rather seen as a measure to ensure that the developing countries would not be excluded from the global economy. The new regionalism has two main characteristics: North-South regionalism; and multiple regionalism (Bowles, 1997: 225). The North-South regionalism is the regional trading blocs that have member countries with different levels of Gross National Product (GNP) or the member countries from both developed and developing countries. For examples, NAFTA comprises developed countries such the US and Canada, and a developing country, Mexico, while AFTA comprises a high per capita GNP country such Singapore and middle and lower per capita GNP countries. The new regionalism is characterised as multiple regionalism because countries belong to different regional groupings and organisations – in other words, countries are party to several regional trade arrangement (Bowles, 1997: 226). For example, ASEAN members are not only members of AFTA, but also of Asia-Pacific Economic Cooperation (APEC), and of Asian group of countries which recently held a summit with the European Union (EU).

CHAPTER 3

THAILAND'S AFTA POLICY-MAKING

The model for studying public policy as political activity or the processes model is to explain the correlation between various political activities and the public policy. It is to explain how a political system goes about transforming demands arising from the socioeconomic environment into public policy (Dye, 1981: 340). The processes model tends to provide a whole picture of the public policy process including the various political activities occurring within the political system. According to the processes model, the public policy process begin with identifying policy problems through public demands for government actions -- the following stages of public policy process are: the formulation of a policy proposal; the legitimating of policy; the implementation of policies and the evaluation of policy. The process of foreign economic cooperation policy is not different from other policies. It also begins with identifying policy problems. In part 3.1, therefore, it is to explain about the policy problems -- in this case, the problems of past intra-ASEAN trade cooperation -- that ultimately led to the public demands for government actions to tackle problems.

Since this research makes use of Charles F. Doran's model of factors influencing foreign economic (cooperation) policy -- that is how the ideas (on domestic and world economies) of political leaders and those in policy-influencing positions affect national economic policies including foreign economic cooperation policy -- part 3.2 and part 3.3 will discuss the origin of Thailand's AFTA policy concept, and the relationship between the Anand Government and Thailand's AFTA policy-making. It applies Doran's model on Thailand's AFTA policy-making. **The research tries to explain how ideas of Thailand's political leaders and those in policy-influencing positions affect Thailand's AFTA policy.**

In part 3.4, there will be analysis with evidence to support that Thailand's AFTA policy is a top-down policy-making approach. Thailand's AFTA policy reflects the demand of a political elite – the Prime Minister. The policy was initiated and made by the top policy-maker in the government. This analysis is based on the elite theory of policy-making that although the fact of life in democratic society is shaped by a handful of people, the key political, economic, and social decisions are made by tiny minorities (Dahl, 1964. Quoted in Dye and Zeigler, 1981: 3). That tiny minorities are elite who have power to decide who get what, when and how. Elite shape mass opinion. Therefore, public policy does not reflect demands of the people so much as it reflects the interests and values of the elite (Dye and Zeigler, 1981: 7).

Like any policy-making process, the foreign economic cooperation policy is the outcome of the interactions among government officials or so-call bureaucratic politics. It is the process by which people inside government -- including political leaders, the ministers, the policy advocates, and influential government officials – bargain with one another on complex public policy questions (Destler, 1974. Quoted in Little and Smith, eds., 1991: 182). The foreign economic cooperation policy as a bureaucratic political outcome is not necessarily “a rational policy” that is made by focusing on maximising net value achievement – meaning that if the ratio between the values it achieves and the values it sacrifices is positive and higher than any other policy alternatives (Dye, 1981: 32). Instead, the foreign economic cooperation policy is the outcome of the political process, the government actions resulting from all arguments, the building of coalitions and counter-coalitions, and the decision by high officials and compromise among them (Destler, 1974. Quoted in Little and Smith, eds., 1991: 187).

These officials will bargain, negotiate, interact and compromise with each other on complex public policy questions. To influence the policy, officials need to have bargaining advantages or sources of influence which make others take them seriously (Destler, 1974. Quoted in Little and Smith, eds., 1991: 184). Allison lists these as drawn from formal authority and obligations, institutional backing, constituents, expertise, and status (Allison, 1971, Destler, 1974. Quoted in Little and Smith, eds., 1991: 184). The ministries and officials involved with Thailand's AFTA

policy-making also were different in terms of authorities, obligations, institutional backing, expertise and status. They had tried to employ these sources of power to influence Thailand's AFTA policy. Therefore, part 3.5 explains how Thailand's AFTA policy is an outcome of interaction between government official or bureaucratic politics, while part 3.6 discusses about the role of government officials on proposing a fast track list; and how the fast track list came about.

The foreign economic cooperation policy is the policy that affects both foreign and economic issues. The policy concerns not only national economic development but also foreign relationships, particularly on the affect of the policy toward other countries' economic development. Meanwhile, cooperation requires that the actions of separate individuals or organisations be brought into conformity with one another through a process of negotiation, which is often referred to as policy coordination (Keohane, 1984. Quoted in Little and Smith, eds., 1991: 102). Therefore, the foreign economic cooperation policy is the government's decision that is brought into conformity with other governments' decisions through a process of negotiation. Thailand's AFTA policy is also a foreign economic cooperation policy that is concerned about both national economic development and foreign relation with neighboring countries in the Southeast Asian region, and it was made through the process of international negotiation. Part 3.7, then explains about the international dimension of Thailand's AFTA policy – that is how the process of negotiations between governments occurred; and what the roles of the Thai Government were on the creation of AFTA.

3.1 The Development of Intra-ASEAN Trade Cooperation

The Association of Southeast Asian Nations (ASEAN) was founded in 1967, in Bangkok. ASEAN, when it was first established, comprised five nations: Thailand, Singapore, Philippines, Malaysia and Indonesia. Since 1984, Brunei has been the sixth member of ASEAN, and at the present time Lao, Myanmar, Vietnam, and Cambodia have also become ASEAN members. The aim and purposes of ASEAN are: to accelerate economic growth, social progress, and cultural development in the

region; to promote regional peace and security, and to maintain close and beneficial cooperation with existing international and regional organisations with similar aims and purposes (Vinita Sukrasep, 1989: 17).

Since the establishment of ASEAN in 1967 through the early 1970s, the intra-ASEAN trade was estimated at between 12 and 15 percent of the total trade with much of this accounted for by trade between Indonesia and Singapore (ASEAN Secretariat, 1997: 43). Many recommendations to liberalise trade within the region have been made during this period in order to increase intra-ASEAN trade. The first recommendation was made by the United Nations (UN) study team on economic cooperation in ASEAN in 1971. The UN study team led by Professor G. Kansu and Professor E.A.G. Robinson suggested that ASEAN should have all these economic cooperation activities: (1) the selective trade liberalisation to make preferential trade arrangements on selective ASEAN products that could increase the comparative advantage of ASEAN countries, and could bring about a regional free trade area as the long term objective; (2) industrial complementary agreements; and (3) package deal agreements in the form of joint industrial projects (Malinda Manoonchai, 1981. Quoted in Savek Meelarpkit, 1994: 17-20).

At the fourth ASEAN Ministerial Meeting (AMM) in Manila in 1971, the UN study's recommendation was considered in which President Ferdinand E. Marcos of Philippines proposed to establish an ASEAN Common Market. The proposal was only acknowledged by the meeting (Chaiyong Satjipanon, 1992. Quoted in Savek Meelarpkit, 1994: 21). However, at the eighth AMM in May 1975 in Kuala Lumpur, Malaysia, the Committee on ASEAN Trade was set up to study ASEAN preferential trading arrangements.

The idea of a free trade area was actually first proposed by Singapore, with strong support from the Philippines, at the first meeting of the ASEAN Economic and Planning Ministers in Jakarta in November 1975 as part of the pre-Bali Summit preparation (Kurus, 1995: 411-413). Singapore had long been in favor of a free trade area because of their economic and trade advantages over other ASEAN countries, while the Philippines supported the idea because during that period the country's industry was expanding so that they needed to find new export markets for their

industrial products. However, the proposal was ignored by Indonesia, Malaysia and Thailand for several reasons. First, the ASEAN industrial development (except for Singapore) during the late 1960s through early 1970s was at a low level. Their economic structures were similar – reliance on agriculture and primary commodities such as rice, rubber, corn, palm oil, coconut, etc (Vinita Sukrasep, 1989: 33). They did not need to buy ASEAN agricultural products similar to their own. Such an economic structure resulted in the small trade volume between ASEAN countries, compared with trade between ASEAN countries and their trading partners outside the region (see table 3.1). Therefore, they believed that a free trade area in the ASEAN region would bring about higher competition among member states themselves rather than trade benefits to the region.

Table 3.1 Share of Intra-ASEAN Trade in Total Multilateral Trade of ASEAN Countries between 1967 and 1979 (in percentages)

Country	Trade flow	1967	1970	1973	1976	1979
Indonesia	Imports	4.2	8.5	10.1	14.0	11.6
	Exports	14.4	23.2	11.8	8.9	14.2
Malaysia	Imports	22.4	15.9	15.1	14.3	15.1
	Exports	32.8	24.8	25.2	21.5	20.1
Philippines	Imports	5.3	5.2	2.1	6.5	5.8
	Exports	0.7	1.2	2.2	3.2	4.1
Singapore	Imports	27.9	21.0	19.4	17.0	17.1
	Exports	35.6	25.4	21.5	19.0	21.4
Thailand	Imports	3.1	3.3	2.7	3.4	7.5
	Exports	21.2	14.9	19.5	17.3	16.8

Sources: the UN Yearbook of International Trade Statistics, 1970-71; the IMF Direction of Trade Yearbook, 1969-1975; and the IMF Direction of Trade Yearbook, 1981. Quoted in and adapted from Vinita Sukrasep, 1989: 35-39.

Second, the ASEAN countries pursued different strategies for economic development. In the 1960s, the ASEAN countries generally tended to pursue import-substitution policies to promote industrialisation. In the 1970s, however, Malaysia, the Philippines, and Thailand gradually moved to strategies which promoted industrialisation through export promotion, while retaining import-substitution in some areas (Castro, 1982: 72). Indonesia – in the 1960s through the 1970s – remained on import-substitution policies for its industrialisation. These countries had relatively high levels of protection to guard protect infant industries and to against

foreign goods. Meanwhile, Singapore was only the ASEAN country that was committed to the practice of free trade and openness to foreign investment. These different strategies of economic development partly led to the ASEAN countries' negligible support of Singapore's proposal of free trade area in 1975.

Third, the proposal of a free trade area in ASEAN was not strategic enough to convince Indonesia, the least developed country in ASEAN, to agree. Singapore and Philippines did not discuss this with Indonesia before the summit (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000). So, when the proposal for a free trade area in ASEAN was presented at the ASEAN Economic and Planning Ministers in Jakarta in November 1975, Indonesia was not enthusiastic. Fourth, other individual countries had reasons not to be enthusiastic about creating a free trade area in ASEAN. Indonesia feared the wording "free trade area" that it might be a Trojan horse within ASEAN with multinationals in its belly (Far Eastern Economic Review, 1976. Quoted in Kurus, 1995: 413). Thailand was very busy with its own internal security problems so that there was little time for attention to ASEAN economic cooperation measures.

However, the turning point of ASEAN economic cooperation began at the first ASEAN Summit in Bali in 1976. Three main agreements were signed by member countries: the Treaty of Amity and Cooperation in Southeast Asia – aimed at enhancing peace, friendship and mutual cooperation on matters affecting Southeast Asia; the establishment of an ASEAN Secretariat Office; and the Declaration of ASEAN Concord – aimed at establishing a firm foundation for common action to promote regional cooperation in Southeast Asia in the spirit of equality and partnership and thereby contribute to the peace process and prosperity in the region. In addition, the ASEAN Economic Ministerial Meeting (AEM) was formed as a new body to promote ASEAN economic cooperation.

Consequently, the ASEAN Economic Ministers reacted rapidly after the Summit to develop a broad ASEAN policy into concrete agreements. However, only the Philippines and Singapore were keen to promote intra-ASEAN trade by means of substantial tariff reductions, whereas other ASEAN countries were hesitant to agree on measures that might leave their heavily protected developing industries open to

competition from the other members. For example, at the tenth AMM in Singapore in 1977, the Thai Foreign Minister, Dr. Upadit Pajariangkul noted,

“While the Thai Government agrees on the desirability for the ASEAN states to take steps that would encourage free trade and make their economies more complementary, it also took into consideration the general understanding that this process has to arrive at an optimum balance, whereby gains and losses are evened out for all” (Far Eastern Economic Review, 1977. Quoted in Kurus, 1995: 414).

Nevertheless, although not all ASEAN members needed to create a free trade agreement -- meaning tariff reductions -- the ASEAN Preferential Trading Arrangement (ASEAN PTA) which is the minimal form of economic cooperation providing tariff preference for trade among member states, was signed in 1977 with margins of preferences (MOP) beginning at 10 percent. The form of PTA was based on a product by product approach depending on items offered by individual states within the non-agricultural sector.

However, several problems, deriving from the content of PTA itself and the implementation process of PTA, made it insignificant for increasing intra-ASEAN trade. The first was the level of MOP, which began from a 10 percent across-the-board tariff cut, which was too low to have any significant impact on increasing intra-ASEAN trade. Second, a product-by-product approach to tariff reduction resulted in granting of preference to products not widely traded among ASEAN states (ASEAN Secretariat, 1997: 44). Third, because member states' economies were competitive rather than complementary, they tried to protect similar industries or products by making these products sensitive items which were excluded from liberalisation within ASEAN. As a result, the rate of intra-ASEAN trade increased slowly, and insignificantly (see table 3.2).

Another main problem that obstructed the success in intra-ASEAN trade and ASEAN economic cooperation during the past 20 years from 1967 to 1987 was the ASEAN decision-making process that must rely on the concept of *musjawarak dan mufakat* – meaning to engage in discussion or deliberations leading to consensus. Every action taken in the name of ASEAN must either contribute to or be neutral, but

not detract from the perceived national interests of the individual ASEAN members (Kurus, 1995: 405).

Table 3.2 Share of Intra-ASEAN Trade in Total Multilateral Trade of ASEAN Countries in 1981, 1986, and 1991 (in percentages)

Country	Trade flow	1981	1986	1991
Singapore	Imports	22.37	21.79	22.56
	Exports	27.04	23.85	25.22
	Total trade	24.39	22.76	23.81
Thailand	Imports	10.48	12.19	13.87
	Exports	14.60	14.14	11.22
	Total trade	12.18	13.15	12.73
Malaysia	Imports	17.95	20.64	21.11
	Exports	26.53	22.02	28.89
	Total trade	22.28	21.24	24.99
Indonesia	Imports	12.82	10.44	9.52
	Exports	12.77	9.41	10.79
	Total trade	12.79	9.82	10.20
Philippines	Imports	6.57	9.44	9.05
	Exports	7.29	7.24	7.02
	Total trade	6.86	8.41	8.23
ASEAN	Imports	16.30	17.11	17.55
	Exports	19.32	17.44	19.86
	Total trade	17.77	17.28	18.65

Sources: COMTRADE database, United Nations; trade statistics of ASEAN countries. Quoted in Athukorala and Menon, 1996: 81.

3.2 The Origin of Thailand's AFTA Policy Concept

Although the ASEAN Free Trade Area (AFTA) was proposed by the Thai Prime Minister, Mr. Anand Panyarachoon in 1992, the idea of AFTA was not just initiated at the time when Mr. Anand became the Prime Minister. Actually, the idea of AFTA was with Mr. Anand since he was with the special ASEAN Task Force Committee between 1985 and 1987. In 1985, at the AEM in Kuala Lumpur, Malaysia, the ASEAN Economic Ministers agreed that a study on new initiative/measures to promote greater intra-ASEAN trade be made as preparation for the third Summit in 1987 in Manila where ASEAN would celebrate its twentieth anniversary of establishment. This new ASEAN Task Force Committee comprised fifteen independent members from five ASEAN countries. On the Thailand side, three persons were nominated: (1) Mr. Anand Panyarachoon, the former permanent secretary of the Foreign Affairs Ministry; (2) Mr. Siwawong Changkasiri from the Ministry of Industry; and (3) Dr. Narongchai Akraseranee, an economist.

Mr. Anand who was voted as the Chairman of the special ASEAN Task Force explained the reasons for setting up of this committee,

"Many ASEAN economic cooperation programs, which were made during the first ASEAN Summit such as the ASEAN Industrial Complementation Scheme (AIC), the ASEAN Industrial Joint Ventures (AIJV), and the ASEAN PTA, were not very progressive. It derived from the incomparable levels of ASEAN countries' industrial development, and the difference of their trading systems. So, it was hard to reconcile these differences. The AIC, AIJV and ASEAN PTA were seen by the ASEAN Task Force Committee as small projects. We believed that ASEAN countries should look ahead to the future to seek for the real target of ASEAN economic cooperation, that is the ASEAN Free Trade Area (AFTA). The idea of AFTA then has been with me since that time until I became Thailand's Prime Minister in 1991." (Anand Panyarachoon, President of the Saha-Union Group, 2000).

Mr. Anand and Dr. Narongchai had been working together since the mid 1980s to propose a free trade area as a measure to enhance ASEAN economic cooperation, so that it can be said that the concept of Thailand's AFTA policy was

originated by these two people. When Mr. Anand became Prime Minister of Thailand in 1991, Dr. Narongchai was appointed as the Prime Minister's economic advisor, and later on the Prime Minister's representative on ASEAN affairs. They had the same idea on how to enhance intra-ASEAN trade – that would become AFTA. Moreover, they have similar idea on world and regional economics and national economic development which influenced Thailand's foreign economic cooperation policy-making during the Anand Government period (1991-1992). Both Dr. Narongchai and Mr. Anand believe in a free trade system, both at the domestic and international levels. Meanwhile, they do not like protectionism.

"If you try to protect a domestic industry by allowing only a few domestic companies to dominate the industry, it would destroy the country's economics." Dr. Narongchai said (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000).

Dr. Narongchai who received degrees in economics and had been studying about international trade theory and related issues for decades also believes that if the world economy trend is to have freer trade with fewer trade barriers, we (Thailand and other ASEAN countries) should have free trade among ourselves as a first step to go on to competition at the global level.

"Nevertheless, in the real world of economic systems, the free trade system would unintentionally benefit only developed countries where their technologies for production are more progressive than developing countries. Meanwhile the protectionism too would destroy a national economy, no matter if developed or developing countries. However, since the world economic trend is to have freer trade, and if we are not able to avoid it, we should apply a free trade system among ourselves first (ASEAN countries) in order to make our economies stronger enough particularly in terms of economies of scale. Otherwise, in the future we will not be able to compete with other countries, particularly those developed countries. In my view, the trade liberalism at a regional level, the Southeast Asian region, is needed." Dr. Narongchai said (Narongchai, Akraseranee, President of the Seranee Holdings Co. Ltd., 2000).

For Mr. Anand, although he says that he would never label himself – who he is, what political or economic ideologist he will be -- and although he also says that he is not a dogmatist, his idea seems to be liberalism.

For example, according to Mr. Anand's speech at a dinner, organised by the Federation of Thai Industry (FTI) in 1991,

“Free competition and the end of monopoly would benefit Thai consumers, Thai people...I am confident in free trade system, free competition system. If there is no competition, traders would be free of running business, particularly monopolising business or industry, without considering about consumer's benefit...Japan is a developed country because of a lot of competition between companies. The more domestic competition, the higher benefit to consumers. It is more, a direct consequence (of competition) would be higher quality products that could be sold internationally. (Office of Prime Minister's Secretary, 1992. Quoted in Pairoj Yoomonthien, 1998: 55).

According to Mr. Anand's view of the world economic environment during the late 1980s and early 1990s,

“The trend of the world economy was to have freer trade and the elimination of tariff barriers. We (developing countries) needed to change our economic basics, because we would be faced with the world of free trade system within four or five years (from the early 1990s). If we did not try to reduce our tariffs and to adapt our economic structure, we might be faced with the negative impact deriving from the new world trade regime.” Mr. Anand said (Anand Panyarachoon, President of the Saha-Union Group, 2000).

The new world trade regime in Mr. Anand's idea means the world of free trade where the flow of goods and services among countries would be done easily with the lowest or without tariff barriers. In order to prepare the country to face with the new world trade regime, the country's economic structure should be adapted to comply with the new system – a freer trade system. That does not only mean the reduction of tariff barriers, but also means the elimination of non-tariff barriers – such as quotas, product subsidising, and irrational health measures or product standards.

If ASEAN countries, Mr. Anand continues to say, had not agreed to reduce their tariffs, they would have suffered very much from tariff reduction under the world trade agreement.

“The tariff level under the General Agreement on Trade and Tariffs (GATT) or the World Trade Organisation (WTO) would have very low tariffs or no tariffs in some sectors, while the ASEAN countries’ tariffs were very high. When we agree to comply with the world trade agreement, our tariff level must be reduced from the highest to the lowest level. The wide gap between world trade agreement’s tariff levels and ASEAN countries’ tariff levels would bring about the negative impact to ASEAN economies. Therefore, ASEAN needed to narrow this gap. Our tariffs must be reduced to the similar level (not necessarily the same) as GATT tariff levels. AFTA in my view was a first step to prepare us (Thailand and other ASEAN countries) for the future world trade environment,” Mr. Anand explained (Anand Panyarachoon, President of the Saha-Union Group, 2000).

In Mr. Anand’s view, whether or not free trade among ASEAN countries was made, ASEAN countries would ultimately be faced with the world of freer trade. If ASEAN countries had continued to protect themselves by using tariff and/or non-tariff barriers, ASEAN industries’ efficiency might not be improved. In the end, ASEAN countries would lose their competitiveness in the world market, particularly under the world of a free trade system. This is a negative impact to ASEAN economies in Mr. Anand’s view.

The proposal of an ASEAN Free Trade Area, made by the ASEAN Task Force Committee, was reported at the ASEAN Summit in Manila in 1987. But the report was only acknowledged at the meeting (Narongchai, Akraseranee, President of the Seranee Holdings Co. Ltd., 2000). The third ASEAN Summit resulted only in an improvement of ASEAN PTA, not the creation of free trade area as suggested by the ASEAN Task Force.

According to the joint press statement of the meeting of the ASEAN Heads of Government in Manila, December 1987,

“The Heads of Government agreed on the need to enhance intra-ASEAN trade cooperation to attract foreign investments and agreed that as a long-term goal,

ASEAN should work towards the significant expansion in intra-ASEAN trade. It is envisaged that by the turn of the century, a substantial share of the number of value of the traded items should be covered by the Preferential Trading Arrangement (PTA). The Heads of Government therefore agreed...to improve the PTA over the next five years.” (ASEAN Secretariat, 1988: 63).

Several reasons explain why the ASEAN Task Force’s proposal on free trade area in ASEAN was only acknowledged. First, it was partly because the Summit ended too rapidly (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000). In the Philippines during 1987, the Aquino Government was facing a political crisis – the mosquito coups. It was a security reason so that every country might need to shorten the Summit period. There was no more time for considering on new measures to enhance ASEAN economic cooperation.

Second, the region’s economies were in a booming period derived from the world economic environment, particularly the emerging of the Plaza Accord in 1985 – an agreement among the G-7 leading economies to devalue the inflated US dollar. Since Southeast Asian currencies were pegged to the US dollar, the region’s exports were assisted. With the US and Japanese currencies strongly linked, the weaker dollar strengthened the Japanese yen, making production costs more expensive at home, so the Japanese companies moved their factories to Southeast Asia where abundant and cheap labor was easily found. During the period between 1985 and the early 1990s, Southeast Asia was seen as one of the world’s most attractive areas for investment. For example, the FDI flowing into Thailand in 1986 was only US\$261 million, while in 1990, it was approximately US\$2,303 million. For another example, Indonesia and Malaysia’s FDI in 1986 were US\$258 million and US\$489 million, compared with US\$1,039 million and US\$2,332 million of FDI flowing to Indonesia and Malaysia in 1990 (see table 3.3). Japanese and the Newly Industrialised Economies (NIEs) of Singapore, South Korea, Hong Kong and Taiwan were among major investors in ASEAN (see table 1.1 in chapter 1). Consequently, the Gross Domestic Product (GDP) of ASEAN countries rapidly increased as shown in table 3.4.

When ASEAN countries were very busy with their own domestic economics that were booming, the need to consider a free trade area in ASEAN as a measure to enhance intra-ASEAN trade was not seen as a priority.

“Most ASEAN countries’ leaders were enjoying the economic boom period so that the establishment of a free trade area among ASEAN countries was not given a priority. Therefore, the recommendation of special the ASEAN Task Force Committee was just acknowledged at the third ASEAN Summit in 1987,” Dr. Narongchai explained (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000).

However, the idea of a free trade area in Southeast Asia was still with Mr. Anand and Dr. Narongchai. It was raised again when Mr. Anand became Thailand’s Prime Minister in 1991.

Table 3.3 Foreign Direct Investment in ASEAN between 1986 and 1992

	(Million \$US)						
	1986	1987	1988	1989	1990	1991	1992
Indonesia	258	385	576	682	1,039	1,482	1,774
Malaysia	489	423	719	1,668	2,332	4,073	4,118
Philippines	127	307	936	563	530	544	228
Thailand	261	182	1,081	1,726	2,303	1,847	1,979
Singapore	1,529	2,630	3,528	1,891	3,911	3,235	4,288

Source: International Financial Statistics, IMF, September 1993. Quoted in and adapted from Parker, 1995: 165.

Table 3.4 ASEAN Growth of GDP (%)

Country	1985	1986	1987	1988	1989	1990	1991	1992
Brunei	1.0	4.0	2.0	n.a.	n.a.	n.a.	4.0	-1.1
Indonesia	2.4	3.2	3.6	5.8	7.5	7.2	7.0	6.5
Malaysia	-1.0	1.2	5.2	8.9	9.2	9.7	8.7	7.8
Philippines	-4.3	1.5	5.1	6.3	6.1	2.7	-0.4	0.6
Singapore	-1.8	1.8	8.8	11.1	9.2	8.8	6.7	6.0
Thailand	3.2	3.5	7.1	13.3	12.2	11.6	8.4	7.9

Source: Asian Development Bank, key indicators of developing member countries, various years. Quoted in and adapted from ASEAN Secretariat, 1997: 213; and Tyabji, 1990: 37.

3.3 The Anand Government and the Origin of Thailand's AFTA Policy

In the early 1991, the Thai military, led by General Soonthorn Kongsompong, and a coterie of officers who had graduated from the military academy in 1985 or so-called Class 5 of the Chulachomklao Academy led by General Suchinda Kraprayoon, took power from the civilian government of General Chatichai Choonhawan. The coup called itself the National Peace Keeping Council (NPKC), and quickly established its own government (Hewison, et al., 1993: 162). Mr. Anand, the businessman and the former diplomat who during that period held the position of the President of the Federation of Thai Industry (FTI) was appointed as Thailand's Prime Minister on March 2, 1991.

Nevertheless, Mr. Anand actually did not have any plan to become the Prime Minister. He did not join the coup, and he even opposed the coup.

"My initial feeling about the 1991 coup was upsetting because I have been confident in a democratic system...I believe that there should have been other ways out (than coup). But when the ultimate event (to solve political problems) was a coup, I was very upset," Mr. Anand said (Pasarn Malukkapitak, et al., 1999: 103).

Since Mr. Anand had not planned to become Prime Minister so that Thailand's AFTA policy was not raised immediately after he became Prime Minister.

Table 3.4 ASEAN Growth of GDP (%)

Country	1985	1986	1987	1988	1989	1990	1991	1992
Brunei	1.0	4.0	2.0	n.a.	n.a.	n.a.	4.0	-1.1
Indonesia	2.4	3.2	3.6	5.8	7.5	7.2	7.0	6.5
Malaysia	-1.0	1.2	5.2	8.9	9.2	9.7	8.7	7.8
Philippines	-4.3	1.5	5.1	6.3	6.1	2.7	-0.4	0.6
Singapore	-1.8	1.8	8.8	11.1	9.2	8.8	6.7	6.0
Thailand	3.2	3.5	7.1	13.3	12.2	11.6	8.4	7.9

Source: Asian Development Bank, key indicators of developing member countries, various years. Quoted in and adapted from ASEAN Secretariat, 1997: 213; and Tyabji, 1990: 37.

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Since Mr. Anand had not planned to become Prime Minister so that Thailand's AFTA policy was not raised immediately after he became Prime Minister.

Even the Anand Government's foreign policy announcement to the public had nothing to do with AFTA.

"At first, I had no plan to make Thailand's AFTA policy because I had never thought before that I would become Prime Minister. As everybody knows that I unintentionally became Prime Minister. Although the idea of AFTA had been with me since I had been in the ASEAN Task Force in the mid 1980s, Thailand's AFTA policy was not made immediately after I was appointed as Thailand's Prime Minister. It was not even in my foreign policy statement." (Anand Panyarachoon, President of the Saha-Union Group, 2000).

His foreign policy was (Office of PM's Secretary, 1992. Quoted in Savek Meelarpkit, 1994: 92-93):

- (1) The government will accelerate to re-create Thailand's image and the foreign confidence in the country's continuation of policy;
- (2) The government will strengthen regional peace and relationships with neighboring countries in order to make stability, security and prosperity in the region;
- (3) The government will reinforce economic, trade, investment, social and cultural cooperation among ASEAN countries;
- (4) The government will develop economic, academic and cultural cooperation with developing countries, particularly the neighboring countries;
- (5) The government will promote economic, trade, investment, tourist and labor relations with friendly countries or Thailand's trading partner countries;
- (6) The government will increase Thailand's role in world economic realm in order to support the free trade system and to strengthen the country's international economic potential and competitiveness; and
- (7) The government will protect and look after the rights and interests of Thai people in foreign countries in order to make them fairly treated by those countries.

After two and a half months in the Prime Minister's post, Mr. Anand began to visit ASEAN countries (Indonesia, Malaysia and Singapore) in which Mr. Anand's ASEAN visiting team comprised many important cabinet members such as Mr. Asa Sarasin (the Foreign Minister), Dr. Suthee Singhasaneh (the Finance Minister) and Mr. Amaret Sila-on (the Commerce Minister). The objectives of this trip were to introduce himself as Thailand's new Prime Minister, and to exchange ideas on the future of ASEAN economic cooperation (Warasarn Chaoban, "Cabinet Approving", 1991. Quoted in Savek Meelarpkit, 1994: 107). Mr. Anand began by visiting Indonesia (May 24-25), Malaysia (May 29-30), and Singapore (May 30-31). During his official trip, he tried to promote the strengthening of ASEAN economic and political cooperation to cope with challenges in a fast changing world.

In his speech at a dinner in Indonesia hosted by the Indonesian President,

"The fourth ASEAN Summit to be hosted by Singapore early next year will be an opportune time to lay the groundwork for economic and political cooperation...Strengthening relations further among ASEAN members on a bilateral basis and under the umbrella of ASEAN is the key to coping with challenges in a fast changing world." (Bangkok Post, 1991, May 25: 3).

In addition, Mr. Anand raised a new concept of ASEAN economic cooperation that was "competitive cooperation" (Bangkok Post, 1991, June 1: 2). Mr. Anand explains that "competitive cooperation" was his literary style to stimulate ASEAN economic cooperation (Anand Panyarachoon, President of the Saha-Union Group, 2000).

"Because member countries were at different stages of development, and they had their own interests, each country could not step back for cooperation. They were competing with each other instead. My new concept meant that although there was competition among countries, there was room for substantial economic cooperation. It was a constructive cooperation or competitive cooperation that would not bring about any damage to ASEAN economies." Mr. Anand explained (Anand Panyarachoon, President of the Saha-Union Group, 2000).

However, according to Mr. Anand's speech during his first trip to ASEAN countries, he mentioned only strengthening ASEAN economic cooperation. The idea

of AFTA had not yet been raised. It seemed that Mr. Anand wanted to see the reaction of the leaders of ASEAN member countries to his speech and recommendation that whether or not they agreed with his idea. It was Mr. Anand's diplomatic capability to maintain the country's credit and image by not proposing any new measure to strengthen ASEAN economic cooperation without consulting with member countries, particularly Indonesia. Certainly, the idea of AFTA had been with Mr. Anand since he was a member of the ASEAN Task Force in the mid 1980s, and he thought that ASEAN should continue that project. But he realised that if no ASEAN country supported his idea of strengthening ASEAN economic cooperation, the proposal of new measures to enhance ASEAN economic cooperation would be a failure. The idea of AFTA might be ignored again, as when it was proposed at the third ASEAN Summit in the Philippines.

The idea of making Thailand's AFTA policy was not raised until Mr. Anand had met the former Singaporean Prime Minister, Mr. Lee Kuan Yew, during his official trip to Singapore in late May 1991 (Anand Panyarachoon, President of the Saha-Union Group, 2000). Mr. Lee Kuan Yew and Mr. Anand discussed the future of ASEAN and whether or not ASEAN was ready for trade liberalisation, particularly whether or not Indonesia was ready for free trade. During the past decades, Indonesian development level had always been a major obstacle to ASEAN economic cooperation, particularly trade cooperation. It was because Indonesia was the least developed country in ASEAN and trade liberalisation might mean the loss of Indonesian domestic industry (Amaret Sila-on, President of the Stock Exchange of Thailand, 2000). However, both Mr. Anand and Mr. Lee Kuan Yew agreed that the Indonesian development (in 1991) was at an appropriate level to join regional trade liberalisation. Hence, during that discussion, Mr. Lee Kuan Yew had encouraged Prime Minister Anand to propose an ASEAN Free Trade Area at the ASEAN Summit in Singapore in January 1992.

"Mr. Lee Kuan Yew encouraged me to propose AFTA by saying that the timing was very appropriate. In the past, Indonesia seemed to hesitate to make AFTA happen because it would make Indonesia in a disadvantage position. But in the early 1990s, Indonesian economics, foreign trade and industry seemed to be able to

compete with neighboring countries. He also told me that I was an appropriate person to propose AFTA because I used to work for both the public and private sectors. In that year (1991) I was with the political sector too. Hence, after I had been back to Thailand, I began to seriously work on Thailand's AFTA policy. This is a historical reason of Thailand's AFTA policy," Mr. Anand explained (Anand Panyarachoon, President of the Saha-Union Group, 2000).

There were also factors related to the economic and world situation that make the period suitable to create AFTA. First, the late 1980s through the early 1990s witnessed historic changes in world politics that made more stability, peace and security in the Southeast Asian region in particular. For example, there was an agreement between the Soviet Union and the U.S. to withdraw their military bases in the Southeast Asian region -- there were the U.S. military bases in Subic Bay and Clark Island in Philippines, the Soviet military base in Vietnam. Meanwhile, Vietnam, with support from the Soviet Union, withdrew its military force from Cambodia in 1989, and began to remake its relationship with the People's Republic of China (PRC). The Cambodian civil war seemed to be ended very soon after the withdrawal of Vietnamese troop in Cambodia in 1989 in which the peace agreement in Cambodia was signed in the late 1991 by the three major Cambodian blocs. In addition, the seven days that shocked the world resulting in the collapse of Soviet communism in mid August 1991 meant the end of the cold war, international arms race, and ideological dispute between capitalist and socialist blocs. The changing of this world politics has made changes to world focus from military and political ideological conflict to international economic competition involving trade.

Second, the trend of world economics that the worldwide increases in trade and production, and increased economic interdependence among countries, and the more competitive world economic environment had forced ASEAN countries to adapt their economic standing point to cope with changes of the world economic situation. For example, while the GATT meeting at the Uruguay Round was talking on opening up and strengthening mechanism for free and fair trade, its negotiation process which began in 1986, seemed not to be easily finished due to disagreement on issues of agricultural products. Many countries feared that GATT might be a failure so that

they tried to create their own economic blocs such as the North American Free Trade Agreement (NAFTA) and the European economic bloc. ASEAN countries feared being left out of these changing world economic situations (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000).

“So, ASEAN countries had no choice but to integrate or become small players in a large playing field,” Mr. Anand said (Bangkok Post, 1991, October 1: 17).

That meant ASEAN needed to forge deeper economic cooperation in the light of greater competitive pressures coming from outside the region (Tan, eds., 1996: 2).

“But if we (ASEAN) can get together among ourselves – among the more like-minded people – and agree on certain sets of rules and agendas as to how we should engage in a more competitive cooperation among ourselves first, then I think if we are successful in this venture, it can only give us greater confidence to go into a larger field, and not to go only to compete with them in a free and fair manner, but to go out as a more solidified and cohesive unit,” Mr. Anand said (Bangkok Post, 1991, October 1: 17).

Hence, the creation of AFTA would make ASEAN as a strong economic grouping with higher bargaining power to compete with other regional economic blocs. It is as Mr. Amaret Sila-on said in his speech at 41st meeting of the ASEAN-Chamber of Commerce and Industry (ASEAN-CCI).

“Forming new economic blocs would promote trade and economic relations among members and strengthen their negotiating position with outsiders.” (Bangkok Post, 1991, November 29: 28).

Mr. Amaret’s speech means that ASEAN countries will cooperate with each other on trade in order to get economic benefit for themselves and also to have higher trade negotiable power in the global context. AFTA will give ASEAN countries, a larger market for their products. In Thailand’s case, if other ASEAN countries’ tariffs are reduced, the prices of Thai products which are sold in ASEAN countries will be lower. In the same token, the prices of ASEAN products selling in Thailand will be lower too. This includes the lower prices of raw material products that are made in the member countries. Ultimately, the cost of production will be lower. Meanwhile, ASEAN, as an economic bloc, will have the louder voice in the

multilateral trade negotiation level or in the stage of world trade negotiation. AFTA will be a major step in building internal cohesion so that ASEAN's role as a single bargaining bloc will be enhanced. Each member state will benefit from acting as a unit. The whole will be greater than the sum of its individual parts (Imada and Naya, 1992: 57-58).

Third, ASEAN countries needed to continue their booming economic era and to maintain their images of an attractive area for investment. During that period, ASEAN economics was booming so that they needed to expand their market size. But if their products were blocked by free trade agreement in other regions, it would affect ASEAN economic development. Meanwhile, the trend of FDI in ASEAN countries seemed to decrease in which more and more FDI was moving to PRC, Mexico and European countries (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000). Hence, ASEAN must find ways to make the region continue to be an attractive area for investment and trade, and also to continue their booming economic region.

However, actually, an individual state alone was able to make its country as an area for investment and trade by imposing incentive measures for foreign investment. For example, a country might try to protect industry by using tariff measure against imported products – so-called protectionism. This way would guarantee foreign investors that their products – that are made in that particular ASEAN country -- would be sold freely within a particular country without competition from imported products. But, this policy might bring about at least two negative results. First, the protectionism policy would erode the country's foreign relationship with neighboring countries and ultimately it would weaken ASEAN, as an Association for Southeast Asian cooperation. Second, the protectionism would bring about the limited size of the market for foreign investors' products, if other ASEAN countries used the same policy.

AFTA then was seen as a new and a better approach to make ASEAN a competitive area to cope with the changing world economic situation. The outstanding point of ASEAN was their population that was more than 300 million with increasing purchasing power. If any firm invested in any ASEAN country, their

market size would cover not only that invested country, but also other ASEAN countries because there would be free flow of goods within the region. This image would make ASEAN an attractive area for investment (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000).

Mr. Anand viewed AFTA as a first step to prepare Thailand and other ASEAN countries to cope with the changing world economic situation, particularly the world trade liberalisation. As he stated earlier, AFTA would help to reduce the impact of tariff reduction under GATT or the World Trade Organisation (WTO).

“When I proposed AFTA in the early 1990s, Thailand was not ready for trade liberalisation. But we needed to prepare ourselves for future trade liberalisation which was an inevitable trend. A few years after AFTA was agreed, the WTO was established in which whenever its rule is internationally agreed, no matter if we like it or not, we have to follow the rule. If we did not reduce our tariffs to be close to the world’s tariff level or a WTO agreement level, our industry would suffer from a huge reduction of the tariff rate. AFTA in my view is a step preparing us to face the changing world economy that is beyond our control,” Mr. Anand explained (Anand Panyarachoon, President of the Saha-Union Group, 2000).

The main objectives of AFTA, as per the interview with Mr. Anand who is called the father of AFTA, were: the increasing of intra-ASEAN trade; and the stimulating of investment (both domestic and foreign investments) in the region.

“In the future, we cannot depend only on the U.S. or Japan or European markets. We should also rely on the ASEAN market with more than 300 million customers. These ASEAN population’s purchasing power are also increasing everyday. That will increase intra-ASEAN trade. Second, if intra-ASEAN trade is increasing due to a free flow of goods, there will be a chance of increasing investment, particularly FDI. Every investor, no matter if ASEAN or non-ASEAN investors need to have their own regional base for production. In the past, I always told European investors that they should have not only sold their products to this region, but they should have also invested in this region. Selling of products would give them only a short term benefit. But if they had invested in the region making more employment, higher payment, and higher purchasing power of the people in the region, trade would

have followed for certain. It is a logic," Mr. Anand said (Anand Panyarachoon, President of the Saha-Union Group, 2000).

AFTA would also indirectly result in industrial development and consumers' benefit, according to Mr. Anand. He believes that when there is free flow of goods in the region, the ASEAN consumers will benefit from buying lower priced products, and also better quality products.

Mr. Anand explained, "If the tariff is reduced, the consumers will have a chance to select between domestic or foreign products which might be cheaper. By the same token, the domestic manufacturers will have to improve their products and to lower their products' prices in order to compete with foreign products. AFTA then will indirectly improve domestic industry and its competitiveness. AFTA will contribute to the country and regional economy. Trade liberalisation will lead to competition, and the end-beneficiaries are customers because they will be able to buy the lower price and a better quality product," (Anand Panyarachoon, President of the Saha-Union Group, 2000).

3.4 Thailand's AFTA Policy: a Top-Down Policy-Making

When Prime Minister Anand had completed his trip to ASEAN countries, and was back to Bangkok on June 19, 1991, he set up the Committee for Preparing the Acceleration of ASEAN Customs Cooperation. According to the Prime Minister's order, ASEAN Customs Cooperation aimed at encouraging ASEAN trade and investment, and making concrete and continuing cooperative approaches for the benefit of negotiations with ASEAN trading partners, and developed countries that had already cooperated with each other to build common markets in Europe and North America (Prime Minister Order of 218/1991. Quoted in Savek Meelarikit, 1994: 202). The committee was comprised of public and private sector representatives such as ministers and permanent secretaries, including: Ministry of Finance, Ministry of Foreign Affairs, Ministry of Commerce, and Ministry of Industry; Bank of Thailand (BOT) governor; president of FTI, the president of Thai Chamber of Commerce, Dr. Narongchai Akraseranee (the Prime Minister's economic advisor), Dr. Amnuay

Virawan (the Bangkok Bank Executive Board Chairman, and the Prime Minister's chairman of the advisory committee on ASEAN cooperation), etc (see more Committee List in Appendix F).

No one in the cabinet or bureaucratic offices proposed the idea of making Thailand's AFTA policy to Mr. Anand. The Prime Minister raised it himself. The Prime Minister's order was not to create the committee to study the feasibility of AFTA, but Mr. Anand ordered his cabinet members and officials in his government to make Thailand's AFTA policy. Dr. Narongchai and Mr. Karun Kittisataporn (the former Secretary to the Minister of Commerce during the Anand Government) said that no one nor any bureaucratic office proposed Thailand's AFTA policy to Mr. Anand (Narongchai Akraseranee, President of the Seranee Holding Co. Ltd., 2000; Karun Kittisataporn, Director-General of the Department of Business Economics, 2000).

"Mr. Anand raised it himself and ordered responsible government offices that he needed it to happen." Dr. Narongchai disclosed (Narongchai Akraseranee, President of the Seranee Holding Co. Ltd., 2000).

Thailand's AFTA policy was made based on a top-down policy-making process. The idea on Thailand's AFTA policy was raised by the top level policy-maker (the Prime Minister), while the policy content itself was made according to the Prime Minister's idea on the policy. There was no formal private sector consultation about the impact of Thailand's AFTA policy on domestic industry. There was no negative response from the private sector, particularly from FTI. There were two main reasons that there was no negative response from the private sector about Thailand's AFTA policy. First, it might be because the Anand Government was set up during the coup period so that no one liked to work against the government's policy. Meanwhile, the NPKC had already agreed with Mr. Anand that he would be able to freely create public policy and administer the country without any interference from the military or NPKC.

Second, it might be that Mr. Anand was also from the private sector before becoming Prime Minister in 1991, so his notion also partially reflected the private sectors' views. Particularly, Mr. Anand was the Vice President of FTI from 1989 to

1990, and he became president of FTI in 1990 until he was appointed as Prime Minister. Mr. Anand formerly served as the President of ASEAN-CCI period between 1982 and 1984. Moreover, during the mid 1990s, the ASEAN-CCI had set up a special Task Force Committee with Dr. Amnuay -- the Prime Minister's Chairman of the Advisory Committee on ASEAN Cooperation -- as the President of the Committee to study about ways to enhance ASEAN economic cooperation. And this resulted in the establishment of the ASEAN free trade area.

In this matter, Mr. Anand says, "When I began to seriously work on Thailand's AFTA policy, we (the Anand Government) had only informal domestic consulting with some executive committees of FTI. Most of them supported my idea to make AFTA. For example, Mr. Chokchai Akksaranant, the President of FTI (during that period) did not reject my policy, while Dr. Narongchai, my economic advisor, who was also on the Executive Committee of FTI, always agreed with me on AFTA. Dr. Narongchai and I had been working together since the mid 1980s to propose a free trade area in ASEAN. The Commerce Minister, Mr. Amaret who had long been working for the industrial sector, supported my policy also," (Anand Panyarachoon, President of the Saha-Union Group, 2000).

However, although Thailand's AFTA policy is a top-down policy-making approach, it does not mean that Mr. Anand ignored the private sector or domestic industry's interest. Actually, the domestic industry's interest was considered also. But since the interests of each domestic industry were different -- for example, those final product manufacturers or downstream manufacturers who needed to import raw material would prefer to buy cheaper raw material, while those domestic raw material producers or upstream manufacturers might prefer to see high tariff levels for imported raw material in order to protect their own industry's interest -- Mr. Anand had to look for the way to make the policy with as little political pressure as possible. If he had decided to reduce Thailand's tariff, but other ASEAN countries had not reduce these, the Anand Government would have been faced with political pressure deriving from domestic industrialists. Meanwhile, Thailand would have also faced problems of a trade deficit with ASEAN countries, because the ASEAN products

would be easily imported to Thailand, while Thai products might not be able to be exported freely to other ASEAN countries due to tariff barriers.

“Hence, I needed to use outside pressure -- international agreement -- to force all ASEAN countries including Thailand to reduce tariffs together. If I reduced only the country’s tariff without considering how other ASEAN countries’ tariffs were, I would have been negotiating within a domestic framework. Then not only would I faced domestic opposition, but there would also be endless competing and disputes between domestic interest groups. The domestic groups, which would lose their interest, if the country’s tariffs were reduced, would come out against my policy. Meanwhile, those who supported my policy would debate with them. That policy-debate would not be able to be ended within a year meaning that this policy could not be made during my term of government. So, my strategy was to reduce tariffs by making AFTA at a regional level, and then enforcing it with domestic industries – meaning that since the government had signed an agreement with ASEAN countries, the government must reduce tariffs in accordance with the international agreement.” Mr. Anand explained (Anand Panyarachoon, President of the Saha-Union Group, 2000).

The political leadership of Mr. Anand, as Prime Minister, in the era of non-democratic government was employed to make Thailand’s AFTA policy. Prime Minister Anand and his cabinet members did not make any promise to the people about what they would do if they came to power, because they were not elected. But Mr. Anand and his cabinet members – mostly comprised of liberal technocrats, intellectuals and businessmen – were a coalition of liberal reformists who stressed liberalism, bureaucratic efficiency and fair rules for business competition with an outward-looking approach (Surin Maisrikrod, 1993: 86). Although Mr. Anand was not elected by the people, and there was no opposition parties in the parliament – meaning he faced lesser political pressure -- he held the political legitimacy that means the public acceptance of the power of the state, which is usually reflected by an acceptance of the particular regime in power (Beetham, 1991. Quoted in Surin Maisrikrod, 1993: 81). The Anand Government policies were legitimised, partly

because the Prime Minister Anand himself was able to communicate in a language that the people could understand.

In this matter, Mr. Anand accepts that his government was not from election so that there was lesser political pressure on Thailand's AFTA policy-making (Anand Panyarachoon, President of the Saha-Union Group, 2000). But it did not mean that the Anand Government was a dictator in policy-making by ignoring the mass. If the people did not understand what Thailand's AFTA policy was, they might misunderstand that the policy would bring about the dumping of cheaper products from other ASEAN countries. That would result in the closing down of domestic industry and business due to losing in the trade competition. If many domestic businesses are closing down, and the country's economy is in a crisis, ultimately, the people might lose their jobs.

"I always told my cabinet members that it was the government's duty to communicate with the people. Our policy and management must be able to explain to the people. If the people did not understand our policy and our performance, it would be our failure of explanation, not the people's failure of perception. Therefore, I always came out to explain to the business groups, the industrial groups and also the general people that what Thailand's AFTA policy was, and why we needed it." Mr. Anand explained (Anand Panyarachoon, President of the Saha-Union Group, 2000).

3.5 Thailand's AFTA Policy-Making and Bureaucratic Politics

Thailand's AFTA policy was not made through purely rational policy-making – the policy that was to maximise social gain or the policy that would give the greatest benefit over cost. But Thailand's AFTA policy was an outcome of bureaucratic politics – or in Allison's words, "political resultants" (Allison, 1971: 162-184). Since the policy had related to the responsibilities of various ministries – meaning no single official or government office possessed the decisive power to make and administer the policy – and since those influential officials had their own views on how to solve the policy problem, bureaucratic politics would inevitably exist. Not only those influential officials would try to convince the top policy-maker – the Prime Minister –

to assign the jobs of making and administering the policy to them, but they would also interact with each other to influence the policy.

3.5.1 Who were in Charge of Thailand's AFTA Policy?

During the initial period of Thailand's AFTA policy-making, there was a problem of policy-administering of which ministry should be responsible for Thailand's AFTA policy. In the past, foreign economic policy related to ASEAN had been under the supervision of many ministries, such as Finance, Commerce, Industry, and Foreign Affairs. It depended on who were ministers with ideas about ASEAN affairs, and their capacity to manage foreign economic policy (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000). Any Ministry assigned the job might represent Thailand at AEM also.

When Mr. Anand took power in 1991, the International Economic Relations Policy Board (IERPB) had already been created with a responsibility to make foreign economic relations policy. The IERPB had been set up since General Chatichai's Government in 1988. The IERPB was obliged to make the policy, to create the plan and approach, and to impose the country's roles on international economic relations. According to the IERPB structure, the IERPB however stressed the roles of the country in the international economic system rather than foreign economic policy concerned about international trade and economic activities. The IERPB structure was comprised of the Prime Minister or deputy Prime Minister as the President of the Board; the Minister of Foreign Affairs as the First Vice President, and the Minister of Commerce as the Second Vice President. The Director-General of the Department of Economics – a department belonging to the Ministry of Foreign Affairs – was assigned as the Administrative Secretary of the Board.

The Director-General of the Department of Business Economics – a department belonging to the Ministry of Commerce – was assigned to become Academic Secretary who was obligated to research and provide information on foreign economics.¹

Under Prime Minister Anand, however, the IERPБ did not get involved with Thailand's AFTA policy-making. Thailand's AFTA policy was not mainly made by this office.

“The IERPБ was not efficient in making foreign economic policy because the team leader of the Board was the Ministry of Foreign Affairs. Whenever there were meetings, they were more concerned about the diplomatic relations than with the trade benefits of the country. Hence, Prime Minister Anand did not assign the Board to make Thailand's AFTA policy.” Mr. Amaret Sila-on, who was the Commerce Minister during General Chatichai's Government in late 1980s, and also during the Anand Government era, explained (Amaret Sila-on, President of the Stock Exchange of Thailand, 2000).

Thailand's AFTA policy is a foreign economic policy which encompasses government decisions and actions that affect both foreign and economic concerns. It includes government action with an important impact on that particular government's relations with other governments and on the production and distribution of goods and services at home and abroad (Destler, 1980: 7). By this definition, Thailand's AFTA policy concerns both foreign and economic issues. It concerns foreign issues, because AFTA is an international agreement, and with the relationship with ASEAN countries. It also relates to economic issues, because it is concerned about reductions of tariffs.

¹ In 1992 (during the General Suchinda Kraprayoon Government), the IERPБ was abolished, while the new Board in charge of foreign economic policy-making was made – the so-called the International Economic Policy Board (IEPB). Its bureaucratic structure comprised the Prime Minister or Deputy Prime Minister as the President of the Board; the Minister of Commerce as the Vice President; and the Director-General of the Department of Business Economics – a department belonging to the Ministry of Commerce – as the Secretary of the Board. Meanwhile, the Department of Economics – belonging to the Ministry of Foreign Affairs – has not been authorised to be involved with the Board, but the Minister and the Permanent Secretary of the Ministry of Foreign Affairs are still members of the Board. The IEPB's duty is to make decision on foreign economic policy before sending the result to be considered by the cabinet. See more information on structures and obligations of the IERPБ and IEPB in appendix I.

So, Thailand's AFTA policy should be co-supervised by the Ministry of Foreign Affairs, the Ministry of Finance, and the Ministry of Commerce, because it is concerned about relations with other governments; international trade issues; and the production and distribution of goods and services at home and abroad.

Nevertheless during the Anand Government, the Ministry of Foreign Affairs was not assigned to be the major administrator of Thailand's AFTA policy. The Ministry of Foreign Affairs was rather assigned to focus on international politics and other diplomatic assignments than on international economic issues. It might be partly because since the late 1980s, economic issues had taken a much higher priority in Thailand's foreign policy, while the Ministry of Foreign Affairs might lack experienced officials on international economic and trade negotiations. Although Mr. Anand used to work for the Ministry of Foreign Affairs, he did not let Thailand's AFTA policy be supervised by them.

Mr. Anand explains, "The Ministry of Foreign Affairs was not technically qualified for international discussions on economic matters. This is the case in almost all ASEAN countries. In particular, the Indonesian leader did not want the Ministry of Foreign Affairs involved with the international economic cooperation process. In addition, Thailand's AFTA policy was concerned about AEM, not AMM. Hence, the Ministry of Foreign Affairs was not assigned to the job of foreign economic policy including Thailand's AFTA policy. However, the Ministry of Foreign Affairs must be informed on all steps and details of Thailand's AFTA policy, because part of the policy related to the foreign and diplomatic affairs." (Anand Panyarachoon, President of the Saha-Union Group, 2000).

The Anand Government assigned the Commerce Ministry as Thailand's representative in AEM. That should have meant that Thailand's AFTA policy would be supervised by the Ministry of Commerce. But the Ministry of Finance argued that Thailand's AFTA policy was about tariff reduction so the Finance Ministry should take care of the policy and also be responsible at AEM (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000). When there was no agreement on this issue, ultimately, the issue was given to Prime Minister Anand to make a final decision. He decided to give this policy responsibility to the Finance

Ministry. Some analysts and the Anand Government's advisors such as Dr. Narongchai believed that the decision was made based on a strategy to offset the Ministry of Finance's possible non-compliance with the policy.

"In the past, any issue involved with tariff or tax reduction would be opposed by the Ministry of Finance, because the ministry was usually concerned about national budget problems. Hence, I believe that it was Mr. Anand's strategy to assign the Ministry of Finance to take care of Thailand's AFTA policy in order to avoid negative reaction from the ministry," Dr. Narongchai explained (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000).

Mr. Anand agrees that the Ministry of Finance was usually against any plan for tariff or tax reduction, because it would affect national budget management. However, that was not the reason why Mr. Anand assigned the job to the Finance Ministry, i.e. to avoid policy rejection by the Finance Ministry. Mr. Anand disclosed that the Ministry of Finance should be responsible for Thailand's AFTA policy because it was about tariff reduction, and no other ministry was able to legally reduce tariffs other than the Finance Ministry (Anand Panyarachoon, President of the Saha-Union Group, 2000). Hence, Mr. Suthee Singhasaneh, the Minister of Finance was appointed as President of the Committee for Preparing the Acceleration of ASEAN Customs Cooperation. While the Steering Committee for Making "The Anand Initiative for a Breakthrough in ASEAN Custom Trade and Investment Cooperation" which would be about Thailand's concept of AFTA proposed to ASEAN countries, was headed by the Permanent Secretary of the Finance Ministry with the Director-General of the Office of Fiscal Policy (Mr. Nibhat Pukkanasut) as the Secretary of the Committee (The Order of Minister of Finance, July 29, 1991. Quoted in Savek Meelarpkit, 1994: 110 and 204). This committee was later called the Steering Committee for Making the Thai Conceptual Paper. However, Mr. Anand's order to place Thailand's AFTA policy under the supervision of the Finance Ministry created future problems for Thailand's AFTA policy administration. Thailand's AFTA policy is now under supervision of the Finance Ministry, but those international trade negotiations are the Ministry of Commerce's responsibilities.

Mr. Karun Kittisataporn, the Director-General of Department of Business Economics explains,

"Thailand's public administration is so unique that it cannot be considered only at the authority assigned. The President of the Committee on Thailand's AFTA policy is from the Ministry of Finance. But whenever there are foreign trade problems, the international trade negotiation will be done by the Commerce Ministry's official. For example, today's problem of AFTA is that Malaysia is trying to protect its auto-parts industry which is against the AFTA agreement. The Commerce Ministry, particularly the Department of Business Economics, not the Ministry of Finance, is assigned to negotiate with Malaysia." (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000).

Three key persons were assigned by Mr. Anand to take care of Thailand's AFTA policy: (1) Dr. Suthee and the Finance Ministry officials were looking after national and regional tariff affairs; (2) Mr. Amaret and Commerce Ministry officials, including Mr. Karun, were taking care of AEM and international negotiations; and (3) Dr. Narongchai whose position was changed from the Prime Minister's Economic Advisor to the Prime Minister's representative on ASEAN affairs. Mr. Anand acted as leader of the team. He would assign jobs to these persons. He would always call for informal discussion on the policy.

Mr. Amaret explains, "Mr. Anand would assign a particular task related to Thailand's AFTA policy to particular person(s). There was no one person for all tasks, and there was no one task for all persons. For example, Mr. Anand was so smart by assigning the first task to the Ministry of Finance (Dr. Suthee) that was to visit ASEAN countries and discuss the possibility of tariff reduction. It was because tariff and tax issues were formally supervised by the Finance Ministry. Furthermore, the Ministry of Finance would be the most affected office under AFTA because the ministry's source of income would be decreased derived from reduction of import products' tariffs. Then Mr. Anand began to assign me as Commerce Minister to go abroad for trade negotiations. It was for finding out the common determination of ASEAN's problems of trade." (Amaret Sila-on, President of the Stock Exchange of Thailand, 2000).

A main reason for Mr. Anand to assign Thailand's AFTA policy to these three key persons (Dr. Suthee, Mr. Amaret and Dr. Narongchai) was that not only did they agreed with Mr. Anand on the policy, but they also had similar ideas on world economics as Mr. Anand. These persons' notions would influence Thailand's AFTA policy.

Dr. Suthee viewed that AFTA would benefit the region, but he also accepted that some countries, particularly Thailand, would lose import tax revenue (Bangkok Post, 1991, October 10: 17). He stated that the expected losses of Thailand's import tax revenue would show that Thailand did not want to take advantage of other ASEAN countries (Bangkok Post, 1991, October 10: 17). Meanwhile, Mr. Amaret viewed AFTA as bringing about stronger ASEAN industries because it would help reduce protectionism.

"Certainly, every country has its own sensitive industries, particularly the industries involving national security, and domestic employment. It would be the government's decision to consider the overall consequences of protection in each industry. But in the case of Thailand, I was quite disappointed that protection was raised by the private sector, while the public sector did not consider the affect of protection to the whole society. We should end the protection of industry that has no future," Mr. Amaret said (Amaret Sila-on, President of the Stock Exchange of Thailand, 2000).

Mr. Amaret formerly worked in the cement industry before becoming Minister of Commerce for the Chatichai and Anand Governments. He is a supporter of liberalism and believes in free competition to bring about the efficiency of industry. For example, Thailand's cement industry has long been freely competitive. As the Managing Director of Thai Cement (Public) Co., Ltd., he had to develop the industry to compete with other cement companies. He cites the result of liberalisation in the cement industry in Thailand that by the early 1990s, Thailand's biggest cement company – Thai Cement (Public) Co., Ltd. – was bigger than the biggest cement company in Japan (Amaret Sila-on, President of the Stock Exchange of Thailand, 2000).

“So, why should we fear free competition,” Mr. Amaret asked (Amaret Sila-on, President of the Stock Exchange of Thailand, 2000).

“Excluding Singapore, Thailand’s economic system is the most flexible in the region. I believe that any open market country that can rapidly adapt itself to cope with changing situations will have an advantage, which Thailand is able to do. Moreover, our infrastructure, transportation system, trading system and legal system are prepared for trade liberalisation. However, I rather believe in regional liberalism that should be our first step before going to the global level. AFTA is our best step for regional liberalisation,” Mr. Amaret explained (Amaret Sila-on, President of the Stock Exchange of Thailand, 2000).

During the process of Thailand’s AFTA policy-making, Mr. Amaret was working closely with Mr. Karun, the Deputy Director-General of the Business Economic Department and also Secretary to the Minister of Commerce in 1991. A year later, Mr. Karun became the Director of the Office of the international Economic and Trade Coordination during the Chuan Government. Mr. Karun now is the Director-General of Department of Business Economics. Mr. Karun always accompanied Mr. Amaret for international trade negotiations. Mr. Karun who usually attended the Senior Economic Official Meeting (SEOM) – the meeting of ASEAN senior economic official – assisted Mr. Amaret in terms of international trade negotiations.

“In political terms, I helped Mr. Amaret as his secretary. I usually went abroad with Mr. Amaret for international trade negotiations. By the same token, I have been a bureaucrat working for Department of Business Economics which is responsible for making foreign economic policy. It then has been my duty to involve with Thailand’s AFTA policy-making,” Mr. Karun said (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000).

Mr. Karun views AFTA as something that ASEAN could not avoid (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000). The lesser FDI in Thailand and in other ASEAN countries during the early 1990s, the establishment of regional economic blocs such as NAFTA, and the trend of freer trade according to GATT at the Uruguay Round were reasons for Thailand’s AFTA policy-

making (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000).

“During the early 1990s, we were sure that Thailand was able to compete in the world market. Under AFTA, we might face some problems affecting some industries. But by the definition of free trade, we could not select only some industries for free trade. It must include substantially all kinds of products, according to the GATT definition of free trade,” Mr. Karun said (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000).

Mr. Karun also views himself as a believer in global liberalism. He believes that global liberalism is the only way to make trade benefit all countries, regardless of size.

He explains, “When all countries are under the rules of WTO that is transparent and standardised. International trade disputes will be easily solved because in order to make a fair trade, all countries must perform in accordance with WTO’s rules and regulations. There would be no practices of unfair trading. Meanwhile, regional liberalism is able to work only if it does not obstruct the multilateral agreement on trade.” (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000).

3.5.2 Interactions among Policy-Makers

Although those persons who were assigned by Mr. Anand to take care of Thailand’s AFTA policy have similar ideas on AFTA, world economics and national economic development, there were some disagreements on the policy content. The non-cooperative behavior of senior bureaucrats and the interaction between officials in the Anand Government over issues on Thailand’s AFTA policy occurred. Particularly, the position of Dr. Narongchai as the Prime Minister’s representative of ASEAN affairs caused dissatisfaction among some senior officials of the Commerce Ministry, who thought they should head the international trade negotiations.

Dr. Narongchai says that according to Thailand’s protocol, his position of Prime Minister’s representative was equal to a ministerial position. That would mean that in international negotiations, he represented the head of the Thai government, not a bureaucratic office.

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“My position was so meaningful in terms of international politics, but it made problems for bureaucrats, particularly permanent secretaries of ministries. They were dissatisfied with my position because it seemed that I had a higher rank than a permanent secretary of a ministry.” Dr. Narongchai explained (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000).

Complaints were made by a senior bureaucrat of the Commerce Ministry about Dr. Narongchai by-passing authority (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000).¹ That complaint was given to Mr. Anand, but he only warned Dr. Narongchai to work carefully, because Dr. Narongchai’s roles were seriously watched by high ranking bureaucrats. An example of a disagreement between Dr. Narongchai and this senior bureaucrat at the Ministry of Commerce happened during the AEM in Kuala Lumpur (October 7-8, 1991). The senior bureaucrat of the Commerce Ministry and his subordinate officials were in Kuala Lumpur days before the AEM because they had to attend the SEOM. A night before the AEM, Thai officials including Dr. Narongchai and Mr. Amaret were discussing with each other about the AFTA proposal that must be proposed at AEM. However, most officials believed that the proposal would be turned down by Indonesia. The senior bureaucrat believed that turning down Thailand’s proposal of AFTA would damage the country’s image (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000). Ultimately, however, AFTA was approved by ASEAN countries at the AEM (see more explanation on international dimension of Thailand’s AFTA policy-making in part 3.7).

“At AEM, I was sitting in the front with Mr. Amaret, while that senior bureaucrat was sitting in the back. It might be because he was not happy with my position that he decided to sit in the back. In addition, he did not help us (Mr. Amaret and I) so much on international negotiations with other ASEAN countries’

¹ The researcher regrets and would like to apologise that research includes only some key informants involving Thailand’s AFTA policy, while some key informants declined to give an interview. Hence, in order to protect the rights and reputations of those officials who are cited by key interviewees, names of those persons might not directly appear in this research.

representatives,” Dr. Narongchai said (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000).

Another non-cooperative behavior happened again at the SEOM in Singapore (December 20-21, 1991). It began with Dr. Suthee’s suggestion of appointing a senior bureaucrat as the head of mission at SEOM. Dr. Narongchai as Prime Minister’s representative was proposed to join SEOM too. The first Prime Minister’s order was as per Dr. Suthee’s recommendation. But before leaving the country for SEOM in Singapore, the Prime Minister’s order was changed from appointing that senior bureaucrat as the head of mission to appoint Dr. Narongchai as the head of the mission instead. That might be because the Prime Minister needed to use Dr. Narongchai’s experience working for the both public and private sectors that might be useful for international negotiations (Savek Meelarpkit, 1994: 121-124).

At SEOM, when ASEAN economic officials were drafting the Common Effective Preferential Tariff Scheme (CEPT) for AFTA, there was a problem of wording and the Philippines sent their best legal expert from the Commerce Ministry for negotiations. Dr. Narongchai then asked for help from the senior bureaucrat who was sitting at the back of the meeting table.

“He told me that since I had the mandate from the Prime Minister to do the job, I should do it myself. I got no cooperation from him. I did not know whether or not he was for or against AFTA, and I had no idea of his philosophy of free trade. But I believe that my position as the Prime Minister’s representative, not my idea on AFTA, angered him,” Dr. Narongchai explained (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000).

The disagreement between the senior bureaucrat and Dr. Narongchai did not derive from their different ideas on world and regional economics. It derived from the Anand Government’s public administration approach that appointed a person from private sector (Dr. Narongchai) not only to have authority over senior bureaucrats, but also to represent the government at an international meeting (SEOM) where it had usually been represented by a senior bureaucrat.

At the policy-making level, there were some disagreements among people from the private sector who were appointed by Mr. Anand to hold political positions,

and cabinet members. One obvious disagreement was between Dr. Amnuay, the Prime Minister's Chairman of the Advisory Board on ASEAN Economic Cooperation and Dr. Suthee, the Finance Minister.

In mid September 1991, Dr. Amnuay said,

"Plans for AFTA should incorporate finance and banking. I would propose the idea to the Prime Minister...The idea to economically-integrate ASEAN nations should not be solely restricted to trade. Although it would probably take up to 10 years to fully implement the AFTA plans, cooperation on finance and banking may require much less time. Thailand could compete with other ASEAN members in the financial service area and allow other countries to establish services here without posing problems for Thai banks. This would enable Thai banks to experience outside competition," (Bangkok Post, 1991, September 10: 26).

On the same day, Dr. Suthee argued immediately that he had no policy to allow foreign banks to set up in Thailand (Bangkok Post, 1991, September 10: 26). However, ultimately, there was no issue of including finance and banking areas into AFTA. This event had shown the public that in some circumstances the position of Finance Minister, as a policy-maker, was far more powerful and influential than a Prime Minister advisor who was only a policy advocate. The post of Finance Minister might give Dr. Suthee better information on the policy issue that could convince the Prime Minister not to include free trade in finance and banking in AFTA. The interpersonal relations between the Finance Minister and the Prime Minister Anand might be another reason to explain why the Finance Minister had more influence than Dr. Amnuay.

Mr. Amaret explains about the special characteristics of the Finance Minister.

"Dr. Suthee, the Finance Minister, was among the most respected cabinet members of the Anand Government, because he was the senior person with high experience in national economic management. Whatever he said in the cabinet meeting would be carefully and seriously listened to by other cabinet members, including Prime Minister Anand," Mr. Amaret said (Amaret Sila-on, President of the Stock Exchange of Thailand, 2000).

Meanwhile, in some circumstances the policy advocate might have more influence over a particular policy, in this case Thailand's AFTA policy, than a policy-maker. An example of a victory of a policy advocate was the establishment of a new organisation at the ASEAN level to take care of AFTA affairs. It began when Dr. Narongchai was back from the SEOM in Singapore and reported the results to the Prime Minister. One significant report was that Thailand's proposal to set up an AFTA Council or ASEAN Tariff Commissioners was not approved by SEOM, but Dr. Narongchai still confirmed that it would be necessary to set up a special organisation to directly take care of AFTA (Narongchai Akraseranee, A report giving to the Prime Minister on the result of the fourth SEOM Preparatory Committee on AFTA Affairs, December 20-21, 1991, Singapore. Quoted in Savek Meelarpkit, 1994: 125-126).

"Since AFTA would be concerned about tariff reduction, there should be a special group taking care of tariff matters. For example, in the Thai way of public administration, we have a tariff commission. Then I proposed at SEOM to include a Finance Ministry official to take care of an AFTA Council. But Ms. Rafidah from Malaysia did not want it, because she believed that ASEAN trade should be the Ministry of Commerce's task instead," Dr. Narongchai said (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000).

However, the Minister of Commerce (Mr. Amaret) made another report on the results of the SEOM to the Prime Minister. Most details and suggestions in the report were similar to Dr. Narongchai's report, except for one issue – the establishment of an AFTA Council.

In the Minister of Commerce's report, it partially stated,

"The recommendation to set up a new organisation at ASEAN level to be directly responsible in CEPT/AFTA was seriously rejected by ASEAN members. It was because organisations responsible in this matter already existed – AEM and SEOM – in which these organisations could set up sub-organisations to take care of AFTA whenever it was necessarily and suitable," (Ministry of Commerce's note to Prime Minister at 0704/8545. December 27, 1991. "Thailand's AFTA proposal." Quoted in Savek Meelarpkit, 1994: 128).

Dr. Narongchai says about this issue, "I did not know whether or not Mr. Amaret wanted to create an AFTA Council. But certainly the idea was opposed by Commerce Ministry's official, particularly one senior bureaucrat." (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000).

The Minister of Commerce's note to the Prime Minister might have two interpretations. First, the Minister of Commerce worried that the council's work might duplicate the AEM's and SEOM's work. Ultimately, there might be no unity of decision-making on AFTA management. Second, the Minister of Commerce worried that those who used to be responsible on AEM and SEOM -- particularly senior Thai bureaucrats and maybe other ASEAN countries' senior bureaucrats -- might also not be happy with the establishment of an AFTA Council. This small point of disagreement might bring about endless debate on how AFTA should be implemented, and ultimately AFTA might not be created during that period. All of the Anand Government's attempts to enhance ASEAN economic cooperation would fail. Therefore, Mr. Amaret's note to the Prime Minister seemed to reject the establishment of an AFTA Council as a new organisation in ASEAN.

The Minister of Commerce's note was agreed to by Dr. Suthee -- the Finance Minister and the President of the Committee for Preparing the Acceleration of ASEAN Customs Cooperation.

The report from the committee meeting at 1/1992 (January 6, 1992) stated,

"The establishment of a new organisation would make senior economic officials feel a loss of power, and it would have a negative impact on AFTA. So, we should keep the draft on AFTA as a result of SEOM in Singapore (December 20-21, 1991) because anyway the SEOM is able to set up a sub-committee to take care CEPT/AFTA." (Ministry of Finance, "Report on the Result of the Meeting of the Committee for Preparing the Acceleration of ASEAN Custom Cooperation, at 1/1992", January 6, 1992. Quoted in Savek Meelarpkit, 1994: 130).

When there was disagreement over any public issues among cabinet members or among cabinet members and the Prime Minister's advisors, ultimately the one who must make a decision was the Prime Minister -- Mr. Anand. The AFTA Council, however remained part of Thailand's proposal because the prime minister needed it

(Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000). This occurrence showed that the position of policy-advocate such the Prime Minister's advisor or the Prime Minister's representative, was also a domestic influence affecting Thailand's AFTA policy-making. In addition, it might be because Dr. Narongchai and Mr. Anand had been working together on the issue of AFTA since the mid 1980s, Dr. Narongchai was able to convince Mr. Anand on the policy issue. The interpersonal relations between Dr. Narongchai and Mr. Anand might be a reason for Dr. Narongchai's influence over Thailand's AFTA policy-making.

The Thai proposal for the establishment of an AFTA Council was approved by ASEAN members at SEOM (January 18-22, 1992). The AFTA Council was made for the purpose of implementing the CEPT agreement. The Council is composed of Ministers from ASEAN member states and the Secretary General of ASEAN. The AFTA Council is responsible for supervising, coordinating, and reviewing the implementation of the CEPT agreement. It is assisted in the performance of these functions by the SEOM and the ASEAN Secretariat (ASEAN Secretariat, 1993: 8).

3.6 Fast Track Products

In the first period of Thailand's AFTA policy-making, there was no proposal or idea of having fast track products for accelerated tariff reduction, because everyone in the Thai Government preferred a 10-year timeframe to implement AFTA. Hence, at the 24th AEM in Kuala Lumpur, Malaysia (October 7-8, 1991), Thailand had proposed a 10-year timeframe for implementing AFTA. It was supported by Singapore, but rejected by Indonesia and the Philippines, because they said they needed time to adapt. The result of this AEM was a 15-year timeframe to implement AFTA.

However, AFTA might not be able to have any economic or political impact if the timeframe for implementation was too long. Therefore, Thailand's Committee for Preparing the Acceleration of ASEAN Customs Cooperation agreed to make a fast track list of products for accelerated tariff reduction within 10 years. In November 1991, the committee agreed to set up a working group to select products to be

included on the fast track list. Dr. Bandit Nitchthavorn from the Bank of Thailand (BOT) was assigned to head the working group. This working group was assigned to make a research paper, "Technical Paper on Initial Selection of Sectors Feasible for AFTA and Long-term Action Plan".

At that particular time, BOT was seen as a neutral government office with expertise in academic research, particularly on how to make policy based on international standards. Dr. Bandit was with the research division of BOT so that he was assigned as the head of working group. He had liberalist economic ideas and believed in the market mechanisms.

He says, "It has been widely accepted that protectionism is not efficient, while the market mechanism has proved to be a better system. However, if the market mechanism is distorted, without real free competition, it might result in unfair trade, which is very dangerous in the era of globalisation. Therefore, I always support the real or perfect market mechanism with fair competition." (Bandit Nitchthavorn, Chief of the Bank of Thailand's Northern Branch, 2000).

Dr. Bandit had positive views about AFTA, believing that regional liberalisation such as AFTA would also help expand the national market.

He explains, "Regional liberalisation derives from imbalance in the world economy between the developed and developing countries, and the feeling among developing countries that markets are a failure in the world economy. So the cooperation among developing countries, particularly countries in the same geographical areas, is needed to solve the imbalance in the world economy. AFTA which is a form of Southeast Asian regional cooperation, will reduce or break the barriers that limit the free flow of goods across the border in this region. It will promote foreign trade and foreign investment in the region in which these are main objectives of a free trade area. The domestic producers will enjoy a bigger market, and the benefits of specialisation, and by the same token, they will have to upgrade their products, and productive processes to compete domestically and internationally," (Bandit Nitchthavorn, Chief of the Bank of Thailand's Northern Branch, 2000).

Dr. Bandit is a bureaucrat, and an academic whose economic analysis must be neutral and fair to all domestic industries. His position at the BOT provided him with

sources of respective information on the policy issue. Meanwhile, he had no interest with any private sectors so that he did not need to protect any particular industries. The comparative study of products to be included in the fast track list was done by the working group, but there was no cost-benefit analysis for the products. Moreover, there was no private sector involvement in the study process, but many related public agencies supplied information to the working group (Bandit Nitchthavorn, Chief of the Bank of Thailand's Northern Branch, 2000).

"AFTA is an idea with a clear mission – reducing tariffs. So, my job was to study industrial sectors to support AFTA. It was to make a suggestion of products list for accelerating of tariff reduction. I never thought about protecting domestic industry during my analysis. I only tried to demonstrate in theoretical terms. However, our decision-making must be explained to the public, too," Dr. Bandit explained (Bandit Nitchthavorn, Chief of the Bank of Thailand's Northern Branch, 2000).

However, the main problem that the working group needed to solve was how to balance between national and regional interests. In terms of serving the national interests, all proposed products must strengthen Thailand's trade potential within the region. It means that products should lead to increased intra-ASEAN trade, particularly trade between Thailand and other ASEAN countries. For regional interests, they must be accepted by all ASEAN members.

"It was necessary for us to select the right products in the sense that they would not be rejected by other ASEAN members. It meant that the result of Thailand's proposal should not make ASEAN members fear that they were in a disadvantaged position. In the long term, these products must benefit not only Thailand but also all ASEAN members," Dr. Bandit said (Bandit Nitchthavorn, Chief of the Bank of Thailand's Northern Branch, 2000).

Ultimately, Thailand proposed seven industrial product sectors for accelerated tariff reduction within 10 years. These product sectors were:

- (1) Wood and wood products;
- (2) Leather and leather products;
- (3) Apparel products;
- (4) Precious stones and jewelry;

- (5) Fertilizers;
- (6) Cement; and
- (7) Pulp.

At AEM (January 23-24, 1992) in Singapore, these seven products were approved for accelerated tariff reduction that would reach between 0 and 5 percent within 10 years. Other ASEAN countries also proposed more products to be grouped in the fast track list.

Consequently, the following fifteen products were on the fast track list:

- (1) Wood and wood products (proposed by Thailand and Indonesia);
- (2) Leather and leather products (proposed by Thailand);
- (3) Apparel products (proposed by Thailand);
- (4) Precious stones and jewelry (proposed by Thailand);
- (5) Fertilizers (proposed by Thailand);
- (6) Cement (proposed by Thailand);
- (7) Pulp (proposed by Thailand);
- (8) Vegetable oils (proposed by Malaysia);
- (9) Chemical products (proposed by Singapore);
- (10) Pharmaceuticals (proposed by Singapore);
- (11) Plastic products, including petrochemicals (proposed by Singapore);
- (12) Rubber products (proposed by Malaysia);
- (13) Ceramic and glass products (proposed by Indonesia and Philippines);
- (14) Copper cathodes (proposed by Philippines); and
- (15) Electronic products (proposed by Singapore and Malaysia).

“We debated among the Thai officials that if we proposed a fast track list, other countries would propose their own list of products also. But the fast track list was necessary if we needed to make AFTA as a fruitful regional agreement,” Mr. Karun explained (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000).

Some products proposed by the other countries might cause problems for Thailand if their tariffs were reduced. Industries that might put Thailand in a disadvantaged position were vegetable oils, plastic and petrochemical products, and

some chemical and electronic products (See the case studies on palm oil and plastic and petrochemical products in chapter 5.). Thailand seem to import these products from ASEAN countries rather than export them to other countries (Wisarn Puppavesa, 1996: 4).

In this matter, Dr. Narongchai says that it was inevitable that Thailand had to accept them.

“These products proposed by other ASEAN countries did not seem to be prepared before the meeting, so they proposed their most competitive products for the fast track list. For example, vegetable oil and rubber were among the highly competitive products of Malaysia, while Singapore’s petrochemical industry was the most developed in Southeast Asia. However, we could not deny their proposal, although we realised that we might not be able to compete in some products. We had proposed seven products, so that when they proposed more products, we could not say no. A compromise was needed. There was no need for any trade-off between countries on any products, and there was no impact study of other ASEAN countries’ proposed products, because we did not know what they would propose. We then agreed to fifteen products on the fast track list,” Dr. Narongchai explained (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000).

However, before that, Mr. Amaret expected other ASEAN countries would propose their competitive industries for the fast track list. But Mr. Amaret strongly believed in free trade, and Thailand’s capacity to deal with free trade in ASEAN. So, he did not take an account so seriously of other ASEAN countries’ fast track list proposals (see more on Mr. Amaret’s idea about two fast track products – palm oil and petrochemicals -- in chapter 5).

“I believed that Thailand was competitive enough to cope with a regional free trade area. We should not fear competition. Therefore, I felt nothing when those ASEAN countries proposed their most competitive industries for the fast track list,” Mr. Amaret explained (Amaret Sila-on, President of the Stock Exchange of Thailand, 2000).

3.7 International Dimensions of Thailand's AFTA Policy

After his mission to ASEAN member countries during late May 1991, the Thai government led by Prime Minister Anand then began to draft Thailand's AFTA policy in order to propose it to other ASEAN members. At the 24th AMM in Kuala Lumpur, Malaysia (July 19-20, 1991), Thailand raised AFTA as its proposal for enhancing ASEAN economic cooperation, while other countries also proposed their ideas on ASEAN economic cooperation. These were: (1) East Asian Economic Grouping (EAEG) of Malaysia; (2) Common Effective Preferential Tariff (CEPT) of Indonesia; (3) the Philippines' Treaty of ASEAN Economic Cooperation; and (4) Singapore's Growth Triangle (Savek Meelarpkit, 1994: 110). Although Malaysia tried to propose EAEG, the Malaysian Prime Minister, Dr. Mahathir Mohamad, was the first ASEAN leader who formally announced support of the Thailand idea of AFTA.

In his opening address to the 24th AMM, Dr. Mahathir emphasized, "At this time of uncertain global economic developments brought about by trade disputes between economic superpowers, rising protectionism and closed regionalism, ASEAN and other East Asian countries must act in concert to maintain an open global trading system...ASEAN must proceed to a higher plane of cooperation, collective action and self-reliance in order to have an effective voice at international, inter-regional and multilateral levels," (ASEAN Secretariat, 1992: 21-22).

He also supported the proposal made by the Prime Minister of Thailand for the establishment of a free trade area by the turn of the century. The AMM also agreed that the senior officials of ASEAN would undertake further study and discussions (on AFTA) for submission to the forthcoming ASEAN Summit in Singapore in January 1992 (ASEAN Secretariat, 1992: 26).

The first draft on Thailand's AFTA policy was made in August 1991 (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000). Then in September 1991, Mr. Anand ordered Dr. Suthee, as the Head of Mission, to go abroad to propose Thailand's AFTA policy concept to ASEAN countries. Dr. Suthee and his team, including Dr. Narongchai, permanent secretaries of ministries such as Foreign Affairs, Commerce and Industry began by visiting Indonesia, (September 10-12,

1991). Indonesia was the biggest, the least developed and most influential country in ASEAN. Past attempts to create a free trade area in ASEAN had been rejected by Indonesia. Indonesia then was the most important country for Thailand to convince. Dr. Suthee and his team decided to visit Indonesia first in order to observe Indonesian reactions to the proposal. However, the response of the Indonesian government to Thailand's proposal of AFTA seemed a disappointment. Mr. Hartarto, the Indonesian Minister of Industry rejected the Thai proposal.

"Not only did Mr. Hartarto reject the idea on AFTA, but he also proposed CEPT as a new measure for enhancing ASEAN economic cooperation. Mr. Hartarto believed that the word "free trade area" was not acceptable politically. CEPT was more acceptable, because ASEAN tariffs would be reduced to the common level of 20 percent. We also tried to sell the idea of AFTA to Mr. Ajoyo, the Indonesian President's Economic Advisor. From what I know, Mr. Ajoyo had told the Indonesian President (Mr. Soeharto) that he agreed with Thailand's proposal, but Mr. Hartarto rejected the proposal. Then we recognised that Mr. Hartarto was the most important Indonesian Minister whom we must try to convince. The second time we met Mr. Hartarto during this mission, we then proposed to define "free trade" not as 0 percent tariff, but between 0 and 5 percent tariff. Mr. Hartarto then accepted Thailand's proposal of AFTA, but he still recommended to use another word beside "free trade area"." Dr. Narongchai explained (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000).

After the trip to Indonesia, Dr. Suthee and his team then returned to Bangkok, rested for a few days, and then went to Malaysia, Singapore and Philippines. In Malaysia, they met Mr. Anwar Ibrahim, the Finance Minister and Ms. Rafidah Aziz, the Minister of International Trade and Industry. The Malaysian Ministers and the Singaporean Ministers agreed with Thailand's idea for a free trade area in ASEAN. Then Dr. Suthee and his team went to Philippines to meet Dr. J. Estanislao, the Finance Minister of the Aquino Government. In the Philippines, it was very easy to get agreement with Thailand's proposal, because free trade area in ASEAN had long been supported by the Philippines since the late 1970s.

“We could conclude that the results of the ASEAN trip were quite successful, because most ASEAN countries agreed with us. Only Indonesia was not completely convinced yet. Actually, Indonesia did not reject the philosophy of economic cooperation, but they disagreed with the wording “free trade area”. We then planned to try to convince Indonesia again before the AEM in Kuala Lumpur (October 7-8, 1991). Our proposal must be agreed upon at the AEM in order to leave us two months for drafting an agreement to be presented at the summit in Singapore in January 1992,” Dr. Narongchai explained (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000).

When Dr. Suthee returned to Bangkok, the Thai Conceptual Paper was revised to include the ideas of other ASEAN members. For example, the timeframe for implementing AFTA changed from 10 years to 15 years, and the paper’s title was changed to “The ASEAN Free Trade Area: A Proposal” (Savek Meelarpkit, 1994: 111). During the period between the end of Dr. Suthee’s trip in ASEAN and the 23rd AEM in Kuala Lumpur (October 7-8, 1991), there were attempts by Mr. Anand to convince ASEAN countries, particularly Indonesia to agree with Thailand’s AFTA proposal (Anand Panyarachoon, President of the Saha-Union Group, 2000).

“It was quite possible that I directly contacted the Indonesian President before the 23rd AEM. There were letters for discussion with Indonesia on Thailand’s AFTA proposal. But normally, I usually sent Mr. Amaret for international negotiations on this matter,” Mr. Anand said (Anand Panyarachoon, President of the Saha-Union Group, 2000).

Although Indonesia was the least developed country in ASEAN, it was the most important ASEAN country, because of its size, number of population and its past activate roles in ASEAN. Therefore, Thailand’s role in making AFTA must not be too outstanding. A compromising way that could make Indonesia agree with Thailand’s proposal was seen as necessary by Thai officials and policy-makers such as Mr. Anand, Dr. Narongchai, Mr. Karun and Mr. Amaret.

Mr. Anand explains, “We (Thailand) did not need to have a more prominent role than Indonesia – the biggest country in ASEAN -- because whether or not AFTA would be agreed upon by ASEAN countries depended on Indonesia. It was believed

that whether or not ASEAN could achieve economic cooperation depended on the least economically development country in ASEAN – Indonesia. If we walk too fast and Indonesia cannot follow us, AFTA might not achieve its objectives. So, we needed to have an acceptable ASEAN economic cooperation program that satisfied Indonesia,” (Anand Panyarachoon, President of the Saha-Union Group, 2000).

Consequently, the Thai government changed its diplomatic strategy from proposing AFTA to suggesting the use of Indonesia’s CEPT as the main mechanism for making AFTA work. CEPT was employed to divide products into two main groups: products with tariffs higher than 20 percent; and products with tariffs lower than 20 percent. This proposal was presented at the 23rd AEM in Kuala Lumpur, Malaysia (October 7-8, 1991).

The result of the 23rd AEM was the joint press statement, “Ministers agreed that the new initiatives embody elements (Thailand’s AFTA, EAEG of Malaysia, CEPT of Indonesia, the Philippines’ Treaty of ASEAN Economic Cooperation, and Singapore’s Growth Triangle) which are inter-related and intended to expand trade and investment cooperation among ASEAN member countries. In this regard, the AEM decided to treat the new initiatives as part and parcel of an integrated package toward the creation of a truly liberalised ASEAN market...The ministers, in acknowledging the interrelationship of new initiatives, agreed that all member countries should subscribe to the establishment of the ASEAN Free Trade Area (AFTA) simultaneously so as to create within the timeframe of 15 years a truly liberalised ASEAN market with a Common Effective Preferential Tariff (CEPT) in the range of 0-5 percent for manufactured products. They also agreed that AFTA shall be effected mainly through the CEPT scheme, while the improved Preferential Trading Arrangements (PTA) scheme will continue to be applied as a complementary tool (ASEAN Secretariat, 1992: 32).

It has been an ASEAN way of cooperation that all member countries’ proposals must be recognised. Any ASEAN agreements must be based on consensus among member countries. Hence, although Thailand’s proposal of AFTA was seen by ASEAN members as a good way to liberalise the ASEAN market, the joint press statement of the result of 23rd AEM must cite about all ASEAN countries’ proposals.

Particularly the proposal of Indonesia must be respected at the meeting in order to prevent Indonesia's rejection of AFTA. As a result, Indonesia's CEPT Scheme was agreed at the 23rd AEM that it would be used as a major mechanism for making AFTA work.

At the SEOM (November 25-27, 1991), Thailand proposed using a sectoral approach for reducing tariffs. Those products with tariffs lower than 20 percent would reach 0 and 5 percent within 7 to 10 years; those products with tariffs higher than 20 percent would reach 20 percent within 5 to 8 years; and then continuing to reduce tariff until reaching 0 to 5 percent, but the total timeframe for all products to reach 0 to 5 percent tariff must not be more than 15 years (Ministry of Finance's Report on the Meeting of the Committee for Preparing the Acceleration of ASEAN Custom Cooperation, at 3rd /1991, December 2, 1991. Quoted in Savek Meelarpkit, 1994: 119).

The SEOM agreed to make two ASEAN economic cooperation agreements: (1) Framework Agreement on Enhancing ASEAN Economic Cooperation, which included AFTA; and (2) Agreement on Common Effective Preferential Tariff Scheme Leading to an ASEAN Free Trade Area. However, some parts of the result of the SEOM were not as Thailand expected. For example, the SEOM did not have an agreement on a sectoral approach for tariff reduction, but applied a product-by-product approach and an across-the-board approach which would not be different from ASEAN-PTA (Savek Meelarpkit, 1994: 120). Moreover, the timeframe for reducing tariffs on products with more than 20 percent tariff seemed to be 15 to 18 years rather than within the 15 years as Thailand proposed. The SEOM also agreed on an ASEAN minus x (6 – x) system which was different from Thailand's proposal that needed all countries to join the scheme.

The Thai Government had to take its proposals back and amend them in order to propose them again at the SEOM in December 20-21, 1991. Those documents that would be proposed at SEOM in December were: (1) Technical Paper on Initial Selection of Sectors Feasible for AFTA and Long-term Action Plan; (2) Proposed Amendments to the Framework Agreement on Enhancing ASEAN Economic Cooperation and Agreement on the CEPT Scheme Leading to an AFTA (Ministry of

Finance Note on AFTA to the Prime Minister, at 0302/67393, December 6, 1991. Quoted in Savek Meelarpkit, 1994: 122).

Dr. Narongchai was assigned to head the mission at the SEOM in Singapore (December 20-21, 1991). Once again, the results of the SEOM disappointed the Thai Government, particularly Dr. Narongchai who led Thailand's international trade negotiation team. The SEOM decided: (1) there would be no sectoral approach to tariff reduction, but a product-by-product approach would be used; (2) there would be an exclusion list which comprised non-processed agricultural products and capital goods; (3) there would be no AFTA Council; (4) products with tariffs lower than 20 percent would reach 0 to 5 percent within 7-10 years, while products with tariffs higher than 20 percent would be lower than 20 percent within 5-8 years, and their tariffs would continue to be reduced to reach 0 to 5 percent, but the timeframe would not be more than 15 years (Ministry of Finance's Report on the Meeting of Committee for Preparing the Acceleration of ASEAN Custom Cooperation at 1/1992, January 6, 1992. Quoted in Savek Meelarpkit, 1994: 123).

Dr. Narongchai then reported these results of the SEOM and also suggested ways to accelerate the existence of AFTA to the Prime Minister. These were: (1) changing the name of agreement to "Agreement on CEPT for AFTA" in order to stress AFTA; (2) having ASEAN officials directly taking care of CEPT/AFTA; (3) having a sectoral approach for tariff reduction; (4) having an ASEAN minus x system; (5) having informal meetings between the Thai Prime Minister and other ASEAN countries' leaders; (6) spreading news that AFTA would be the main issue for the ASEAN Summit in Singapore (Narongchai Akraseranee's Report to the Prime Minister on the Result of the Forth SEOM Preparatory Committee on AFTA Drafting, December 24, 1991. Quoted in and excerpted from Savek Meelarpkit, 1994: 124-125). Mr. Amaret also agreed with Dr. Narongchai, except on the issues of the AFTA Council (see more information in 3.6) and the focus on a sectoral approach. Mr. Amaret believed that Thailand should not stress a sectoral approach, but rather focus on clear definitions of each sector. However, ultimately, Mr. Anand decided to make AFTA as suggested by Dr. Narongchai; that were to have AFTA Council and to use a sectoral approach (see more information and analysis in 3.6).

It was because the agreement on AFTA had not been finalised yet, while it was only a month left before the Summit. Mr. Amaret then recommended to the Prime Minister that Thailand should negotiate with other countries at a higher level than the senior official level.

Consequently, about a week before the ASEAN Summit, Mr. Amaret and Mr. Karun went to Indonesia to meet Hartarto for a final effort to convince Indonesia to agree with Thailand's proposal.

Mr. Karun explained that the main reason that Indonesia did not agree with Thailand's proposal,

"Indonesia was not confident about whether or not Thailand was seriously committed to AFTA, because our tariffs were highest compared with other ASEAN countries." (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000).

"We had a mandate from the Prime Minister to convince Indonesia about Thailand's role in AFTA. We told Mr. Hartarto that our products with tariffs higher than 30 percent would be immediately reduced to 30 percent within a year (after the agreement was signed). The products with tariffs higher than 20 percent would be immediately reduced to 20 percent within one or two years. Before the end of meeting, Mr. Hartarto asked us which country was next after Indonesia. We told him that we would go nowhere, but home. These points made Mr. Hartarto feel more confident about Thailand's stand on AFTA and that Thailand would seriously reduce tariff and that Indonesia was seen by the Thai government as the most important country to discuss with. He then promised that he would discuss Thailand's proposal with the Indonesia President." Mr. Karun said (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000).

However, Mr. Amaret's trip to Indonesia was not known by other involved officials including Dr. Narongchai. It seemed to be Mr. Anand's diplomatic strategy to make Mr. Amaret's trip to Indonesia informally. In addition, it was a way of Mr. Anand's public administration that no one person for all tasks, and no one task for all persons. Hence, the trip of Commerce Minister to Indonesia was not made publicly. At the AEM (January 23-24, 1992) in Singapore, Dr. Narongchai got a mandate from

the Prime Minister to propose AFTA which had details as per Thailand's proposal, with many points that had been rejected by ASEAN countries at the SEOM.

"I did not know before about Mr. Amaret's trip to Indonesia to lobby Hartarto. Mr. Anand had only told me to propose AFTA at the AEM. Therefore, I did not worry about whether or not the proposal would be turned down by other ASEAN countries. At AEM, when Ms. Rafidah asked about Thailand's proposal on AFTA, Mr. Amaret then told me to propose AFTA. Ms. Rafidah then turned to ask Mr. Hartarto about his opinion on Thailand's proposal of AFTA. It was so surprising that Mr. Hartarto agreed with Thailand's proposal, including details on the fast track list. That surprised everybody including other Indonesian officials. I believe that Mr. Hartarto had already talked with Indonesian President before the meeting so that he agreed with Thailand's proposal at the AEM." Dr. Narongchai said (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000).

The AEM made the following agreements: (1) A Singapore Declaration concerning ASEAN Economic Cooperation, including AFTA and Fast Track list within AFTA; (2) an Agreement on the Framework for Enhancing ASEAN Economic Cooperation; (3) an Agreement on CEPT for AFTA, with details comprised of Thailand's proposal on the timeframe for tariff reduction, the establishment of the AFTA Council, and the sectoral approach for tariff reduction.

AFTA was then formally agreed upon by ASEAN members during the 1992 ASEAN summit in Singapore. It aimed at promoting a wide and open regional market with low tariffs ranging from 0 to 5 percent, and to remove non-trade barriers (NTB) within the Southeast Asian region, with the Common Effective Preferential Tariff (CEPT) as a main mechanism for implementing AFTA. AFTA's content as it was signed in 1992 included: (Ravenhill, 1995: 857-858):

- (1) Reducing all tariffs on intra-ASEAN trade in manufactures and processed agricultural products to the range of 0 to 5 percent within 15 years beginning in January 1993;
- (2) Fifteen product groups identified as Fast Track for accelerated tariff reduction. For fast track products, any products' tariffs exceeding 20 percent would be reduced to 0 to 5 percent targeted by January 1, 2003,

while those products with tariffs below 20 percent must reach a level of 0 to 5 percent by 2000;

- (3) The normal track products' tariffs must be reduced to 20 percent within 5 to 8 years (2001) and subsequently to 0 to 5 percent target in the next seven years (2008); and products already enjoying tariffs at 20 percent or below must reach 0 to 5 percent level within 10 years (2003);
- (4) Two types of exclusion are allowed: (1) restrictions on imports of a product necessary for protection of (a) national security, (b) public morals, (c) human, animal or plant life, (d) articles of artistic, historical or archaeological value; and (2) the temporary exempt products regarded as sensitive to domestic industry for which the agreement must be reviewed within eight years.
- (5) The establishment of a working group to determine how to include unprocessed agricultural products within the CEPT scheme;
- (6) Removing of all quantitative restrictions on imports once products begin to enjoy concessions under CEPT, and removing all other NTB within five years of first receiving these concessions;
- (7) The member states can suspend preferences under CEPT to the extent and for such time as may be necessary where imports threaten to cause serious injury to domestic producers; and
- (8) Qualification of ASEAN's products must have at least 40 percent value added within one ASEAN's country, or the cumulative ASEAN content reaches at least 40 percent.

3.8 Summary

The process of Thailand's AFTA policy is similar to other public policy processes. It began with identifying policy problems – (1) the low volume of intra-ASEAN trade, particularly between Thailand and other ASEAN countries; (2) the changing world economic and political environments and the changing regional economic and political situation. Thailand's AFTA policy was made to deal with

those policy problems. The idea of a free trade area in ASEAN had been with Mr. Anand since the mid 1980s when he was the Chairman of the Special ASEAN Task Force to study on new initiatives/measures to promote greater intra-ASEAN trade. However, the proposal was only acknowledged at the ASEAN Summit in the Philippines because of several political and economic reasons. But the idea of making a free trade area in ASEAN had still been with Mr. Anand.

Although ideas are prominent factors in deciding priorities in foreign economic policies (Doran, 1987: 178-190), the positions of the ideas holders are even far more important to influence foreign economic policy-making. It is the same as Allison (1971: 164-165) said, individuals become players in the policy-making game by occupying positions that hook on to the major channels for producing actions on the policy issues...(in addition) the advantages and handicaps with which each player can enter and play in various games stem from his position. Before 1991, although Mr. Anand had an idea on the free trade area in ASEAN, his position as the President of FTI did not provide him with enough influence or bargaining advantages to raise the issue. It was not until Mr. Anand became Prime Minister in 1991, that the idea of a free trade area in ASEAN was raised again by Mr. Anand himself. The Prime Ministerial post gave him a major channel for making the policy – Thailand's AFTA policy. He held a major power or influence to make the policy. Mr. Anand held all three elements that were blended together – the same as Allison (1971: 168-1969) suggests -- to give him power on government decisions and actions. First Mr. Anand held bargaining advantages: the Prime Ministerial position that gave him formal authorities and responsibilities; the actual control over resources necessary to carry out action; expertise and control over information that enables one to define problems, identify options, and estimate feasibility; ability to affect other players' objectives in domestic political games; and a personal persuasiveness with other players. Mr. Anand not only used his authorities as the Prime Minister, but also his own personal relations and political charisma to convince other cabinet members and officials in his government that Thailand's AFTA policy should be made. Second, Mr. Anand had skill and will in using his bargaining advantages. Third, other players are confident in Mr. Anand's bargaining advantages, and his skill and will in using bargaining

advantages. Hence, not only government officials, cabinet members, but also private sector players – such as FTI -- complied with Mr. Anand's idea on a free trade area in ASEAN. They helped Mr. Anand in making Thailand's AFTA policy.

Thailand's AFTA policy was also made based on a top-down policy-making process. Prime Minister Anand initiated and ordered his government to make Thailand's AFTA policy according to his ideas on the policy. The policy hence rather reflected the values of the Prime Minister and his associates – such as cabinet members, high rank bureaucrats, and the Prime Minister's advisors. Once the policy was made, an elite would try to shape mass opinion to agree with the policy. Prime Minister Anand stressed the government's communication with the people that the public should understand the government's policy and performance. The Prime Minister usually came out to the public explaining about Thailand's AFTA policy and its necessity. It was a way to shape public opinion.

At the same time, Thailand's AFTA policy was an outcome of bureaucratic politics or in Allison's words "political resultants" (Allison, 1971: 162). The interactions among government officials to influence Thailand's AFTA policy usually existed. That included disputing, negotiating, and compromising among government officials or policy-makers. Those policy-makers such as Dr. Narongchai, Mr. Amaret, Dr. Suthee, Mr. Karun and other senior bureaucrats had their own ideas (and/or interests) on the policy in which their ideas and interests might be different. These differences caused the bureaucratic politics. In addition, the bureaucratic politics of Thailand's AFTA policy-making derived from the Anand government's way of public administration to assign different jobs on Thailand's AFTA policy-making to different persons or organisations. Each organisation or person had their own ideas and interests with the policy.

A case in point was that the Finance Ministry must be concerned about the national budget problems deriving from tariff reduction, while the Commerce Ministry's major obligation was to support Thailand's trade with other countries. Hence, the Ministry had long supported a free trade area in ASEAN that could increase volume of intra-ASEAN trade, particularly trade between Thailand and other ASEAN countries. Dr. Nrongchai likes to make his dream come through; that is to

make his ideas on free trade in ASEAN -- that had been with him since the mid 1980s -- really happen.

The positions of those involved policy-makers within the government, and their skill to use bargaining advantages determined their sources of influence affecting Thailand's AFTA policy. Thailand's AFTA policy was given to be the responsibility of the Ministry of Finance -- not the Commerce Ministry, not the Ministry of Foreign Affairs, and not the IERP -- because of the Minister of Finance's bargaining advantages. These were: (1) the authorities of the Minister of Finance to increase or decrease tariffs and taxes, according to the law; (2) the expertise of the Ministry and Minister over the policy; (3) the actual control over resources necessary to carry out actions; (4) the Finance Minister's personal persuasiveness with other players; and (5) the Finance Minister's access to and persuasiveness with players who have bargaining advantages down from above (the Prime Minister).

Another case in point was that Dr. Narongchai's position as the Prime Minister's representative on ASEAN affairs gave him bargaining advantages to influence Thailand's AFTA policy. First, Dr. Narongchai used to work with the Prime Minister to propose a free trade area in ASEAN since the mid 1980s. That interpersonal relations provided him with an access to and persuasiveness with the Prime Minister. Second, Dr. Narongchai was an expert in ASEAN economic cooperation who had over information to convince his chief (the Prime Minister) and other involved policy-makers.

AFTA was raised by the Thailand Prime Minister with an encouragement from the former Singaporean Prime Minister, Lee Kuan Yew. AFTA is an international cooperation agreement. The processes of international negotiating, bargaining and compromising hence were inevitable. Many diplomatic strategies, made by Prime Minister Anand, were used to convince other ASEAN countries to agree with Thailand's proposal on AFTA. His strategies began with his official visit to ASEAN countries to discuss about the future of ASEAN economic cooperation. Then, Prime Minister Anand sent Mr. Suthee to visit ASEAN countries to talk about the possibility of tariff reduction. Mr. Amaret was the next cabinet member to visit ASEAN countries to talk about the ways to enhance intra-ASEAN trade. During the

international negotiation process, in order to convince Indonesia on the establishment of AFTA. Mr. Anand decided to recognise Indonesia's CEPT as a main mechanism for implementing AFTA. About a week before the ASEAN Summit in Singapore in 1992, Mr. Anand sent Mr. Amaret and Mr. Karun to informally visit Indonesia to talk with Hartarto about AFTA and the fast track list. The mandates were to convince Indonesia that Thailand was serious on tariff reduction, and to show that Thailand recognised Indonesia as the most important ASEAN country. Prime Minister Anand's mission to create AFTA and Thailand's AFTA policy was ultimately achieved at the ASEAN Summit in Singapore in 1992.

In conclusion to chapter three, there are four brief explanations of how Thailand's AFTA policy was made (see figure 3.1).

- (1) Ideas, positions and interests of policy-makers are significant to the process of Thailand's AFTA policy-making.
- (2) The varieties of ideas, interests and positions of policy-makers determine their sources of influences, decisions and action on the policy.
- (3) Thailand's AFTA policy was made based on a top-down policy-making process and also was based on bureaucratic politics of policy-making.
- (4) There is an international dimension of Thailand's AFTA policy-making because AFTA is an international agreement concerned with ASEAN economic cooperation.

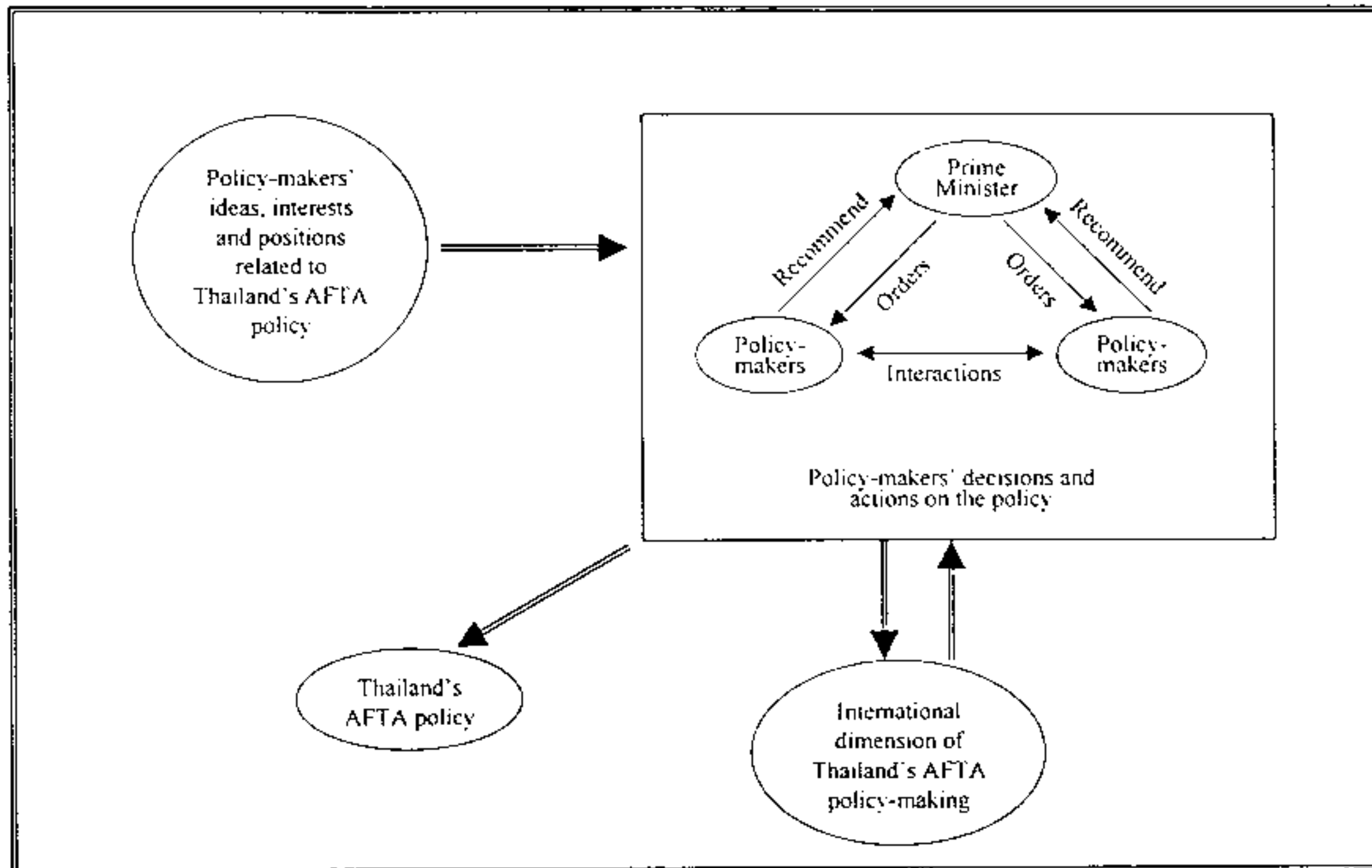


Figure 3.1 Thailand's AFTA Policy-Making

CHAPTER 4

THAILAND'S AFTA POLICY BETWEEN 1992 AND 1998

The most important characteristic of economic policy, including foreign economic policy is the centrality in the political process (Grant, 1993:3). Within the political processes of a democratic society, there is a question of how electoral cycles affect government policy and the real economy. The democratic election is able to bring about the changes of government. By the same token, the political consequences of changing of government might be political uncertainties. This is particularly so when there are substantial differences in the policy positions of incumbents and their challenges or simply uncertainty about what change of government might bring (Haggard, 2000: 49).

The political uncertainty brings about uncertainty in the existing public policy itself. Changes of governments or the ministers in charge of a particular public policy might mean that new ideas are used to solve policy problems. This situation might make changes to the public policy. Whether or not the policy is changed depends on who holds the power to influence policy, who makes decision on the policy, what are the ideas on the policy and the relevant issues, what are the interests of the new incumbents, and what is the political, economic and social situation the country faces. The changeable condition of the policy also derives from the politics of policy-making, particularly the interactions between policy-makers. The politics of policy-making is the activity by which different interest groups or persons struggling with each other to share power and to influence the policy.

Thailand's AFTA policy is no exception. The policy content changed from time to time since the end of the fourth ASEAN Summit in Singapore in 1992 until the end of the sixth ASEAN Summit in Vietnam in 1998. The changes in Thailand's government led to uncertainties in Thailand's AFTA policy. The new power holders in the government had tried to change the policy based on their own views of national and world economics, and the political situation in a particular period, and also based

on their interests in the policy. Meanwhile, these policy-makers had been interacting with each other to make the policy in their own favor or interest groups' favor. The politics of policy-making and the bureaucratic politics among the government offices to dominate the policy administration are usually seen in the process of Thailand's AFTA policy. It was a the nature of politics that the political lobby and the check and balance system lie in the policy decision-making process.

The aim of this chapter is to explain the movement of Thailand's AFTA policy since the end of the ASEAN Summit in Singapore in 1992 until the end of the ASEAN Summit in Vietnam in 1998. Particularly, it will explain about how the interactions between key policy-makers within the government, how the changes in government, and changes in the world and the country's economic situation, affected the policy. This chapter also aims at explaining how Thailand's AFTA policy has been administered and how the Anand Government's heritage of dividing the administration of Thailand's AFTA policy into two main ministries brought about the uncertainty to the policy, and the difficulties to make decisions and to administer the policy.

4.1 The Political Uncertainty and Thailand's AFTA Policy

4.1.1 Thailand's AFTA Policy under the Anand and Suchinda Governments

After the end of the fourth ASEAN Summit in Singapore, the Thai government's representatives at the Summit including Prime Minister Anand Panyarachoon began to recognise that they would face domestic political pressure or political opposition to AFTA. The political pressure would mainly focus on the Thai government's agreement with ASEAN countries on the fifteen products on the fast track list. Producers of these products would be among the first domestic producers' groups who would face strong competition from abroad, particularly from other ASEAN countries' producers. However, although the political difficulties were heading to the Anand Government as soon as he was back home in Thailand, Mr. Anand was confident about dealing with this problem. That was based on three main reasons (Anand Panyarachoon, President of the Saha-Union Group, 2000). First, it

was because the implementation of Thailand's AFTA policy would not be effective immediately after the Summit. It would take many years before the implementation of Thailand's AFTA policy. Thai industries had a period of time to adapt themselves to cope with the coming free trade area in ASEAN.

Second, Mr. Anand was so confident that the majority of domestic industrialists would support his decision on the policy. Partly it was because he was from Federation of Thai Industry (FTI). Furthermore, during the initial period of Thailand's AFTA policy-making, Mr. Anand gained support from private sectors particularly from the FTI.

"Of the 15 products (under the fast track list), one or two items might present some political and economic difficulties for the government in applying the CEPT scheme. But I am fairly confident that I can overcome such difficulties," Prime Minister Anand said (Bangkok Post, 1992, January 29: 2).

In an interview, Mr. Anand disclosed that he was quite certain that Thai industries would benefit from AFTA.

"According to the 15 fast track products, Thai industry would be put in both advantaged and disadvantaged positions. For those disadvantaged industries, in my terms, they were not in a losing position. But they just needed time to develop themselves to a certain level. Therefore, their production process must be adapted to cope with new competition. Meanwhile, I was certain that at least 70 percent of Thai industries would benefit from Thailand's AFTA policy," Mr. Anand said (Anand Panyarachoon, President of the Saha-Union Group, 2000).

Third, the Anand Government was an interim government during the coup period with less political pressure than an elected government. Unlike an elected government, the Anand Government did not need to seriously consider whether or not their policy decision-making would negatively affect any interest groups that might cause deterioration of their political base.

In this matter, Mr. Amaret Sila-on, the former Commerce Minister during the Anand Government, explains,

"Our decision-making was so objective. We did not need to consider about our political future because we were not from an election, and we did not want to continue in our governmental positions. So, there was no reason for us to

compromise with any interest groups by trading off between the national interest and the groups' interests," Mr. Amaret explained (Amaret Sila-on, President of the Stock Exchange of Thailand, 2000).

The Anand Government had a limited time to administer the country – about thirteen months. The Anand Government was replaced by the Suchinda Government with Gen. Suchinda Kraprayoon as the Prime Minister, in early April 1992. However, although the Anand Government was an interim government, the government had the absolute authority to administer the country and to make policies, including Thailand's AFTA policy. Any policies, laws, regulations and international agreements which were made by the Anand Government would be legally continued. The Suchinda Government, nevertheless, also pledged to continue the Anand Government's foreign economic policies including Thailand's AFTA policy.

Part of the Suchinda Government's foreign policy statement announced in Parliament was,

"The government will continue all international commitments that Thailand has been part of...The government will make closer political, economic, social and cultural relationship and cooperation with ASEAN countries, especially the cooperation on an economic grouping" (Nonthapan Pakdipadoongdan, 2000: 354).

But it might be because the Suchinda Government was an elected government which might be supported by any particular interest groups during the political campaigning period. In return, the government might have to make policy that satisfied interest groups. It seemed to be that the Suchinda Government might be faced with higher political pressure deriving from any interest groups in the society than the Anand Government which was not an elected government. The Suchinda Government's pledge of continuation of Thailand's AFTA policy therefore was based on the survival of domestic industry.

According to another part of the Suchinda Government's economic policy statement,

"The government will reform tariff structures based on GATT and AFTA. That reform will provide the highest benefit to the country. Meanwhile, the government will look after domestic industry not to be (negatively) affected by the policy" (Nonthapan Pakdipadoongdan, 2000: 347).

The Suchinda Government's policy statement on AFTA seemed to reflect the intention of the government to review Thailand's AFTA policy. It was a political nature of the elected government that it needed to consider the voters or any particular interest groups, which supported them during the political campaign period, not to be negatively affected by the policy. Compared with the Anand Government's decision-making that as objective, the Suchinda Government's decision-making on Thailand's AFTA policy was partially affected by domestic interest group influences.

After the Suchinda Government began to administer the country for a few days, Dr. Anuwat Wattanapongsiri, the Commerce Minister who looked after Thailand's AFTA policy, announced a review of Thailand's AFTA policy. He said,

"Thailand could review the scheme (CEPT) because abolishing the tariffs on certain items in the fast track program, including vegetable oil, natural rubber and furniture, would affect Thai farmers." (Bangkok Post, 1992, April 28: 26).

"I will try to persuade ASEAN members to give Bangkok more time to reduce tariffs on some products that would be hurt by the free trade agreement," Dr. Anuwat said (Bangkok Post, 1992, April 30: 28).

Dr. Anuwat was elected as MP from Buriram Province under the Samaketham Party. As a politician, his performance and speech might be partially for his future re-election. He believed that the Anand Government's decision to make Thailand's AFTA policy was not based on enough information, particularly the effects of AFTA's fast track list on Thai industry and agriculture. The Anand Government's foreign economic policy, Dr. Anuwat says, stressed industrial development rather than protecting the benefit of the majority of the people in the country – the farmers (Anuwat Wattanapongsiri, the Former Commerce Minister, 2000).

"The Anand Government was not elected by the people. Meanwhile, those people surrounding Prime Minister Anand were technocrats who might never communicate with general people, particularly the people in the agricultural sector. But I was elected by the people. We (the elected government) saw the country's real problems through our political experience that how far Thailand's AFTA policy and international trade liberalisation would have negative effects on the country, and on farmers in particular," Dr. Anuwat explained (Anuwat Wattanapongsiri, the Former Commerce Minister, 2000).

However, since the country had already signed an agreement with other ASEAN countries, it would be impossible to abolish Thailand's AFTA policy. Otherwise, no country would trust the Thai government. Instead of abolishing the policy, Dr. Anuwat pledged to modify the content of Thailand's AFTA policy, particularly the content of the policy that would have negative effects on farmers.

"I believe that industrialists are able to easily adapt themselves to cope with Thailand's AFTA policy. But farmers -- in this case, oil palm planters who would be affected by the reducing tariff on imported palm oil -- have less capacity to adapt themselves to cope with changes, so that I needed to help them." Dr. Anuwat said (Anuwat Wattanapongsiri, the Former Commerce Minister, 2000).

Dr. Anuwat had been MP for a long time, and he might have close connections with many interest groups, including the oil palm planters' groups. His decision-making on Thailand's AFTA policy was influenced by particular interest groups. One piece of evidence was Dr. Anuwat's meeting with the representatives of oil palm planters' groups which emerged immediately after he was appointed as Commerce Minister (see more information on the influence of oil palm planters affecting Thailand's AFTA policy in chapter 5).

"Those oil palm planters' groups came to me for help, and I agreed to help them by (informally) announcing to get palm oil out of fast track list," Dr. Anuwat said (Anuwat Wattanapongsiri, the Former Commerce Minister, 2000).

The idea to delay the implementation of Thailand's AFTA policy, particularly on some fast track products had caused frustration among other ASEAN members. Concern had spread among other ASEAN countries about whether it was possible for the delaying tactics by Thailand in reducing tariffs on some of their products. In fact, the Thai government was able to modify the content of Thailand's AFTA policy because according to the CEPT Scheme (see the Agreement on CEPT Scheme in Appendix C), the member countries may exclude sensitive products from this Scheme, but it shall be reviewed in the eighth year (ASEAN Secretariat, 1993: 31). But AFTA was raised and initiated by the former Thai Prime Minister (Mr. Anand). If the new Thai government (the Suchinda Government) had decided to delay implementation of AFTA, there would have been question of Thailand's commitment to AFTA.

During the SEOM in Kuala Lumpur in early May 1992, Thailand representatives hence were questioned on this matter. In order to end the rumor, Thailand's delegation (Mr. Bajr Isarasena, the Permanent Secretary of Commerce Ministry) had to give an interview after the meeting that the Thai Government would proceed with the previous government's plans to implement AFTA, but it would try to minimise the impact on domestic industries. Mr. Bajr said that some products may require a transitional period (Bangkok Post, 1992, May 2: 13).

Mr. Bajr's interview with the press might mean that the Suchinda Government would continue the Anand Government's AFTA policy. But any industries which were not ready to join the CEPT Scheme, might need a particular period of time to adapt themselves to cope with AFTA.

However, the Suchinda Government did not survive long enough to modify Thailand's AFTA policy. The political chaos and the bloodshed of events in May 1992 led to the resignation of Prime Minister Suchinda and his cabinet members. Dr. Anuwat discloses that he only discussed with the Commerce Ministry's senior officials that he needed to delay the implementation of some products under AFTA's fast track list.

"I was in the ministerial position for about 40 days. I only proposed my idea on Thailand's AFTA policy at the Commerce Ministry's senior officials meeting. I had not joined an international meeting yet, when Prime Minister Suchinda resigned from his post and that meant the end of Suchinda Government and my cabinet position too," Dr. Anuwat explained (Anuwat Wattanapongsiri, the Former Commerce Minister, 2000).

Mr. Anand was appointed to a second term as Prime Minister of Thailand after the resignation of Prime Minister Suchinda. His government was only an interim government to amend the law on the Prime Ministerial post – that only an elected MP could become Prime Minister – and to look after the new general election in July 1992. The second term of the Anand Government changed nothing on Thailand's AFTA policy. The policy content remained the same as during the first term of the Anand Government.

4.1.2 Thailand's AFTA Policy under the First Chuan Government Term

The election of July 1992 resulted in the victory of the Democrat Party, the oldest political party in the country. Mr. Chuan Leekpai, the Democrat's leader became the Prime Minister. The new government began to administer the country in mid-September 1992. The Chuan Government's foreign economic cooperation policy was stated in two parts of their policy statement -- that were in parts of the foreign policy and foreign trade policy -- announced in the parliament in October 21, 1992.

In the part on foreign policy, it stated,

"The government will enhance and develop political, economic, social, and cultural relationships and cooperation with ASEAN members. That includes the support of regional economic groupings, particularly AFTA...The government will promote a free and fair trade system, and economic relationships and cooperation with trading partner's countries. The government will have an active role in reducing international disputes deriving from these problems: trade, investment, technological transfer and the protection of intellectual property. The government however will stress on the readiness of the country (Nonthapan Pakdipadoongdan, 2000: 365).

The foreign trade policy of the Chuan Government stated,

"The government will promote a free trade system based on international economic and trade commitments. The government will protect the rights and interests of the country by stressing on the readiness and capability of the country. Particularly, the government will give priority to GATT and AFTA...The government will support the private sector's roles in planning and making the country's international trade strategies in order to protect the country's interests on trade and investment" (Nonthapan Pakdipadoongdan, 2000: 371-372).

The advent of the Chuan Government – an elected government – also led to an unstable condition for Thailand's AFTA policy because the Chuan Government's foreign economic policy seemed not to be much different from the Suchinda Government's policy. The Chuan Government's policy statements such as "the government will stress on the readiness of the country" showed the government's stress on the protection of domestic industries, particularly the industries that were not ready to join AFTA. Other than the policy statement that showed the signal of

changes in Thailand's AFTA policy content, ideas, and interests of the incumbents in government seemed to state about the unstable conditions of the policy.

Two key economic ministers of the Chuan Government who had active roles on Thailand's AFTA policy – Mr. Tarrin Nimanhaeminda (the Finance Minister) and Dr. Supachai Panitchpakdi (the Deputy Prime Minister in charge of economic policy) agreed with the principle of Thailand's AFTA policy but some of its details had to be modified in order not to hurt any industrial sector.

"The government will respect the agreement on AFTA but carefully negotiate for the best deal for Thai industry. If the agreement hurts some sectors, the government will have to negotiate with ASEAN members to postpone the previous agreement temporarily on some products under theCEPT scheme," Mr. Tarrin said (Bangkok Post, 1992, October 20:17).

Dr. Supachai used to comment on the Anand Government's attempts to create Thailand's AFTA policy about a year before he was appointed as Deputy Prime Minister. At a conference organised by the Economic Reporters' Club in Bangkok, he stated,

"There is no urgency for AFTA. Instead of a fashionable solution like AFTA, ASEAN should take stock of past resolutions that committed them to actions but were never really undertaken, and take things in its stride from there instead of embarking on a new exercise," (Bangkok Post, 1991, October 1: 17).

When Dr. Supachai began to serve as Deputy Prime Minister in mid-1992, he stated his intention to review Thailand's AFTA policy.

"We do not have to stick to whatever has been put forward by previous Thai governments (the Anand Government)...(however) the principle (of AFTA) will be there, the commitment will be there...but the details would have to go back to the Thai cabinet for consideration," Dr. Supachai explained (Bangkok Post, 1992, October 23: 13).

The first statement of Dr. Supachai might mean that he rather supported the real and serious implementation of ASEAN PTA which had been agreed for years. He seemed not to believe that the new agreement would be able to stimulate intra-ASEAN trade. But when he became Deputy Prime Minister, his second statement pledged only for continuation of the principle of Thailand's AFTA policy – that was

the principle of free a trade area as agreed in the CEPT Scheme. Both Dr. Supachai and Mr. Tarrin's comments on Thailand's AFTA policy clearly stated about their intentions on the policy.

Dr. Teerana Bhongmakapat, an economist from Chulalongkorn University, and advisor to Deputy Prime Minister Supachai disclosed that the Chuan Government actually agreed with Thailand's AFTA policy. But since the policy had been created too rapidly, it needed to be reviewed (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

"I do not exactly know why Dr. Supachai spoke against the Anand Government's AFTA policy. But I guess that he might not have confidence in the interim government's work. The interim government -- such as the Anand Government -- should not have rapidly made a decision on the particular foreign economic cooperation policy. The Anand Government had agreed with ASEAN countries on a fast track list without seriously considering the impact of the policy on Thai industry. However, since it is already the country's commitment to ASEAN, we must continue the policy. But as an elected government, there must be more reasons to explain to the public why we agreed on the fast track list. Some products under the fast track list were so sensitive and too hard to implement," Dr. Teerana said (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

That means the Chuan Government would maintain the principle of a free trade area in ASEAN, but some sensitive products must be excluded from the fast track list. Those sensitive products in Dr. Teerana's terms might mean palm oil and petrochemical products where these products in the early 1990s were not competitive enough, compared with Malaysian palm oil and Singapore's petrochemicals (see more explanation on these two products in chapter 6).

Dr. Teerana has been working with Dr. Supachai for a long, time so that when Dr. Supachai was appointed as Deputy Prime Minister in charge of economic policy, Dr. Teerana was appointed as his advisor. Dr. Teerana was a policy advocate who might influence Thailand's AFTA policy through Deputy Prime Minister Supachai. However, Dr. Teerana says that he did not need to convince Dr. Supachai on any issues because he and Dr. Supachai had similar ideas on economic policy and administration.

“Dr. Supachai has a special characteristic as a good listener. He likes to listen to other people’s opinion on economic policy. I needed no strategy to convince him because we usually had similar ideas on economic issues. It was only a sincere talk between us. I am rather a technocrat than an idealist so that Dr. Supachai needed me as his advisor,” Dr. Teerana explained about his relationship with Dr. Supachai (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

Since Dr. Teerana has been working with the Deputy Prime Minister Supachai as advisor – in other words, the policy advocate – his idea on world economics and AFTA might influence Thailand’s AFTA policy. Increased global liberalism is Dr. Teerana’s preference as a way the world economy should be. He believes that regionalism will bring about trade wars between economic blocs, while the bigger stage of international free trade such as the global liberalism will benefit both small and big countries because it is an environment where poor and rich countries can trade with each other fairly (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

“Regionalism will separate countries in this world into a rich country economic bloc and a poor country economic bloc which will give nothing to the development of the poor country.” Dr. Teerana said (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

However, Dr. Teerana’s world economic idea seems to contradict Dr. Supachai’s comment on Thailand’s AFTA policy that the policy should be reviewed. Dr. Teerana explains that although global liberalism is his preference, in order to open the country to world trade liberalisation, we should find the best way that is able to highly benefit the country.

“Hence, as Dr. Supachai’s advisor, I also agreed with him that Thailand’s AFTA policy needed to be reviewed. AFTA in my view was not made for confrontation with other economic blocs. It was made for responding to the changing of the world economic environment. AFTA is our first step of trade liberalisation before we are heading to global liberalism,” Dr. Teerana explained (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

The Chuan Government had planned to review Thailand's AFTA policy in three ways (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000). First, Thailand's AFTA policy must bring about the least negative impact possible to Thai industries, particularly palm oil and petrochemical industries (see more information on these two industries in chapter 5). Second, the timeframe for implementing Thailand's AFTA policy should be accelerated in order to catch up with the changing world economy. Third, AFTA should link with other free trade agreements. The open regionalism should mean the expansion of the economic group in both horizontal and vertical lines – meaning increasing both member countries and product lists. In other word, the ASEAN free trade area should be outward looking that includes free trade agreements beyond the Southeast Asian region (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

The first result of the Chuan Government's decision-making to review Thailand's AFTA policy was the transfer of palm oil products from the fast track list to the temporary exclusion list -- meaning palm oil product would not be accelerated for tariff reduction for at least eight years -- while the petrochemical industry was moved to the normal track list (see more information and analysis on the government's decision-making in chapter 5).

In addition, the Chuan Government set up a sub-committee to consider products that would be on the inclusion list, temporary exclusion list, and sensitive list. Thailand finally proposed 9,066 products (99.5 %) for the inclusion list; 37 products (0.4%) in the Temporary Exclusion List (TEL), and 7 products (0.1%) for the sensitive list (Thailand's AFTA Unit, n.d.e). The general formula of tariff reduction schedule was also made as shown in tables 4.1 and 4.2.

Table 4.1 Thailand's Plan for Tariff Reduction (Fast Track)**Unit:** Percent

Previous Tariff	1993	1994	1995	1996	1997	1998	1999	2000
More than 30%	30	30	25	25	20	15	10	5
26% - 30%			25	25	20	25	10	5
21% - 25%			20	20	15	10	5	5
16% - 20%			15	15	10	5	5	5
11% - 15%			10	10	5	5	5	5
6% - 10%			5	5	5	5	5	5
5% or below								

Source: Thailand's AFTA Unit, n.d.o.**Notes:** The table above is the ultimate result of Thailand's plan for tariff reduction of fast track products which has already been adapted to cope with the 1994 AEM agreement on accelerating of AFTA implementation timeframe.

Table 4.2 Thailand's Plan for Tariff Reduction (Normal Track)**Unit:** Percent

Previous Tariff	1993 – 1995	1996	1997	1998	1999	2000	2001	2002	2003
More than 30%	30	25	25	20	20	15	15	10	5
26% - 30%		25	25	20	20	15	15	10	5
21% - 25%		20	20	15	15	10	10	5	5
16% - 20%		15	15	10	10	5	5	5	5
11% - 15%		10	10	5	5	5	5	5	5
6% - 10%		5	5	5	5	5	5	5	5
5% or below									

Source: Thailand's AFTA Unit, n.d.p.

Notes: The table above is the ultimate result of Thailand's plan for tariff reduction of normal track products which has already been adapted to cope with the 1994 AEM agreement on accelerating of AFTA implementation timeframe.

The secretariat office of the sub-committee for considering products was the Office of Fiscal Policy – belonging to the Ministry of Finance. Mr. Lawaron Saengsanitch, the Head of Thailand's AFTA Unit, the Office of Fiscal Policy, discloses that the competitiveness of products was considered as a way to propose product lists to AEM. The competitiveness of product means the ability of the product or industry to grow successfully and to maintain its share of world (or regional) trade (Bannock, et al., 1998: 70).

“First, we considered what we needed to protect. The fast track list was just a guideline for us to group the products. For example, according to our economic analysis, we believed that palm oil should be off the fast track list, so we took it off.

Second, those normal track list products and products within PTA were considered together. Any products within the PTA meant that it made no (competitiveness) problems to our industry, so that it should be listed in the normal track. Those PTA exclusion list were considered as to whether or not there should be an exclusion list under CEPT Scheme. However, we tried to have the least number of exclusion list products as possible in order to show Thailand's sincerity to AFTA. Then we designed Thailand's formula for the tariff reduction schedule. All of these proposals have been made since late 1992," Mr. Lawaron explained (Lawaron Saengsanitch, Chief of the Thailand's AFTA Unit, 2000).

After nearly a year in the office, the Chuan Government made a new plan for reviewing Thailand's AFTA policy. But this reviewing plan needed international support from other ASEAN countries because it was about a change of the AFTA implementation timeframe. The timing was shorter. A main reason was that the Chuan Government needed to make AFTA match with other international trade agreements, particularly the GATT or WTO agreement.

In early 1993, Dr. Supachai began to propose an idea for accelerating the timeframe for implementing AFTA. He observed that AFTA's 15-year timetable was too long. Five or 10 years for liberalising trade within the region would be more appropriate – to match with other international trade agreements (Bangkok Post, 1993, February 12: 19).

Dr. Supachai's idea was strongly supported, not only by Prime Minister Chuan, but also by the Singaporean Prime Minister. That might be because Singapore was the most developed country in ASEAN with a free trading system. The faster economic and trade liberalisation in ASEAN, the more benefit Singapore would gain.

During the formal visit to Singapore of Prime Minister Chuan in the middle of March 1993, Mr. Goh Chok Tong, the Singaporean Prime Minister called on Thailand to set the pace for the creation of the AFTA by cutting tariffs more quickly. Mr. Goh told Prime Minister Chuan that AFTA had the potential of lifting the economies of all ASEAN countries (Bangkok Post, 1993, March 23: 1).

The accelerating of AFTA implementation timeframe might stimulate ASEAN economics in three ways. First, all ASEAN countries would be able to rapidly expand their markets in the region because AFTA means the free flow of goods within the

Southeast Asian region. Second, the volume of intra-ASEAN trade would be increased. Third, when the ASEAN goods freely flowed in the region, it would attract foreign investors to invest in the region – also meaning higher employment.

In this matter, Mr. Goh told Prime Minister Chuan during a dinner address in Singapore,

“AFTA is now being implemented. I am confident that under your able leadership, Thailand will help set the pace for AFTA...We have agreed to progressively bring down tariff barriers to no more than 5 percent over a period of 15 years. If we can achieve this earlier than 15 years, it will be a shot in the arm for the private sector and for our economies.” (Bangkok Post, 1993, March 23: 1).

Prime Minister Chuan responded by giving support to Mr. Goh’s notion. Prime Minister Chuan said that he was confident that ASEAN could realise the goal of AFTA much earlier than the 15-years timeframe (Bangkok Post, 1993, March 23: 1).

The reasons that the Chuan Government, including Mr. Chuan and Dr. Supachai needed to accelerate the implementation timeframe of AFTA were stated at a two-day conference on “AFTA and Beyond: an ASEAN Perspective”, organised jointly by the UN Economic and Social Commission for Asia and the Pacific, the Thailand Development Research Institute, and Canada’s Queen’s University of Kingston.

Dr. Supachai, as the chief of the Chuan Government’s economic policy-makers, said,

“I advocate 10 years for the full program (of AFTA) to conform with the 10-year timetable for implementing the Uruguay Round agreements and NAFTA cutting five years from the original 15 years. This will also avoid the stricter disciplines that will be required under the Uruguay Round agreements if regional liberalisation takes longer than 10 years...We must do our best to mould AFTA to become one with the world market,” (Bangkok Post, 1994, April 28: 26).

However, Dr. Supachai’s idea to speeding up AFTA was not given total support from the Finance Minister of Thailand. In mid-May 1994, Mr. Tarrin said that the Finance Ministry was considering a partial acceleration of the AFTA program

instead of speeding up the whole program as envisaged by Deputy Prime Minister Supachai.

“The ministry is studying the implications of both options – faster tariff cuts on all items in the program or only on those produced by industries in a position to compete... There are certain industries which are not mature enough to compete. Thus, the tax cut should not be applied to all industries so that these industries could have time to adjust,” Mr. Tarrin said (Bangkok Post, 1994, May 6: 26).

Mr. Tarrin’s argument might be based on his concern about the national budget that might be heavily affected by accelerating tariff cuts (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000). As the Minister of Finance was in charge of national economic administration, if the tariff cuts on imported ASEAN products had existed too rapidly till some domestic industries collapsed, he might be blamed for not protecting domestic interests.

Mr. Tarrin was the Managing Director of the Siam Commercial Bank before entering into a political career. He was seen by the public as a successful banker who would use his professional experience to administer the national economy. Furthermore, in the early 1990s, he was seen by the press as the possible successor of Mr. Chuan for the post of Democrat leader, and maybe the Prime Ministerial post too. Therefore, his national economic administration must be prudentially done.

Nevertheless, with the support of Prime Minister Chuan and leaders of other ASEAN countries, ultimately the Thai Government decided to propose speeding up the AFTA timeframe as requested by Dr. Supachai. The proposal was submitted at the 26th AEM in Chiang Mai. The proposal was strongly supported by AEM. The AEM agreed to accelerate the AFTA program, to eliminate most exclusions and to speed up its implementation. In addition, the AEM agreed to include all unprocessed agricultural products into the CEPT Scheme. In implementing this decision, member countries decided to group unprocessed agricultural products into four lists: (1) Immediate Inclusion List – products are to be transferred to either the normal or fast track by January 1996; (2) Temporary Exclusion List – products can be kept out of the normal or fast track of the CEPT Scheme only for a limited time, but by 2003, these products will be transferred to the inclusion list; and (3) Sensitive List – timeframe for these products may go beyond 2003 and tariff rates are not required to

be reduced to 0-5 % range as in CEPT; and (4) the highly sensitive list (see box 4.1 on the results of the 26th AEM).

“The sensitive products which Thailand does not want to come under the tax reduction scheme contains 47 items including coffee, soybean and tea,” Mr. Tarrin disclosed (Bangkok Post, 1995, February 4: 24).

However, the number of the sensitive list of unprocessed agricultural products were reduced to 7 in the late 1995 during the Banharn Government (see figure 4.1 on classification of CEPT product and table 4.3 for unprocessed agricultural products).

The Agreements at the 26th AEM on AFTA

AFTA program completion:

By January 1, 2003. Program cut from 15 to 10 years.

Normal Track:

By January 1, 2003 (instead of 2008) for tariffs starting above 20 % (down to 20 % by January 1, 1998);

By January 1, 2000 (instead of 2003) for tariffs starting 20 % or below.

Fast Track:

By January 1, 2000 (instead of 2003) if tariffs start above 20 %;

By January 1, 1998 (instead of 2000) if tariffs start 20 % or below

First cuts in January 1, 1995.

Exclusion lists:

To be eliminated by January 1, 2000 (previously review permitted in 2000);
20 % of products removed from exclusion annually.

Agricultural products:

To be brought in, but with some exclusions;

unprocessed agricultural products divided into three lists: (1) immediate inclusion list to be transferred to either normal or fast track by January 1, 1996; (2) temporary exclusion list to be transferred into inclusion list by 2003; (3) sensitive list.

Implementation:

First fast track cuts to be compiled by November 15, 1994;

ASEAN secretariat and individual countries to have special AFTA units;

New continuous publicity campaign;

AFTA council of ministers to meet in six months.

Box 4.1 The Agreements at the 26th AEM on AFTA

Source: Bangkok Post, 1994, September 23: 4; Suthad Setboonsarng, et al., eds., 1995b: 1-5.

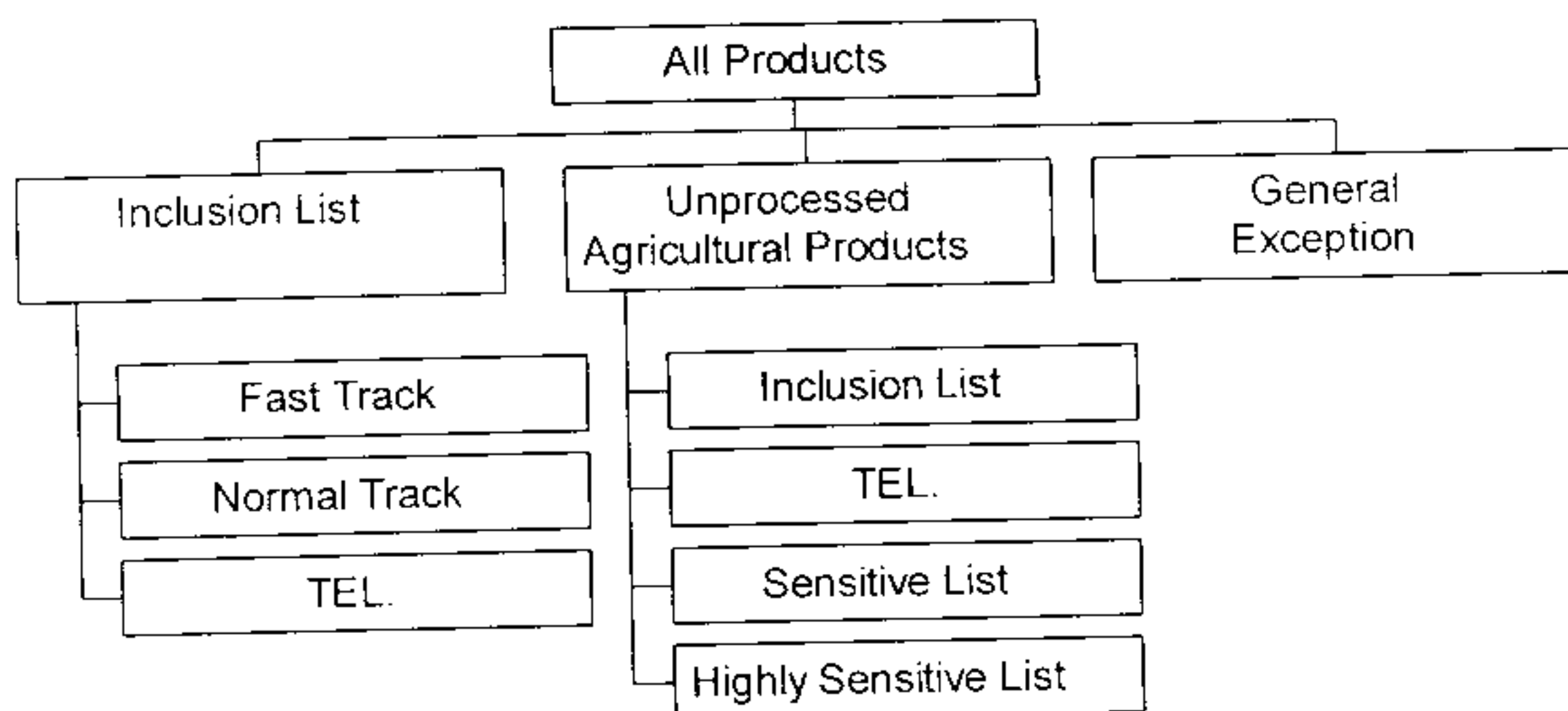


Figure 4.1 Classification of CEPT Product

Source: Thailand's AFTA Unit, n.d.f.

Table 4.3 Thailand's Unprocessed Agricultural Products under AFTA

Classification	Number of	
	Products	Percent
Inclusion List	520	98.67
TEL	0	0
Sensitive List	7	1.33
Highly Sensitive List	0	0

Source: Thailand's AFTA Unit, n.d.q.

Dr. Teerana explains about the decision-making process of the Chuan Government, particularly the way Dr. Supachai made the decision on Thailand's AFTA policy to be based on both domestic and international factors. First, the government would consider the world economic and political situation in a particular period and also its trend in the near future. That included all these questions: what would happen in the near term in world politics and economics; would Thailand's AFTA policy content be able to cope with the changing world economic environment;

and what would happen to national economics if some content of Thailand's AFTA policy was changed. The government-private sector discussion on the world and national economic situation was next: for example seminars and meetings. At this stage, the government's rough idea on the policy was also made to the public (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

"We would wait for the public discussion on the policy and also their reaction to our idea on the policy. Then we would try to adapt the policy in a way that could link between the national and regional interests. The final step was taking it abroad for negotiation. This was the best way of policy-making. However, international factors such as the world and regional political and economic situation and the reactions of other ASEAN countries to our proposals were usually stressed, because we believed that domestic sectors must try to adapt themselves to cope with the changing world environment anyway." Dr. Teerana explained (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

Dr. Supachai also said the same as Dr. Teerana,

"In this sort of environment, there is no room for marginal businesses which have been allowed to survive under past government protection. These businesses must improve their efficiency by expansion, diversification, mergers or acquisitions, or they must cease to exist altogether. This may sound a bit brutal, but that is a fact of life, that a business may prosper or die even within a confined competitive environment of the individual nations, with or without AFTA. But in compensation for this harsh reality, consumers throughout ASEAN will stand to benefit from the lower costs of production and reliable quality which reflect increasing welfare for the population at large," (Bangkok Post, 1993, February 12: 19).

The reasons that the Chuan Government, particularly Dr. Supachai needed to discuss with private sectors before formally announcing as the government policy were: (1) the elected government must consider voters' opinions on the policy; (2) the Democrats won the election partly because of the support from various interest groups, including the oil palm planters group (see more information and analysis of Democrat's relationship with oil palm planters in chapter 5). Hence the Chuan Government had to listen to interest groups' opinions on the policy. Meanwhile, the

government had to consider whether domestic opinions on the policy would contradict to the international agreement – AFTA – and how other countries' governments would react to Thailand's movement on the policy. Nevertheless, according to Dr. Teerana's statement, that means if the government's proposal for changing AFTA content had not been approved by ASEAN members or if it had been changed not in a way that the government had thought before, the government might have had to agree with other ASEAN members in order to maintain ASEAN unity. Dr. Supachai's statement was also in the same direction as Dr. Teerana. These two statements seem to be clear evidence to prove that the Chuan Government's decision-making on Thailand's AFTA policy rather stressed on international factors than domestic factors.

Meanwhile, the government would try to help domestic sectors adapting themselves to cope with changes. In order to help domestic industry adapt, Dr. Supachai proposed to create a \$US100 million fund – the so-called AFTA Adjustment Fund – to help ASEAN members adjust to liberalisation.

"The money should be used by the private sector as credit to finance improved efficiency or to assist with changes to alternative products," Dr. Supachai said (Bangkok Post, 1993, February 12: 19).

"The financial assistance through the AFTA Adjustment Fund should directly target industries adversely affected by AFTA and greatly in need of such assistance. The leading role in running the AFTA Adjustment Fund should be given to the private sector because of its skill in market conditions and efficient and flexible management. The private sector-led-management will not be influenced by political lobbying," Dr. Teerana explained (Bangkok Post, 1993, May 29: 22).

The money to be put into the AFTA Adjustment Fund was expected to derive from a loan given by Japan's Oversea Economic Cooperation Fund (OECF). Nevertheless, the plan for creating an AFTA Adjustment Fund was ignored by other cabinet members, particularly the Minister of Finance. That might be because the loan from the OECF made as an AFTA Adjustment Fund, was under the supervision of the Ministry of Finance, while the ministry did not want the fund to be managed by a private sector that was too hard to control.

“We (Dr. Supachai and Dr. Teerana) looked after only Thailand’s AFTA policy-making, not its implementation. Since the Ministry of Finance had not agreed with us on the AFTA Adjustment Fund, our work on reducing the negative impact of Thailand’s AFTA policy toward domestic industries was not done so smoothly, because we had no budget to support domestic industries’ adjustment. Now the AFTA Adjustment Fund is a forgotten issue,” Dr. Teerana said (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

4.1.3 Regional Economic Crisis and Thailand’s AFTA Policy

The Democrat Government lost power after the general election in mid 1995. Mr. Banharn Silpa-archa, the leader of Chart Thai Party became the Prime Minister in July 1995. The Banharn Government’s foreign and foreign economic policies did not directly mention AFTA. It only stressed the promotion of free trade, and stronger cooperation among ASEAN members. Nevertheless, the Banharn Government foreign economic policy was not much different from the Chuan Government. The Government pledged to create effective remedial measures to assist the sectors adversely affected by economic liberalisation. But as a result of the Banharn Government administration, no concrete measure to help domestic industries was made. That might be because most problems of domestic industries that would be negatively affected by AFTA had already been solved by the previous government, i.e. the transferring of affected products from fast track list to the normal track or temporary exclusion lists.

Gen. Chavalit Youngchaiyudh, the leader of New Aspiration Party replaced Mr. Banharn after the general election in 1996. The Chavalit Government foreign and foreign economic policies did not state about ASEAN, AFTA and other international commitments. Instead, the Chavalit Government stressed on enhancing the country’s competitiveness and improving business laws to cope with international business standards.

In this matter, Dr. Narongchai Akraseranee who was appointed as Commerce Minister during the Chavalit Government disclosed,

“When I was the Commerce Minister during the Chavalit Government, AFTA was not a crucial topic because everything concerning AFTA and Thailand’s AFTA policy had already been set. Meanwhile, the Chavalit Government was very busy

“We (Dr. Supachai and Dr. Teerana) looked after only Thailand’s AFTA policy-making, not its implementation. Since the Ministry of Finance had not agreed with us on the AFTA Adjustment Fund, our work on reducing the negative impact of Thailand’s AFTA policy toward domestic industries was not done so smoothly, because we had no budget to support domestic industries’ adjustment. Now the AFTA Adjustment Fund is a forgotten issue.” Dr. Teerana said (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

4.1.3 Regional Economic Crisis and Thailand’s AFTA Policy

The Democrat Government lost power after the general election in mid 1995. Mr. Banharn Silpa-archa, the leader of Chart Thai Party became the Prime Minister in July 1995. The Banharn Government’s foreign and foreign economic policies did not directly mention AFTA. It only stressed the promotion of free trade, and stronger cooperation among ASEAN members. Nevertheless, the Banharn Government foreign economic policy was not much different from the Chuan Government. The Government pledged to create effective remedial measures to assist the sectors adversely affected by economic liberalisation. But as a result of the Banharn Government administration, no concrete measure to help domestic industries was made. That might be because most problems of domestic industries that would be negatively affected by AFTA had already been solved by the previous government, i.e. the transferring of affected products from fast track list to the normal track or temporary exclusion lists.

Gen. Chavalit Youngchaiyudh, the leader of New Aspiration Party replaced Mr. Banharn after the general election in 1996. The Chavalit Government foreign and foreign economic policies did not state about ASEAN, AFTA and other international commitments. Instead, the Chavalit Government stressed on enhancing the country’s competitiveness and improving business laws to cope with international business standards.

In this matter, Dr. Narongchai Akraseranee who was appointed as Commerce Minister during the Chavalit Government disclosed,

“When I was the Commerce Minister during the Chavalit Government, AFTA was not a crucial topic because everything concerning AFTA and Thailand’s AFTA policy had already been set. Meanwhile, the Chavalit Government was very busy

with domestic issues, because the national economy had been declining since the early period of the Banham Government. ASEAN and AFTA became agendas only when we had to have an international meeting,” Dr. Narongchai said (Narongchai Akraseranee, President of the Seranee Holdings Co. Ltd., 2000).

However, AFTA and Thailand’s AFTA policy became a crucial issue again in the mid 1997s when the economic crisis began. During the Chavalit Government in 1997, when the Bank of Thailand (BOT) failed to monitor the currency game, while the country’s foreign debt reached US\$88 billion, the Thai baht was speculated against by foreign currency traders making a loss of US\$23.4 billion in the country’s international reserves. Consequently, in mid 1997, Thailand had to ask for help from the International Monetary Fund (IMF). The IMF package made available US\$17.2 billion to supplement the depleted reserves (Pasuk Phongpaichit and Baker, 2000: 38). The crisis also spread to other countries in Asia including South Korea and the other ASEAN countries.

The economic crisis had made many people believe that Thailand’s AFTA policy might not be implemented within the timeframe. A delay of three years in implementing AFTA was expected (Bangkok Post, 1998, September 26: B1). Mr. Karun Kittisataporn, the Director-General of the Department of Business Economics said that the recession was clouding moves to scrap tax and other trade barriers before the AFTA’s deadline of 2003.

“The crisis has caused several countries to introduce their own safeguards to protect domestic business,” Mr. Karun said (Bangkok Post, 1998, September 4: B3).

In the same matter, Dr. Narongchai said after the Asian economic crisis had begun for nearly a year,

“ASEAN economic cooperation (including AFTA) has no role to play during the crisis because they did not have the mood to set up an agenda for cooperation...The automatic implementation of the CEPT Scheme might not happen by 2003. It depends on what will happen to Southeast Asian economies in 2000. What I know is that some countries are now asking for temporary increases in tariffs for a year or more during the economic crisis,” Dr. Narongchai said (Bangkok Post, 1998, February 15: Perspective 3).

It was quite rational for Dr. Narongchai's comment on the delaying of AFTA implementation. The economic crisis in the Southeast Asian region created collapses of many industries in the region, including Thailand. The campaign for buying domestic products was made. Meanwhile, the continuation of trade liberalisation in ASEAN might make problems to domestic industries that not only they had to suffer from the countries' currency problems, but they had to face more trade competition, particularly from abroad.

The Chavalit Government ended in the late 1997. Mr. Chuan returned to a second term as Prime Minister. Mr. Tarrin was appointed as Finance Minister again, while Dr. Supachai was appointed as Deputy Prime Minister in charge of economic policy and also Commerce Minister. Everybody expected that the Chuan Government would announce a delay in implementing Thailand's AFTA policy. However, the Chuan Government announced it planned to continue the existing timeframe for implementation of Thailand's AFTA policy. In early January 1998, the Chuan Government announced tariff cuts on more than 8,000 items.

The Chuan Government's announcement on Thailand's AFTA policy was,

"First, the government will accelerate tariff cuts on 3,419 fast track items in 15 categories. ASEAN governments must cut tariffs on cement, fertilizer, pulp and paper, furniture, wood and rattan, gem and jewelry, textiles, electronics, chemicals, plastics, rubber goods, ceramic and glass, cathodes and copper, leather and leather goods, and eligible oil by 2000. Second, the government will cut custom duties on 5,215 items under the normal track schedule by 2003. The products subject to AFTA tariff cuts are non-processed agricultural goods, processed foods, paint, cosmetics, metal, machinery, electrical appliances, vehicles and parts, watches, musical instruments and furniture. Third, the Thai Government will include products which were temporarily left off the AFTA list. These 183 items have to be gradually phased back into AFTA. The government is set to phase in 20 percent of these goods each year," (The Nation, 1998, January 14: B1).

Dr. Supachai stated his support to Prime Minister Chuan,

"To come out of this crisis, ASEAN needs to have all markets of the world kept open and liberalisation commitments kept on track," Dr. Supachai said (Bangkok Post, 1998, October 9: B2).

"ASEAN needs to adopt an outgoing approach if it is to regain the confidence of investors... This approach should be adopted by establishing a real free trade area and by deepening economic integration among member states...(however) The more closed economies which are in transition have to be convinced that their domestic interest, neither the economic and political aspects, will be hurt much, as liberalisation in ASEAN is not that wide and it will help them prepare for opening at the World Trade Organisation level," Supachai added (Bangkok Post, 1998, December 8: B4).

Dr. Teerana, who was appointed again as advisor to Deputy Prime Minister – Dr. Supachai -- explains that the country must take a chance during the crisis to reform the country's economy and also tariff structure.

"If we tried to overprotect ourselves during the crisis, we might have lost our export market. Other countries would then try to protect themselves as well. What we should do is accelerate the AFTA implementation timeframe in order to increase intra-ASEAN trade," Dr. Teerana explained (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

It might be true that the overprotection of domestic industry by having high trade barriers during the crisis might result in a trade balance for only one or two years. But after the protection period, the country's foreign trade system would be damaged. First, other countries might take this opportunity to make trade barriers on Thai products as a trade reaction measure. After the crisis, the country might have to take years to renegotiate with trading partner countries to open market for Thai products. Second, the foreign investors would lose their confidence on ASEAN economic cooperation schemes because it seems to be that the cooperation programs depend on regional economic situation in a particular period. Those foreign investors have invested in ASEAN countries and believe that under AFTA they can sell their products in the region without tariffs. If ASEAN countries decide to delay implementing AFTA, the future regional cooperation programs would have meant nothing to outsiders. Third, the acceleration of reducing tariffs under AFTA would increase intra-ASEAN trade. That might mean the reduction of dependency on the markets outside the region.

“It is a basic belief of Mr. Tarrin and Dr. Supachai that Thailand would be a leader of trade liberalisation in the region, although we were facing the crisis. Therefore, the Ministry of Commerce, particularly the Department of Business Economics has been pushing for trade liberalisation during and after the crisis,” Mr. Karun explained (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000).

At the international level, Prime Minister Chuan tried to convince other ASEAN members that under the regional economic crisis, the ASEAN countries should try to cooperate more and have outward looking economic policies that could lead the region out of the crisis.

“We do need new approaches and new thinking to keep up with the rapid pace of development, both regionally and internationally. If not, we risk being left behind by other more dynamic and forward-looking regional groups around the world...Therefore, within ASEAN, we need to enhance our interaction, intensify our habit of dialogue and consultation and strengthen our cooperation on all problems that affect us. If our neighbor is in trouble, we cannot simply build a wall around...We also need to increase global competitiveness through stronger cooperation in education, technology and infrastructure building as well as in closer and deeper economic integration,” said Prime Minister Chuan when he delivered his statement during the sixth ASEAN Summit in Vietnam in 1998.

Thailand’s movement on accelerating tariff cuts under AFTA was supported by other ASEAN countries also. At the ASEAN Summit in Vietnam in 1998, ASEAN countries ultimately agreed to complete the establishment of AFTA by 2002 (instead of 2003) for the six original signatories to the agreement— meaning tariff cuts to reach 0-5 % by 2002. However, the ASEAN leaders agreed that some flexibility would have to be allowed in meeting this target. The six countries (Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand) also agreed to deepen, as soon as possible, tariff reduction to 0 % and accelerate the transfer of products, which are currently not included in the tariff reduction scheme, into the Inclusion List. The new members of ASEAN shall maximise their tariff lines between 0-5 % by 2003 for Vietnam and 2005 for Laos and Myanmar, and expand the number of tariff lines in the 0 % category by 2006 for Vietnam and by 2008 for Laos and Myanmar (Teh, et

al., eds., 1998: 1-2). The results of the ASEAN Summit in Vietnam in 1998 are shown in Box 4.2.

Results of the ASEAN Summit in 1998	
Year	Commitment
2000	A minimum of 90 % of the six countries' total tariff lines must have tariffs of 0-5 %. Individually, each country would commit to achieve a minimum of 85 % of the Inclusion List with tariff of 0-5 %.
2001	Each country would achieve a minimum of 90 % of the Inclusion List in the 0-5 % tariff range.
2002	100 % of items in the Inclusion List would have tariffs of 0-5 %, but with some flexibility.

Box 4.2 Results of the ASEAN Summit in 1998

Source: Teh, et al., eds., 1998: 2.

4.2 The Administration of Thailand's AFTA Policy

Since the Suchinda Government in mid-1992, there have been five major government offices responsible for Thailand's foreign economic policies. These are: the International Economic Policy Board (IEPB); the Ministry of Commerce; the Ministry of Foreign Affairs; the Ministry of Finance; and the Office of National Economic and Social Development Board (ONESDB). The IEPB is the central office to make decision on foreign economic policy before sending the policy to be approved by the cabinet. The IEPB is comprised of the Prime Minister or Deputy Prime Minister as the President of the IEPB, the Minister of Commerce as the Vice

President of IEPB, the Director-General of the Department of Business Economics as the Secretary of the Board, and other ministers involving foreign economic policy as the board members (see the Development of IEPB in Appendix I).

In terms of international trade negotiations, including bilateral and multilateral trade negotiations, the Ministry of Commerce, particularly the Department of Business Economics, and the Department of Foreign Trade, will take responsibility, while, the Ministry of Foreign Affairs will be in charge of international political and diplomatic affairs of any foreign economic cooperation policy. The Ministry of Finance will participate in any issues concerned about taxes and tariffs. The ONESDB's job is to look after foreign economic cooperation policy that involves the constructing of infrastructure (Nattapong Thongpakdi and Siriporn Wassankul, 1999: 13-14).

For Thailand's AFTA policy, the policy decision-making does not belong to a particular office or ministry, but it belongs to the committee. In February 1992, the Anand Government set up the AFTA Implementation Committee with the Minister of Finance as the Chairman and the Director-General of the Office of Fiscal Policy as the Secretary of the Committee. The Minister of Commerce and the Minister of Industry are Vice Chairmen of the Committee. The other committee members are senior bureaucrats from various governments offices, the President of the Federation of Thai Industry (FTI), the President of the Thai Chamber of Commerce, and Dr. Narongchai – the only private individual committee member (see more List of Members of AFTA Implementation Committee in Appendix H). The Committee is obligated to impose the country's role on Thailand's AFTA policy, and to follow up the implementation of the policy.

However, during the past years, meetings of the AFTA Implementation Committee rarely occurred (Lawaron Saengsanitch, Chief of Thailand's AFTA Unit, 2000). That might be because of two reasons. First, after the ASEAN Summit in Bangkok in 1995, the AFTA and its CEPT Scheme were already set in place so there is no need to call for the AFTA Implementation Committee meeting regularly. Second, the Chairman of the AFTA Implementation Committee is the Minister of Finance, while the Secretary of the Committee is the Director-General of the Office of Fiscal Policy which belongs to the Ministry of Finance. Therefore, it is a chance for

the Ministry of Finance to take over the policy decision-making -- meaning the reducing role of the AFTA Implementation Committee.

It was a bureaucratic politics between the Finance Ministry and other government offices including the Commerce Ministry. If the Finance Minister had made a decision on Thailand's AFTA policy through the AFTA Implementation Committee, the Minister would have had to listen to other committee members' notions on the policy. Those notions might be different from the Finance Minister's idea. Meanwhile, the authority concerned about tariffs still belonged to the Finance Ministry, particularly to the Finance Minister. Hence, the Minister of Finance might decide to dominate Thailand's AFTA policy through his authority on tariff matters. While the Office of Fiscal Policy -- particularly Thailand's AFTA Unit -- anyway was a government office to serve the Ministry of Finance on Thailand's AFTA policy.

Thailand's AFTA Unit was set up in 1996 following the 26th AEM agreement on the establishment of the National AFTA Units in each ASEAN country, and also in the ASEAN Secretariat. The AFTA Unit was established to more efficiently implement and monitor the CEPT Scheme for AFTA and provide a quick-response mechanism to possible problems. The AFTA Unit also acts as a channel for information on AFTA and a forum in which private sector complaints could be raised through this office (Suthad Sethboonsarng, 1996: 52). Thailand's AFTA Unit -- a government office belonging to the Office of Fiscal Policy, the Ministry of Finance -- is a central office to coordinate among government offices involved with Thailand's AFTA policy, and to coordinate between Thailand's AFTA Unit and other ASEAN member countries' AFTA Units and the ASEAN Secretariat's AFTA Unit. All the government office or private sector proposals on Thailand's AFTA policy would be gathered by Thailand's AFTA Unit before sending these proposals to be considered again by the AFTA Implementation Committee and/or by the responsible ministries.

The process of Thailand's AFTA policy-making is based on a check and balance system between the two ministries -- the Ministry of Finance and the Ministry of Commerce. It begins at the AFTA implementation Committee (or the Finance Minister for some time) sending a mandate to Thailand's AFTA Unit. Meanwhile Thailand's AFTA Unit will gather all information involving the policy by coordinating with other ministries -- particularly the Ministry of Commerce -- and the

private sector bodies such as FDI. Then, the official or the Head of the Thailand's AFTA Unit will go abroad for meetings of the Coordinating Committee on CEPT for AFTA (CCCA) which is comprised of officials from ASEAN countries' AFTA Units, and officials from the ASEAN Secretariat's AFTA Unit. They will talk about the general content of CEPT for AFTA and also its problems of implementation. After the CCCA has reached an agreement for a certain level, the Thailand's AFTA Unit will coordinate with the Ministry of Commerce for continuing the process of negotiation. The SEOM is the next step of the process of AFTA decision-making. They will consider the report deriving from the CCCA. At this level, Thailand's representatives for SEOM are always from the Ministry of Commerce – mostly the permanent secretary of the Commerce Ministry and the director-general of the Department of Business Economics will be in the Thailand delegation. Then, the AFTA Council will re-consider the proposal made by SEOM. The Minister of Finance will represent Thailand for the meeting of the AFTA Council. The AEM – for Thailand, it is represented by the Deputy Prime Minister in charge of economics -- will make a final decision before the ASEAN Summit.

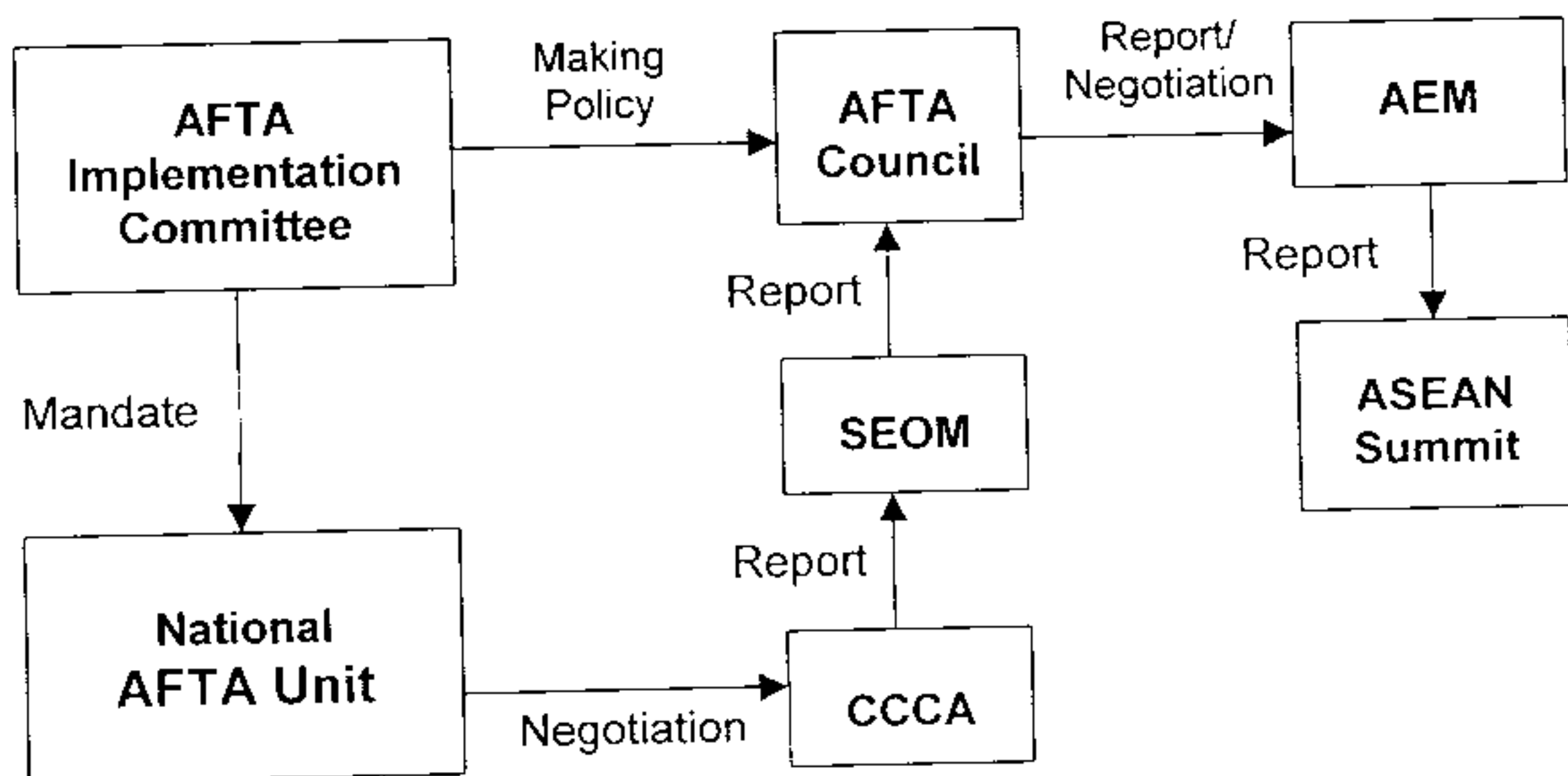


Figure 4.2 Organisational Linkages

Source: Thailand's AFTA Unit, n.d.k.

Mr. Lawaron Saengsanitch, the Chief of Thailand's AFTA Unit discloses that in fact, although the official meeting (CCCA) or the senior official meeting (SEOM) could reach an agreement concerning AFTA issues, the ultimate decision-making will remain at the ministerial level.

"I can really say that ultimately Thailand's AFTA policy is actually a top-down policy-making system where all decision-making must be approved by the responsible Ministers or the cabinet. For example, when we had to go abroad for CCCA, many times we could not make the decision because we were not sure whether or not the responsible ministers would agree with us. Hence, we (the bureaucratic office or implementing agencies) would normally propose the policy's framework for the responsible ministers to make decision," Mr. Lawaron said (Lawaron Saengsanitch, Chief of the Thailand's AFTA Unit, 2000).

Thailand's AFTA policy is not a pure domestic policy. But the policy also is concerned with an international agreement that is beyond the general bureaucrats' authority or decision-making powers. Meanwhile, the structure of Thailand's public administration follows the principle of hierarchy; that is each lower office is under the control and supervision of a higher one (Weber, 1947. Quoted in Blau and Meyer, 1987: 19). The Prime Minister would hold the supreme authority. He is the supervisor of all government officials. Whatever he authorise, bureaucrats should follow. Meanwhile, the Minister would hold the supreme authority in a particular ministry -- meaning that official in that particular ministry should obey the Minister's order. Nevertheless, it was because the bureaucrats' decisions were not finalised yet, that most Thai representatives at CCCA did not like to make any serious commitment with other ASEAN countries' officials. By the same token, those bureaucrats might like to avoid any responsibilities derived from their decision-making. They hence only make a framework or suggestions on the policy to the responsible minister. The final decision would be made by the top official in the government (the Prime Minister) or the responsible Minister. The final decision would belong to the responsible Minister or the Prime Minister.

4.3 The Bureaucratic Politics of Thailand's AFTA Policy

Thailand's AFTA policy has been assigned to two main ministries since the era of the Anand Government. That Prime Ministerial order has remained legally effective until today. However, the Anand Government's order to separate work on Thailand's AFTA policy has made problems of the unity of administering the policy. The bureaucratic politics and the politics of policy decision-making usually occur, particularly during the Chuan Government in the early 1990s.

During the Chuan Government, there were a lot of rumors about disagreements between Dr. Supachai and Mr. Tarrin over economic policies, including Thailand's AFTA policy. Although Dr. Supachai was Head of the Democrat's economic policy-making and administration team, and he was also the Deputy Prime Minister in charge of economic policy, he had no authority to administer Thailand's AFTA policy. The Ministry of Finance, one of the country's major economic policy administration ministries, held that authority.

"The Ministry of Finance was independent on administering of Thailand's AFTA policy," Dr. Teerana said (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

Hence, in order to prevent disagreement on the policy decision-making and administration between Dr. Supachai and Mr. Tarrin, Prime Minister Chuan decided to make a clear cut line of responsibility between these two ministers. Dr. Supachai was in charge on the general issue of the Thailand's AFTA policy. That included any international negotiations concerned about Thailand's AFTA policy. As the Minister of Finance, Mr. Tarrin was assigned to take care of all issues concerned about tariffs – meaning the responsibility in the CEPT Scheme. However, the Ministry of Commerce which used to have an outstanding role in Thailand's AFTA policy during the Anand and Suchinda governments, did not to have an outstanding role during the Chuan Administration. That might be because the Minister of Commerce during the first Chuan Government -- Mr. Uthai Pipchaichon who was the leader of the Solidarity Party – did not belong to the Democrat Party, the core government coalition party which was in charge of economic policy. Mr. Chuan as the leader of Democrat Party also needed to show his strong economic ministers team by completely taking

care of economic policy. Meanwhile, Mr. Uthai, the Minister of Commerce was not an expert in international trade negotiations, and he usually gave this job to the deputy minister or the Deputy Prime Minister Supachai (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

Nevertheless, although Prime Minister Chuan tried to clearly separate work on economic policy administration between the two ministers (Mr. Supachai and Mr. Tarrin), the disagreements between these two key players in the process of Thailand's AFTA policy still usually existed. The issues of speeding up the AFTA implementation timeframe and the creation of the AFTA Adjustment Fund were examples of disagreements between Dr. Supachai and Mr. Tarrin on Thailand's AFTA policy (see the earlier analysis on these two issues in 4.1).

"Dr. Supachai had received a lot of complains about the lack of coordination between the Ministry of Finance and the Ministry of Commerce, particularly when there were international meetings. However, the origin of the problem might not be from those two ministries. In fact, it was a failure of the Anand Government's heritage of public administration by separating work on Thailand's AFTA policy into two ministries. It consequently has made a disunity of the policy decision-making and administration." Dr. Teerana explained (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

As stated in part II, excluding the ASEAN Summit, there are four ASEAN meetings concerned about AFTA – i.e. CCCA, SEOM, AEM and the AFTA Council. But at least two ministries -- the Ministry of Finance, the Ministry of Commerce and sometimes the Prime Minister Office – are involved with the policy decision-making and administration. However, it is not wrong to have many ministries taking care of the policy because there will be a check and balance system of administration. The administration of the policy should have been more efficient if each ministry tried not to work independently. The coordination and the exchange of information between involved government offices was needed at every level of policy decision-making and administration.

However, in fact, the Thai bureaucratic system is characterised as departmental parochialism – an inward looking behavior (Chai-anan Samudhvanija, 1990: 28-30). Departmental interests -- such as budgets or authority for

administering policy -- would be seen as priority. This behavior would lead to the lack of coordination among government offices. Particularly, if the policy is managed by a committee comprised of officials from various ministries or if the policy is under the responsibility of more than one ministry – such as Thailand's AFTA policy. Each ministry would try to find out ways to dominate the policy-making and administration. It might be done by for example: ignoring the coordination body; citing about any law or order that gives them full authority to take care of the policy; and directly requesting to dominate the policy through other ministries or the supreme authorised person – the Prime Minister.

In the case of Thailand's AFTA policy, Dr. Teerana discloses that in fact the Ministry of Finance had tried to manage Thailand's AFTA policy independently.

"For example, after the Ministry of Finance's representatives had attended the AFTA Council, they should have sent both results of the meeting and the further plan for action to Dr. Supachai. In fact, sometimes we had not known about Thailand's AFTA policy plan – that was made by the Ministry of Finance -- until it was proposed at AEM. We should have seen it and made a final decision before proposing at AEM because we were responsible in AEM. I believe that it was because AFTA Council was responsible to the Ministry of Finance, they needed to do it independently. The Ministry of Finance should have tried to work cooperatively with other ministries and the IEPB. The problem was that the Ministry of Finance did not try to comply with IEPB by giving less attention to the IEPB which was headed by Dr. Supachai." Dr. Teerana said (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

However, in order to make closer coordination between the ministries involved in foreign economic policies including Thailand's AFTA policy, the Chuan Government, at the suggestion of Dr. Supachai, decided to establish the Office of International Economic and Trade Coordination (OIETC) with Mr. Karun from the Department of Business Economics as the Head of the office. The OIETC was also under the supervision of Deputy Prime Minister Supachai.

"Dr. Supachai realised about the coordinating problems of the Thai bureaucratic system that each office tried to work independently. So, OIETC was established to combine all concepts, ideas, information, suggestions, and

understandings among government official involving foreign economic policy. However, both the Ministry of Finance and the Ministry of Commerce 'seemed very unhappy with this office. They believed that the OIETC's work would not be different from what they were doing. In addition, they even believed that the OIETC would be their shadow that would watch over their work. This is an example of the non-modernised Thai bureaucratic system." Dr. Teerana said (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

Consequently, the OIETC was not successful in coordinating between government offices concerning foreign economic policy. Mr. Karun, as the former Head of the OIETC, discloses that the OIETC was faced with many difficulties to gather updated information from other ministries. The OIETC had work to do, but no authority to enforce – that were authorities necessary to coordinate to order other relevant offices, and to make decisions on foreign economic policy.

"Even me as the Head of OIETC had no official status – in other words the authority – to make a decision on foreign economic policy. We could only give advice to Dr. Supachai on foreign economic policy, including Thailand's AFTA policy," Mr. Karun explained (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000).

The OIETC was closed down after the end of the first Chuan Government in 1995. During the Banharn Government, Thailand's AFTA policy was mainly administered by the Minister of Finance – Dr. Surakiat Sathienthai – and the Deputy Prime Minister Amnuay Virawan. While the Minister of Commerce, Mr. Chucheep Harnsawasdi, had a less active role on Thailand's AFTA policy because he was not an expert on foreign economic policy. Mr. Chucheep rather gave more attention to domestic trade policy.

During the Chavalit Government in 1996, Dr. Amnuay was appointed as Finance Minister, while Dr. Narongchai was appointed as Commerce Minister. Dr. Narongchai realised the problems of administering Thailand's AFTA policy that the separation of work between the two ministries would bring about difficulties on the policy decision-making and administration. He then planned to take full responsibility for Thailand's AFTA policy by transferring AFTA Council works to the Commerce Ministry in order to create unity of work.. Dr. Narongchai said that he

had already discussed the transfer of AFTA responsibilities with Dr. Amnuay, who also agreed with his idea (The Nation, 1997, January 3: 2).

“That would create maximum efficiency for Thailand when negotiating AFTA in the regional forum,” Dr. Narongchai said (The Nation, 1997, January 3: 2).

Dr. Narongchai had been involved with Thailand’s AFTA policy for a long time since he was Prime Minister Anand’s advisor in the early 1990s. So a main reason that Dr. Narongchai needed to have full responsibility in administering Thailand’s AFTA policy might be that he believed he knew about the policy better than others in the government. He then directly requested to dominate the policy administration through his supervisor – Dr. Amnuay, the Deputy Prime Minister in charge of economic policy.

Actually, it might be rational to make a unity of policy decision-making and administering by providing full responsibility to the Commerce Minister. Nevertheless, on the other hand, some problems might follow. First, there would be no check and balance system of policy-making. Second, according to the legal framework, authority to decide on tariff reductions or increases belonged to the Finance Minister, while the Thailand’s AFTA Unit also belonged to the Finance Ministry. The question is that how could the Commerce Minister authorise the work of the Finance Ministry. In addition, the Ministry of Commerce might face problems of cooperation with the Finance Ministry and other relevant ministries, if they are not satisfied with the Commerce Minister’s authority. However, Dr. Narongchai’s plan had not been implemented yet, he and Dr. Amnuay were both out of the ministerial posts after only a few months. There has been no more discussion on combining work on Thailand’s AFTA policy.

Although all governments since the Prime Minister Anand era through to General Chavalit Government had realised about the problems of disunity of administration and decision-making on Thailand’s AFTA policy, the turning back of the Chuan Government in 1997 did nothing to improve the unity of work on Thailand’s AFTA policy.

“Today’s work is not different from the first Chuan Government in the early 1990s. There is still a lack of coordination between involved ministries, including the Ministry of Finance and the Ministry of Commerce. I think that the main problem of

administering Thailand's AFTA policy derives from: (1) the different views on foreign economic policy, particularly Thailand's AFTA policy between these two ministries' officials; and (2) these ministries' attempts to independently administer the policy," said Dr. Teerana who was appointed again as advisor to Dr. Supachai, the Deputy Prime Minister and the Commerce Minister of the second Chuan Government (Teerana Bhongmakapat. Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

4.4 Summary

The most important characteristic of Thailand's AFTA policy is the centrality of the political process in terms of changing ideas and interests about Thailand's AFTA policy whenever there were changes in governments or ministers in charge of the policy. Variation in policy-makers' ideas and interests determined their different decisions and actions on Thailand's AFTA policy. This situation led to the politics of Thailand's AFTA policy-making and administration since the end of the ASEAN Summit in 1992. The politics of Thailand's AFTA policy-making were based on: (1) the political pressure derived from interest groups that affect the decision-making and actions of a particular elected government; and (2), the bureaucratic politics among government offices and officials to influence the policy. Those interest groups attempted to lobby the government to make the policy as they preferred. Meanwhile, cabinet members and bureaucrats from various government offices tried to dominate Thailand's AFTA policy-making (see figure 4.3). These political actions, done by interest groups and cabinet members and/or bureaucrats, were related to each other. Some cabinet members and/or bureaucrats might hold political interest with particular interest groups. When they were lobbied by interest groups, they then needed to dominate Thailand's AFTA policy-making in order to make the policy according to those groups' preferences.

Thailand's AFTA policy since the end of 1992 has been made and administered by many governments with different ideas and interests. The Anand government, including Mr. Anand himself, viewed Thailand's AFTA policy as bringing about benefits to the country and also to the Southeast Asian region. The

government then attempted to push for trade liberalisation in the region. But new incumbents, such as the Suchinda and Chuan governments, brought in new ideas on Thailand's AFTA policy. Both governments pledged to review some parts of the policy, particularly the fast track list. The Suchinda government planned to delay implementation of Thailand's AFTA policy because they believed that some domestic industrial sectors, such as the palm oil industry, were not ready to join the scheme. The Chuan government's ideas were to review the policy content in two main aspects: (1) transferring some products from the fast track list to TEL (the palm oil case) and to the normal track list (petrochemical and plastic case); and (2) accelerating the implementation timeframe of AFTA. The second term of the Chuan government brought a new idea to the policy -- to accelerate the tariff cuts under the CEPT Scheme one year ahead of the schedule. These ideas of policy-makers were crucial to Thailand's AFTA policy-making process because they led to changes in the policy.

The policy makers' ideas about changes in world and regional economic and political situations, especially a stronger GATT after the Uruguay Round, also influenced Thailand's AFTA policy. In early 1991, Dr. Supachai, as a banker, disagreed with the idea to make Thailand's AFTA policy, because he believed that ASEAN should try to seriously implement as ASEAN PTA instead, rather than make a new cooperative trade agreement. However, after about half a year when Dr. Supachai assumed the Deputy Prime Ministerial post, he began to push for accelerating AFTA's implementation timeframe because of changes in the world economic situation. Dr. Supachai's idea influenced the Chuan Government to push for a review of Thailand's AFTA policy to conform with those changes.

The political interests are important particularly when an elected government make public policy. Unlike the Anand Government, the governments of Suchinda, Chuan, Banharn and Chavalit were elected. They were facing political pressure from various interest groups. Sometimes these governments had to make policy based on interest groups' preferences. The Democrat Party of Prime Minister Chuan, for instance, had to make Thailand's AFTA policy partially based on oil palm's planters' preferences. This was because part of the Democrat's election victory in the Southern provinces derived from the support of various local groups with their own economic interests. The Anand Government, on the other hand, was not elected so that they

might have no outside political interests intervening with the policy. Hence, their decision-making on the policy did not appear to be strongly influenced by any particular interest group.

The administration of Thailand's AFTA policy from the 1992 ASEAN Summit in Singapore until the 1998 ASEAN Summit in Vietnam had been dominated by bureaucratic politics among government officials. It originated from: (1) different ideas among policy-makers; and (2) the Anand Government's public administration approach that assigned policy responsibility to two main ministries, the Ministry of Finance and the Ministry of Commerce. The process of decision-making on Thailand's AFTA policy would be based on a checks and balance system between the Finance Ministry and the Commerce Ministry. The Finance Ministry, including the Finance Minister, must be concerned about the impact of tariff policy on the national budget, because Thailand's AFTA policy involved tariff reduction. The Commerce Ministry and/or the Commerce Minister preferred to promote international trade, including trade among ASEAN countries. By the same token, the outcome of a checks and balance system between the two ministries has created disunity in administering Thailand's AFTA policy. Although there had been attempts by various governments to clarify the line of responsibility between these two ministries, the coordination between the two ministries was still not efficient enough. This tended to confirm the assertion of Dr. Chai-anan that the Thai bureaucracy is characterised by departmental parochialism, an inward looking behavior (Chai-anan Samudhvanija, 1990: 28-30). Policy-makers from the two ministries might have different ideas about AFTA, which motivated them to try to dominate policy-making by using their bargaining advantages. As already noted, these advantages included the legal authority and responsibility of each ministry and the resources necessary to carry out the policy. Bureaucratic politics and the politics of foreign economic policy-making between these two government offices persists today.

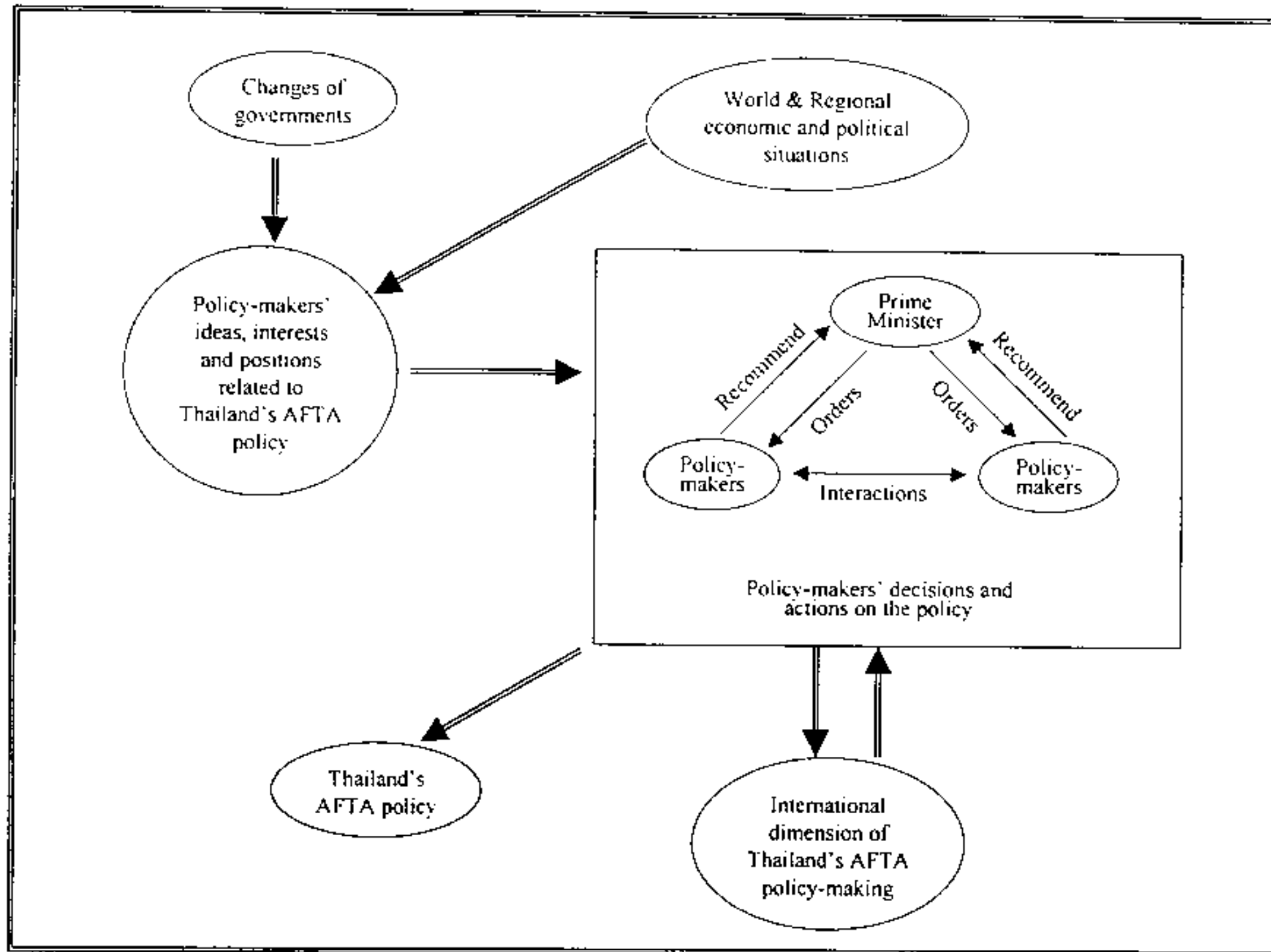


Figure 4.3 Thailand's AFTA Policy-Making between 1992 and 1998

CHAPTER 5

DOMESTIC INFLUENCES: CASE STUDIES

In any political system, domestic issues have an important bearing on the management and substance of foreign economic policy. Particularly, in democratic society, the government rules not only by the will of the majority, but also by compromising between interest groups. These interest groups are important parts of democratic society. They would be between individuals and their government. However, interest groups do not hold the same level of power to influence a particular public policy. Their powers vary based on for example: numbers of group members; wealth; organisation strength; leadership; access to decision-makers, and internal cohesion (Dye, 1981: 27). According to the group theory of policy-making, interest groups -- particularly those groups with different interests under a particular public policy -- will compete with each other to influence policy decision-makers to make public policy in favor of their interest group. Public policy at any given time is the equilibrium reached in the group struggle. This equilibrium is determined by the relative influence of interest groups. Changes in the relative influence of any interest groups can be expected to result in changes in public policy; the policy will move in the direction desired by groups gaining in influence, and away from the desires of groups losing influence (Dye, 1981: 27).

Thailand, as a democratic society, is comprised of many interest groups that attempt to influence public policy, including Thailand's AFTA policy. These interest groups had tried to access the decision-makers to make Thailand's AFTA policy as they prefer. Especially, after AFTA was signed in January 1992, any industries that were expected to face a tough time under AFTA, emerged to petition the government to protect their industries. They made their cases by sending letters to the government, holding press conferences, by representation on various government-appointed committees, or by paying special visits to high government officials

including the political leader of the government – the Prime Minister (Anek Laothamatas, 1988: 457).

This chapter will discuss about the roles of interest groups influencing Thailand's AFTA policy. It begins with the roles of FTI in Thailand's AFTA policy process. It will include some active FTI executive committees' ideas on world economics, national economic development and Thailand's AFTA policy. In part II and part III, there will be explanations about two case studies of groups struggling to influence Thailand's AFTA policy. These are: case study of palm oil industry; and case study of petrochemical and plastic industries. The case of palm oil industry will show how the power of oil palm planters dominating the industry. The case of petrochemical and plastic industries is to state about the different interests between these two industries that made them struggle with each other to influence Thailand's AFTA policy.

5.1 The Roles of the Federation of Thai Industry

5.1.1 Ideas of Key Executive Committee of FTI

The Federation of Thai Industry (FTI) is an organisation comprised of domestic industrialists from various of industries joining together to promote industrial development, and to look after the interest of Thailand's industry. It is a central private organisation to coordinate between industries, and between industries and the government offices. The FTI was involved in the process of Thailand's AFTA policy-making since mid 1991. For example, the Anand Government appointed Mr. Chokchai Akksaranant (the FTI President) and Mr. Chavarat Charnvirakul (the FTI Vice President in charge of international trade) as committee members of the Committee for Preparing the Acceleration of ASEAN Custom Cooperation (see more List of the Committee in Appendix F). In addition, the FTI President also joined the Steering Committee for Making A Conceptual Paper – a Thailand's Proposal of Enhancing ASEAN Economic Cooperation – and also the AFTA Implementation Committee.

Mr. Anand Panyarachoon explains, "Thailand's AFTA policy would inevitably affect domestic industries so that the FTI should participate in the process of policy-making." (Anand Panyarachoon, President of the Saha-Union Group, 2000).

Since the Anand Government raised the idea to create Thailand's AFTA policy in 1991, the FTI began to support the Anand Government's idea on the policy. The FTI's support might be partly because of the relationship between Prime Minister Anand and the FTI. Prime Minister Anand was President of FTI before he took the Prime Ministerial post in 1991. When he was the FTI President, he usually discussed with other members of FTI's Executive Committee about the problems of ASEAN economic cooperation (Chatchai Boonyarat, the Former Executive Committee of the FTI, 2000).

Even when Mr. Anand became the Prime Minister, he had always informally consulted with FTI's Executive Committee on ASEAN economic cooperation and also on Thailand's AFTA policy (Anand Panyarachoon, President of the Saha-Union Group, 2000). In addition, during the ASEAN Summit in Singapore, the President of FTI and some FTI Executive Committee members were there also to support the Anand Government's proposal on the establishment of AFTA. The FTI were working as Prime Minister Anand's supporters by providing him and his government with information on industries.

"We (FTI's Executive Committee) mostly agreed with Mr. Anand's idea on Thailand's AFTA policy," said Mr. Chatchai Boonyarat, a former FTI's Executive committee member (Chatchai Boonyarat, the Former Executive Committee of the FTI, 2000).

A main reason for the FTI Executive Committee supporting the Anand Government's AFTA policy was that the policy would bring about trade expansion to the country, and also the region. Mr. Viroj Phutrakul, the FTI's Vice President said about the benefit of AFTA,

"AFTA would provide advantage for Thai exporters as the size of this export market would be expanded and products would be able to flow to the six member countries with a combined population of 320 million." (Bangkok Post, 1991, December 17: 26).

The most active FTI member in the process of Thailand's AFTA policy-making was Mr. Chokchai, the President of FTI. He was Mr. Anand's successor to the post of FTI President. He gave full support to the Anand Government's AFTA policy (Anand Panyarachoon, President of the Saha-Union Group, 2000). Mr. Chokchai's support of the Anand Government's AFTA might derive not only from his close relationship with Mr. Anand but also from his idea on economics that is similar to Mr. Anand. He is a liberalist.

During the ASEAN Summit in Singapore, Mr. Chokchai stated his liberalist idea to support AFTA,

"Ultimately there should not be any exclusion list. The process of tariff reduction must be on a sectoral and gradual basis. Tariff and non-tariff barriers within the region should be eliminated and at the end of implementing the AFTA plan, there would be no tariff on any products...(furthermore) Services should be included in the CEPT plan. If this cannot be done at the initial stage, they must be included in the final stage." (Bangkok Post, 1992, January 25: 20).

Other than Mr. Chokchai, there were other FTI executive committee who had active roles on the process of Thailand's AFTA policy. These were Mr. Chavarat Charnvirakul, the FTI Vice President in charge of international trade, and a chairman of the FTI's working group on AFTA; and Mr. Chatchai who was the Chairman of the FTI's Food Processing Industry Club (1994-1998), the Secretary-General of FTI and ASEAN-CCI (1992-1994), and the President of ASEAN Food Industry Group (1992-1994). Ideas (on Thailand's AFTA policy) of these FTI Executive Committee members were significant to determine their decisions and action in the process of Thailand's AFTA policy.

Mr. Chavarat has his own construction and engineering businesses. He is now the Chairman of the Advisory Board, SINO-THAI Engineering & Construction Public Company Limited. He believes in global liberalism. He says that Thailand is not able to stand alone in the world economic system.

"The country's economy is not strong enough to survive under protectionism. We still rely on foreign investment and exporting that could stimulate national economic development. It is time to think about how to adapt ourselves to cope with the global economy. I believe that regional liberalism is a step to lead the country to

link with the global economy. Now when you go abroad for international trade negotiation, the economic bloc is needed to increase bargaining power,” Mr. Chavarat explained (Chavarat Charnvirakul, the Former Vice President of the FTI in Charge of International Trade, 2000).

In Mr. Chavarat’s terms, he might mean that protectionism policy would be efficient in the country with a strong and stable economic development level. That country might have to have high rates of GDP and local investment, high competition between local industries that could benefit consumers, enough size of population or domestic market for consuming domestic products. But Thailand was not in that condition yet. The country still needed FDI, and the foreign markets for exporting their products. Hence, the country should try to link its economy with the global economy in order to expand export markets, and search for new FDI. The regional economic bloc would be a first step of the country not only to expand its export markets, but also to increase its bargaining power in the process of international trade negotiation.

On the other hand, Mr. Chatchai – a businessman who owns companies in the food processing industry -- does not completely stress either liberalism or protectionism. He says that any idea that can really contribute to the country’s economic development is his idea.

“My idea might be different from other FTI or ASEAN-CCI’s members. I think that we should apply any idea that contributes to the country’s development – no matter whether protectionism or liberalism. We might have to apply protectionism for a particular period, and liberalism for another particular period. However, the protectionism should not mean benefit to a few business groups. It should be done for the interests of the whole country’s economic system. We should end the protection that makes industry survival only within a short period of time, and in the future that particular industry will seriously wither away. We rather should help end that industry peacefully. At least, they will have something left for renovation on other industries or for rebirth of the same industry in other countries,” Mr. Chatchai said (Chatchai Boonyarat, the Former Executive Committee of the FTI, 2000).

Mr. Chatchai makes use of rational choice for his ideas on the world economics system – that is to choose a good (or the best) now, rather than later

(Scruton, 1982: 392). In Mr. Chatchai's sense, no particular economic idea should endlessly dominate the country's economic system. That means a particular economic system – no matter if protectionism or liberalism -- would be applicable for the country only in a particular period. The government should choose the best economic system that could benefit the country now. Meanwhile, when the time goes by, and if the situation of the world and national economic conditions are changed, the government is able to apply another economic system within the country. However, if the government chooses to apply protectionism within the country's economic system, the government should carefully consider about who would gain the most benefit from the system: the majority of the people or a few business groups. Those non-competitive industries should be abolished. But the government should assist them to renovate new businesses that are more competitive. However, in the present global economic trend, the Thai Government might not be able to fully apply protectionism policy. It is because since the country has made international commitments of free trade with many organisations or agreements such as WTO and AFTA. The government would have no other choice than a free trade system.

On the question of whether or not Thailand's AFTA policy will bring about benefits to the country, both Mr. Chavarat and Mr. Chatchai believe that the policy will contribute to the country's development. Mr. Chatchai believes that without Thailand's AFTA policy, the country might be suffer more from its linkage with the global economy. The country's GDP is too small to compete in the world market. AFTA as a regional economic bloc will lead the country and the region to a stronger position in the world economic system – that is to have a higher bargaining power (Chatchai Boonyarat, the Former Executive Committee of the FTI, 2000).

"I believe that Thailand is more ready than other ASEAN countries, except Singapore, to benefit from trade liberalisation. Thailand's AFTA policy certainly will not lead the country to a disadvantage position, compared with other ASEAN countries. That is because of our competitiveness, industrial development level, and infrastructure, compared with other ASEAN countries," Mr. Chatchai said (Chatchai Boonyarat, the Former Executive Committee of the FTI, 2000).

For Mr. Chavarat, whether or not Thailand's AFTA policy would contribute to the country's economic development depends on its level of utilisation.

“If Thailand’s AFTA policy is fully utilised – that is to have free trade on almost ASEAN products in all ASEAN countries, the country will gain the most benefit from Thailand’s AFTA policy. At the same time, the country’s technology for production should be developed too in order to improve the country’s competitiveness,” Mr. Chavarat said (Chavarat Charnvirakul, the Former Vice President of the FTI in Charge of International Trade, 2000).

In addition, Mr. Chavarat believes, on the other hand, if Thailand’s AFTA policy is not fully utilised, its economic outcome might not be worth enough, compared with all the resources putting into the process of policy.

“In terms of economics, AFTA might not be worth enough to directly increase either intra-ASEAN trade or Thailand’s trade with ASEAN, compared with all resources – such as time, ideas, human resources, and materials -- put into the process. Only a few industries will benefit from Thailand’s AFTA policy because all countries need to gain as much interest as possible from AFTA. No country has a higher business spirit, particularly on international trade, than others. As you have seen, the Temporary Exclusion List (TEL) that each country have proposed, will make AFTA less efficient. Meanwhile, ASEAN countries are competing with each other for foreign direct investment (FDI). But if we compare Thailand’s competitiveness with other ASEAN countries, Thailand will gain from AFTA rather than losing, particularly on the competition for FDI,” Mr. Chavarat said (Chavarat Charnvirakul, the Former Vice President of the FTI in Charge of International Trade, 2000).

He continues to say that the political benefit such as the stronger and more stable ASEAN cooperation will be a direct and an apparent result of AFTA.

“In political terms, AFTA will increase political power of ASEAN when it needs to negotiate with other countries outside the region. At least, the bigger economic countries outside the Southeast Asian region will hesitate to pressure Thailand on international trade,” Mr. Chavarat explained (Chavarat Charnvirakul, the Former Vice President of the FTI in Charge of International Trade, 2000).

According to Mr. Chavarat’s interview, it seems to be that the political benefit, not the economic benefit would be a result of Thailand’s AFTA policy. That is because when the ASEAN cooperation is strengthened, the association would be seen by the world community as an organisation with high unity. Meanwhile, AFTA is

meaningful to every ASEAN countries. All ASEAN countries like to gain the most benefit from AFTA by expanding their export market to ASEAN countries, and by having more FDI. Certainly, there would be a high trade competition between ASEAN countries. At the same time, AFTA paves the way for each ASEAN country to protect themselves for a particular period of time -- that is a right to propose TEL. The more TEL, the less successful AFTA would be.

5.1.2 Interests, Actions and Interactions among FTI's Members

The FTI is comprised of various domestic industries joining together to promote industrial development. Each member of the FTI and also the FTI Executive Committee might have their own businesses. These businesses might have different interests. Under Thailand's AFTA policy, certainly there would be domestic businesses that would gain and/or lose from the policy. Hence, the role of FTI in the process of Thailand's AFTA policy should be neutral enough to prevent the conflict of interests and to ensure that its members' interests would be protected fairly.

Mr. Chokchai, who was also Chairman of the ASEAN-CCI in 1992, had a tedious job trying to calm the nervousness of the private sector about the arrival of AFTA. His message to the private sector was that cooperation did not lie in words alone but in deeds (The Nation, 1993, February 17: E10). However, some private sectors were not satisfied about Thailand's AFTA policy content. Particularly, industrialists, whose industries would be largely affected by the fast track lists, came out to criticise Thailand's AFTA policy and also the FTI President's role. Mr. Chokchai's role was criticised by those industrialists as not neutral enough. Particularly, Mr. Chokchai was seriously criticised by Mr. Prachai Leophairatana of the Thai Petrochemical Industry Group (TPI), a major producer of plastic resins, who was unhappy with AFTA (The Nation, 1992, December 26: B1). Mr. Prachai alleged the FTI President had lobbied the government to put petrochemicals on the normal track of AFTA program instead of putting it in the exclusion list as requested by the industry. (see more information on petrochemical industry in 5.3).

"We (the TPI) had made a petition through FTI that the petrochemical industry should be in exclusion list. But FTI did nothing for us. We then had to form our petrochemical industry club and directly send our petition to the government

ourselves,” Mr. Prachai said (Prachai Leophairatana, Chief Executive of Organisation, the TPI Group, 2000).

In this matter, Mr. Chokchai defended that the Finance Ministry made its own decision with regard to the removal of petrochemicals from the fast track. Mr. Chokchai said his role in the AFTA matter was to ensure that no industry finds itself at a severe disadvantage. Mr. Chokchai also said he had to be neutral in his capacity as President of FTI which groups together various industries (The Nation, 1992, December 26: B1).

“If the petrochemical industry is overly protected, others will suffer and complain – because of the higher price of plastic pellets (a product of the petrochemical industry), and the higher costs of other industries’ products that are made from plastic,” Mr. Chokchai said (The Nation, 1992, December 26: B1).

The FTI’s President was backed by many FTI’s members, particularly members whose interest lie with the establishment of AFTA; or members who owned downstream industries with plastic pellet or plastic components as raw material for producing their products. That was because the cheaper plastic pellet represents a lower cost of production for downstream industry. Mr. Thamma Pinsukhanchana, the Chairman of the FTI’s electrical, electronics and allied products club said in supporting the FTI President that the extended protection of the petrochemical industry would put other industries at a disadvantage because the cost of plastic and plastic components would be higher than in competing countries (Bangkok Post, 1992, November 26: 19).

Mr. Chatchai, however believes that it was Mr. Prachai’s right to say so because his industry would be largely affected by Thailand’s AFTA policy. But, as the former Executive Committee member of the FTI, he confirms that his roles and other Executive Committee members’ roles were neutral.

“On the question of whether or not FTI’s role on Thailand’s AFTA policy was neutral to all industries, it depended on who said so. Those who lost interest under AFTA would certainly say that FTI’s role was biased. Actually, as an Executive Committee of FTI during the early 1990s, we tried to help all disadvantaged industries to improve themselves to cope with AFTA,” Mr. Chatchai said (Chatchai Boonyarat, the Former Executive Committee of the FTI, 2000).

Nevertheless, it was because FTI's members held different interests with Thailand's AFTA policy, if any FTI's Executive member raised himself as a neutral person to help industries to cope with the new international trade regime by negotiating with the government, that person would be questioned by other FTI members on whether his or her industry benefited from or was affected by Thailand's AFTA policy. Mr. Chatchai accepts that there was no real neutral persons to arrange compromises between industries (Chatchai Boonyarat, the Former Executive Committee of the FTI, 2000). That is because all FTI's Executive Members, and general members hold different interests with Thailand's AFTA policy.

"Each industrial group holds different interests with Thailand's AFTA policy. Even if any government offices or officials tried to arrange compromises between industries, the government offices or officials themselves would be questioned about their stake with the policy or about their special relationship with any industries. Therefore, whoever volunteers himself as a neutral person to arrange compromises between industries would be inevitably criticised," Mr. Chatchai said (Chatchai Boonyarat, the Former Executive Committee of the FTI, 2000).

During the first period of Thailand's AFTA policy-making, particularly between 1991 and the ASEAN Summit in Singapore in 1992, most FTI Executive Committee and general members supported the Anand Government's AFTA partly because they believed that Thailand's AFTA policy would enhance their industries' exports to ASEAN countries, and because they did not know about the fast track list of accelerating the tariff reduction (Chatchai Boonyarat, the Former Executive Committee of the FTI, 2000). Particularly, they did not expect before that the other ASEAN countries would propose fast track products that were sensitive to Thailand -- such as palm oil and petrochemical products (Chatchai Boonyarat, the Former Executive Committee of the FTI, 2000).

"We actually talked only about the general concept of AFTA that it would be our first step to increase the country's and the region's competitiveness before going to compete in the global market. We really knew nothing about a fast track list," Mr. Chatchai said (Chatchai Boonyarat, the Former Executive Committee of the FTI, 2000).

After the ASEAN Summit in Singapore, some of the FTI's members began to state their dissatisfaction on the Anand Government's AFTA policy, particularly on the fast track list. Dr. Narongchai Akaseranee, the Prime Minister Anand's advisor and also on the Executive Committee of FTI during the early 1990s discloses that he was complained to by some FTI's members, including some Executive Committee members that how could the Anand Government agree on a fast track list, particularly on palm oil and petrochemical industries (Narongchai Akaseranee, President of the Seranee Holdings Co. Ltd., 2000).

Nevertheless, although the FTI's members had expressed their dissatisfaction on the AFTA's fast track list, the FTI still supported Thailand's AFTA policy. But some domestic industries that would be negatively affected by the policy should be helped by the government.

"Certain industries have called for the government to hold talks with other ASEAN members to delay tariff changes for some items on the fast track program, claiming their products are not ready to join the scheme. (however) FTI still supports the AFTA because the scheme will benefit Thailand in the long run. Close cooperation among ASEAN members is also crucial to the scheme's success...I see problems that certain industries may be affected by the scheme but this should be cushioned by preparations to boost their competitive edges," Mr. Chokchai said (Bangkok Post, 1992, August 18: 26).

The FTI then had negotiated with the government to help those industries that were not ready to join AFTA. The FTI had asked those industries to give information to the government as material for negotiation with other ASEAN members. Some industrial groups sent a request through FTI, while some of them directly sent their requests to the government.

"The FTI usually acted as a neutral office to send industrial groups' petitions to the government and arrange the meeting. But those industries must defend themselves on their requests. We (FTI's Executive Committee) could not speak on behalf of any particular industry," Mr. Chatchai said (Chatchai Boonyarat, the Former Executive Committee of the FTI, 2000).

The seminars on AFTA and its affect to Thai industries were also set up for several times. The seminars' objectives were: to explain about the AFTA, its

problems and opportunities for Thai industries, and the ways to adapt industries to cope with AFTA; and to exchange ideas on the policy among private sectors themselves and between private sectors and the public sectors such as the Department of Business Economics, and the Office of Fiscal Policy.

Meanwhile, with the partially financial support from the Ministry of Commerce, the FTI hired the Thailand Development Research Institute (TDRI) to conduct research on the affect of AFTA toward Thailand's industries. The objectives of the research was to find out the export opportunities, and the impact of AFTA toward Thailand. Particularly, it tried to find out how the impact of AFTA on the country's macro-economics, trade, foreign direct investment (FDI), and industries. (Chavarat Charnvirakul, the Former Vice President of the FTI in Charge of International Trade, 2000).

In 1994, the TDRI has completed its research on the impact of AFTA toward Thailand and Thai industries in which later on it has been used as guild line: for industries to prepare themselves to cope with Thailand's AFTA policy; and for the government's further decision on the policy. For example, it was used as basic information to support the Chuan Government's decision to propose the speeding up of the AFTA implementation timeframe (Karun Kittisataporn, Director-General of the Department of Business Economics, 2000; Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

The TDRI research result can be briefly explained as (Wisarn Puppavesa, et al., 1996: i-v, 293-301):

- (1) In the long term, the reduction of tariff under AFTA will bring about not only the increase of GDP but also the national income deriving from exporting, FDI and employment. Therefore, the government's income from taxing domestic industries will also be increased, while the national economic system will be more stable;
- (2) AFTA will not make too much trade diversion, compared with trade creation;
- (3) The reduction of tariff will lower costs of production, and improve the country's competitiveness, while Thailand's exports to ASEAN and the world market will be better under AFTA;

- (4) In the short terms, the production of some industries might be decreased because of more competition from ASEAN products, while the country's income from tariffs will be decreased;
- (5) Most Thai industries are able to compete with other ASEAN countries. There are a few industries that are not competitive – such as palm oil, plastic pellets, glass, some electronic products, and wood furniture;
- (6) The protection of some Thai industries will not only be an obstacle to the improvement of Thai industries and their competitiveness, but it will also make the distortion of national resources utilisation; and ultimately the people have to buy products at a higher price. For example, the protection of petrochemical industries by having a 30 percent tariff will make a loss to the country's welfare of about 10,000 million baht per year, while the policy to protect domestic palm oil industry makes a loss to the society as a whole of about 3.309 million baht a year.

The research was cited by FTI to warn domestic industries to rapidly improve their efficiency and competitiveness.

“As the FTI Vice President in charge of international trade and AFTA, I recommended domestic industries to adapt themselves to cope with AFTA, otherwise, within the AFTA system, Thailand would rather be a buyer than a seller of ASEAN products. In addition, I warned domestic industries to stress more on enhancing technologies for production, and Research and Development (R&D). These would be basic needs not only for industrial development but also for national development,” Mr. Chavarat said (Chavarat Charnvirakul, the Former Vice President of the FTI in Charge of International Trade, 2000).

The TDRI research on the impact of AFTA to Thailand and to domestic industry was to guarantee that FTI's support on Thailand's AFTA policy-making was justified. It was because the research cited that in the long run Thailand and domestic industry would benefit from AFTA rather than losing. Meanwhile, FTI still has to help those affected industries to adapt themselves to cope with AFTA by acting as coordinator between the government and the affected private sectors. The role of FTI within a process of Thailand's AFTA policy seemed to be neutral enough to prevent the conflict of interests between FTI members.

5.2 Case Study I: the Palm Oil Industry

In the realm of the palm oil industry, there are a lot of public and private organisations involved. Major organisations are: (1) the Ministry of Agriculture with a duty of developing oil palm planting; (2) the Ministry of Commerce which is responsible for both domestic and international palm oil trade; (3) the Ministry of Industry with a duty of developing the palm oil industry; (4) the Ministry of Public Health which is responsible to protect consumers by controlling palm oil quality; (5) the Ministry of Finance with authority to impose tariffs on imported palm oil; (6) the Palm Oil and Oil Palm Association whose members mostly comprise oil palm planters; (7) the Palm Oil Refineries Association, an organisation of palm oil refiners; and (8) the Palm Oil Extracting Association with a duty to protect crude palm oil extractors' interests.

Since there have been many organisations and persons with different interests involved with the palm oil industry, the competition between interest groups involving the palm oil industry are inevitable. Therefore, palm oil is usually called a political product – a product with many interest groups competing with each other to pursue their own interests, which usually brings about political impact to the government.

Palm oil is among fifteen fast track products to be accelerated for tariff reduction under AFTA. By 2003 (under the 1992 agreement) palm oil from ASEAN countries, particularly Malaysia where its palm oil industry is the most competitive in the region, would be freely imported to Thailand with a tariff rate between 0 and 5 percent. At the AEM in Chiangmai in 1994, it was decided that the above target should be achieved within seven years, i.e. by 2000. The free import of palm oil from Malaysia would make a large affect to Thailand's palm oil industry, particularly to those oil palm planters who are the least competitive among those interest groups in the industry – the other groups are crude palm oil extractors, and palm oil refiners. In order to protect oil palm planters, in 1992, the Chuan Government then announced to move palm oil from the fast track list to the exclusion list which meant, according to the AFTA (1992 agreement), the palm oil industry would be protected for at least

eight years. Several factors were involved with the government's decision to move palm oil out of the fast track list which will be explained in this part.

5.2.1 The Palm Oil Industrial Policy, and the Interest Groups

Thailand's palm oil industry has been supported by the government for decades. In 1968, the government began to support the planting of oil palm in the Southern region in order to solve the Southern security problems, and the problems of an unstable para rubber price (Vichit Wongwareethip, 1996: 6). Oil palm is quite well planted in the South because the Southern climate is similar to Malaysia, the world's biggest palm oil exporter country. Meanwhile, oil palm could be cultivated after four years of planting, which is about three years faster than para rubber planting. In 1974, the government began to support the establishment of a crude palm oil extracting factory. Three years later, the government began to support the investment of a palm oil refinery factory.

However, although Thailand's palm oil industry has existed for more than three decades, the industry is still less competitive than Malaysia and Indonesia. Several reasons explain this. First, Thailand's palm oil industry began to exist only after fifty years of Malaysian palm oil industrial development, and after fifty-seven years of Indonesian palm oil industrial development (Vichit Wongwareethip, 1996:7). The technology for production of Malaysian palm oil has been more developed than in Thailand. In addition, Malaysia has a special and expert organisation to administer the country's palm oil industry, while Thailand has not. Second, the Malaysian areas for planting oil palm now are about 17.62 million rai,¹ while Thailand have only 1.37 million rai in which most of the planting areas are in the Southern region. That is partly because the Malaysian climate is more suitable to plant oil palm than Thailand where only the Southern region is suitable.

Third, the Malaysian palm nuts per rai is about 3 ton, while Thai planters are able to produce only 2.45 tons of palm nuts per rai. Meanwhile, with a better palm breed, the Malaysian palm nuts would normally provide more crude palm oil than Thai palm nuts. Fourth, the cost of Thai palm nuts' producing is about 1.92 baht per kilogram, while Malaysian planters spend only about 1 baht per kilogram of palm nuts

¹ A rai equivalents to 1,600 sq.m. or 0.16 hectare.

producing. That is partly because the price of land and the labor wage in Thailand is higher than in Malaysia (Prasert Sirichownichkarn, Managing Director of the P.S. Pacific Co. Ltd., 2000).

“Furthermore, Malaysia has a few landlords so that their plantation cost are lower than Thailand which comprises many small planters,” Mr. Chatchai said (Chatchai Boonyarat, the Former Executive Committee of the FTI, 2000).

Fifth, Malaysia have more extracting and refinery factories than Thailand, and their factories are able to produce both crude palm oil and refined palm oil with lower costs than Thailand’s factories.

“Most Malaysian palm oil is for export so that they normally plant oil palm, extract crude palm oil, and refine palm oil at an exporting rate so that the cost of production is lower than Thailand. Meanwhile, most Malaysian palm oil refinery factories are located on the seaboard so that they can save costs of transportation. Not only do they share the seaboard terminals but they also supply palm oil to each other whenever any company is short of palm oil,” said Mr. Prasert Sirichownichkarn, the former President of the Palm Oil Refineries Association, (Prasert Sirichownichkarn, Managing Director of the P.S. Pacific Co. Ltd., 2000).

The final reason that Thailand’s palm oil industry has been less competitive than Malaysia is that the Thai Government’s palm oil industrial protection policy during the past decades, particularly the protection of oil palm planters.

After the palm oil industry had been introduced in Thailand for a decade, the government began to realise that the industry was not able to compete with the Malaysian palm oil industry (Vichit Wongwareethip, 1996: 7). The measures to protect the industry then were made. According to the Fifth National Economic and Social Development Plan (1979-1983), oil palm was imposed as an economic plant. The areas for planting oil palm were imposed – there were only ten provinces nationwide. Those oil palm planters must be registered in order to control the supply of palm nuts. In addition, in order to help oil palm planters, in 1987, there was an agreement between crude palm oil extractors, palm oil refiners and the Ministry of Commerce to impose the standard prices of palm nuts, and crude palm oil.

In 1982, the Ministry of Commerce announced that the import of palm oil must have the permission from the Ministry. The tariff of imported palm oil was also increased as shown in table 5.1.

Table 5.1 Tariff Rates of Imported Palm Oil between 1968 and 1993 (baht/litre)

	1968-191982	1982-1984	1985	1989-1993
Crude palm oil	0.25	1.32	2.50	1.32
Palm oil with Oxygen	1.00	1.32	1.65	1.65
Palm oil with Hydrogen	0.70	1.32	1.65	1.65
Consumable palm oil	1.00	4.40	5.50	1.32
	(Plus extra premium for 20 percent)			
Non-consumable palm oil	0.30	0.66	0.66	1.32

Source: The Custom Department's Tariff Rates, 1992 and TDR1, "Vegetable Oil Industry", 1993. Quoted in Vichit Wongwareethip, 1996: 10.

Nevertheless, in 1985, the Ministry of Commerce announced that refined palm oil, crude palm oil and palm nuts were not allowed to be imported. Only factories that used palm oil as raw material would be allowed to import, but it must be permitted by the Ministry. However, consequently, the government's measures to protect the palm oil industry caused the unstable price of domestic crude palm oil and refined palm oil, and it also brought about the smuggling of crude palm oil and refined palm oil along the Southern border. Therefore, in 1989, the Ministry of Commerce added more regulations to protect the palm oil industry: (1) palm oil producers must notify the government about the quantity of produced palm oil, and place to keep palm oil; (2) the transferring of palm oil must be permitted by the government; and (3) the limited amount of palm oil holding in the 15 Southern provinces (Vichit Wongwareethip, 1996: 7-8).

In this matter, Mr. Chatchai, the food processing industrialist or an end-user of the palm oil industry, disagrees with the past government's attempts to protect the palm oil industry. However, in order to get cheaper palm oil, instead of being only as

an end-user of the industrial product, he had established his own palm oil industry by having oil palm planting areas, the palm oil extracting factory, and the crude palm oil refinery factory. It was a complete system of palm oil industry. But ultimately, he decided to end all his palm oil industry activities after the establishment of AFTA.

"My decision to close down my own palm oil industry was not because I feared that the industry would not be able to compete with Malaysia or Indonesia. But it was because I could not fight with those smuggling crude palm oil. No government during the past years were able to stop crude palm oil smuggling. Then I decided to turn back as only an end-user of the palm oil product," Mr. Chatchai said (Chatchai Boonyarat, the Former Executive Committee of the FTI, 2000).

"If the government did not too much to interfere with the industry, I believe that Thailand's palm oil industry would be more competitive. The protection of a certain group in the cycle of the palm oil industry, which was driven by political pressure, made a slow path of Thailand's palm oil industrial development. The government should let the market mechanism run palm oil industry because it would bring about free competition and the more efficiency of the industry," Mr. Chatchai added (Chatchai Boonyarat, the Former Executive Committee of the FTI, 2000).

It has been a problem since the government banned imported palm oil in 1985 that for some years the country faced a shortage of domestic supply of palm oil. A lot of domestic competition among end users of palm oil to get refined palm oil and competition among palm oil refiners to get crude palm oil usually existed bringing about the uncertain prices of crude palm oil and refined palm oil (Prasert Sirichownichkarn, Managing Director of the P.S. Pacific Co. Ltd., 2000). Hence, in some years the government must import palm oil from Malaysia. For example, in 1988 the country imported 3,000 tons of refined palm oil, and 2,000 tons of crude palm oil from Malaysia in order to solve the shortage of domestic supply, and the smuggling of semi-refined palm oil along the Thai-Malaysia border.

Nevertheless, the establishment of AFTA in 1992 made the government revise the policy concerned about palm oil because the industry must prepare itself for liberalisation in the near future. Trade of palm oil would be free under AFTA. The Anand Government then planned to scrap the import ban on palm oil and replace it with tariff barriers as a first step before going to free trade of palm oil in ASEAN.

Meanwhile, in 1992, the Palm Oil Refineries Association requested to import of palm oil because of the shortage of domestic supply. Mr. Amaret Sila-on, as the Commerce Minister, reacted by announcing import of 15,000 tons of crude palm oil.

However, the first term Anand Government did not last long enough to import the 15,000 tons of crude palm oil from Malaysia. The advent of General Suchinda Kraprayoon Government with Dr. Anuwat Wattanapongsiri as the new Commerce Minister made an unstable condition of policy concerning the palm oil industry. After Dr. Anuwat assumed the Commerce Ministerial position for a few days, Mr. Thawee Srisukhon, the President of the Palm Oil and Oil Palm Association, went to see him to discuss about the problems of oil palm planters.

"I have known Dr. Anuwat for a long time. Immediately after he assumed the post, I met him and asked for help. I requested the abolishment of 15,000 tons of imported crude palm oil from Malaysia which was authorised by the former Commerce Minister – Mr. Amaret. Dr. Anuwat questioned me as to whether or not Thailand had sufficient domestic palm oil supply. I said yes we had sufficient domestic supply. Then he just said that he believed me, and pledged to abolish the 15,000 tons of imported crude palm oil," Mr. Thawee said (Thawee Srisukhon, President of the Palm Oil and Oil Palm Association, 2000).

In this matter, Dr. Anuwat confirmed that he had met Mr. Thawee when he was appointed as Commerce Minister.

"Mr. Thawee and me looked like brothers. He always called me "Pee" (older brother). He asked for help with rational explanations. So, I agreed to help him by planning to abolish 15,000 tons of imported palm oil," Dr. Anuwat said (Anuwat Wattanapongsiri, the Former Commerce Minister, 2000).

Several reasons are explain why Dr. Anuwat agreed to abolish the import on 15,000 ton from Malaysia. First, it was to prevent mass protesting made by oil palm planters which would cause political impact to the government. The strength of the Association becomes a bargaining advantage that influences the government's decision-making on the policy. Second, the relationship between Dr. Anuwat and Mr. Thawee has been made for a long. This relationship is called the patron-client model -- the nature of social and political relationships where power and authority

are viewed in personalistic terms (Scott, 1972. Quoted in Pisan Suriyamongkol, 1980: 5).

Nevertheless, the Suchinda Government did not last long enough to implement Dr. Anuwat's plans on the palm oil policy. General Suchinda resigned from his post in mid May 1992 meaning the end of his Government. Mr. Anand came back as a second term Prime Minister. Mr. Amaret was appointed again as the Commerce Minister. But this time, his policy on palm oil industrial policy had changed again. He said that the import of 15,000 tons of palm oil would be held over for a few months to avoid adverse impacts on Thai oil palm planters (Bangkok Post, 1992, July 28: 30).

"Palm nut outputs from July to September this year (1992) will be enough to supply extractors and refiners, but from October on outputs might dwindle and imports will then be reconsidered," Mr. Amaret said (Bangkok Post, 1992, July 28: 30).

Mr. Amaret's decision was made after he received the request made by sixteen Southern Democrat MPs, including Mr. Chuan Leekpai, the party's leader. They claimed that the year's production (1992) would definitely be enough to meet domestic demand (Bangkok Post, 1992, June 20: 20). In the letter submitted to the Commerce Minister, they said that the numbers referred to a decline – when compared to the situation at the same time last year – in the amount of crude still to be delivered by the crushers to the refiners, and not to a decline in total production. These forward orders provided the refiners with adequate supply until October (Bangkok Post, 1992, June 20: 20).

In July 1992, the Democrats won the general election. Mr. Chuan became the Prime Minister, with Mr. Uthai Pimchaichon, the Leader of the Solidarity Party, as the Commerce Minister. The Chuan administration decided to abolish the Anand Government's decision to allow the import of 15,000 tons of crude palm oil as a buffer stock to stabilise crude palm oil price in which about 1,335 tons of crude palm oil had already been delivered. The government also ordered the Public Warehouse Organisation (PWO) to re-export 1,335 tons of crude palm oil which arrived in the late October from Malaysia (Bangkok Post, 1992, October 31: 20).

These orders did not so much surprise the public because of visible Democrat's interests with the Southern voters. The Democrat's major political base has long been in the Southern region, and part of the Democrat's victory in the 1992 general election derived from the popular vote of the Southerners. Meanwhile, the Democrat has had a long relationship with the Palm Oil and Oil Palm Association where most of the Association's members were oil palm planters – major Democrat's political supporters. Even some of the Association's members were also Democrat members, and Democrat Members of Parliament (MP). For example, Mr. Pichet Panvichatkul, the former Vice President of the Palm Oil and Oil Palm Association, ran for Democrat MP in Krabi Province in the 1992 general election. Mr. Thawee, the Association President, has been the President of the Democrat Party at Krabi branch for a long time.

In this matter, Mr. Thawee confirms,

“I have known Mr. Chuan for more than 30 years. He always calls me “Pee” (older brother). I usually help the Democrat's political campaigns in the South, particularly in Krabi Province,” Mr. Thawee disclosed (Thawee Srisukhon, President of the Palm Oil and Oil Palm Association, 2000).

Southern Democrat MPs including Prime Minister Chuan himself used to work against the importation of crude palm oil from Malaysia during the Anand Government. Certainly, when they occupied the government house, they would not miss the chance to protect their political supporters' interests. It was as the research's conceptual framework stated earlier, “ideas, interests and positions of policy-makers would determine their decisions and action on the policy”. The Democrats was not in the Anand Government so that it lacked the authority to decide on the policy. What the Democrats did was only to make a request to the government. But when the Democrats became the government party, it then was a chance for them to use their position as the major government party – or so-called to use its bargaining advantages – to influence the policy.

Mr. Prasert comments on this matter that palm oil is a political product with oil palm planters as the most important interest group.

“We actually did not know the facts that: why the Chuan Government decided to re-export palm oil to Malaysia with some loss; and whether or not there was

political lobbying in that particular case. But it was a common activity in a democratic society that everybody must look after their own interests, no matter for economics or politics. The Democrats might have some stake with oil palm planters. By the same token, the farmers or agricultural sectors are usually sympathised with by the state. However, in fact, most of the oil palm planters are rich with huge areas for cultivating – in this case more than 1,000 rais. They would not suffer so much from the liberalisation of palm oil. Only those small planters would suffer from free trade because of their lower capacity of technology for production,” said Mr. Prasert who is the Managing Director of the P.S. Pacific Co., Ltd., a palm oil refinery factory (Prasert Sirichownichkarn, Managing Director of the P.S. Pacific Co. Ltd., 2000).

In this matter, however, Mr. Pichet defended that those criticism were not based on the fact about Thailand’s palm oil industry and Malaysia’s palm oil industry.

“In fact, refined palm oil in Malaysia is cheaper than the Thai equivalent because oil palm plantations in Malaysia are all owned by palm oil product manufacturers. Another reason is that most Malaysian crude palm oil is supplied to the chemical industry, which use refined oil as part of raw materials. Unlike Thailand, refined palm oil is the main raw material for the production of vegetable oil by manufacturers. Palm oil import policy benefit only manufacturers of vegetable oil, but create hardship and trouble for several hundred edible oil seed planters – soybean, coconut and castor seeds. The influx of imported palm oil seriously affects edible oil seed planters because imported oil will push down local palm oil prices, which as a consequence will force down the prices of other edible oil seeds,” Mr. Pichet explained (Bangkok Post, 1992, October 30: 26).

The cancellation of 15,000 tons of imported crude palm oil disappointed the Palm Oil Refineries Association. They submitted a proposal to the Chuan Government to revise the government’s decision to block 15,000 tons of crude palm oil imports. The petition was directly sent to Mr. Uthai, the Commerce Minister, with an expectation that the Minister who had no stake with the Southern voters, would consider their requests. The Association cited about the heavy rains in the South that would bring about flash floods in several oil palm plantation areas. This might adversely affect oil palm supply (Bangkok Post, 1992, October 31: 20).

Fortunately, the Palm Oil Refineries Association's request was considered and agreed with by Mr. Uthai. After intensive lobbying by palm oil refiners – with their President (during that period), Mr. Boonchai Asavachatchai, as the leader of the refiners team -- the Commerce Minister said imports were likely to be allowed (Bangkok Post, 1992, November 20: 30).

“They (refiners) informed me that shortages of crude palm oil had emerged, and the price had increased from 13 baht a kilo to 16 baht a kilo so the Ministry should allow imports,” Mr. Uthai said (Bangkok Post, 1992, November 20: 30).

The ultimate result of the political struggle between two main Associations or interest groups in the palm oil industry was the import of 9,725 tons of crude palm oil. In this particular policy game, the equilibrium of the policy was reached to satisfy both Associations. The Palm Oil Refineries Association was able to use its influence to convince the government that the import of crude palm oil was needed. But the amount of imported crude palm oil was only 9,725 tons – about 5,275 tons less than the Association's request. Meanwhile, the Oil Palm and Palm Oil Association was able to use its influence to stop the imports of 15,000 tons of crude palm oil. But the Association was not able to prevent some import of crude palm oil. It is able to be concluded here that the result of the group struggle was that the policy moved in the direction desired by the palm oil refiners' group (group that gained influence), and away from the desires of groups losing influence (oil palm planters' group).

In addition, according to the agreement of the WTO, which Thailand has a commitment with, in 1995, Thailand had to abolish the palm oil imported control measures by retaining only a tariff measure as a barrier to protect the domestic palm oil industry. Consequently, about 14,976 tons of crude palm oil were imported in 1995 with 10 percent tariff charged, by the Palm Oil Refineries Association (see table 5.2).

Table 5.2 Importation of Crude Palm Oil between 1992 and 1997

Unit: Ton						
(Value): Million Baht						
Country	1992	1993	1994	1995	1996	1997
Malaysia	9,725 (101.8)	--	--	14,976 (229.1)	19,174 (261.1)	17,379 (317.8)
Indonesia	--	--	--	--	5,595 (77.2)	--

Source: Department of Business Economics, 1999: 8.

5.2.2 Thailand's AFTA Policy and the Palm Oil Industry's Interest Groups

In 1992, Malaysia proposed palm oil as a fast track product under AFTA. That meant ASEAN countries' palm oil tariff must reach between 0 and 5 percent within 10 years (the timeframe for implementing AFTA's fast track list later was reduced to 7 years under the 1994's AEM agreement). After the AFTA was signed in January 1992, the Thai Government began to campaign for implementing of Thailand's AFTA policy by explaining to all involved groups about objectives, and benefits of the policy, and how to cope with the policy. Particularly, oil palm planters were the government's target group to be convinced of what the benefits of Thailand's AFTA policy were, and how they should adapt themselves to cope with the policy.

In mid February 1992, Mr. Amaret Sila-on, the Commerce Minister went to campaign for AFTA in the South. He also visited palm oil plantations to study the industry's production and marketing situation. Mr. Amaret had found that although the industry had received full government protection from an import ban during the past several years, its production capacity, cost and comparative prices of related products meant it would be unable to compete with other ASEAN countries (Bangkok Post, 1992, February 21: 22).

"When I was the Minister of Commerce, I had talked with both palm oil industrialists and oil palm planters several times. I found that the most sensitive

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"When I was the Minister of Commerce, I had talked with both palm oil industrialists and oil palm planters several times. I found that the most sensitive

group was the small oil palm planters who might have problems of adapting themselves to cope with AFTA. So, the government tried to help them survive for a particular period of time by imposing tariffs and quotas for imported palm oil. Meanwhile, we must stimulate them to improve their efficiency. I said at the meeting with the Southern oil palm planters that if they could improve their efficiency, they would survive,” Mr. Amaret said (Amaret Sila-on, President of the Stock Exchange of Thailand, 2000).

Nevertheless, Mr. Amaret was unsuccessful in convincing the Southern oil palm planters. At the meeting, he had argued with many oil palm planters’ representatives, particularly Mr. Pichet, the former Vice President of Palm Oil and Oil Palm Association, and Mr. Thawee, the President of the Association. Those oil palm planters believed that AFTA would hurt Thailand’s palm oil industry, particularly those oil palm planters (Thawee Srisukhon, President of the Palm Oil and Oil Palm Association, 2000).

“At the meeting many years ago, Mr. Amaret asked me why Thailand’s palm oil industry was not able to compete with Malaysian palm oil industry. I then reacted by questioning Mr. Amaret as to why Malaysian rice was more expensive than Thailand’s rice. In addition, I said that if you (Mr. Amaret) were Malaysian Commerce Minister, would you ask why Malaysian rice was more expensive than Thailand’s rice. Mr. Amaret began to lose his temper by asking me back whether or not I knew how much Thailand’s rice planting areas were? I responded to him that there were about 22 million rai with between 18 and 20 million tons of rice produced each years, and about 7 million tons were for export. That answer made him stop asking anything. Mr. Amaret only said that he came to the South to see whether or not we were the real oil palm planters. The Anand Government used to announce to create policy for the survive of farmers and the agricultural sector. But the most disappointing aspect of the Anand Government’s policy was the announcement to import 15,000 tons of crude palm oil from Malaysia in order to solve the shortage of supply of domestic products. That announcement existed immediately after Mr. Amaret left the Southern region” Mr. Thawee said (Thawee Srisukhon, President of the Palm Oil and Oil Palm Association, 2000).

Mr. Amaret's attempt to shape mass opinion on the palm oil industry and Thailand's AFTA policy seemed not to be successful. Meanwhile, oil palm planters were not able to use their influence with Mr. Amaret. Several reasons explain this. First, Mr. Amaret was not from the elected government that needed to make policy in favor of any interest groups. As a non-elected government with no plan to run for the next election, the making of a political base was not needed. Second, there was no patron-client relationship between the Anand Government, particularly Mr. Amaret, and the oil palm planters. So, oil palm planters lost their influence to affect the Anand Government's AFTA policy and palm oil industrial policy.

The arguments over the palm oil's issues and Thailand's AFTA policy were mainly made by three main involved groups: the government officials; the oil palm planters; and the palm oil refiners. Not only did they view the palm oil industry and Thailand's AFTA policy differently, but they also acted differently to influence palm oil issues and Thailand's AFTA policy. Especially, the planters and the refiners had different interests under Thailand's AFTA policy so that their views were clearly opposite to each other. Planters needed to see palm oil as an exclusion list product of AFTA, not a fast track product. It was because planters' interests would be protected for at least eight years, (if the product was moved to TEL).

"AFTA is a poison for developing countries in the Southeast Asian region. AFTA will cause suffering to many parts of Thailand's agricultural and industrial sectors. For the palm oil industry, planters of oil palm would be the major negative affected group because they were not ready to compete with Malaysia. Certainly, every business must face competition so that they would try to improve their efficiency. But there must be a certain degree of domestic protection measures in order to prevent exploitation of domestic industry made by other countries. For example, the Philippines and Indonesia did not allow the import of coconut and palm oil for ten years (from 1993), while imported rice would be taxed by these countries with more than a 50 percent rate. These countries had tried to protect their sensitive sectors, but Thailand was trying to open for liberalisation," Mr. Thawee who also owns oil palm plantation areas said (Thawee Srisukhon, President of the Palm Oil and Oil Palm Association, 2000).

He keeps on explaining that he used to argue with Mr. Arj Taoranondh, the former Deputy Minister of Agriculture during the Anand Government about palm oil issues and Thailand's AFTA policy.

"Mr. Arj said that oil palm planters must improve themselves in order to prepare for implementation of AFTA in 2003 (under the 1992's agreement). He also said that within seven years, we must be ready for trade liberalisation of palm oil. I then responded that we would not be ready within seven years. In order to plant oil palm, in the first four years of planting would be no palm nuts for cultivating. In the fifth or sixth year of planting, then we could get palm nuts for sale. Normally, planters would spend nine years to make their plantation worth enough," Mr. Thawee said (Thawee Srisukhon, President of the Palm Oil and Oil Palm Association, 2000).

But those palm oil refiners had different views on Thailand's AFTA policy. They prefer the liberalisation of the palm oil industry because it meant the free import of crude palm oil from neighboring countries, particularly Malaysia. Malaysian crude palm oil certainly was much cheaper than Thailand's. It was a visible interest of palm oil refiners with Thailand's AFTA policy.

Nevertheless, Mr. Prasert, the former President of the Palm Oil Refineries Association argues that he agrees with Thailand's AFTA policy not because of cheaper imported crude palm oil from Malaysia, but because of a visible sufficient supply of crude palm oil.

"We are a downstream factory so that we prefer regional free trade on palm oil. As you know, our country was faced with the shortage of palm oil for many years. That made an unstable price of refined and crude palm oil. But Thailand's AFTA policy would bring about freely imported crude palm oil – meaning that we would have enough supply, and the prices of refined and crude palm oil would be stable. Certainly, oil palm planters need to see the high price of palm nuts. We do not mind in this matter because ultimately consumers of products made from palm oil instead would get the burden. But what we need is the sufficient supply of crude palm oil so that we will be able to make an industrial plan," Mr. Prasert said (Prasert Sirichownichkarn, Managing Director of the P.S. Pacific Co. Ltd., 2000).

However, Mr. Prasert believes that Thailand's oil palm planters were not ready for trade liberalisation. So, he says, the government should help planters adapt themselves to cope with changes.

"The planters must try to lower their cost of production so that their palm nut prices could compete with Malaysian prices. However, our Association has agreed that we would try to buy domestic crude palm oil as priority in order to help planters," Mr. Prasert explained (Prasert Sirichownichkarn, Managing Director of the P.S. Pacific Co. Ltd., 2000).

For the government's view on palm oil issues and Thailand's AFTA policy, the government had shown no clear interest with and views on the palm oil industry and Thailand's AFTA policy. It depends on who occupies the governmental positions. As stated earlier in Chapter Three that the Anand Government -- the non-elected government which faced lesser political pressure -- had no stake with the palm oil industry and its decision-making on the issue was quite objective. The Anand Government pledged for regional trade liberalisation. The Anand Government also worked against the protection of noncompetitive industries.

"The most disappointing aspect of Thailand's protection measures was the attempts to protect the palm oil industry. The protection of this industry made only costs to the country. I do not understand why we continue to protect them. Malaysian palm oil has long been a world class product, while our palm oil is an unstable industry. If our country is not good enough for planting oil palm, should we switch it to other kinds of agricultural products that are more competitive," Mr. Amaret said (Amaret Sila-on, President of the Stock Exchange of Thailand, 2000).

On the other hand, the elected government such as the Suchinda and the Chuan Governments were facing with political pressures deriving from interest groups such as oil palm planters' group. Their decision-making on the palm oil industry and Thailand's AFTA policy were based not only on economic reasons but also on political reasons. For example, during the Suchinda Government, the Commerce Minister, Dr. Anuwat Wattanapongsiri, was a friend of Mr. Thawee, the leader of the oil palm planters group. Dr. Anuwat became the political channel for the oil palm planters group to lobby the government on the palm oil industrial policy and

on Thailand's AFTA policy. They met with each other a few days after Dr. Anuwat assumed the post.

"I asked him (Dr. Anuwat) to move palm oil products out of the fast track list. I explained to him about what the affect of Thailand's AFTA policy would be, particularly the affect to oil palm planters. He agreed to help me. But unfortunately, the Suchinda Government was too short to do anything about palm oil issues and Thailand's AFTA policy," Mr. Thawee said (Thawee Srisukhon, President of the Palm Oil and Oil Palm Association, 2000).

In this matter, Dr. Anuwat confirms,

"It is true that Mr. Thawee came to see me because we have long been friends. I also visited oil palm plantation areas in the South. I found that Thailand's palm oil was in a disadvantaged position under AFTA. Thai oil palm planters would be bankrupt if palm oil products continued to be in the fast track list because we could not compete with Malaysia. The Anand Government suggested oil palm planters to replace oil palm with other agricultural products. They actually could not do this because the plants had already been growing for decades. Should we burn it? No way. After I had talked with Mr. Thawee, I pledged to help him on palm oil issues. I intended to announce for delaying of Thailand's AFTA policy implementation on palm oil product, but no implementation was done yet," Dr. Anuwat said (Anuwat Wattanapongsiri, the Former Commerce Minister, 2000).

The Suchinda Government was out after about a month in office. The Anand Government was back as an interim government. The Democrats won the July 1992 election. Mr. Chuan became the Prime Minister. The Chuan Government also has a very close connection with the Palm Oil and Oil Palm Association. The Democrats, in particular, have a clear stake with the Southern voters, including Southern oil palm planters. The party always win the Southern MP seats, particularly in a province where oil palm plantations are located, i.e. Surat Thani, Krabi and Tang, etc. It seemed to be that the political support in the Southern constituencies was a main reason that the Chuan Government and the Democrat Party inevitably helped the oil palm planters' group. Meanwhile, Mr. Pichet – the former Vice President of the Palm Oil and Oil Palm Association – was elected as a Democrat MP, and he was also appointed as the Assistant Secretary to the Minister of Finance who also looked after

Thailand's AFTA policy. He then became a major pusher for changing of Thailand's AFTA policy content, particularly on palm oil issues.

Asked on the stand point of the Democrat Party on whether palm oil products should be included in the fast track program of AFTA, Mr. Pichet who also a Democrat MP from Krabi, said he personally did not agree with the idea of including palm oil products in AFTA's fast track program, because it would adversely affect some 50,000 families of planters (Bangkok Post, 1992, October 30: 26).

"If AFTA is implemented, about 16 million palm trees on 800,000 rai will be cut down," Mr. Pichet said (Bangkok Post, 1992, October 30: 26).

Not only Mr. Pichet, but also other Democrat's Southern MPs such as Mr. Akom Aengchuan from Krabi, and Mr. Suthep Thergsuban from Surat Thani, gave assistance to oil palm planters to lobby the Chuan Government not to maintain palm oil product on the fast track list (Thawee Srisukhon, President of the Palm Oil and Oil Palm Association, 2000).

Ultimately, in the early December 1992, the AFTA Implementation Committee chaired by the Finance Minister, announced the withdrawal of palm oil products from the fast track list, and putting it on the exclusion list instead.

Mr. Pichet came out to support the Chuan Government's decision,

"The government's decision is justified particularly for oil palm planters because the previous Anand Government decided on the issue on a give-and-take basis, meaning some sectors would gain and some would lose. (But) some sectors were to lose without any gain such as the palm oil industry. It is correct for the Chuan Government to reconsider the matter," Mr. Pichet said (Bangkok Post, 1992, December 8: 21).

But the Chuan Government's announcement disappointed palm oil refiners as it caused difficulties for making an industrial plan.

"The policy was not stable. It rather depended on the political situation. Certainly, we (refiners) are disappointed with the policy, but we understood how the government made the policy," Mr. Prasert said (Prasert Sirichownichkarn, Managing Director of the P.S. Pacific Co. Ltd., 2000).

He kept on explaining that the Chuan Government had never asked for the Palm Oil Refineries Association's comment on the policy, while the Planters'

Association was invited to give comment on the policy (Prasert Sirichownichkarn, managing director of the P.S. Pacific Co. Ltd., 2000).

“We were never asked to negotiate on this issue, either with the government, the FTI or the Planters’ Association. A reason that we did not have an active role on Thailand’s AFTA policy was that the timeframe for implementation of the policy was too far to think about. In addition, we were not sure how far the government could maintain the protection policy with the palm oil industry. Protectionism would not be able to survive in this world,” Mr. Prasert said (Prasert Sirichownichkarn, Managing Director of the P.S. Pacific Co. Ltd., 2000).

The political struggle between palm oil refiners and the oil palm planters group in the process of Thailand’s AFTA policy ultimately resulted in the victory of the oil palm planters. The palm oil industry was moved from the fast track list under Thailand’s AFTA policy to the Temporary Exclusion List (TEL). Several reasons are able to explain the situation. First, the position of the Democrat as the major government party provided authority and responsibility to rule on Thailand’s AFTA policy. Second, ideas of Southern Democrat MP were to protect the oil palm planters. Third, those Democrat MP’s ideas derived from their interests with the policy. Some of the Democrat MPs came from oil palm planting areas, while some were supported by the oil palm planters’ group during the political campaign period. Fourth, the oil palm planters’ group not only have relationships with Democrat MPs for long period, but also have political influence over Democrat MPs. Therefore, they were able to have access to decision-makers on Thailand’s AFTA policy. Fifth, the palm oil refiners lacked the action-channel – a regularised means of taking governmental action on a specific kind of issue (Allison, 1971: 169). They could not access to decision-makers. Sixth, the palm oil refiners gained no sympathy from the government because the refiners would not be negatively affected by Thailand’s AFTA policy. On the other hand, they would rather benefit from the policy of free trade in palm oil.

In this matter, Dr. Teerana Bhongmakapat, the advisor to Deputy Prime Minister Supachai Panitchpakdi of the Democrat Party, accepted that the oil palm planters’ group had tried to lobby the Chuan Government. But the Chuan Government’s decision-making was not based on that political lobby.

“It was not true that the oil palm planters’ group had achieved success in their political lobbying with the Chuan Government. The political issue was not a main driven force of the Chuan Government’s decision-making on Thailand’s AFTA policy. It was rather an economic reason instead. The planters’ reason for moving the palm oil product out of the fast track list was justified by the reason that that planters were not ready to compete with Malaysian planters, and seven years were not enough to adapt their capacity to cope with AFTA. There was absolutely no Democrat MP involved with Dr. Supachai’s decision-making on Thailand’s AFTA policy,” Dr. Teerana said (Teerana Bhongmakapat, Advisor to Deputy Prime Minister Supachai Panitchpakdi, 2000).

A bureaucrat who was in charge of Thailand’s AFTA Unit at the Office of Fiscal Policy confirms Dr. Teerana’s statement,

“No Democrat’s MP was involved with the Chuan Government’s decision-making to move palm oil out of the fast track list. Only academic analysis was done, and we found that the palm oil product should be moved two steps back – that was to become on the exclusion list instead of the fast track or normal track list,” confirmed by Mr. Lawaron Saengsanitch, the Chief of the Thailand’s AFTA Unit at the Office of Fiscal Policy (Lawaron Saengsanitch, Chief of the Thailand’s AFTA Unit, 2000).

In 1994, the ASEAN economic ministers agreed to accelerate the timeframe for implementing AFTA about five years ahead of the previous schedule (by 2003 instead of 2008). For the fast track products, it would be three years ahead of the schedule (by 2000 instead of 2003). Meanwhile, the exclusion list would be ended after eight years of protection, and there would be no more review. That meant the liberalisation of palm oil trade within ASEAN. The tariff on imported palm oil must be automatically reduced to 20 percent by 2001, and reach between 0 and 5 percent by 2003.

Oil palm planters felt that the new AFTA would pressure them very soon, if they had done nothing about it. Hence, the Palm Oil and Oil Palm Association sent a formal letter to the Chuan Government in 1994, asking for a review of the program. The Prime Minister’s Office responded that the Association must talk about this matter with Deputy Prime Minister Supachai.

“I even used to wait for Mr. Chuan at his house in Bangkok for more than three hours to lobby on this matter. But his secretary told me to directly talk with Dr. Supachai. We got the same answer from Dr. Supachai, the Banharn Government, and the Chavalit Government that it was not a right time to negotiate with other ASEAN countries about this matter. They said we should wait until the real implementation of AFTA existed. That disappointed me so much,” Mr. Thawee said with a feeling that ultimately he was a failure in his political lobbying (Thawee Srisukhon, President of the Palm Oil and Oil Palm Association, 2000).

When the Chuan Government came back to power again in late 1997, Mr. Thawee went to talk with Dr. Supachai, the Deputy Prime Minister and the Commerce Minister.

“He told me that we have been given years of adapting ourselves to cope with AFTA, but we could not do it because of our low potential. It was so difficult to listen to what Dr. Supachai’s idea was,” Mr. Thawee said (Thawee Srisukhon, President of the Palm Oil and Oil Palm Association, 2000).

In addition, the ASEAN Summit in Vietnam in 1998, resulted in a one year reduction of the timeframe for full implementation of AFTA. That meant tariffs on imported palm oil must reach between 0 and 5 percent by 2002. At the end, the oil palm planters’ attempts to work against free trade of palm oil in ASEAN were not totally successful. But it does not mean that the oil palm planters’ group has no more influence over Democrat. In fact, the planters could not work against the trend of the world trade – that is to freer trade. The Chuan Government ultimately had to consider regional interests – the commitment that the Thai Government had made with ASEAN – and the trend of world trade – a freer trade -- as priorities. It was the same as what Dr. Teerana said earlier in chapter four that international factors such as the world and regional political and economic situations and the reaction of ASEAN countries to Thailand’s proposal were stressed for making decisions and taking action on Thailand’s AFTA policy (see more information in 4.1, chapter 4).

Now the palm oil product is used by the Thai Government as a mechanism to negotiate with Malaysia which is trying to protect its own auto-parts industry. The Thai’s proposal is that if Malaysia does not open their market to Thailand’s auto-parts, the Thai Government will re-consider the free trade on palm oil. The palm oil

industry now is not only a domestic issue, but it is also an international issue, particularly between Thailand and Malaysia.

5.3 Case Study II: Petrochemical and Plastic Industries

Petrochemical and plastics are among 15 fast track products to have accelerated tariff reduction. The Petrochemicals in Thailand is a disadvantaged industry under AFTA because the industry's potential is far behind the Singaporean petrochemical industry. But Thailand's plastics industry has been developed for a long time until it is competitive enough to face trade liberalisation in ASEAN.

The petrochemical and plastic industries have different interests under AFTA. Petrochemical industrialists produce plastic pellets, while plastic industrialists buy plastic pellets as raw material to make finished plastic products. Certainly, those petrochemical industrialists would not be happy with Thailand's AFTA policy because it would mean the end of the industrial protection. But for those plastics industrialists, Thailand's AFTA policy would provide them with a chance to buy a cheaper plastic pellet from ASEAN countries that would ultimately reduce their costs of production.

Therefore, since AFTA was signed in January 1992, the petrochemical industrialists began to lobby the government for withdrawing the industry from the fast track list. The political lobbying was continuously undertaken by petrochemical industrialists for years since 1992. Meanwhile, the petrochemical industrialists' political lobbying was criticised by the plastics industrialists, and by other industrialists whose industries needed to use finished plastic product as a component of their products – such as the auto-parts industry and the electronic industry. The struggle for survival of both the petrochemical and plastic industries is an obvious example of domestic influences affecting Thailand's AFTA policy.

5.3.1 Structures of Thailand's Petrochemical and Plastics Industries

The petrochemical industry is a big industry with high investment. The industry produced plastic pellets and other chemical products. In 1981, Thai Government established the National Petrochemical Complex 1 (NPC-1) as an imported substitute industry comprising of upstream and downstream industries. The

upstream petrochemical industry was managed by the National Petrochemical Corporation which was a public-private joint venture company. The upstream petrochemical industry buys Ethane and Propane from the Petroleum Authority of Thailand to annually produce 315,000 tons of Ethylene and 105,000 tons of Propylene (Ponglert Theerarattakul, 1994: 26). These products of the upstream petrochemical industry would be used as raw materials for the downstream petrochemical industry - - mostly comprised of private companies -- to produce plastic pellets such as High Density Polyethylene (HDPE), Low Linear Density Polyethylene (LLDPE), Linear Density Polyethylene (LDPE), Polyvinyl Chloride (PVC) and Polypropylene (PP). More than 3,000 plastic factories would buy these plastic pellets to produce finished plastic products (Ponglert Theerarattakul, 1994: 27).

Nevertheless, it was because the need for plastic pellets was so much increasing rapidly until the National Petrochemical Complex 2 (NPC-2) had not been able to make enough plastic pellets to meet the domestic needs. The NPC-2 then was established in 1989 comprised of upstream, middle-stream, and downstream petrochemical industries. The upstream petrochemical industry comprised of Olefins and Aromatic projects which would use petroleum products for producing Ethylene, Propylene and Aromatic components. The middle-stream petrochemical industry applies upstream products to produce Styrene Monomer (SM), Vinyl Chloride Monomer (VCM) and Ethylene Glycol (EG). Both upstream and middle-stream products are used by the downstream petrochemical industry to produce plastic pellets for textiles, chemical and other plastics industries. This downstream petrochemical industry is called in another term as an upstream plastics industry because it produces plastic pellets for the plastic industry.

Although the Thailand's petrochemical industry was able to produce plastic pellets themselves, between 1989 and 1992, more than 6,500 million baht was spent each year to import plastic pellets from other countries, particularly Japan, Singapore and Korea (Ponglert Theerarattakul, 1994: 36). Between 1989 and 1992, Thailand imported plastic pellets from ASEAN countries – ninety percent of imported plastic pellets were from Singapore – for about 540 million baht annually. By the same token, in 1992, Thailand exported plastic pellets to ASEAN countries, particularly

Malaysia, of approximately 510 million baht which was about 39.1 percent of the total of Thailand's export of plastic pellets worldwide.

The plastics industry has been developed for decades. It began from an imported substitute industry decades ago to currently an export industry. The value of exported plastic products had been increasing every year. For example, in 1989, Thailand exported plastic products worth approximately 6,620.4 million baht, while in 1992, its exported value increased to 14,140.5 million baht. Approximately 14 percent of Thailand's exported plastic products were sent to ASEAN countries. However, Thailand also imported plastic products from other countries, including ASEAN countries. Between 1989 and 1991, approximately 9,000 million baht was spent on imported plastic products – such as plastic plat, film, PVC tool, etc.

The petrochemical and plastics industries have long been protected industries. The tariffs for imported upstream and downstream petrochemical industries and for plastic products were quite high. For example, the tariff for imported upstream and middle-stream petrochemical products was 20 percent, while the tariff for imported downstream petrochemical products was approximately 40 percent. Imported plastic product's tariffs were approximately 60 percent.

In 1992, Singapore proposed that the petrochemical and plastic products be on the fast track list under AFTA. It meant that tariff rates for petrochemical and plastic products would be reduced to between 0 and 5 percent within 10 years (under the 1992 agreement). However, in late 1992, the Thai Government decided to withdraw the petrochemical and plastics industries from fast track list. The industries were put in the normal track list – meaning their tariffs would reach between 0 and 5 percent within 15 years (under the 1992 agreement). In 1994, the AEM resulted in a speed up of the implementation timeframe of AFTA. Those products under the normal track list would have a tariff rate between 0 and 5 percent within 10 years instead of 15 years. Thailand's plan for tariffs of imported petrochemical and plastic products is as table 5.3.

Table 5.3 Plan for Tariff Reduction of Petrochemical and Plastic Products

Unit: Percent

Type	Previous tariff rates	1995	1996	1998	2000	2002	2003
Upstream Petrochemical Products	20	20	15	10	5		
Middle-stream Petrochemical Products	20	20	15	10	5		
Downstream Petrochemical Products	40	30	25	20	15	10	5
Plastic Products	60	30	25	20	15	10	5

Source: Department of Customs, n.d. Quoted in Nisa Thiemkitsawasdi, 1994: 41.

5.3.2 Ideas, Interests, and Movements of Interest Groups

Since the ASEAN summit in Singapore 1992 resulted in the establishment of AFTA with 15 fast track products including petrochemicals and plastics products, the Thai petrochemical and plastics industrialists began to lobby the government for assistance. They requested a seven-years delay in the initial tariff cuts. They needed to have a grace period to strengthen their ability to compete with other ASEAN countries. Mr. Apiporn Passavat, the Managing Director of the Thai Polyethylene Co. explained that because the petrochemical industry needs massive investment in which about 20 billion baht had been invested in the NPC-1, and about 80 billion baht had been put into the NPC-2, the protection was essential to prevent them from collapse.

"Thai Government should continue protection for the petrochemical and plastics industries for at least seven years before the tariffs are cut. Protection should be given to the Thai petrochemical industry (in particular) as is the practice worldwide. For example, South Korea provides ten years' protection for its industry while Taiwan erected tariff barriers when its industry started to develop. Singapore, which has developed such industries since 1984 and had become an exporter through government-provided ten years' protection, will benefit most from the AFTA tax cuts," Mr. Apiporn said (Bangkok Post, 1992, November 11: 28).

It was not so surprising that petrochemical or so-called upstream plastic industrialists came out to work against Thailand's AFTA policy because the policy meant the end of industrial protection -- the high tariff barriers. The reduction of tariffs on petrochemical products, particularly on plastic pellets would make problems to domestic producers of plastic pellets because they would be indirectly forced to reduce the price of plastic pellets to compete with imported plastic pellets. According to an economic analysis (Thai Plastics Industry Association, n.d. Quoted in Nisa Tiemkitsawasdi, 1994: 37-55), the price of a PVC plastic pellet sold in Bangkok in early 1996 was between 33 and 52 baht per kilogram in which its average price was about 44.12 baht per kilogram. Meanwhile, the imported PVC plastic pellet was about 32.58 baht per kilogram. But it would be charged a 40 percent tariff making the imported PVC plastic pellet's price 45.63 baht per kilogram (Nisa Tiemkitsawasdi, 1994: 49). If in 2003, the government decided to make the tariff rate at 0 percent, the price of imported PVC plastic pellets would be about 32.58 baht per kilogram. This means that the domestic producers would have to reduce their selling price of PVC plastic pellets to be at a competitive level (Nisa Tiemkitsawasdi, 1994: 55).

Certainly, the one who would benefit from tariff reduction would be downstream plastic manufacturers or those industrialists whose industries need plastic products as a component of their products. Mr. Thamma Pinsukhanchana, Chairman of the Thai Industries' Electrical, Electronics and Allied Products Club -- an industry that needs plastic product as its product's component -- spoke opposing the petrochemical industrialists' request for delaying tariff cuts on petrochemical products, particularly on plastic pellets,

"The extended protection of the petrochemical industry would put other industries at a disadvantage because the cost of plastic and plastic components would be higher than in competing countries," Mr. Thamma said (Bangkok Post, 1992, November 26: 19).

The ideas of Mr. Thamma and Mr. Apipord show that these industrialists view Thailand's AFTA policy based on their own interests. But as the Chairman of the Plastic Industry Club of FTI which comprises of members from both upstream (plastic pellets producers or petrochemical industrialists) and downstream sectors (finished plastic products manufacturers), Mr. Viraj Chuenmeechow, also the President of

Techno Foam Co., Ltd. – a downstream plastic industry – might have to view and express about Thailand's AFTA policy neutrally. He said that plastic products manufacturers would suffer if the present 60 percent duty protecting finished plastic products and the 40 percent rate charged on imported plastic pellets were both cut to 30 percent by the end of 1992. He said it would squeeze the profit margins of the plastic products industry (Bangkok Post, 1992, February 26: 26).

However, although Mr. Viraj came out as the representative of plastic industrialists to work against Thailand's AFTA policy particularly on the fast track list, as a downstream plastic industrialist, Mr. Viraj generally agreed with Thailand's AFTA policy. He believes in regional liberalism. He says that the purchasing power and the competitiveness of the ASEAN countries, except Singapore, are not different so that AFTA, as an example of regional liberalism, would benefit the country and the region.

"I believe that AFTA would bring about more benefits than losses to the plastic industry because the price of raw material (plastic pellets) for producing finished plastic products would be lower. However, because the Club comprised of both downstream and upstream plastic industrialists, the standing point of the Club must be for the survival of both sides. If we immediately agreed with Singapore's proposal, those upstream plastic industries or those petrochemical industries would collapse because the industry was just developed for a few years. While those finished plastic industries which had been developed for decades might lose some profit margins in the first period, ultimately they would benefit from AFTA. Hence, we proposed for seven years delay of tariff cuts," Mr. Viraj said (Viraj Chuenmeechow, President of the Techno Foam Co. Ltd., 2000).

Mr. Viraj was standing between his own interests and the Club members' interests, particularly the upstream plastic industrialists' interests. As the President of the Club, he had to act neutrally in order to prevent the conflict of interests. He had to find ways out for both upstream and downstream industries, by requesting to delay the tariff cuts for seven years. However, as the owner of a downstream industry, certainly he needed not to worry so much about the affect of Thailand's AFTA policy because in the end his industry would benefit from the policy, that is to buy cheaper

plastic pellets from abroad. Therefore, he should say that he agrees with Thailand's AFTA policy.

On the other hand, petrochemical industrialists such as Mr. Prachai Leophairatana, Chief Executive Officer of the Thai Petrochemical Industry Public Company Limited (TPI) disagreed with Thailand's AFTA policy. He believes that it is a poison for the country, and it would destroy Thailand's petrochemical and plastics industries.

"Free trade areas in Europe such as the European Free Trade Area (EFTA) used to be a failure, but we (Thailand and other ASEAN countries) were going to duplicate a failure. The only country that would benefit from AFTA is Singapore because this country has long been a free trade area. If Singapore imports products from outside ASEAN, and exports to Thailand, Singapore will at least gain the commission. It will be hard to check whether products imported from Singapore are really Singaporean products. Ultimately, AFTA will make Thailand as an importing country only. Meanwhile, AFTA would contribute nothing to ASEAN when they need to negotiate with other countries outside the region. If ASEAN countries have no tariff barriers anymore, what mechanism would you use to negotiate with your trading partners? I like to challenge Mr. Anand Panyarachoon who was a creator of Thailand's AFTA policy that what really are the benefits of the policy to the country. If he says that it will strengthen ASEAN's bargaining power in the multilateral trade negotiations, he is misunderstanding about this matter. In fact, if we (ASEAN) have no tariff barriers, it seems to be that we have no mechanism to negotiate with any country outside the region," Mr. Prachai said (Prachai Leophairatana, Chief Executive of Organisation, the TPI Group, 2000).

"What I prefer is a custom union system that all imported products from outside the union would face the same level of tariff, no matter which country in the union imported them. Meanwhile, there would be free flow of goods within the union, if those goods are made by the union's members," Mr. Prachai said (Prachai Leophairatana, Chief Executive of Organisation, the TPI Group, 2000).

Mr. Prachai continues to say that he believes in any economic ideas that could provide the best benefit to the country.

“Protectionism is not too bad for a particular situation, while regional liberalism is also good for strengthening the region’s trading power. I believe that the principle of administering the country is that the people must have well being. Sometime, if we have to take advantage over other countries for the sake or survival of domestic people, we must do it. Free trade is good for the most efficient country. But Thailand in 1992 had just began its industrialisation process for less than a decade, how could the country compete with a more developed country such as Singapore? We need more time to strengthen our competitiveness. When we are competitive enough, it will not be too late to liberalise our trading system,” Mr. Prachai said (Prachai Leophairatana, Chief Executive of Organisation, the TPI Group, 2000).

Mr. Prachai is quite an inward looking person who stresses his industry’s interests. Meanwhile, he is right to work against Thailand’s AFTA policy. As a petrochemical industrialist, certainly, Mr. Prachai should say he disagrees with Thailand’s AFTA policy. The policy would make higher competition in the petrochemical industry, particularly competition from abroad. Therefore, Mr. Prachai says that he does not mind protectionism, if it could benefit domestic people – in his terms this might mean domestic industry. Meanwhile, he is also satisfied with free trade. But it would be better if free trade is applied when the country’s industry is developed. By the same token, Mr. Prachai believes that a free trade area among developing countries such as AFTA would contribute nothing to the region because ultimately every country would try to protect their own interests. The greatest beneficiary of AFTA would be Singapore, the most developed country in ASEAN.

In addition, he is concerned about the Singaporean trading tactic of origin of the product that might be done easily under AFTA. In this matter, however, ASEAN imposed the rule of the origin for CEP that a product shall be deemed to be originating from ASEAN member states, if at least 40 % of its content originates from any member states...the Certificate of Origin shall be issued by the government authorities of the exporting member states – in the case of Thailand by the Department of Foreign Trade (ASEAN Secretariat, 1993: 52-57).

Mr. Prachai and other petrochemical industrialists attempted to lobby the government by sending a letter to the Chuan Government, particularly to the Finance

Minister, Mr. Tarrin Nimanhaeminda, and the Deputy Prime Minister Supachai Panitchpakdi. They wanted petrochemical products on the exclusion list under AFTA.

“First we tried to send a letter to the government through FTI. But FTI did nothing for us. So we had to form our own petrochemical industrialists’ group and directly send a petition to the government. Our reason for putting petrochemical products in the exclusion list was that we feared the dumping of petrochemical products from Singapore. Those FTI’s Executive were Mr. Anand’s supporters so that they agreed with Thailand’s AFTA policy. Particularly, some FTI members from textiles and the downstream plastics industry, who had to buy plastic pellets for their production, thought that Thailand’s AFTA policy would lower their costs of production. They misunderstood about this matter. In fact, the reduction of tariffs would be done throughout the plastics industry, no matter whether upstream or downstream industry. They would have to compete with dumping imported plastic products also,” Mr. Prachai explained (Prachai Leophairatana, Chief Executive of Organisation, the TPI Group, 2000).

In the FTI, the Plastics Industry Club represented both upstream (petrochemical) and downstream (finished plastic manufacture) industries. Hence, the role of FTI President and the President of the Club should be neutral to prevent conflict of interests. Hence, as Mr. Viraj states earlier, the Club requested for a seven years delay of tariffs cuts. But Mr. Prachai needed it to be on the exclusion list – meaning excluding it from tariff cuts for eight years. The different ideas between the Club’s President and Mr. Prachai therefore made Mr. Prachai establish his own group of petrochemical industrialists, and directly sending the petition to the government.

However, Mr. Prachai’s fear of dumping products derived from Singapore seems not to be justified because of the World Trade Organisation (WTO) agreement on dumping defines the terms “dumping” rationally. A product is to be considered as being dumped, i.e. introduced into the commerce of another country at less than its normal value, if the export price of the product exported from one country to another is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country (WTO, 1994. Quoted in Department of Foreign Trade, n.d.: 1).

Nevertheless, the petrochemical industrialists' attempt to lobby the government was partially successful. In early December 1992, a day after those petrochemical industrialists met the Finance Minister, the Ministry announced it would withdraw the petrochemical and plastics industries from the fast track, and put them in normal track list instead.

"The Thai Government's AFTA working group, which met yesterday, agreed that the six items originally listed in the fast track category will be proposed to be included in the normal track category instead. They are petrochemical products, plastics products, electronic parts and components, palm oil, soybean oil and coconut oil," announced Dr. Trairong Suwankhiri, the Deputy Finance Minister (Bangkok Post, 1992, December 4: 32).¹

But the announcement did not satisfy the petrochemical industrialists, particularly Mr. Prachai. He blasted the FTI over its decision to allow the government to put petrochemical and plastics products on the normal track list.

"The FTI's proposal submitted to the government contradicted the group's decision, because the group wanted to exclude its products from the tariff cuts for at least eight years to provide a grace period for the industry to adjust itself. I am wondering why the FTI did not listen to the opinion of my group's study," Mr. Prachai said (Bangkok Post, 1992, December 24: 26).

The FTI's President argued,

"The Finance Ministry made its own decision with regard to the removal of petrochemicals from the fast track. My role in the AFTA matter is to ensure that no industry finds itself at a severe disadvantage, although the five-years break under the normal track is shorter than the eight years of the exclusion list. I have to be neutral in my capacity as President of FTI which groups together various industries. If the petrochemical industry is overly protected, others will suffer and complain," (The Nation, 1992, December 26: B1).

The petrochemical industry normally produce plastic pellets. Those plastic pellets would be raw material for making finished plastic products to supply other industries such as the auto-parts industry, the textile industry and the construction

¹ Palm oil industry ultimately was moved to Temporary Exclusion List (TEL).

industry. Hence, if plastic pellets are expensive, it will mean higher costs of production for other downstream industries. In the FTI, then the petrochemical industrialists seemed to be left alone working against Thailand's AFTA policy. However, since the FTI is an organisation to look after domestic industries' interests and development, the FTI President and other Executive Committee members had to act neutrally. This might be the reason that the FTI ultimately requested putting the petrochemical industry on the normal track list, not the fast track list, and not on the exclusion list as requested by Mr. Prachai.

Putting petrochemical and plastics products in the normal track list did not end the matter. Mr. Prachai and other petrochemical industrialists' attempted to lobby for delaying tariff cuts on the products. The lobbying attempts were confirmed by Mr. Lawaron Saengsanitch, the Head of Thailand's AFTA Unit, the Office of Fiscal Policy.

"Every times that the new Finance Minister was appointed – no matter under the Chuan, or the Banharn, or the Chavalit, or the second term Chuan Governments -- Mr. Prachai would send the request and meet with the Finance Minister. I was always called to attend the meeting between Mr. Prachai and the Finance Minister," Mr. Lawaron said (Lawaron Saengsanitch, Chief of the Thailand's AFTA Unit, 2000).

Nevertheless, the strategy for lobbying was changed from directly attacking Thailand's AFTA policy to explaining about the dumping of petrochemical products by outsiders of the region through Singapore. In June 1993, at the Asian Petrochemical Conference in Phuket Province, Mr. Charunya Phichaikul, a senior executive of a TPI, came out to urge for delaying tariff cuts on petrochemical products. He said that AFTA could help Singapore's well-developed industry destroy petrochemical production in other ASEAN countries.

"If there is dumping of petrochemical products from outside, all ASEAN countries must raise import barriers together, otherwise a low-tariff country like Singapore will destroy the structure and spirit of AFTA as imports can flood ASEAN through Singapore. The development of the Thai petrochemical industry was fragmented and not integrated as in developed countries and, as a consequence, weakened the competitive edge. Thailand would become a dumping ground of cheap petrochemical exports largely from Singapore as well as from Malaysia and Indonesia

if the AFTA was enforced on petrochemical products,” Mr. Charunya explained (Bangkok Post, 1993, June 5: 20).

However, as stated earlier, the dumping of product is not done easily because of the WTO’s definition of “product dumping”. If countries outside ASEAN dumped their products into the ASEAN market through Singapore, other ASEAN countries will not suffer from dumping, because of several reasons. First, Singapore’s petrochemical traders would not be able to export these dumped products to other ASEAN countries without tariffs because products would not comply with AFTA’s rule of origin for CEPT – that is at least 40 percent of the products’ content must be made in ASEAN countries. Second, Singapore is also a petrochemical producers country. The dumping of petrochemical products from outside ASEAN through Singapore would make Singapore suffer also. Third, the WTO’s agreement also states about the anti-dumping measures to work against product dumping. The affected countries are able to make complain through the WTO for compensation.

The request of the petrochemical industrialists was supported by a particular government office, the Board of Investment (BOI). In 1993, the BOI reported on their study of the impact of AFTA to the petrochemical industry which was done by a special BOI committee chaired by Mr. Sivavong Changkasiri, the Permanent Secretary of the Ministry of Industry. The study claimed that the first tariff reduction on petrochemical products should be postponed from 1996 to 1999 because of the industry’s worldwide slump (Bangkok Post, 1993, November 15: 23).

Deputy Prime Minister Supachai, however, argued that Thailand was committed to AFTA and that making further changes might be difficult.

“Postponing tariff cuts may not be a cure-all for industry,” Dr. Supachai said (Bangkok Post, 1993, November 15: 23).

It seemed to be that under the Prime Minister Chuan administration, the request for delaying tariff cuts on petrochemical products was not successful. The advent of the Banham Government in mid 1995 seemed to be more hopeful for the petrochemical industrialists.

When the Banham Government assumed power in 1995, the government approved a revision in the customs tax structure that effectively reduced the maximum tax rate from 100 percent to 30 percent in 1997 on 6,988 items including

petrochemical products (Bangkok Post, 1995, December 5: 34). But the Banham Government was lobbied by the petrochemical industrialists' group to revise the announcement.

In late 1995, the petrochemical industrialists group led by Mr. Prachai met Dr. Surakiart Sathirathai, the Finance Minister of the Banham Government. They requested for abolish of the government's plan to cut the import tax on petrochemical products to a maximum of 30 percent by 1997. Dr. Surakiart acknowledged there was some logic to the group's view and said the Ministry would consider the matter.

"The Ministry will review the tax structure for particular products to be fair to both domestic producers and consumers," Dr. Surakiart said (Bangkok Post, 1995, December 5: 34).

Meanwhile, the petrochemical industrialists also tried to lobby the Commerce Minister to reduce the imports of plastic pellets. In this case, Mr. Montri Danpaibul, the Deputy Commerce Minister came out to support domestic plastic pellet producers by urging those finished plastic product manufacturers use local products.

"If downstream industries used locally made materials, Thailand would be able to reduce its plastic pellet imports, worth more than US\$140 million a year," Mr. Montri said (Bangkok Post, 1996, March 20: 20).

However, it was because the movement of the tariff on imported plastic pellets would have an affect not only on domestic plastic pellet producers, but also to other industries that needed plastic pellets as their raw material. The leather industrialists, which normally used PVC plastic pellets to produce synthetic leather, also tried to lobby the Finance Ministers to cut tariffs on plastic pellets from 30 percent to 20 percent. They said that the cutting of the tariff would make them more competitive (Bangkok Post, 1996, July 4: 14).

A main reason that leather industrialists wanted to see tariff cuts on plastic pellets was that the leather industry was facing high competition from imported leather products. Leather products were among 15 fast track products under AFTA. Therefore, they needed to lower their costs of raw material – that was PVC plastic pellets. The Finance Ministry, led by Deputy Finance Minister, Mr. Praphat Phothisuthon, set up a committee with representatives from petrochemical producers and users, the Ministry of Industry, the Petroleum Authority of Thailand, and the

Fiscal Policy Office to find an appropriate solution to the leather manufacturers' problems. However, it seemed to be that the result of the committee meeting was the victory of the petrochemical industrialists. The Finance Ministry was not likely to reduce petrochemical tariffs.

"The tariffs (of plastic pellets) should stay as they are. The local petrochemical producers had invested heavily in new facilities (12 billion baht), and tariff cuts would hurt the industry at this stage. The vehicle industry used more petrochemicals than the leather industry, but the former did not seek any reduction in tariffs. It would not be a worthwhile exercise to reduce the petrochemical tax merely for one industry," said M.R. Chatu Mongkol Sonakul, the Permanent Secretary of the Ministry of Finance (Bangkok Post, 1996, July 4: 14).

The advent of the Chavalit Government in the late 1996, was also seen as a helpful government for the petrochemical industry. Petrochemical industrialists sent a letter to Prime Minister Chavalit Yongchaiyudh asking for assistance. In the letter, it stated,

"The government should delay the tariff reduction under the AFTA programme until the government can improve basic infrastructure and the industry is stronger, or the plastics and petrochemical industries may lose their ability to compete with foreign producers," (The Nation, 1996, December 24: B2).

The Chavalit Government announced in December 1996 that the tariff cut on olefins – a downstream petrochemical product – would be delayed for a year (Bangkok Post, 1996, December 14: B1). It meant that the plan for tariff cuts from 30 percent to 20 percent would be postponed from January 1, 1997 to January 1, 1998 instead. Meanwhile, the Chavalit Government announced it would reduce tariffs by only a few percent tariff on petrochemical products instead of heavy cuts. Instead of cutting from a 30 percent tariff to 20 percent tariff, the 55 petrochemical products' tariffs would be approximately 27 percent during the first six months on 1997 (Bangkok Post, 1996, December 24: B10). From July 1997, however the petrochemical products' tariffs would be cut as originally plan.

However, before the start of the tariff cut in July 1997, the petrochemical industrialists began to lobby the government again. They asked the government to retain a 27 percent import tariff on petrochemicals, arguing that the industry was not

yet ready for full liberalisation (Bangkok Post, 1997, June 10: B12). The petrochemical industrialists had met Mr. Korn Dabbaransi, the Minister of Industry, in mid June 1997. The result of the meeting was the government's announcement to delay tariff reductions on five petrochemical products until January 1, 1998 (Bangkok Post, 1997, June 25: B12).

"The country's petrochemical industries needed more time to prepare for foreign competition. The delay was also partly due to the reluctance of other ASEAN members – Indonesia and Malaysia -- to lower their tariff barriers to regional trade," Mr. Korn said (Bangkok Post, 1997, June 25: B12).

The delaying of tariff cuts on petrochemical products angered downstream plastic industrialists who needed to buy plastic pellets as their raw materials. These were for example, auto-parts industrialists and electronic industrialists. These industrialists would continue to face higher prices for essential raw materials such as plastic pellets.

"I will do nothing to fight for survival anymore because the government needs to protect a dinosaur industry (the petrochemical industry) but left (the downstream plastics industry) to die. The higher costs cause (the plastic) manufacturers to lose competitiveness in the international market," said Mr. Somsak Sangpoa, the Assistant Secretary General of Thai Plastic Industries Association (The Nation, 1997, June 25: B2).

The Chavalit Government ended in November 1997 due to its failure to solve the national economic crisis. The Chuan Government was back in power. Mr. Tarrin was appointed as Finance Minister again, while Dr. Supachai was appointed as the Deputy Prime Minister and the Commerce Minister. Meanwhile, the Ministry of Industry was under the responsibility of Mr. Somsak Thepsuthin who was from the Social Action Party (SAP). The political lobbying through Mr. Tarrin or Dr. Supachai was quite impossible to achieve because under the first term Chuan Government, the petrochemical industrialists failed. Hence, lobbying of the government through the Industry Ministry might be more possible. It might be based on the belief that if Mr. Somsak was convinced by petrochemical industrialists, he might use his political pressure to influence Mr. Tarrin and Dr. Supachai's decision-making. That was because Mr. Chuan and the Democrats were helped by SAP during

the political competition for setting up the government in late 1997. It resulted in the advent of the second term Chuan Government.

The political lobbying through Mr. Somsak was quite successful. Mr. Somsak came out to support the delay of tariff cuts.

"In the current economic situation, it remains necessary to protect the upstream petrochemical industry. The petrochemical producers have run into difficulties and liquidity problems because of forex losses and the higher operating costs which resulted from the baht flotation. Meanwhile, the government should support petrochemical producers' exports to make up for the decline in domestic consumption. The reduction of import tariffs could cause rivals to dump their products on the Thai market. Malaysia and Indonesia have maintained their high import tariffs," Mr. Somsak said (The Nation, 1997, December 11: B1).

In this matter, the Finance Minister sent a letter to the Industry Minister for explaining why delaying tariff cuts was impossible. Three reasons were cited by the Finance Minister. First, if the government delays the planned import tariff cuts, it would demonstrate the uncertainty of the government's economic policy and could undermine the confidence of foreign investors. Second, it was essential to develop the petrochemical industry with lower production costs to supply cheaper products to related industries. Finally, there was only a 5 percent import tariff on upstream and intermediate petrochemical industries, while import tariffs of as much as 27 percent were charged to the downstream petrochemical industry and 40.5 percent to the plastic industry. This could result in large burdens for related industries as well as export-oriented industries (The Nation, 1997, December 11: B1).

Petrochemical industrialists were partially successful in their political lobbying through the Industry Minister, because ultimately, the Chuan Government approved a duty cut on petrochemical imports as a compromise between petrochemical manufacturers and end-users. The Chuan Government's initial plan was to reduce tariff barriers of imported plastic pellets from 27 percent to 20 percent, while the tariff of plastic products would have to be dropped from 40.5 percent to 30 percent. But ultimately the government announced that from January 1, 1998, the plastic pellets imports' tariff would be 23.5 percent instead of 20 percent. Meanwhile

the import tariff for finished plastic products would be 25 percent instead of 30 percent.

Nevertheless, Mr. Prachai says that he never won the tariff game with the government.

“The state power was able to dominate my businesses. I lost since the first step of attempting to move the petrochemical industry to the exclusion list. I lost again under the second term Chuan Administration. Mr. Tarrin likes to see the end of the upstream industry. It is not his property so that he felt nothing about the difficult times of the industry. He only said that it was a commitment to ASEAN, so that we had to follow it. I can say that my attempts to lobby the government were definitely a failure,” Mr. Prachai said with a desperate sound (Prachai Leophairatana, Chief Executive of Organisation, the TPI Group, 2000).

He keeps on explaining that Thailand’s AFTA policy was a part of his collapse of business today. The trend of accelerating tariff cuts on petrochemical products made him rapidly create a fully integrated petrochemical industry during the past years, otherwise his industry might not be able to compete with other ASEAN countries, particularly Singapore. More than 40 billion baht was spent for multi-phase expansion program of TPI. After three years of development, the TPI ultimately was successful in developing a fully integrated system in 1997.

“Now I can say that Thai petrochemical products, particularly my company’s products are able to compete with any countries’ products. We are competitive enough for trade liberalisation on petrochemical products,” Mr. Prachai said (Prachai Leophairatana, Chief Executive of Organisation, the TPI Group, 2000).

But the problem was that the 40 billion baht investment was from foreign borrowing. When the baht currency collapsed, Mr. Prachai became the country’s biggest debtor with more than 100 billion baht debt.

“It was not a fair game. If there was no Thailand’s AFTA policy, I would rather use the company’s profits to expand the industry. My plan for establishing a fully integrated petrochemical industry would have been done step by step. But unfortunately, Thailand’s AFTA policy indirectly forced me to rapidly create a fully integrated petrochemical industry. So I had to borrow abroad. But when the baht currency collapsed, no one helped me. On the other hand, some cabinet members

under the Chuan Government called me a cheater who tried not to pay back debt,” Mr. Prachai said (Prachai Leophairatana, Chief Executive of Organisation, the TPI Group, 2000).

In case of Thailand, the country's industry had long enjoyed protection measures. Particularly, those infant industries such as petrochemical industry which was just established in the 1980s needed government's protection measures. Hence, when the trade liberalisation measure was made, those protected industries would not enjoy the scheme. Thailand's AFTA policy is concerned about free trade in Southeast Asia. Certainly it is about tariff cuts of ASEAN products. The plan for tariff cuts was made for years before the real implementation of tariff cuts begin. That was to give time to industries to prepare themselves to cope with the new trading system. Petrochemical industrialist such Mr. Prachai realised that point too. So, he had to struggle for two things at the same time. On the one hand, he was struggling for lobbying the government not to rapidly cut tariffs on petrochemical products. He also tried to lobby for moving petrochemical products from the fast track list to the exclusion list. As a result, his attempts concerning tariffs on petrochemical products were partially successful because petrochemical products were moved from the fast track list to the normal track list under AFTA. Meanwhile, he was able to convince the governments not to accelerate tariff cuts on petrochemicals during the Banham, Chavalit and the second term Chuan Governments. On the other hand, he was struggling for developing his own petrochemical industry (PTI) to cope with ASEAN trade liberalisation under AFTA. Ultimately, he was successful. But in the end, the way he developed his industry made him had financial problems. Because of a huge foreign loan, his industry became the country's biggest debtor of more than 100 billion baht. The game of tariff reduction in the petrochemical industry seems to be ended for Mr. Prachai and other petrochemical industrialists because all plans for tariff cuts on petrochemicals has already been set in place. But the game of Mr. Prachai and his TPI to struggle with his debt condition had just started.

5.4 Summary

According to the two case studies, interest groups from domestic industry and business were found to play an important role in the process of Thailand's AFTA policy-making (see figure 5.1 at the end of chapter 5). A complex interaction between ideas and interests can be found in Thailand's AFTA policy process. For instance, when Thailand's AFTA policy stipulated certain fast track products, interest groups then went to act for or against the policy, because their interests would be affected by the policy. Interest groups tried to influence the official policy-makers to make policy to their preference. The case of the palm oil industry showed how the oil palm planters' group gained access to policy decision-makers. The political influence, held by the oil palm planter's group, enabled them to lobby the government. Meanwhile, the case of the petrochemical industrialists' group showed the group's attempts to convince the policy-makers in every government not to accelerate tariff cuts on petrochemical products.

In the case of the palm oil industry, there were two main private interest groups which tried to pursue their own interests with Thailand's AFTA policy: the oil palm planters; and the palm oil refiners. The oil palm planters' group considered that Thailand's AFTA policy, particularly the fast track list, would bring about losses to their group because they believed that free trade would mean the free flow of low cost palm oil from abroad, particularly from Malaysia. Hence, the group was working against Thailand's AFTA policy. The Palm Oil and Oil Palm Association, particularly the leader and former vice president of the association, acted as oil palm planters' representatives to lobby the government. The position of the oil palm planters as an interest group provided them with bargaining advantages to influence policy-makers. Those bargaining advantages included the large number of group members who had helped the Democrat Party to gain the victory of the 1992 general election, particularly in the Southern constituencies. These bargaining advantages provided them with an important channel to gain access to policy-makers.

On the other hand, the position of the palm oil refiners as an interest group -- the Palm Oil Refineries Association -- did not provide them with enough bargaining advantage to influence the policy-makers, compared to the oil palm planters' group.

That might be because of two main reasons. First, the palm oil refiners would benefit from Thailand's AFTA policy implementation, because the policy would provide them with a chance to buy lower cost crude palm oil from abroad, and a chance to make a concrete industrial plan due to the stable price of crude palm oil. So they might not need to lobby the government for assistance. Second, the refiners' group lacked a channel of access to policy decision-makers because they held no political influence with parties in the government, particularly in the Democrat Party. Where the bargaining advantages or influence of the oil palm planters' group and palm oil refiners' group were different, the group which held more political influence would help move the direction of the policy. In this case, we see the withdrawal of palm oil from the fast track list to the exclusion list to keep the planters protected for at least eight years.

The petrochemical and plastic industries held different interests with Thailand's AFTA policy. One major petrochemical industrialist believed that the policy would bring about damage to the country, particularly to their industry. Thailand's AFTA policy, in the petrochemical industrialist's ideas, would bring about cheaper plastic pellets from abroad, particularly from Singapore. This would mean the end of protection for the industry. Downstream plastic industrialists believed that their industry was strong enough to cope with a free trade system because their industries were already well established. Downstream plastic industrialists, as well as other industrialists needed plastic products for their production, therefore they preferred free trade in petrochemical products, because the policy would bring in less expensive plastic pellets from abroad which meant lower costs of production.

In order to protect the group's interest, the petrochemical and/or upstream plastic industrialists tried to lobby every government not to reduce tariffs on the product. They tried to influence public policy at many levels of government such as the Finance Ministry, the Commerce Ministry and the Office of the Prime Minister. Meanwhile, downstream plastic industrialists and other related industrialists petitioned the government to accelerate tariff cuts on plastic pellets.

If the government made a decision that favored one group's request, the other group would be in a losing position. A decision to maintain petrochemical and plastic industry products on the fast track list would have meant greater competition from

abroad, particularly from Singapore. The end result might damage the domestic petrochemical industry. But the downstream plastic industry and other industries that needed plastic products as a component of their products, would have become more efficient with lower cost plastic pellets from abroad. On the other hand, a decision to put petrochemical and plastic products on the exclusion list might mean that downstream plastic and other downstream industrialists must continue to buy high priced plastic pellet. But the petrochemical industry would have been protected for at least eight years.

Since different groups' interests conflicted, they were not easy to deal with. The government then had to balance interests between competing groups. A final decision that could bring about a compromise between interest groups was made. On the one hand, in order to temporarily protect the interest of the petrochemical industry, the product was moved out of the fast track list. That meant there would be no acceleration of tariff reductions on the product. But the government did not add it to the exclusion list as requested by petrochemical industrialists. Instead, the government decided to put petrochemical and plastic products on the normal track list. It meant that the tariff reduction of these products would be done step-by-step until it reached between 0 and 5 percent by 2002. The government's decision might not totally satisfy downstream plastic industrialists because they had to continue to buy high priced plastic pellets until 2002. However, at least the downstream plastic industrialists' attempts to lobby the government were not a total failure, because petrochemical and plastic products were not on the exclusion list.

We see from the above case how internal industrial and business interests may conflict with one another. While each group attempted to influence the government's decision on Thailand's AFTA policy, the government's position was to compromise in the interests of both parties. Neither one was given full satisfaction. But both parties did not lose out as a result of the policy.

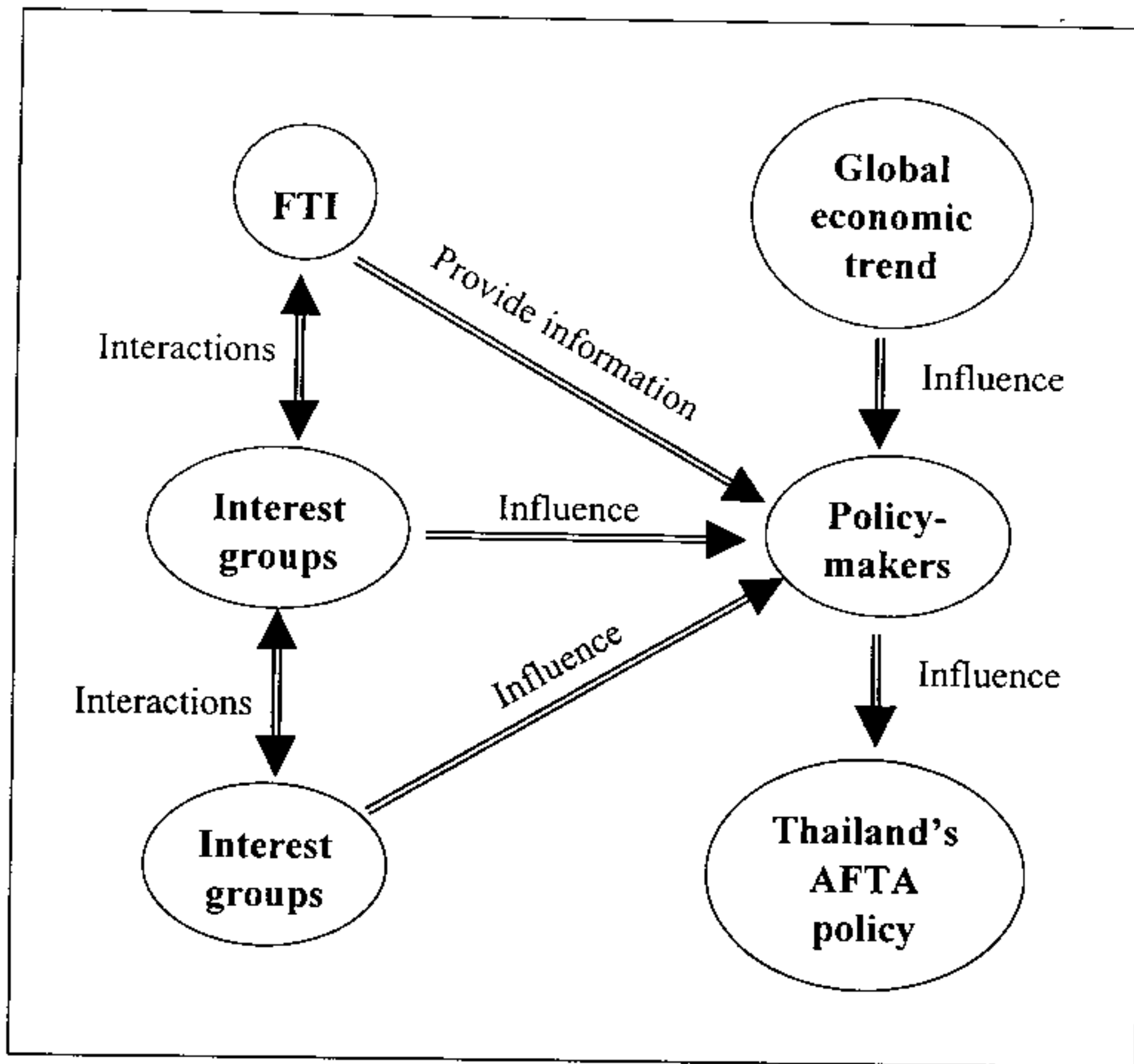


Figure 5.1 Interest Groups and Thailand's AFTA Policy-Making

CHAPTER 6

CONCLUSIONS

This research studied Thailand's AFTA policy-making process. It has been found that Thailand's AFTA policy formulation process is highly complex because it is a political activity where various ideas and interests may be in contention. The research focused on three research questions: (1) Who are actors contributing to the dynamic process of Thailand's AFTA policy? (2) How and why were various domestic actors and their interests crucial to Thailand's AFTA policy-making process? (3) Did interest groups from industry and business play an important role in the process of Thailand's foreign economic cooperation and policy-making?

The research made use of Doran's model of factors influencing foreign economic policy as part of the conceptual framework in order to guide analysis and to answer the research questions. The research was designed to show that the ideas of political leaders (and/or policy-makers) are prominent factors not only to set priorities in foreign economic policy, but also in choosing a model which explains how the world works which in turn serves to guide economic policy-making. Other than ideas, interests and positions of policy-makers in the process of Thailand's AFTA policy-making are also important. Policy-makers' ideas, interests and positions related to Thailand's AFTA policy were major factors affecting their decisions and actions in making policy. Furthermore, it is found that it is necessary to use the different models – they are elite model, group theory and bureaucratic politics model – to help analyse relevant information in this research in order to understand the changing of policy-makers' decision and actions when the political context changed.

6.1 Actors and Their Roles in the Process of Thailand's AFTA Policy-Making

To answer the first research question, the research found that there were four groups of actors who contributed to the dynamic process of Thailand's AFTA

policy-making. These were: (1) a political leader, the former Prime Minister Anand Panyarachoon; (2) cabinet members; (3) bureaucrats and policy advocates; and (4) leaders of interest groups from industry and business. A political leader or the former Prime Minister Anand became an important actor because the policy was actually initiated by him in 1991. The Prime Minister and his associates – such as some cabinet members, policy advocates and bureaucrats -- who shared similar ideas with him on foreign economic cooperation policy worked together to make Thailand's AFTA policy.

The cabinet members, particularly the Deputy Prime Minister in charge of economic policy-making, the Finance Minister and the Commerce Minister, were involved with the process of Thailand's AFTA policy. The Deputy Prime Minister in charge of economic policy-making looked after general aspects of economic policy including foreign economic cooperation policy such as AFTA. The Finance Minister was concerned with tax and tariff policy including tariff reduction plans under AFTA. Meanwhile, the Finance Minister acted as Chairman of AFTA Implementation Committee, a government body to make decisions on Thailand's AFTA policy. The Commerce Minister focused on promoting international trade, such as intra-ASEAN trade, and international trade negotiation. The policy advocates and other bureaucrats pushed for policy-making by providing relevant information to policy-makers and/or by trying to convince the policy-makers to make the policy that they recommended, while the interest groups from industry and business were involved with the dynamic process of Thailand's AFTA policy-making either by working against or working to support the policy. They would try to influence policy-makers to shape policy that would be favorable to their interest.

These actors' roles were highly complex in the process of Thailand's AFTA policy-making. Each actor had his own role to play in a particular period depending on specific issues at a particular time. During the Anand Government, the former Prime Minister Anand's roles were : diplomacy to convince other ASEAN countries to agree with Thailand's proposal on AFTA; and making use of his authority to make Thailand's AFTA policy, particularly his authority to get the Finance Minister to take care of the policy. In this case, the elite model is then appropriate to explain about the way the Anand Government made Thailand's AFTA policy because the former Prime

Minister Anand and his government appeared to give no attention to domestic interest groups. However, the way the Anand Government made the policy brought about the difficulties to later governments in implementing Thailand's AFTA policy. The changes of actors, deriving from the changes of government, led to the changes of roles they played in the process of policy-making. The incumbent actors or policy-makers' ideas and/or interests determined their decisions and actions in the process of Thailand's AFTA policy-making. Meanwhile, policy-makers tried to influence one another to their own views on how the policy should be. This situation brought about the politics of policy-making in which the bureaucratic politics model was used to analyse the situation.

6.2 How and Why were Actors and Their Interests Crucial?

In order to answer the second research question, ideas, interests and positions of policy-makers, both official and unofficial policy-makers, were our focus, because these factors would determine the decisions and actions on Thailand's AFTA policy. Policy-makers' ideas on the world, regional and domestic economic and political situation would influence foreign economic policy-making, particularly Thailand's AFTA policy. These ideas would provide policy-makers with the direction of the country's economic development, i.e. protectionism or liberalism. A particular foreign economic policy was made either to cope with relevant situations or to lead the country in the direction of economic development based on policy-makers' ideas. Former Prime Minister Anand, for instance, believed that the trend of world trade and economy was free trade so that economic and trade liberalisation were made as Thailand's direction of economic development. Therefore, Thailand's AFTA policy was made to deal with that scenario, e.g. to bring the country to trade and economic liberalisation.

However, changes of government and/or policy-makers mean the changes of the direction of the country's AFTA policy. The type of government would also affect policy-making differently. Unlike a non-elected government, an elected government faced different factors influencing their decision-making on Thailand's AFTA policy as clearly shown in the cases of palm oil, and petrochemical and plastic

industries. The elected governments were found to be more open to influence based on preference of particular interest groups which helped them into power. In other words, an elected government was beholden to some interest groups which has an influence on the outcome of their policies. Thailand's AFTA policy demonstrated this point through our study. In this case, group theory of policy-making helped to analyse Thailand's AFTA policy-making in a particular period.

Using of group theory, and the bureaucratic politics model, the research found that the Chuan Government was pressured to make contradictory directions. The Chuan Government had accelerated the implementation timeframe of AFTA to show that Thailand was committed to trade liberalisation in the region. But by the same token, as an elected government, the Democrat Party of the Chuan Government was pressured by certain groups, which helped to put the Democrat Party into power, to review Thailand's AFTA policy, particularly on the fast track list. This situation meant that policy-makers' ideas were prevailed upon by interests, particularly political interest.

The positions held by policy-makers were crucial to the process of Thailand's AFTA policy-making only if they make use of their positions as bargaining advantages to influence the policy. These included policy-makers' authorities and responsibilities related to the policy, and their resources and/or information necessary to carry out the policy. The Prime Ministerial post, for example, as the top policy-maker was crucial to the process of Thailand's AFTA policy-making. As our research showed in chapter 3, part of Thailand's AFTA policy-making was based on a top-down policy-making process, especially during the Anand Government in the early 1990s. In fact, the policy was made because of Prime Minister Anand's directive. But on the other hand, the bargaining advantages were not used by the former Prime Minister Chuan when decision-making on Thailand's AFTA policy was transferred to the Deputy Prime Minister and the Minister of Finance. This situation led to the bureaucratic politics being among policy-makers much more complicated.

6.3 Significance of Interest Groups to the Process of Policy-Making

The analysis of the two cases studied shows that interest groups from industry and business played an important role in the process of Thailand's AFTA policy-making, particularly in the period of elected government. Their roles depended on their interests related to Thailand's AFTA policy. These interest groups came out to protect their own interests that might be affected by Thailand's AFTA policy. Particularly, the fast track products under AFTA made them work against and/or support the policy. These interest groups tried to influence the policy-makers to make policies to their preference. The relative influence of each interest group depended on their connection with policy-makers in a particular period. Any interest groups gaining access to decision-makers would be in an advantageous position to achieve their requests. The case of the palm oil industry resulted in the achievement of oil palm planters to influence policy-makers. While the case of the petrochemical and the plastic industries resulted in the balancing of interests between industries that gave no satisfaction to any industries.

6.4 Implications and Recommendation for the Foreign Economic Cooperation Policy-Making Process

The making of foreign economic cooperation policy such as Thailand's AFTA policy involved many self-interested domestic issues. It began with a political leader's idea on how to increase intra-ASEAN trade; what should be a policy to cope with the changes of world economic environment; and a way to develop the country's economy.

The initial stage of Thailand's AFTA policy-making was based on a top-down policy-making process that reflected the ideas and demands of the political leader – in this case Mr. Anand. The political leader made use of his position and like-minded cabinet members and officials to promote his preferred policy. But the process of Thailand's AFTA policy-making also involved bureaucratic politics. These official and unofficial policy-makers held different ideas and interests on the policy. By the same token, their different positions provided them with different bargaining

advantages or influences to affect the policy. These conditions made the policy-making process much more complex and open to bureaucratic politics and interest group influence.

The study of Thailand's AFTA policy shows that a prolonged process of policy-making constantly changes the condition of the policy and creates new policy problems. The researcher suggests that the policy-makers should consider the complexity of the past before arriving at a simple decision that would not make more problems in the future. In addition, protectionism or liberalism is not just a simple idea to implement or to make as a foreign economic policy. The policy-makers have to understand the impact of the policy on the country, and the complexity of the policy-making process. Particularly when the policy brings about benefits to a group and losses to another group, the policy-makers sometime have to balance interests between groups in the society in order to satisfy all sides.

APPENDIX A

LIST OF INTERVIEWEES

LIST OF INTERVIEWEES

1. Mr. Amaret Sila-on, president of the Stock Exchange of Thailand, and the former Commerce Minister (interview, April 4, 2000).
2. Mr. Anand Panyarachoon, president of the Saha-Union Group, and the former Prime Minister (interview, May 3, 2000).
3. Mr. Anuwat Wattanapongsiri, Ph.D., the former Commerce Minister (interview, March 15, 2000).
4. Mr. Bandit Nitchthavorn, Ph.D., the chief of Bank of Thailand's Northern branch (interview, March 17, 2000).
5. Mr. Chatchai Boonyarat, the former executive committee of the Federation of Thai Industry (interview, March 31, 2000).
6. Mr. Chavarat Charnvirakul, the former vice president of Federation of Thai Industry in charge of international trade (interview, February 28, 2000).
7. Ms. Chularat Sutheetorn, the chief of division of international economic policy, the Office of Fiscal Policy (interview, April 4, 2000).
8. Mr. Karun Kittisataporn, the director-general of the Department of Business Economics (interview, March 30, 2000).
9. Mr. Kitsada Uthayanin, the chief of the division of finance policy, the Office of Fiscal Policy (interview, March 31, 2000).
10. Mr. Lawaron Saengsanitch, the chief of Thailand's AFTA Unit, the Office of Fiscal Policy (interview, April 4, 2000).
11. Mr. Narongchai Akraseranee, Ph.D., president of the Seranee Holding Co. Ltd., and the former Prime Minister's advisor and the representative on ASEAN affairs, and the former Commerce Minister (interview, March 8, 2000).
12. Mr. Prachai Leophairatana, the Chief Executive of Organisation. the Thai Petrochemical Industry (interview, March 6, 2000).
13. Mr. Prasert Sirichownichkarn, managing director of the P.S. Pacific Co. Ltd., and the former president of the Palm Oil Refinery Association (interview, March 30, 2000).

14. Mr. Teerana Bhongmakapat, Ph.D., advisor to the Deputy Prime Minister Supachai Panitchpakdi (interview, March 27, 2000).
15. Mr. Thawee Srisukhon, the president of the Palm Oil and Oil Palm Association (interview, April 22, 2000).
16. Mr. Viraj Chuenmeechow, president of the Techno Foam Co. Ltd., and the former president of the Plastic Industry Club of Federation of Thai Industry (interview, March 2, 2000).

APPENDIX B

FRAMEWORK AGREEMENT ON ENHANCING ASEAN ECONOMIC COOPERATION

FRAMEWORK AGREEMENT ON ENHANCING ASEAN ECONOMIC COOPERATION

Singapore, 28 January 1992

The Sultan of Brunei Darussalam, the President of the Republic of Indonesia, the Prime Minister of Malaysia, the President of the Republic of the Philippines, the Prime Minister of the Republic of Singapore and the Prime Minister of the Kingdom of Thailand:

REAFFIRMING their commitment to the ASEAN Declaration of 8 August 1967, the Declaration of ASEAN Concord of 24 February 1976, the Treaty of Amity and Cooperation in Southeast Asia of 24 February 1976, the 1977 Accord of Kuala Lumpur and the Manila Declaration of 15 December 1987;

DESIRING to enhance intra-ASEAN economic cooperation to sustain the economic growth and development of all Member States which are essential to the stability and prosperity of the region;

REITERATING their commitment to the principles of the General Agreement on Tariffs and Trade (hereinafter referred to as "GATT");

RECOGNIZING that tariff and non-tariff barriers are impediments to intra-ASEAN trade and investment flows, and that existing commitments to remove these trade barriers could be extensively improved upon;

NOTING the significant unilateral efforts made by Member States in recent years to liberalise trade and promote investments, and the importance of extending such policies to further open up their economies, given the comparative advantages and complementarity of their economies;

review the implementation of the AFTA.

2. The Common Effective Preferential Tariff (CEPT) Scheme shall be the main mechanism for the AFTA. For products not covered by the CEPT Scheme, the ASEAN Preferential Trading Arrangements (PTA) or any other mechanism to be agreed upon, may be used.

3. Member States shall reduce or eliminate non-tariff barriers between and among each other on the import and export of products as specifically agreed upon under existing arrangements or any other arrangements arising out of this Agreement.

4. Member States shall explore further measures on border and non-border areas of cooperation to supplement and complement the liberalisation of trade.

B. Cooperation in Industry, Minerals and Energy

1. Member States agree to increase investments, industrial linkages and complementarity by adopting new and innovative measures, as well as strengthening existing arrangements in ASEAN.

2. Member States shall provide flexibility for new forms of industrial cooperation. ASEAN shall strengthen cooperation in the development of the minerals sector.

3. Member States shall enhance cooperation in the field of energy, including energy planning, exchange of information, transfer of technology, research and development, manpower training, conservation and efficiency, and the exploration, production and supply of energy resources.

C. Cooperation in Finance and Banking

1. Member States shall strengthen and develop further ASEAN economic cooperation in the field of capital markets, as well as find new measures to increase cooperation in this area.

2. Member States shall encourage and facilitate free movement of capital and other financial resources, including further liberalisation of the use of ASEAN currencies in trade and investments, taking into account their respective national laws, monetary controls and development objectives.

D. Cooperation in Food, Agriculture and Forestry

1. Member States agree to strengthen regional cooperation in the areas of development, production and promotion of agricultural products for ensuring food security and upgrading

information exchanges in ASEAN.

2. Member States agree to enhance technical joint cooperation to better manage, conserve, develop and market forest resources.

E. Cooperation in Transportation and Communications

1. Member States agree to further enhance regional cooperation for providing safe, efficient and innovative transportation and communications infrastructure network.
2. Member States shall also continue to improve and develop the intra-country postal and telecommunications system to provide cost-effective, high-quality and customer-oriented services.

Article 3 Other Areas of Cooperation

1. Member States agree to increase cooperation in research and development, technology transfer, tourism promotion, human resource development and other economic-related areas. Full account shall also be taken of existing ASEAN arrangements in these areas.
2. Member States, through the appropriate ASEAN bodies, shall regularly consult and exchange views on regional and international development and trends, and identify ASEAN priorities and challenges.

Article 4 Sub-regional Economic Arrangements

Member States acknowledge that sub-regional arrangements among themselves, or between ASEAN Member States and non-ASEAN economies, could complement overall ASEAN economic cooperation.

Article 5 Extra-ASEAN Economic Cooperation

To complement and enhance economic cooperation among Member States, and to respond to the rapidly changing external conditions and trends in both the economic and political fields, Member States agree to establish and/or strengthen cooperation with other countries, as well as regional and international organisations and arrangements.

Article 6
Private Sector Participation

Member States recognise the complementarity of trade and investment opportunities, and therefore encourage, among others, cooperation and exchanges among the ASEAN private sectors and between ASEAN and non-ASEAN private sectors, and the consideration of appropriate policies aimed at promoting greater intra-ASEAN and extra-ASEAN investments and other economic activities.

Article 7
Monitoring Body

The ASEAN Secretariat shall function as the body responsible for monitoring the progress of any arrangements arising from this Agreement. Member States shall cooperate with the ASEAN Secretariat in the performance of its duties.

Article 8
Review of Progress

The ASEAN Economic Ministers' Meeting and its subsidiary bodies shall review the progress of implementation and coordination of the elements contained in this Agreement.

Article 9
Settlement of Disputes

Any differences between the Member States concerning the interpretation or application of this Agreement or any arrangements arising therefrom shall, as far as possible, be settled amicably between the parties. Whenever necessary, an appropriate body shall be designated for the settlement of disputes.

Article 10
Supplementary Agreements or Arrangements

Appropriate ASEAN economic agreements or arrangements, arising from this Agreement, shall form an integral part of this Agreement.

Article 11
Other Agreements

1. This Agreement or any action taken under it shall not affect the rights and obligations of the Member States under any existing agreements to which they are parties.

2. Nothing in this Agreement shall affect the power of Member States to enter into other agreements not contrary to the terms and objectives of this Agreement.

Article 12
General Exceptions

Nothing in this Agreement shall prevent any Member State from taking action and adopting measures which it considers necessary for the protection of its national security, the protection of public morals, the protection of human, animal or plant life and health, and the protection of articles of artistic, historic and archaeological value.

Article 13
Amendments

All Articles of this Agreement may be modified through amendments to this Agreement agreed upon by all the Member States. All amendments shall become effective upon acceptance by all Member States.

Article 14
Entry Into Force

This Agreement shall be effective upon signing.

Article 15
Final Provision

This Agreement shall be deposited with the Secretary-General of the ASEAN Secretariat who shall promptly furnish a certified copy thereof to each Member State.

IN WITNESS WHEREOF, the undersigned have signed this Framework Agreement on Enhancing ASEAN Economic Cooperation.

DONE at Singapore, this 28th day of January, 1992 in a single copy in the English Language.

(signed)

For Brunei Darussalam:
HAJI HASSANAL BOLKIAH
Sultan of Brunei Darussalam

For the Republic of Indonesia:
SOEHARTO
President

For Malaysia:
DR MAHATHIR BIN MOHAMAD
Prime Minister

For the Republic of the Philippines:
CORAZON C. AQUINO
President

For the Republic of Singapore:
GOH CHOK TONG
Prime Minister

For the Kingdom of Thailand:
ANAND PANYARACHUN
Prime Minister

APPENDIX C

**AGREEMENT ON THE COMMON EFFECTIVE
PREFERENTIAL TARIFF (CEPT) SCHEME
FOR THE ASEAN FREE TRADE AREA
(AFTA)**

**AGREEMENT ON THE COMMON EFFECTIVE
PREFERENTIAL TARIFF (CEPT) SCHEME
FOR THE ASEAN FREE TRADE AREA (AFTA)**

Singapore, 28 January 1992

The Governments of Brunei Darussalam, the Republic of Indonesia, Malaysia, the Republic of the Philippines, the Republic of Singapore and the Kingdom of Thailand, Member States of the Association of Southeast Asian Nations (ASEAN):

MINDFUL of the Declaration of ASEAN Concord signed in Bali, Indonesia on 24 February 1976 which provides that Member States shall cooperate in the field of trade in order to promote development and growth of new production and trade;

RECALLING that the ASEAN Heads of Government, at their Third Summit Meeting held in Manila on 13-15 December 1987, declared that Member States shall strengthen intra-ASEAN economic cooperation to maximize the realisation of the region's potential in trade and development;

NOTING that the Agreement on ASEAN Preferential Trading Arrangements (PTA) signed in Manila on 24 February 1977 provides for the adoption of various instruments on trade liberalisation on a preferential basis;

ADHERING to the principles, concepts and ideals of the Framework Agreement on Enhancing ASEAN Economic Cooperation signed in Singapore on 28 January 1992;

CONVINCED that preferential trading arrangements among ASEAN Member States will act as a stimulus to the strengthening of national and ASEAN economic resilience, and the development of the national economies of Member States by

expanding investment and production opportunities, trade, and foreign exchange earnings;

DETERMINED to further cooperate in the economic growth of the region by accelerating the liberalisation of intra-ASEAN trade and investment with the objective of creating the ASEAN Free Trade Area using the Common Effective Preferential Tariff (CEPT) Scheme;

DESIRING to effect improvements on the ASEAN PTA in consonance with ASEAN's international commitments;

HAVE AGREED AS FOLLOWS:

Article I Definition

For the purposes of this Agreement :

1. "CEPT" means the Common Effective Preferential Tariff, and 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.
2. "Non-Tariff Barriers" mean measures other than tariffs which effectively prohibit or restrict import or export of products within Member States.
3. "Quantitative Restrictions" mean prohibitions or restrictions on trade with other Member States, whether made effective through quotas, licenses or other measures with equivalent effect, including administrative measures and requirements which restrict trade.
4. "Foreign exchange restrictions" mean measures taken by Member States in the form of restrictions and other administrative procedures in foreign exchange which have the effect of restricting trade.
5. "PTA" mean ASEAN Preferential Trading Arrangements stipulated in the Agreements signed in Manila on 24 February 1977, and in the Protocol on Improvements on Extension of Tariff Preferences under the ASEAN Preferential Trading Arrangements (PTA), signed in Manila on 15 December 1987.

6. "Exclusion List" means a list containing products that are excluded from the extension of tariff preferences under the CEPT Scheme.

7. "Agricultural products" mean :

(a) agricultural raw materials/unprocessed products covered under Chapter 1-24 of the Harmonised System (HS), and similar agricultural raw materials/unprocessed products in other related HS headings; and

(b) products which have undergone simple processing with minimal change in form from the original products.

Article 2 General Provisions

1. All Member States shall participate in the CEPT Scheme.
2. Identification of products to be included in the CEPT Scheme shall be on a sectoral basis, i.e., at HS 6-digit level.
3. Exclusions at the HS 8/9 digit level for specific products are permitted for those Member States, which are temporarily not ready to include such products in the CEPT Scheme. For specific products, which are sensitive to a Member State, pursuant to Article 1 (3) of the Framework Agreement on Enhancing ASEAN Economic Cooperation, a Member State may exclude products from the CEPT Scheme, subject to a waiver of any concession herein provided for such products. A review of this Agreement shall be carried out in the eighth year to decide on the final Exclusion List or any amendment to this Agreement.
4. A product shall be deemed to be originating from ASEAN Member States, if at least 40% of its content originates from any Member State.
5. All manufactured products, including capital goods, processed agricultural products and those products falling outside the definition of agricultural products, as set out in this Agreement, shall be in the CEPT Scheme. These products shall automatically be subject to the schedule of tariff reduction, as set out in Article 4 of this Agreement. In respect of PTA items, the schedule of tariff reduction, provided for in Article 4 of this Agreement shall be applied, taking into account the tariff rate after the application of the existing margin of preference (MOP) as at 31 December 1992.
6. All products under the PTA which are not transferred to the CEPT Scheme shall continue to enjoy the MOP existing as at 31 December 1992.

7. Member States, whose tariffs for the agreed products are reduced from 20% and below to 0%-5%, even though granted on an MFN basis, shall still enjoy concessions. Member States with tariff rates at MFN rates of 0%-5% shall be deemed to have satisfied the obligations under this Agreement and shall also enjoy the concessions.

Article 3 Product Coverage

This Agreement shall apply to all manufactured products, including capital goods, processed agricultural products, and those products falling outside the definition of agricultural products as set out in this Agreement. Agricultural products shall be excluded from the CEPT Scheme.

Article 4 Schedule of Tariff Reduction

1. Member States agree to the following schedule of effective preferential tariff reductions:

(a) The reduction from existing tariff rates to 20% shall be done within a time frame of 5 years to 8 years, from 1 January 1993, subject to a programme of reduction to be decided by each Member State, which shall be announced at the start of the programme. Member States are encouraged to adopt an annual rate of reduction, which shall be $(X-20)\%/5$ or 8, where X equals the existing tariff rates of individual Member States.

(b) The subsequent reduction of tariff rates from 20% or below shall be done within a time frame of 7 years. The rate of reduction shall be at a minimum of 5% quantum per reduction. A programme of reduction to be decided by each Member State shall be announced at the start of the programme.

(c) For products with existing tariff rates of 20% or below as at 1 January 1993, Member States shall decide upon a programme of tariff reductions, and announce at the start, the schedule of tariff reductions. Two or more Member States may enter into arrangements for tariff reduction to 0%-5% on specific products at an accelerated pace to be announced at the start of the programme.

2. Subject to Articles 4(1)(b) and 4(1)(c) of this Agreement, products which reach, or are at tariff rates of 20% or below, shall automatically enjoy the concessions.

3. The above schedules of tariff reductions shall not prevent Member States from immediately reducing their tariffs to 0%-5% or following an accelerated schedule of tariff reduction.

Article 5
Other Provisions

A. Quantitative Restrictions and Non-Tariff Barriers

1. Member States shall eliminate all quantitative restrictions in respect of products under the CEPT Scheme upon enjoyment of the concessions applicable to those products.
2. Member States shall eliminate other non-tariff barriers on a gradual basis within a period of five years after the enjoyment of concessions applicable to those products.

B. Foreign Exchange Restrictions

Member States shall make exceptions to their foreign exchange restrictions relating to payments for the products under the CEPT Scheme, as well as repatriation of such payments without prejudice to their rights under Article XVIII of the General Agreement of Tariff and Trade (GATT) and relevant provisions of the Articles of Agreement of the International Monetary Fund (IMF).

C. Other Areas of Cooperation

Member States shall explore further measures on border and non-border areas of cooperation to supplement and complement the liberalisation of trade. These may include, among others, the harmonisation of standards, reciprocal recognition of tests and certification of products, removal of barriers to foreign investment, macroeconomic consultations, rules for fair competition, and promotion of venture capital.

D. Maintenance of Concessions

Member States shall not nullify or impair any of the concessions as agreed upon through the application of methods of customs valuation, any new charges or measures restricting trade, except in cases provided for in this Agreement.

Article 6
Emergency Measures

1. If, as a result of the implementation of this Agreement, import of a particular product eligible under the CEPT Scheme is increasing in such a manner as to cause or threaten to cause serious injury to sectors producing like or directly competitive products in the importing Member States, the importing Member States may, to the extent and for such time as may be necessary to prevent or to remedy such injury, suspend preferences provisionally and without

discrimination subject to Article 6(3) of this Agreement. Such suspension of preferences shall be consistent with the GATT.

2. Without prejudice to existing international obligations, a Member State, which finds it necessary to create or intensify quantitative restrictions or other measures limiting imports with a view to forestalling the threat of or stopping a serious decline of its monetary reserves, shall endeavour to do so in a manner, which safeguards the value of the concessions agreed upon.

3. Where emergency measures are taken pursuant to this Article, immediate notice of such action shall be given to the Council referred to in Article 7 of this Agreement, and such action may be the subject of consultation as provided for in Article 8 of this Agreement.

Article 7

Institutional Arrangements

1. The ASEAN Economic Ministers (AEM) shall, for the purposes of this Agreement, establish a ministerial-level Council comprising one nominee from each Member State and the Secretary-General of the ASEAN Secretariat. The ASEAN Secretariat shall provide the support to the ministerial-level Council for supervising, coordinating and reviewing the implementation of this Agreement, and assisting the AEM in all matters relating thereto. In the performance of its functions, the ministerial-level Council shall also be supported by the Senior Economic Officials' Meeting (SEOM).

2. Member States which enter into bilateral arrangements on tariff reductions pursuant to Article 4 of this Agreement shall notify all other Member States and the ASEAN Secretariat of such arrangements.

3. The ASEAN Secretariat shall monitor and report to the SEOM on the implementation of the Agreement pursuant to the Article III(2)(8) of the Agreement on the Establishment of the ASEAN Secretariat. Member States shall cooperate with the ASEAN Secretariat in the performance of its duties.

Article 8

Consultations

1. Member States shall accord adequate opportunity for consultations regarding any representations made by other Member States with respect to any matter affecting the implementation of this Agreement. The Council referred to in Article 7 of this Agreement, may seek guidance from the AEM in respect of any matter for which it has not been possible to find a satisfactory solution during previous consultations.

2. Member States, which consider that any other Member State has not carried out its obligations under this Agreement, resulting in the nullifications or impairment of any benefit accruing to them, may, with a view to achieving satisfactory adjustment of the matter, make representations or proposals to the other Member States concerned, which shall give due consideration to the representations or proposals made to it.

3. Any differences between the Member States concerning the interpretation or application of this Agreement shall, as far as possible, be settled amicably between the parties. If such differences cannot be settled amicably, it shall be submitted to the Council referred to in Article 7 of this Agreement, and if necessary, to the AEM.

Article 9 General Exceptions

Nothing in this Agreement shall prevent any Member State from taking action and adapting measures, which it considers necessary for the protection of its national security, the protection of public morals, the protection of human, animal or plant life and health, and the protection of articles of artistic, historic and archaeological value.

Article 10 Final Provisions

1. The respective Governments of Member States shall undertake the appropriate measures to fulfil the agreed obligations arising from this Agreement.

2. Any amendment to this Agreement shall be made by consensus and shall become effective upon acceptance by all Member States.

3. This Agreement shall be effective upon signing.

4. This Agreement shall be deposited with the Secretary-General of the ASEAN Secretariat, who shall likewise promptly furnish a certified copy thereof to each Member State.

5. No reservations shall be made with respect to any of the provisions of this Agreement.

In witness whereof, the undersigned, being duly authorised thereto by their respective Governments, have signed this Agreement on Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA).

Done at Singapore, this 28th day of January, 1992 in a single copy in the English Language.

(signed)

for the Government of Brunei Darussalam :
ABDUL RAHMANTAIB
Minister of Industry and Primary Resources

for the Government of the Republic of Indonesia :
DR ARIFIN M. SIREGAR
Minister of Trade

for the Government of Malaysia :
RAFIDAH AZIZ
Minister of International Trade and Industry

For the Government of the Republic of the Philippines :
PETER D. GARRUCHO, JR
Secretary of Trade and Industry

For the Government of the Republic of Singapore :
LEE HSIEN LOONG
Deputy Prime Minister and Minister for Trade and Industry

For the Government of the Kingdom of Thailand :
AMARET SILA-ON
Minister of Commerce

APPENDIX D

SINGAPORE DECLARATION OF 1992

SINGAPORE DECLARATION OF 1992

Singapore, 28 January 1992

1. We, the Heads of State and Government of ASEAN, are encouraged by the achievements of ASEAN in the last twenty-five years, and are convinced that ASEAN cooperation remains vital to the well-being of our peoples.
2. Having reviewed the profound international political and economic changes that have occurred since the end of the Cold War and considered their implications for ASEAN, we declare that:
 - ASEAN shall move towards a higher plane of political and economic cooperation to secure regional peace and prosperity;
 - ASEAN shall constantly seek to safeguard its collective interests in response to the formation of large and powerful economic groupings among the developed countries, in particular through the promotion of an open international economic regime and by stimulating economic cooperation in the region;
 - ASEAN shall seek avenues to engage Member States in new areas of cooperation in security matters; and
 - ASEAN shall forge a closer relationship based on friendship and cooperation with the Indochinese countries, following the settlement on Cambodia.

POLITICAL AND SECURITY COOPERATION

3. In the field of political and security cooperation, we have agreed that:
 - ASEAN welcomes accession by all countries in Southeast Asia to the Treaty

- of Amity and Cooperation in Southeast Asia, which will provide a common framework for wider regional cooperation embracing the whole of Southeast Asia;
- ASEAN will also seek the cognizance of the United Nations for the Treaty through such means as an appropriate Resolution. This will signify ASEAN's commitment to the centrality of the UN role in the maintenance of international peace and security as well as promoting cooperation for socio-economic development;
- ASEAN could use established fora to promote external dialogues on enhancing security in the region as well as intra-ASEAN dialogues on ASEAN security cooperation (such as the regional security seminars held in Manila and Bangkok in 1991, and the workshops on the South China Sea held in Bali in 1990 and Bandung in 1991), taking full cognizance of the Declaration of ASEAN Concord. To enhance this effort, ASEAN should intensify its external dialogues in political and security matters by using the ASEAN Post-Ministerial Conferences (PMC);
- ASEAN has made major strides in building cooperative ties with states of the Asia-Pacific region and shall continue to accord them a high priority;
- ASEAN will seek to realise the Zone of Peace, Freedom and Neutrality (ZOPFAN) and a Southeast Asian Nuclear Weapon Free Zone (SEANWFZ) in consultation with friendly countries, taking into account changing circumstances;
- ASEAN will closely cooperate with the United Nations and the international community in ensuring the full implementation of the Peace Agreements signed in Paris in October 1991. ASEAN supports the Cambodian Supreme National Council in calling on the UN Secretary-General to despatch UNTAC as early as possible in order to preserve the momentum of the peace process and to implement the gains realised by the signing of the Paris Peace Agreements. ASEAN calls on all parties in Cambodia to implement seriously the process of national reconciliation which is essential to a genuine and lasting peace in Cambodia; and

- ASEAN will play an active part in international programmes for the reconstruction of Vietnam, Laos and Cambodia.
4. Conscious of the central role of the United Nations in the post-Cold War, we agree that:
- The proposed Summit of members of the United Nations Security Council should help shape the United Nations' role for the promotion of a more equitable international political and economic order, and for the democratisation of the United Nations' decision-making processes in order to make the organization truly effective in meeting its obligations;
 - ASEAN will participate actively in efforts to ensure that the United Nations is a key instrument for maintaining international peace and security; and
 - ASEAN will encourage all efforts to strengthen the United Nations, including its role and capabilities in peacekeeping and peacemaking, in accordance with the United Nations Charter.

DIRECTIONS IN ASEAN ECONOMIC COOPERATION

5. In the field of economic cooperation, we have agreed that:
- To further accelerate joint efforts in enhancing intra-ASEAN economic cooperation, ASEAN shall adopt appropriate new economic measures as contained in the Framework Agreement on Enhancing ASEAN Economic Cooperation directed towards sustaining ASEAN economic growth and development which are essential to the stability and prosperity of the region;
 - ASEAN shall establish the ASEAN Free Trade Area using the Common Effective Preferential Tariff (CEPT) Scheme as the main mechanism within a time frame of 15 years beginning 1 January 1993 with the ultimate effective tariffs ranging from 0% to 5%. ASEAN Member States have identified the following fifteen groups of products to be included in the CEPT Scheme for accelerated tariff reductions:
 - vegetable oils
 - cement

- chemicals
 - pharmaceuticals
 - fertiliser
 - plastics
 - rubber products
 - leather products
 - pulp
 - textiles
 - ceramic and glass products
 - gems and jewellery
 - copper cathodes
 - electronics
 - wooden and rattan furniture
- ASEAN shall increase investments, industrial linkages and complementarity by adopting new and innovative measures, as well as strengthening existing arrangements in ASEAN and providing flexibility for new forms of industrial cooperation;
 - ASEAN shall strengthen and develop further cooperation in the field of capital markets, and shall encourage and facilitate free movement of capital and other financial resources;
 - ASEAN shall further enhance regional cooperation to provide safe, efficient and innovative transportation and communications infrastructure network;
 - ASEAN shall also continue to improve and develop the intra-country postal and telecommunications system to provide cost-effective, high-quality and customer-oriented services;
 - ASEAN shall adopt joint efforts to strengthen trade promotion and negotiations on ASEAN agricultural products in order to enhance ASEAN's competitive posture, and to sustain the expansion of ASEAN agricultural exports in the international markets;
 - ASEAN acknowledges that sub-regional arrangements among themselves, or between ASEAN Member States and non-ASEAN economies could

- ASEAN recognises the complementarity of trade and investment opportunities and therefore encourages, among others, increased cooperation and exchanges among the ASEAN private sectors, and the consideration of appropriate policies for greater intra-ASEAN investments;
- ASEAN shall continue to uphold the principles of free and open trade embodied in the General Agreement on Tariffs and Trade (GATT), and work towards maintaining and strengthening an open multilateral trading system;
- ASEAN shall work collectively to ensure that the Uruguay Round addresses the key concerns and interests of the ASEAN economies, and adopt a pragmatic and realistic approach, in using the Draft Final Text as at 20 December 1991 as a reasonable basis for completing negotiations; and
- ASEAN strongly urges major trading countries to settle their differences on agriculture and other areas, and likewise use the Draft Final Text to work towards an early and successful conclusion of the Uruguay Round.

REVIEW OF ASEAN'S EXTERNAL RELATIONS

6. In reviewing ASEAN's external relations, we have agreed that :

- ASEAN, as part of an increasingly interdependent world, should intensify cooperative relationships with its Dialogue Partners, namely Australia, Canada, the European Community, Japan, the Republic of Korea, New Zealand and the United States, and engage in consultative relationships with interested non-Dialogue countries and international organizations; and
- While ASEAN's cooperative relationships with the Dialogue Partners have made significant progress, ASEAN should strengthen existing dialogue mechanisms and develop new ones where necessary for the enhancement of economic relations with these countries, especially ASEAN's major economic partners.

ASEAN FUNCTIONAL COOPERATION

7. In the field of functional cooperation, we have agreed that :

- As non-governmental organizations (NGOs) play an important role in social development, ASEAN shall encourage the exchange of information among NGOs in the region and help expand their participation in intra-ASEAN functional cooperation;
- ASEAN shall intensify its cooperation in overcoming the serious problem of drug abuse and illicit drug trafficking at the national, regional and international levels; and
- ASEAN shall make a coordinated effort in curbing the spread of AIDS by exchanging information on AIDS, particularly in the formulation and implementation of policies and programmes against the deadly disease.

RESTRUCTURING OF ASEAN INSTITUTIONS

8. To strengthen ASEAN, we have agreed that :
 - ASEAN Heads of Government shall meet formally every three years with informal meetings in between;
 - The ASEAN organizational structure, especially the ASEAN Secretariat, shall be streamlined and strengthened with more resources;
 - The Secretary-General of the ASEAN Secretariat shall be redesignated as the Secretary-General of ASEAN with an enlarged mandate to initiate, advise, coordinate and implement ASEAN activities;
 - The Secretary-General of ASEAN shall be appointed on merit and accorded ministerial status;
 - The professional staff of the ASEAN Secretariat be appointed on the principle of open recruitment and based on a quota system to ensure representation of all ASEAN countries in the Secretariat;
 - The five present ASEAN Economic Committees be dissolved and the Senior Economic Officials Meeting (SEOM) be tasked to handle all aspects of ASEAN economic cooperation; and

APPENDIX E

STATEMENT ON BOLD MEASURES

DECEMBER 16, 1998,

HANOI, VIETNAM

STATEMENT ON BOLD MEASURES

1. The financial and economic crisis has severely affected the ASEAN economies and business dynamism in the region. In order to regain business confidence, enhance economic recovery and promote growth, the ASEAN Leaders are committed to the realisation of the ASEAN Free Trade Area (AFTA). In addition, the Leaders agreed on special incentives and privileges to attract foreign direct investment into the region. To enhance further economic integration of the region, the Leaders also agreed to further liberalise trade in services.

Acceleration of AFTA

2. To accelerate the ASEAN Free Trade Area (AFTA), the Leaders agreed that the six original signatories to the Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA) – Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand – would advance the implementation of AFTA by one year from 2003 to 2002. They also agreed to achieve a minimum of 90% of their total tariff lines with tariffs of 0-5% by the year 2000, which would account for 90% of intra-ASEAN trade.

3. Individually, each country would commit to achieve a minimum of 85% of the Inclusion List with tariffs of 0-5% by the year 2000. Thereafter, this would be increased to a minimum of 90% of the Inclusion list in the 0-5% tariff range by the year 2001. By 2002, 100% of items in the Inclusion List would have tariffs of 0-5% with some flexibility.

4. Member Countries also agreed to deepen, as soon as possible, tariff reduction to 0% and accelerate the transfer of products, which are currently not included in the tariff reduction scheme, into the Inclusion List.

5. The new members of ASEAN shall maximise their tariff lines between 0-5% by 2003 for Vietnam and 2005 for Laos and Myanmar; and expand the number of tariff lines in the 0% category by 2006 for Vietnam and by 2008 for Laos and Myanmar.

Short-Term Measures to Enhance ASEAN Investment Climate

6. In the area of investments, each ASEAN country has agreed to extend additional special privileges to qualified ASEAN and non-ASEAN investors in the manufacturing sector, for applications received from 1 January 1999 to 31 December 2000 and approved thereafter. These incentives are a minimum three year corporate income tax exemption or a minimum 30% corporate investment tax allowance, 100% foreign equity ownership, duty-free imports of capital goods, domestic market access, a minimum industrial land leasehold period of 30 years, employment of foreign personnel and speedy customs clearance. Details of these measures are available in the attached ANNEX.

7. Highlights of the new measures offered by individual ASEAN countries include the following:

- Brunei Darussalam will allow 100% foreign equity in high-technology manufacturing and export-oriented industries.
- Indonesia offers wholesale and retail trade up to 100% foreign equity ownership to qualified investors, in addition to 100% foreign equity in all areas of the manufacturing sector. Indonesia has also reduced the processing time for approval in principle, for investments less than US\$100 million, to 10 working days. In the banking sector, listed banks are open for 100% foreign equity ownership.
- Lao PDR offers duty exemption on imported capital goods required by the promoted investment projects.
- Malaysia allows 100 percent foreign equity ownership in all areas of manufacturing except for seven specific activities/products. No export conditions are imposed for all new investments, expansions and diversifications.
- Myanmar will extend minimum of 3 years corporate tax exemption to all investment projects in all sectors. In addition, Myanmar will also extend duty free import of raw materials to all industrial investments for the first three years of operation.
- Philippines will open retail trade and distribution business to foreign equity. In addition, the Philippines has opened private construction in the domestic market to foreign companies.

- Singapore has substantially reduced business costs as part of a cost reduction package that amounts to S \$10 billion in savings in addition to extending 30% corporate investment tax allowance on a liberal basis to industrial projects and to selected service industries in respect of productive equipment.
- Thailand will allow 100% foreign equity ownership for manufacturing investment projects regardless of locations.
- Vietnam extends duty exemption on imported capital goods for all projects, and on raw materials for projects located in mountainous or remote regions and for specially encouraged investments for the first 5 years of operation. Issuance of investment licenses for several types of projects has been reduced to 15 days from the receipt of proper simplified documents.

8. Under the Framework Agreement on the ASEAN Investment Area signed on 7 October 1998 in Manila, National treatment will be made fully available within six months after the date of signing of the Agreement for ASEAN investors in the manufacturing sector, subject to certain exclusions. These exclusions will be progressively phased out by the year 2003 instead of waiting for 2010 as initially agreed. Myanmar will join the six ASEAN countries to progressively phase out the exclusions by 2003 instead of 2015. Vietnam and Laos would exert their best efforts to achieve early realisation of AIA and shall do so no later than 2010, instead of 2013 and 2015, respectively.

AICO

9. To provide greater scope for industrial cooperation in the region, Member Countries agreed to waive the 30% ASEAN equity requirement under the AICO Scheme during the period 1999-2000.

Launching the Second Round of Negotiations on Services

10. In the area of trade in services, the Leaders have agreed to initiate a new round of negotiations beginning 1999 and ending 2001. The negotiations will be expanded beyond the seven priority sectors, identified at the Fifth ASEAN Summit, to cover all services sectors and all modes of supply.

APPENDIX F

THE COMMITTEE FOR PREPARING THE ACCELERATION OF ASEAN CUSTOM COOPERATION

Source: Office of Prime Minister's Order 218/1991. Quoted in Savek Meelarpkit, 1994: Appendix A.

(ตราครุฑ)

คำสั่งนายกรัฐมนตรี

ที่ 218 / 2534

เรื่อง การแต่งตั้งคณะกรรมการเตรียมการแผนเร่งรัดความร่วมมือของอาเซียนในด้านศุลกากร

.....

เพื่อให้การส่งเสริมการค้าและการลงทุนระหว่างอาเซียนบรรลุเป้าหมาย และเพื่อสร้าง
แนวทางที่ถาวรและต่อเนื่องในการผนึกกำลัง เพื่อประโยชน์ในการเจรจาต่อรองกับประเทศคู่
เจรจากับกลุ่มประเทศที่พัฒนาแล้ว ที่กำลังรวมตัวกันสร้างตลาดเดียวในทวีปยุโรปและอเมริกา
เหนือ จึงแต่งตั้งคณะกรรมการเตรียมการแผนเร่งรัดความร่วมมือของอาเซียนในด้านศุลกากรขึ้น
ประกอบด้วย

1. รัฐมนตรีว่าการกระทรวงการคลัง	ประธานคณะกรรมการ
2. รัฐมนตรีว่าการกระทรวงต่างประเทศ	คณะกรรมการ
3. รัฐมนตรีว่าการกระทรวงพาณิชย์	คณะกรรมการ
4. รัฐมนตรีว่าการกระทรวงอุตสาหกรรม	คณะกรรมการ
5. รัฐมนตรีประจำสำนักนายกรัฐมนตรี (หม่อมราชวงศ์ เกษมสไมสร เกษมศรี)	คณะกรรมการ
6. ปลัดกระทรวงการคลัง	คณะกรรมการ
7. ปลัดกระทรวงอุตสาหกรรม	คณะกรรมการ
8. ปลัดกระทรวงพาณิชย์	คณะกรรมการ
9. เลขาธิการคณะกรรมการพัฒนาเศรษฐกิจ และสังคมแห่งชาติ	คณะกรรมการ
10. เลขาธิการคณะกรรมการส่งเสริมการลงทุน	คณะกรรมการ
11. อธิบดีกรมอาเซียน กระทรวงการต่างประเทศ	คณะกรรมการ
12. อธิบดีกรมศุลกากร	คณะกรรมการ
13. ผู้ว่าการธนาคารแห่งประเทศไทย	คณะกรรมการ
14. ประธานสภาอุตสาหกรรมแห่งประเทศไทย	คณะกรรมการ

15. ประธานสภาหอการค้าแห่งประเทศไทย	คณะกรรมการ
16. ประธานสมาคมธนาคารไทย	คณะกรรมการ
17. นายอานวย วีรวรรณ	คณะกรรมการ
18. นายณรงค์ชัย อัครเศรณี	คณะกรรมการ
19. นายชวรัตน์ ชาญวีรกูล	คณะกรรมการ
20. นายธีระจิตต์ สถิติโรตมวงศ์	คณะกรรมการ
21. นายรัช ยิบอินซอย	คณะกรรมการ
22. นายประมนต์ สุธีวงศ์	คณะกรรมการ
23. ผู้อำนวยการสำนักงานเศรษฐกิจการคลัง	คณะกรรมการ
กระทรวงการคลัง	และเลขานุการ

ทั้งนี้ ให้คณะกรรมการ ฯ มีหน้าที่พิจารณาศึกษา และจัดทำแผนเร่งรัดร่วมมือทางเศรษฐกิจของอาเซียนโดยใช้มาตรการด้านภาษีศุลกากรเป็นหลักสำคัญให้แล้วเสร็จโดยเร็ว เพื่อให้เป็นหัวข้อสำคัญในการหารือเพื่อทำความตกลงในการประชุมสุดยอดอาเซียนครั้งที่ 4 ซึ่งจะมีขึ้นในเดือนมกราคม 2535 ณ ประเทศสิงคโปร์

ทั้งนี้ ตั้งแต่บัดนี้เป็นต้นไป

ตั้ง ณ วันที่ 19 มิถุนายน พ.ศ. 2534

(ภายหลัง)

(นายอานันท์ ปันยารชุน)

นายกรัฐมนตรี

APPENDIX G

THE STEERING COMMITTEE FOR MAKING A THAI CONCEPTUAL PAPER

Source: The Ministry of Finance's Order, n.d. Quoted in Savek Meelarpkit, 1994:
Appendix B.

คณะกรรมการ Steering Committee

เพื่อจัดทำ Conceptual Paper *

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1. ปลัดกระทรวงการคลัง	ประธานคณะกรรมการ
2. ปลัดกระทรวงการต่างประเทศ	คณะกรรมการ
3. ปลัดกระทรวงอุตสาหกรรม	คณะกรรมการ
4. ปลัดกระทรวงพาณิชย์	คณะกรรมการ
5. อธิบดีกรมอาเซียน กระทรวงการต่างประเทศ	คณะกรรมการ
6. อธิบดีกรมเศรษฐกิจ กระทรวงการต่างประเทศ	คณะกรรมการ
7. อธิบดีกรมศุลกากร	คณะกรรมการ
8. ผู้ว่าการธนาคารแห่งประเทศไทย	คณะกรรมการ
9. ประธานสภาอุตสาหกรรมแห่งประเทศไทย	คณะกรรมการ
10. ประธานสภาหอการค้าแห่งประเทศไทย	คณะกรรมการ
11. นายอานวย วีรรณ	คณะกรรมการ
12. นายณรงค์ชัย อัครเศรณี	คณะกรรมการ
13. นายวุฒิชัย พงษ์ประสิทธิ์	คณะกรรมการ
14. นายจักรมณต์ ผาสุกวณิช	คณะกรรมการ
15. ผู้อำนวยการสำนักงานเศรษฐกิจการคลัง	คณะกรรมการและเลขานุการ
16. นายสมชัย ฤชุพันธุ์	คณะกรรมการและผู้ช่วยเลขานุการ

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* รัฐมนตรีว่าการกระทรวงการคลัง ได้แต่งตั้งคณะกรรมการดังกล่าวในการประชุมของ
คณะกรรมการเตรียมการแผนเร่งรัดความร่วมมือของอาเซียนในด้านศุลกากรครั้งที่ 1 / 2534 ในวันที่
ที่ 29 กรกฎาคม 2534 และคณะกรรมการดังกล่าวมีการประชุมครั้งที่ 1 / 2534 ในวันที่ 6
สิงหาคม 2534

APPENDIX H

THE AFTA IMPLEMENTATION COMMITTEE



คำสั่งสำนักนายกรัฐมนตรี

ที่ ๒๖ / 2535

เรื่อง การแต่งตั้งคณะกรรมการดำเนินการเขตการค้าเสรีอาเซียน

เพื่อให้เป็นไปตามมติคณะรัฐมนตรี เมื่อวันที่ 4 กุมภาพันธ์ 2535 เกี่ยวกับการดำเนินการ
ให้บรรลุถึงการจัดตั้งเขตการค้าเสรีอาเซียน (ASEAN Free Trade Area-AFTA) ตามพันธกรณี
ข้อตกลงแม่บทว่าด้วยการส่งเสริมความร่วมมือทางเศรษฐกิจของอาเซียน (Framework Agreement
on Enhancing ASEAN Economic Cooperation) ซึ่งลงนามโดยผู้นำอาเซียนทั้งหกประเทศ เมื่อ
วันที่ 28 มกราคม 2535 ณ ประเทศสิงคโปร์ และในข้อตกลงว่าด้วยการใช้มาตรการภาษีศุลกากรร่วมกันเพื่อ
จัดตั้งเขตการค้าเสรีอาเซียน (Agreement on Common Effective Preferential Tariff
(CEPT) Scheme for the ASEAN Free Trade Area (AFTA)) เพื่อจัดตั้ง CEPT จึงตั้ง
คณะกรรมการดำเนินการเขตการค้าเสรีอาเซียนขึ้น ประกอบด้วย

1. รัฐมนตรีว่าการกระทรวงการคลัง	ประธาน
2. รัฐมนตรีว่าการกระทรวงพาณิชย์	รองประธาน 1
3. รัฐมนตรีว่าการกระทรวงอุตสาหกรรม	รองประธาน 2
4. ปลัดกระทรวงการคลัง	กรรมการ
5. ปลัดกระทรวงพาณิชย์	กรรมการ
6. ปลัดกระทรวงอุตสาหกรรม	กรรมการ
7. ปลัดกระทรวงการต่างประเทศ	กรรมการ
8. เลขาธิการคณะกรรมการส่งเสริมการลงทุน	กรรมการ
9. อธิบดีกรมเศรษฐกิจการพาณิชย์	กรรมการ
10. อธิบดีกรมอาเซียน	กรรมการ
11. เลขาธิการสำนักงานเศรษฐกิจการเกษตร	กรรมการ

12. ผู้อำนวยการสำนักงานเศรษฐกิจอุตสาหกรรม	กรรมการ
13. อธิบดีกรมศุลกากร	กรรมการ
14. ประธานสภาอุตสาหกรรมแห่งประเทศไทย	กรรมการ
15. ประธานสภาหอการค้าแห่งประเทศไทย	กรรมการ
16. นายทรงชัย อัครเศรณี	กรรมการ
17. ผู้อำนวยการสำนักงานเศรษฐกิจการคลัง	กรรมการและ เลขานุการ

ทั้งนี้ให้คณะกรรมการฯ ดังกล่าวมีหน้าที่รับผิดชอบดังนี้

- (1) กำหนดค่าภาษีและค่าธรรมเนียมการตามข้อตกลง เกี่ยวกับการจัดตั้ง เขตการค้าเสรีอาเซียน โดยเลขาธิการอย่างยังตามวิธีการที่ตามแนบข้อตกลง CEPT โดยในเบื้องต้นจะต้องดำเนินการตามด้วยแผนงานที่ขี้นการประชุมของอาเซียน ครั้งที่ 4 ของ นายกรัฐมนตรี ดังนี้

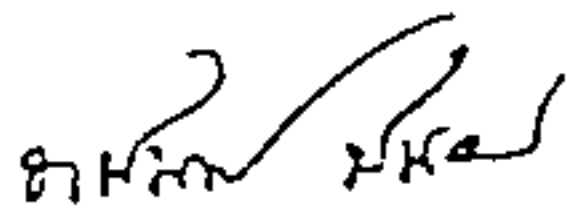
<u>ระยะแรก</u>	เพื่อลดภาษีศุลกากรของประเทศไทยสำหรับสินค้าในกรอบเขตการค้าเสรีอาเซียนให้เหลือร้อยละ 30 ภายในวันที่ 1 มกราคม 2538
<u>ระยะที่สอง</u>	ทำเรื่องขึ้นที่เกี่ยวข้อรวมทั้งกลุ่มอุตสาหกรรมต่าง ๆ เพื่อลดภาษีศุลกากรของประเทศไทยภายใต้กรอบเขตการค้าเสรีอาเซียนให้เหลือร้อยละ 20 ภายในวันที่ 1 มกราคม 2537

สำหรับกลุ่มสินค้าที่จะเร่งลดภาษี ได้แก่ สินค้าการพาณิชย์ของสินค้า 15 กลุ่ม (วัตถุดิบ อัญมณี บัญ แก้วกึ่งสำเร็จรูป เครื่องสำอาง สิ่งทอ อิฐหินและเครื่องประดับ เครื่องอิเล็กทรอนิกส์ เฟอร์นิเจอร์ไม้และพลาสติก ยานยนต์ เครื่องใช้ไฟฟ้า เฟอร์นิเจอร์ เฟอร์นิเจอร์พลาสติก ผลิตภัณฑ์ยาง ผลิตภัณฑ์เซรามิกและผลิตภัณฑ์แก้ว และผลิตภัณฑ์ทองแดง) ภายใต้กรอบเขตการค้าเสรีอาเซียนให้เหลือร้อยละ 0-5 ภายในระยะเวลาการเจรจาที่จะเป็นสมาชิก

- (2) วางหลักเกณฑ์ขั้นตอนการพิสูจน์แหล่งกำเนิดของสินค้าที่นำเข้าจากประเทศสมาชิก อาเซียนให้เป็นไปตามข้อตกลง CEPT
- (3) ค่าเงินการปรับปรุงเลขรหัสของสินค้าให้สอดคล้องกับรายการในอาเซียนให้สอดคล้องกัน
- (4) แต่งตั้งคณะกรรมการหรือคณะทำงานเพื่อศึกษา วิเคราะห์ กลั่นกรอง หรือเสนอแนะ ข้อเสนอกรรมการตามที่มอบหมาย

ทั้งนี้ ตั้งแต่บัดนี้เป็นต้นไป

สั่ง ณ วันที่ 13 กุมภาพันธ์ พ.ศ. 2535



(นายอานันท์ ปันยารชุน)

นายกรัฐมนตรี



ด่วนที่สุด

บันทึกข้อความ

ส่วนราชการ กองนโยบายการคลังและภาษีอากร โทร. 2739020

ที่ _____ วันที่ _____ พฤษภาคม 2535

เรื่อง แต่งตั้งคณะกรรมการดำเนินการเขตการค้าเสรีอาเซียน

เรียน ปลัดกระทรวงการคลัง

งานเลขานุการ
วันที่ 1 พฤษภาคม 2535

ตามที่ถือคิดนายกรัฐมนตรี (นายอานันท์ ปันยารชุน) ได้แต่งตั้งคณะกรรมการดำเนินการเขตการค้าเสรีอาเซียน โดยลงนามในคำสั่งแต่งตั้ง เมื่อวันที่ 13 กุมภาพันธ์ 2535 นั้น

เนื่องจากมีพระบรมราชโองการโปรดเกล้าฯ ตั้งนายกรัฐมนตรีและคณะรัฐมนตรีชุดใหม่แล้ว ยังผลให้คณะกรรมการดังกล่าวที่มาจากตำแหน่งไปพร้อมกับการสิ้นสุดการอยู่ในตำแหน่งของนายกรัฐมนตรีผู้แต่งตั้งด้วย ดังนั้น เพื่อให้การปฏิบัติงานของคณะกรรมการดังกล่าวสามารถดำเนินการต่อไปได้ เป็นไปตามข้อผูกพันของฝ่ายไทยเกี่ยวกับการจัดตั้งเขตการค้าเสรีอาเซียนที่ได้ตกลงในการประชุมสุดยอดอาเซียนครั้งที่ 4 (Fourth ASEAN Summit) ที่ประเทศสิงคโปร์ ระหว่างวันที่ 27-28 มกราคม 2535 สำนักงานเศรษฐกิจการคลัง เห็นควรนำเสนอคณะรัฐมนตรี เพื่อพิจารณาแต่งตั้งคณะกรรมการชุดนี้ขึ้นมาใหม่ เพื่อให้ปฏิบัติงานต่อไป

อนึ่ง เพื่อให้การปฏิบัติงานของคณะกรรมการดังกล่าวเป็นไปด้วยความเรียบร้อยและมีประสิทธิภาพยิ่งขึ้น จึงเห็นควรแต่งตั้งกรรมการเพิ่มเติมอีก 2 ท่านดังต่อไปนี้ คือ

1. เลขาธิการคณะกรรมการพัฒนาการเศรษฐกิจและสังคมแห่งชาติ
2. ผู้อำนวยการธนาคารแห่งประเทศไทย

จึงเรียนมาเพื่อโปรดพิจารณา หากชอบด้วยคำขอได้โปรดนำเสนอ คณะรัฐมนตรีว่าการกระทรวงการคลัง เพื่อพิจารณาอนุมัติลงนามหนังสือถึง เลขาธิการคณะรัฐมนตรีตามแนบ

นายอานันท์ ปันยารชุน
นายกรัฐมนตรี
นายอานันท์ ปันยารชุน
รองนายกรัฐมนตรี

(นายนิพนธ์ พุกกะณะสุต)
ผู้อำนวยการสำนักงานเศรษฐกิจการคลัง

ผ่านนโยบายเศรษฐกิจ

นายอานันท์ ปันยารชุน
รองนายกรัฐมนตรี

เรียน ท่านรัฐมนตรี
เพื่อโปรดพิจารณาและลงนาม

ลงนามแล้ว

ส่งต่อ นายอานันท์ ปันยารชุน

1 พฤษภาคม 2535

4 มกร 35

นายอานันท์ ปันยารชุน

ผ่านที่สุท

ที่ กค 0302/ ๕๖๑๖

ถ้าเป็น

ที่ ๐๓๐๒/ ๕๖๑๖
กระทรวงการคลัง
กรมการคลัง
กรมการคลัง
๕ พฤษภาคม ๒๕๓๕

เรื่อง แต่งตั้งคณะกรรมการดำเนินการเขตกการค้าเสรีอาเซียน

เรียน เลขาธิการคณะกรรมการรัฐมนตรี

สิ่งที่ส่งมาด้วย คำสั่งสำนักนายกรัฐมนตรีที่ ๒๓/๒๕๓๕ ลงวันที่ ๑๓ กุมภาพันธ์ ๒๕๓๕

ด้วยมติคณะรัฐมนตรี นายอานันท์ ปันยารชุน ได้มีคำสั่งแต่งตั้งคณะกรรมการดำเนินการเขตกการค้าเสรีอาเซียน โดยมีรัฐมนตรีว่าการกระทรวงการคลัง เป็นประธาน เพื่อดำเนินการตามข้อผูกพันของฝ่ายไทยเกี่ยวกับการจัดตั้งเขตกการค้าเสรีอาเซียน ซึ่งได้ตกลงในการประชุมสุดยอดอาเซียน ครั้งที่ ๔ ณ ประเทศสิงคโปร์ ระหว่างวันที่ ๒๗-๒๘ มกราคม ๒๕๓๕ ดังรายละเอียดปรากฏในสิ่งที่ส่งมาด้วยนี้

กระทรวงการคลังขอเรียนว่า คณะกรรมการดังกล่าวได้พ้นจากหน้าที่เนื่องจากการจัดตั้งรัฐบาลขึ้นใหม่ แต่ข้อผูกพันของประเทศไทยเกี่ยวกับการดำเนินการจัดตั้งเขตกการค้าเสรีอาเซียนยังคงมีอยู่ ดังนั้นจึงเห็นควรให้มีการแต่งตั้งคณะกรรมการชุดนี้ขึ้นใหม่เพื่อดำเนินการในเรื่องนี้ต่อไป ทั้งนี้กระทรวงการคลังขอปรับปรุงองค์ประกอบคณะกรรมการดังกล่าว เพื่อให้การปฏิบัติหน้าที่เป็นไปอย่างเรียบร้อยและมีประสิทธิภาพยิ่งขึ้น โดยแต่งตั้งกรรมการเพิ่มอีก ๒ ท่าน คือ

๑. เลขาธิการคณะกรรมการพัฒนาการเศรษฐกิจและสังคมแห่งชาติ
๒. ผู้อำนวยการธนาคารแห่งประเทศไทย

จึงเรียนมาเพื่อโปรดพิจารณา สอนคณะรัฐมนตรีเพื่อพิจารณาอนุมัติ

ขอแสดงความนับถือ

(นายสุชาติ ธาดาธำรงเวช)
รัฐมนตรีว่าการกระทรวงการคลัง

สำนักงานเศรษฐกิจการคลัง

กองนโยบายการคลังและภาษีอากร

โทร. ๒๗๓๙๐๒๐

โทรสาร ๒๗๓๙๑๖๘

๑๕/๕

๑๕-๓๕
๑๕-๓๕
๑๕-๓๕
๑๕-๓๕

๑๕-๓๕

เรื่อง ๑๒๐๐/พิ. ๕๖

ด่วนที่สุด

ที่ นร ๐๒๐๐/พิ. ๕๖

สำนักงานปลัดกระทรวงการคลัง
รับที่ 24701
วันที่ 25 ธ.ค. ๒๕๓๕
วันที่
เวลา 11.15 น.

สำนักงานเลขาธิการรัฐมนตรี
กระทรวงการคลัง
รับที่ 1244-
วันที่ 27 พ.ค. ๒๕๓๖
เวลา
สำนักงานเลขาธิการคณะรัฐมนตรี

นายเนียบรัฐบาล กทม. ๑๐๓๐๐

เรื่อง
เรื่อง
วันที่ ๑๑ พ.ค. ๖๓
เวลา

๒๒ พฤษภาคม ๒๕๓๕

สำนักงานเลขาธิการรัฐมนตรี
กระทรวงการคลัง
รับที่ ๑๖๖
วันที่ ๑๖ พ.ค. ๒๕๓๖
เวลา

เรื่อง แต่งตั้งคณะกรรมการดำเนินการเขตการค้าเสรีอาเซียน

เรียน รัฐมนตรีว่าการกระทรวงการคลัง

อ้างถึง หนังสือกระทรวงการคลัง ด่วนที่สุด ที่ กค ๐๓๐๒/๒๐๖๖ ลงวันที่ ๖ พฤษภาคม ๒๕๓๕

ตามที่ได้พิจารณาเห็นสมควรให้มีคณะกรรมการดำเนินการเขตการค้าเสรีอาเซียนต่อไป และเพื่อให้การปฏิบัติหน้าที่เป็นไปด้วยความเรียบร้อยและมีประสิทธิภาพ สมควรแต่งตั้งกรรมการเพิ่มอีก ๒ คน คือ เลขาธิการคณะกรรมการพัฒนาการเศรษฐกิจและสังคมแห่งชาติและผู้อำนวยการธนาคารแห่งประเทศไทย จึงขอให้มาเสนอคณะรัฐมนตรีพิจารณาอนุมัติ นั้น

คณะรัฐมนตรีได้ลงมติเมื่อวันที่ ๑๔ พฤษภาคม ๒๕๓๕ อนุมัติตามที่กระทรวงการคลังเสนอ จึงเรียนมายังนาย ได้แจ้งให้สำนักงานงบประมาณทราบแล้วและขอได้โปรดแจ้งให้กรรมการที่ได้รับแต่งตั้งทราบด้วย

ขอแสดงความนับถือ

(นายเนียบ อดีตรัฐมนตรี)

รองเลขาธิการคณะรัฐมนตรี ปฏิบัติราชการแทน
เลขาธิการคณะรัฐมนตรี

กองกลาง

โทร. ๒๕๐๒๕๐

โทรสาร ๒๕๐๓๔๕

คณะกรรมการเศรษฐกิจ

๑๕/๕/๓๕

๑๕/๕/๓๕

APPENDIX I

THE SECRETARIAT OFFICE OF THE CABINET'S ORDERS ON THE INTERNATIONAL ECONOMIC RELATIONS POLICY BOARD, AND THE INTERNATIONAL ECONOMIC POLICY BOARD

ด่วนที่สุด

ที่ นร ๐๒๐๓/ว ๑๖๓

สำนักเลขาธิการคณะรัฐมนตรี

ทำเนียบรัฐบาล กทม. ๑๐๓๐๐

๒๗ ตุลาคม ๒๕๓๑

เรื่อง ระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายความสัมพันธ์ทางเศรษฐกิจ

ระหว่างประเทศ พ.ศ. ๒๕๓๑

เรียน กระทรวง ทบวง กรม

สิ่งที่ส่งมาด้วย ระเบียบในเรื่องนี้

ด้วยในคราวประชุมคณะรัฐมนตรีเมื่อวันที่ ๒๕ ตุลาคม ๒๕๓๑ คณะรัฐมนตรีได้พิจารณาเห็นชอบระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๑ และให้ส่วนราชการต่างๆ ถือปฏิบัติต่อไป ซึ่งสำนักเลขาธิการคณะรัฐมนตรีได้นำระเบียบในเรื่องนี้ประกาศในราชกิจจานุเบกษา เล่ม ๑๐๕ ตอนที่ ๑๙๗ ลงวันที่ ๒๖ ตุลาคม ๒๕๓๑ แล้ว

จึงเรียนยืนยันมา และขอได้โปรดแจ้งให้ส่วนราชการและรัฐวิสาหกิจในสังกัดทราบ เพื่อถือปฏิบัติต่อไป

ขอแสดงความนับถือ



(นายอนันต์ อนันตกุล)

เลขาธิการคณะรัฐมนตรี

กองนิติกรรม

โทร ๒๘๒๔๑๕๐

ระเบียบสำนักนายกรัฐมนตรี

ว่าด้วยการกำหนดนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ

พ.ศ. ๒๕๓๑

เพื่อให้การกำหนดนโยบาย แผน แนวทาง และท่าทีของประเทศไทยในความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศมีเอกภาพ มีประสิทธิภาพ และมีความต่อเนื่องทั้งในระยะสั้นและระยะยาว นายกรัฐมนตรีอาศัยอำนาจตามข้อ ๔ (๔) แห่งประกาศของคณะปฏิวัติ ฉบับที่ ๒๑๔ ลงวันที่ ๒๔ กันยายน ๒๕๑๕ และโดยความเห็นชอบของคณะรัฐมนตรี จึงวางระเบียบไว้ดังต่อไปนี้

ข้อ ๑ ระเบียบนี้เรียกว่า “ระเบียบสำนักนายกรัฐมนตรี ว่าด้วยการกำหนดนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๑”

ข้อ ๒ ให้ใช้ระเบียบนี้ตั้งแต่วันถัดจากวันประกาศในราชกิจจานุเบกษาเป็นต้นไป

ข้อ ๓ บรรดาระเบียบ ข้อบังคับ มติคณะรัฐมนตรี และคำสั่งอื่นใดในส่วนที่มีกำหนดไว้แล้วในระเบียบนี้ หรือซึ่งขัดหรือแย้งกับระเบียบนี้ ให้ใช้ระเบียบนี้แทน

ข้อ ๔ ในระเบียบนี้

“นโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ” หมายความว่า นโยบาย แผน แนวทาง และท่าทีของประเทศไทยในการเจรจากับต่างประเทศระดับทวิภาคี ระดับภูมิภาค และระดับพหุภาคี เพื่อแก้ไขอุปสรรคและปัญหาที่เกิดขึ้นหรือจะเกิดขึ้นจากนโยบายและมาตรการของรัฐบาลต่างประเทศ หรือจากระบบเศรษฐกิจการค้าระหว่างประเทศ และเพื่อส่งเสริมความร่วมมือทางเศรษฐกิจการค้ากับต่างประเทศเพื่อเพิ่มพูนประโยชน์ทางเศรษฐกิจจากต่างประเทศ

ข้อ ๕ ให้มีคณะกรรมการคณะหนึ่ง เรียกว่า “คณะกรรมการนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ” เรียกโดยย่อว่า “กนศ.” ประกอบด้วยนายกรัฐมนตรี หรือรองนายกรัฐมนตรีที่นายกรัฐมนตรีมอบหมาย เป็นประธานกรรมการ รัฐมนตรีว่าการกระทรวงการต่างประเทศ หรือรัฐมนตรีช่วยว่าการกระทรวงการต่างประเทศที่ได้รับมอบหมาย เป็นรองประธานกรรมการคนที่หนึ่ง รัฐมนตรีว่าการกระทรวงพาณิชย์ หรือรัฐมนตรีช่วยว่าการกระทรวงพาณิชย์ที่ได้รับมอบหมาย เป็นรองประธานกรรมการคนที่สอง รัฐมนตรีว่าการกระทรวงการคลัง รัฐมนตรีว่าการกระทรวงเกษตรและสหกรณ์ รัฐมนตรีว่าการกระทรวงศึกษาธิการ รัฐมนตรีว่าการกระทรวงสาธารณสุข รัฐมนตรีว่าการกระทรวงอุตสาหกรรม ปลัดกระทรวงการต่างประเทศ และปลัดกระทรวงพาณิชย์ เป็นกรรมการ

ให้อธิบดีกรมเศรษฐกิจ เป็นเลขานุการฝ่ายบริหาร และอธิบดีกรมเศรษฐกิจการพาณิชย์ เป็นเลขานุการฝ่ายวิชาการ และให้เลขานุการทั้งสองฝ่ายมีอำนาจหน้าที่ตามที่ กนศ. กำหนด

ในการประชุม กนศ. ให้อธิบดีกรมเศรษฐกิจ เป็นเลขานุการของที่ประชุม

ประธาน กนศ. มีอำนาจพิจารณาเชิญรัฐมนตรีกระทรวงที่เกี่ยวข้องมาให้คำปรึกษาในเรื่องที่เกี่ยวข้องกับกระทรวงนั้น ๆ ได้

ข้อ ๖ ภายใต้บังคับแห่งข้อ ๑๐ เพื่อแบ่งเบาภาระและกลั่นกรองการทำงานให้แก่คณะรัฐมนตรี ให้ กนศ. มีอำนาจและหน้าที่ดังต่อไปนี้

(๑) พิจารณากำหนดนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ

(๒) พิจารณากำหนดนโยบายความร่วมมือกับต่างประเทศ และองค์การระหว่างประเทศ ด้านเศรษฐกิจและการค้า

(๓) พิจารณากำหนดกลยุทธ์ แผน แนวทางและท่าทีในการเจรจาทางเศรษฐกิจการค้า และการเจรจาเพื่อปรับโครงสร้างความสัมพันธ์ทางเศรษฐกิจกับต่างประเทศ และกำกับดูแลให้ส่วนราชการที่เกี่ยวข้องปฏิบัติงานให้เป็นไปตามกลยุทธ์ แผน แนวทาง และท่าทีที่กำหนดอย่างได้ผลและมีประสิทธิภาพ

(๔) เป็นศูนย์กลางในการประสานงานกับคณะกรรมการตามกฎหมายอื่นหรือคณะกรรมการที่คณะรัฐมนตรีแต่งตั้งทำงานในอำนาจหน้าที่มีส่วนเกี่ยวข้องกับนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ

(๕) ประสานงานกับส่วนราชการและภาคเอกชนที่เกี่ยวข้องเพื่อสนับสนุนเร่งรัดติดตามประเมินผล และแก้ไขปัญหาคุศลในการดำเนินงานตามนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศที่กำหนด

(๖) เสนอแนะและให้ความเห็นต่อคณะรัฐมนตรีเกี่ยวกับงานในอำนาจหน้าที่

ข้อ ๗ ให้ กนศ. มีอำนาจแต่งตั้งคณะกรรมการเพื่อพิจารณาหรือปฏิบัติการอย่างหนึ่งอย่างใดตามที่ กนศ. มอบหมาย

ข้อ ๘ ในการปฏิบัติการตามอำนาจหน้าที่ กนศ. มีอำนาจพิจารณาเชิญผู้แทนส่วนราชการ รัฐวิสาหกิจ หรือบุคคลที่เกี่ยวข้องมาให้คำปรึกษาและให้ข้อมูลในเรื่องที่เกี่ยวข้องกับอำนาจหน้าที่ของ กนศ. ได้ตามความจำเป็น

ข้อ ๙ ในการประชุมเจรจาทางเศรษฐกิจและการค้าระหว่างประเทศไทยกับรัฐบาลต่างประเทศ หรือองค์การระหว่างประเทศ กนศ. มีอำนาจแต่งตั้งผู้แทนหรือคณะผู้แทนเข้าร่วมในการประชุมเจรจา

ข้อ ๑๐ การดำเนินงานของ กนศ. ตามข้อ ๖ ให้ปฏิบัติดังนี้

(๑) ให้มีการวางแผนนโยบาย แผนงาน และเป้าหมายที่ชัดเจน และเป็นการสร้างสรรคเสนอต่อคณะกรรมการรัฐมนตรีฝ่ายเศรษฐกิจ เพื่อให้ความเห็นชอบ

(๒) การให้คำมั่นหรือทำสัญญาผูกพันใด ๆ ต้องได้รับอนุมัติจากคณะกรรมการรัฐมนตรีฝ่ายเศรษฐกิจก่อน

ข้อ ๑๑ ให้มีคณะที่ปรึกษาของ กนศ. ขึ้นคณะหนึ่ง ประกอบด้วย ประธานสภาหอการค้าแห่งประเทศไทย ประธานสภาอุตสาหกรรมแห่งประเทศไทย ประธานสมาคมธนาคารไทย และผู้ทรงคุณวุฒิซึ่งนายกรัฐมนตรีแต่งตั้งไม่เกิน ๓ คน ให้คณะที่ปรึกษามีหน้าที่ให้คำปรึกษาแก่ กนศ. ตามที่ กนศ. มอบหมาย

ที่ปรึกษาซึ่งนายกรัฐมนตรีแต่งตั้งอยู่ในตำแหน่งคราวละสองปี และที่ปรึกษาซึ่งพ้นจากตำแหน่งตามวาระอาจได้รับแต่งตั้งอีกได้

ข้อ ๑๒ กรรมการและที่ปรึกษาพ้นจากตำแหน่งเมื่อ

(๑) ตาย

(๒) ลาออก

(๓) นายกรัฐมนตรีถอดถอน

(๔) นายกรัฐมนตรีซึ่งแต่งตั้งกรรมการและที่ปรึกษาพ้นจากตำแหน่ง

เมื่อที่ปรึกษาพ้นจากตำแหน่งก่อนวาระ ให้ที่ปรึกษาซึ่งได้รับแต่งตั้งแทนอยู่ในตำแหน่งตามวาระของผู้ซึ่งตนแทน

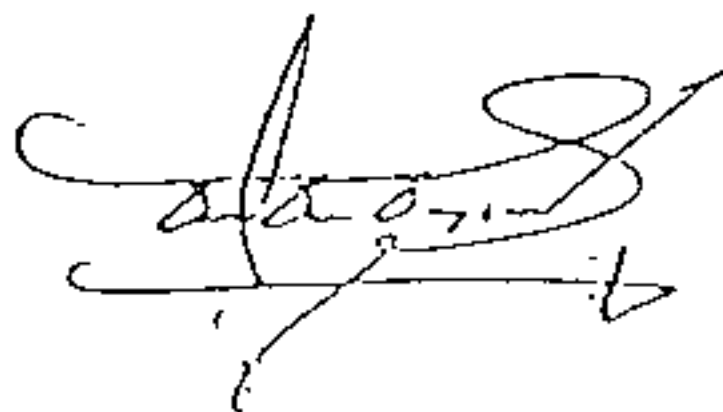
ข้อ ๑๓ ให้กรมเศรษฐกิจ กระทรวงการต่างประเทศ เป็นสำนักงานเลขานุการฝ่ายบริหารของ กนศ. รับผิดชอบงานธุรการ งานการประชุม และการประสานงานกับหน่วยงานที่เกี่ยวข้อง และรับผิดชอบในกิจการทางบริหารอื่นตามที่ กนศ. กำหนด

ให้กรมเศรษฐกิจการพาณิชย์ กระทรวงพาณิชย์ เป็นสำนักงานเลขานุการฝ่ายวิชาการของ กนศ. มีหน้าที่รับผิดชอบในการจัดหา รวบรวม ศึกษา และวิเคราะห์ข้อมูลและสาระต่าง ๆ ด้านวิชาการ และรับผิดชอบในกิจการทางวิชาการอื่นตามที่ กนศ. กำหนด

ข้อ ๑๔ ให้นายกรัฐมนตรีรักษาการตามระเบียบนี้

ประกาศ ณ วันที่ ๑๔ ตุลาคม พ.ศ. ๒๕๓๑

พลตรี



(ชาติชาย ชุณหะวัณ)

นายกรัฐมนตรี

ที่ นร ๐๒๐๓/ว ๖๖

สำนักเลขาธิการคณะรัฐมนตรี
ทำเนียบรัฐบาล กทม. ๑๐๓๐๐

๒๙ พฤษภาคม ๒๕๓๕

เรื่อง ระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๕
เรียน กระทรวง ทบวง กรม
อ้างถึง หนังสือสำนักเลขาธิการคณะรัฐมนตรี ด่วนที่สุด ที่ นร ๐๒๐๓/ว ๑๖๓
ลงวันที่ ๒๑ ตุลาคม ๒๕๓๑
สิ่งที่ส่งมาด้วย สำเนาระเบียบสำนักนายกรัฐมนตรีในเรื่องนี้

ตามที่ได้ยืนยันมติคณะรัฐมนตรีเห็นชอบระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๑ มาเพื่อถือปฏิบัติ นั้น

บัดนี้ ประธานคณะกรรมการนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ (กนศ.) ได้พิจารณาเห็นว่า สถานการณ์ความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศในปัจจุบันได้เปลี่ยนแปลงไป ดังนั้น เพื่อให้การกำหนดนโยบายเศรษฐกิจระหว่างประเทศเป็นไปอย่างเหมาะสมทันสมัย และสอดคล้องกับสถานการณ์ในปัจจุบัน ที่มุ่งเน้นการค้าโดยเสรี และการส่งเสริมการตลาดให้มีประสิทธิภาพยิ่งขึ้น จึงสมควรปรับปรุงระเบียบสำนักนายกรัฐมนตรีดังกล่าว โดยปรับปรุงองค์ประกอบและอำนาจหน้าที่ กนศ. ให้เหมาะสมยิ่งขึ้น

คณะรัฐมนตรีได้มีมติเมื่อวันที่ ๒๖ พฤษภาคม ๒๕๓๕ เห็นชอบระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๕ ตามสิ่งที่ส่งมาด้วย และสำนักเลขาธิการคณะรัฐมนตรีได้ประกาศในราชกิจจานุเบกษา เล่ม ๑๐๙ ตอนที่ ๖๔ ลงวันที่ ๒๙ พฤษภาคม ๒๕๓๕ แล้ว

จึงเรียนยืนยันมา และขอได้โปรดแจ้งให้ส่วนราชการและรัฐวิสาหกิจในสังกัดทราบเพื่อถือปฏิบัติต่อไป

ขอแสดงความนับถือ

นายเอกอภิสงก

(โสภณ สุวรรณะรุจิ)

เลขาธิการคณะรัฐมนตรี

กองนิติธรรม

โทร. ๒๔๒๔๑๕๐

หมายเหตุ

หนังสือสำนักเลขาธิการคณะรัฐมนตรีที่อ้างถึง เรื่อง ระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ .พ.ศ. ๒๕๓๕ คู่มือละเอียดได้จากหนังสือมติคณะรัฐมนตรี (หนังสือเวียน) ประจำปี ๒๕๓๑ จัดพิมพ์โดยฝ่ายสวัสดิการสำนักเลขาธิการคณะรัฐมนตรี หน้า ๓๐๙

ระเบียบสำนักนายกรัฐมนตรี
ว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ
พ.ศ. ๒๕๓๕

เพื่อให้การกำหนดและการประสานนโยบาย แนวทาง ทำที่ และกลยุทธ์ในทางเศรษฐกิจระหว่างประเทศของไทยมีเอกภาพ ประสิทธิภาพ และยังประโยชน์สูงสุดแก่เศรษฐกิจโดยรวมของประเทศ โดยยึดหลักการแข่งขันโดยเสรี และการส่งเสริมให้กลไกตลาดมีประสิทธิภาพมากขึ้น อาศัยอำนาจตามความในมาตรา ๑๑ (๖) และ (๔) แห่งพระราชบัญญัติระเบียบบริหารราชการแผ่นดิน พ.ศ. ๒๕๓๔ นายกรัฐมนตรีโดยความเห็นชอบของคณะรัฐมนตรี จึงวางระเบียบไว้ดังต่อไปนี้

ข้อ ๑ ระเบียบนี้เรียกว่า “ระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๕”

ข้อ ๒ ระเบียบนี้ใช้บังคับตั้งแต่วันถัดจากวันประกาศในราชกิจจานุเบกษาเป็นต้นไป

ข้อ ๓ ให้ยกเลิกระเบียบสำนักนายกรัฐมนตรีว่าด้วย การกำหนดนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๑

บรรดาระเบียบ ข้อบังคับ มติคณะรัฐมนตรี หรือคำสั่งอื่นใด ในส่วนที่กำหนดไว้แล้วในระเบียบนี้ หรือซึ่งขัดแย้งกับระเบียบนี้ ให้ใช้ระเบียบนี้แทน

ข้อ ๔ ในระเบียบนี้

“นโยบายเศรษฐกิจระหว่างประเทศ” หมายความว่า นโยบาย แนวทางและหลักปฏิบัติเกี่ยวกับระบบเศรษฐกิจระหว่างประเทศ โดยเฉพาะอย่างยิ่งในส่วนที่เกี่ยวกับการค้าสินค้า และการค้าบริการระหว่างประเทศ รวมทั้งการค้าที่เกี่ยวข้องกับการคุ้มครองทรัพย์สินทางปัญญา และมาตรการการลงทุน ตลอดจนกิจกรรมอื่นใดที่ต่อเนื่องหรือมีผลกระทบต่อการค้าหรือกิจกรรมดังกล่าว ทั้งนี้ เพื่อประโยชน์ในการเจรจาระดับทวิภาคี ระดับภูมิภาค และระดับพหุภาคี การแสวงหาปกป้องและรักษาผลประโยชน์ทางการค้า การแก้ไขอุปสรรคและปัญหาที่กีดขวางการค้า

ข้อ ๕ ให้มีคณะกรรมการคณะหนึ่งเรียกว่า “คณะกรรมการนโยบายเศรษฐกิจระหว่างประเทศ” เรียกโดยย่อว่า “กนค.” ประกอบด้วย

(๑) นายกรัฐมนตรี หรือ รองนายกรัฐมนตรี ที่นายกรัฐมนตรีมอบหมาย	เป็นประธานกรรมการ
(๒) รัฐมนตรีว่าการกระทรวงพาณิชย์	เป็นรองประธานกรรมการ
(๓) รัฐมนตรีว่าการกระทรวงการคลัง	เป็นกรรมการ

(๔) รัฐมนตรีว่าการกระทรวงการต่างประเทศ	เป็นกรรมการ
(๕) รัฐมนตรีว่าการกระทรวงเกษตรและสหกรณ์	เป็นกรรมการ
(๖) รัฐมนตรีว่าการกระทรวงคมนาคม	เป็นกรรมการ
(๗) รัฐมนตรีว่าการกระทรวงอุตสาหกรรม	เป็นกรรมการ
(๘) ที่ปรึกษานายกรัฐมนตรี หรือที่ปรึกษา รองนายกรัฐมนตรีที่นายกรัฐมนตรีมอบหมาย	เป็นกรรมการ
(๙) ปลัดกระทรวงพาณิชย์	เป็นกรรมการ
(๑๐) ปลัดกระทรวงการต่างประเทศ	เป็นกรรมการ
(๑๑) อธิบดีกรมเศรษฐกิจการพาณิชย์	เป็นเลขานุการ

ข้อ ๖ ให้ กนศ. มีอำนาจและหน้าที่ดังต่อไปนี้

(๑) พิจารณากำหนดนโยบายเศรษฐกิจระหว่างประเทศให้เป็นระบบครบวงจร และมีเอกภาพ

(๒) พิจารณากำหนดแนวทางและการประสานงาน ทำที่และกลยุทธ์ในการเจรจาและร่วมมือทางการพาณิชย์กับต่างประเทศ และองค์การระหว่างประเทศ โดยฉันทกพลังเพื่อต่อรองในทางเศรษฐกิจสาขาต่าง ๆ ให้เป็นประโยชน์มากที่สุด

(๓) เสนอแนะและให้ความเห็นต่อคณะรัฐมนตรีเกี่ยวกับงานในอำนาจหน้าที่

(๔) เป็นศูนย์กลางประสานงานกับคณะกรรมการอื่นที่แต่งตั้งตามกฎหมายหรือตามมติคณะรัฐมนตรี และงานของคณะกรรมการเหล่านั้นเกี่ยวข้องกับนโยบายทางเศรษฐกิจระหว่างประเทศ

(๕) ประสานงานกับส่วนราชการหรือภาคเอกชนที่เกี่ยวข้อง เพื่อสนับสนุนเร่งรัด ติดตามประเมินผล และแก้ไขปัญหอุปสรรคในการดำเนินงานตามนโยบายทางเศรษฐกิจระหว่างประเทศ

(๖) แต่งตั้งบุคคลเป็นผู้แทนหรือคณะผู้แทนเข้าร่วมในการประชุมเจรจาด้านเศรษฐกิจและการค้าระหว่างประเทศไทยกับรัฐบาลต่างประเทศหรือองค์การระหว่างประเทศ

(๗) แต่งตั้งคณะอนุกรรมการหรือคณะทำงานเพื่อดำเนินการตามที่นายกรัฐมนตรีหรือ “ กนศ. ” มอบหมาย

(๘) มีอำนาจเชิญบุคคลจากส่วนราชการ และภาคเอกชนมาช่วยดำเนินงานหรือเพื่อให้ชี้แจง หรือเพื่อให้ข้อมูลสถิติใด ๆ ที่เกี่ยวกับการดำเนินการตามระเบียบนี้

(๙) ดำเนินการอื่นใดเพื่อให้เป็นไปตามระเบียบนี้

ข้อ ๗ การดำเนินงานของ “ กนศ. ” ตามข้อ ๖ (๖) เฉพาะการให้คำมั่นหรือทำสัญญาผูกพันใด ๆ ต้องได้รับอนุมัติจากคณะรัฐมนตรีก่อน

ข้อ ๘ ให้กรมเศรษฐกิจการพาณิชย์ กระทรวงพาณิชย์ ทำหน้าที่เป็นสำนักงานเลขานุการของ “ กนศ. ” รับผิดชอบงานวิชาการ งานการประชุม งานธุรการ และงบประมาณสำหรับการดำเนินงานของ “ กนศ. ” รวมทั้งการประสานงานกับสำนักนายกรัฐมนตรี กรมเศรษฐกิจ กระทรวงการต่างประเทศ และหน่วยงานที่เกี่ยวข้อง

ข้อ ๙ ให้นายกรัฐมนตรีเป็นผู้รักษาการตามระเบียบนี้

ประกาศ ณ วันที่ ๒๒ พฤษภาคม พ.ศ. ๒๕๓๕

พลเอก สุจินดา คราประยูร

นายกรัฐมนตรี

ที่ นร ๐๒๑๔/ว ๒๕๕

สำนักเลขาธิการคณะรัฐมนตรี
ทำเนียบรัฐบาล กท ๑๐๓๐๐

๑๓ ธันวาคม ๒๕๓๔

เรื่อง ระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ
พ.ศ. ๒๕๓๔

เรียน กระทรวง ทบวง กรม

อ้างถึง หนังสือสำนักเลขาธิการคณะรัฐมนตรี ที่ นร ๐๒๐๓/ว ๗๖

ลงวันที่ ๒๔ พฤษภาคม ๒๕๓๕

สิ่งที่ส่งมาด้วย สำเนาระเบียบในเรื่องนี้

ตามที่ได้ส่งระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๕ มาเพื่อถือปฏิบัติต่อไป นั้น

ในคราวประชุมคณะรัฐมนตรีเมื่อวันที่ ๒๔ พฤศจิกายน ๒๕๓๔ คณะรัฐมนตรีได้มีมติเห็นชอบร่างระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๔ ตามที่คณะกรรมการนโยบายเศรษฐกิจระหว่างประเทศเสนอ และให้ดำเนินการต่อไปได้ ซึ่งสำนักเลขาธิการคณะรัฐมนตรีได้นำเสนอนายกรัฐมนตรีพิจารณาลงนาม และได้ประกาศในราชกิจจานุเบกษา ฉบับประกาศทั่วไป เล่ม ๑๑๒ ตอนพิเศษ ๕๖ ง ลงวันที่ ๑๑ ธันวาคม ๒๕๓๔ แล้ว ดังที่ได้ส่งมาพร้อมนี้

จึงเรียนยืนยันมา และขอได้โปรดแจ้งให้ส่วนราชการและรัฐวิสาหกิจในสังกัดทราบเพื่อถือปฏิบัติต่อไป

ขอแสดงความนับถือ

(นายวิญญู เครื่องงาม)

เลขาธิการคณะรัฐมนตรี

สำนักนิติธรรม

โทร. ๒๔๑๐๐๐๗

โทรสาร ๒๔๒๔๑๔๕

หมายเหตุ หนังสือสำนักเลขาธิการคณะรัฐมนตรี ที่ นร ๐๒๐๓/ว ๗๖ ลงวันที่ ๒๔ พฤษภาคม ๒๕๓๕ ตูรายละเอียดได้จากหนังสือมติคณะรัฐมนตรี (หนังสือเวียน) ประจำปี ๒๕๓๕ จัดพิมพ์โดยฝ่ายสวัสดิการสำนักเลขาธิการคณะรัฐมนตรี หน้า ๒๔๑ - ๒๔๕

ระเบียบสำนักนายกรัฐมนตรี
ว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ
พ.ศ. ๒๕๓๘

เพื่อประโยชน์ในการสร้างความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศกับกลุ่มต่างๆ ทั้งในระดับทวิภาคี ในระดับระหว่างภูมิภาคและอนุภูมิภาค และพหุภาคี และเพื่อรักษาผลประโยชน์ของชาติและเพื่อพัฒนาความเป็นอยู่ที่ดีขึ้นของประชาชน จึงจำเป็นต้องปรับปรุงแก้ไขและวิธีการเกี่ยวกับการประสานงานนโยบายเศรษฐกิจระหว่างประเทศขึ้นเพื่อให้การกำหนดและประสานนโยบาย ท้าทีและกลยุทธ์ในทางเศรษฐกิจระหว่างประเทศของไทยเป็นไปอย่างมีประสิทธิภาพ ประสิทธิภาพ และเพื่อให้การทำหน้าที่ในการเจรจาการค้า และการลงทุน ยังประโยชน์สูงสุดแก่เศรษฐกิจโดยส่วนรวมของประเทศ โดยยึดหลักการแข่งขันโดยเสรี และการส่งเสริมให้กลไกตลาดมีประสิทธิภาพมากขึ้น

อาศัยอำนาจตามความในมาตรา ๑๑ (๖) และ (๘) แห่งพระราชบัญญัติระเบียบบริหารราชการแผ่นดิน พ.ศ. ๒๕๓๔ นายกรัฐมนตรีโดยความเห็นชอบของคณะรัฐมนตรี จึงวางระเบียบไว้ดังต่อไปนี้

ข้อ ๑ ระเบียบนี้เรียกว่า “ระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๘”

ข้อ ๒ ระเบียบนี้ให้ใช้บังคับตั้งแต่วันถัดจากวันประกาศในราชกิจจานุเบกษาเป็นต้นไป

ข้อ ๓ ในยกเลิกระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๕ และคำสั่งสำนักนายกรัฐมนตรีที่ ๑๔/๒๕๓๖ เรื่อง การจัดตั้งสำนักงานประสานงานเศรษฐกิจระหว่างประเทศ (สปศ.)

ข้อ ๔ บรรดาระเบียบ ข้อบังคับ มติคณะรัฐมนตรี หรือคำสั่งอื่นใดในส่วนที่ กำหนดไว้แล้วในระเบียบนี้ หรือซึ่งขัดแย้งกับระเบียบนี้ให้ใช้ระเบียบนี้แทน

ข้อ ๕ ในระเบียบนี้

“นโยบายเศรษฐกิจระหว่างประเทศ” หมายความว่า นโยบายแนวทาง และหลักปฏิบัติที่เกี่ยวกับความร่วมมือทางเศรษฐกิจระหว่างประเทศ โดยเฉพาะอย่างยิ่งในส่วนที่ เกี่ยวกับการค้าสินค้าและการค้าบริการระหว่างประเทศ รวมทั้งการค้าที่เกี่ยวข้องกับการ คุ้มครองทรัพย์สินทางปัญญา และมาตรการการลงทุน ตลอดจนกิจกรรมอื่นใดที่ต่อเนื่องหรือ

มีผลกระทบต่อการค้าหรือกิจกรรมดังกล่าว ทั้งนี้ เพื่อประโยชน์ในการกำหนดนโยบายของ ประเทศในภาพรวม การเจรจาระดับทวิภาคี ระดับภูมิภาค และระดับพหุภาคี การแสวงหา ปกป้องและรักษาผลประโยชน์ทางการค้า การแก้ไขอุปสรรคและปัญหาที่กีดขวางการค้า

“คณะกรรมการอื่น” หมายถึง คณะกรรมการอื่นนอกจากคณะกรรมการ ว่าด้วยความร่วมมือทางเศรษฐกิจในเอเชีย-แปซิฟิก คณะกรรมการดำเนินการเขตการค้าเสรี อาเซียน คณะกรรมการประสานการพัฒนาความร่วมมือทางเศรษฐกิจกับประเทศเพื่อนบ้าน ที่ได้รับการแต่งตั้งตามกฎหมาย ตามมติคณะรัฐมนตรี หรือตามคำสั่งสำนักนายกรัฐมนตรี ให้มีหน้าที่หรือความรับผิดชอบเกี่ยวกับความร่วมมือทางเศรษฐกิจระหว่างประเทศ

ข้อ ๖ ให้มีคณะกรรมการคณะหนึ่งเรียกว่า “คณะกรรมการนโยบายเศรษฐกิจ ระหว่างประเทศ” เรียกโดยย่อว่า “กนศ.” ประกอบด้วย

(๑) นายกรัฐมนตรี หรือรองนายกรัฐมนตรี	เป็น ประธานกรรมการ
ที่นายกรัฐมนตรีมอบหมาย	
(๒) รัฐมนตรีว่าการกระทรวงพาณิชย์	เป็น รองประธานกรรมการ
(๓) รองนายกรัฐมนตรีหรือรัฐมนตรีที่มี	เป็น กรรมการ
หน้าที่กำกับดูแลงานของสำนักงาน	
คณะกรรมการพัฒนาการเศรษฐกิจ	
และสังคมแห่งชาติ	
(๔) รองนายกรัฐมนตรีหรือรัฐมนตรีที่มี	เป็น กรรมการ
หน้าที่กำกับดูแลงานของสำนักงาน	
คณะกรรมการส่งเสริมการลงทุน	
(๕) รัฐมนตรีว่าการกระทรวงการคลัง	เป็น กรรมการ
(๖) รัฐมนตรีว่าการกระทรวงการต่างประเทศ	เป็น กรรมการ
(๗) รัฐมนตรีว่าการกระทรวงเกษตร	เป็น กรรมการ
และสหกรณ์	
(๘) รัฐมนตรีว่าการกระทรวงคมนาคม	เป็น กรรมการ
(๙) รัฐมนตรีว่าการกระทรวงอุตสาหกรรม	เป็น กรรมการ
(๑๐) ปลัดกระทรวงการต่างประเทศ	เป็น กรรมการ
(๑๑) ปลัดกระทรวงพาณิชย์	เป็น กรรมการ
(๑๒) อธิบดีกรมเศรษฐกิจการพาณิชย์	เป็น เลขานุการ

ข้อ ๗ ในการประชุม กนศ. ให้บุคคลดังต่อไปนี้เข้าร่วมประชุมด้วย

- (๑) เลขาธิการคณะกรรมการพัฒนาการเศรษฐกิจและสังคมแห่งชาติ
- (๒) ผู้อำนวยการสำนักงานเศรษฐกิจการคลัง
- (๓) อธิบดีกรมเศรษฐกิจ
- (๔) เลขาธิการสำนักงานเศรษฐกิจการเกษตร
- (๕) อธิบดีกรมการค้าต่างประเทศ
- (๖) ผู้อำนวยการสำนักงานเศรษฐกิจอุตสาหกรรม
- (๗) ผู้ที่ กนศ. หรือประธาน กนศ. เชิญให้เข้าร่วมประชุม

ข้อ ๘ ให้ กนศ. มีอำนาจและหน้าที่ดังต่อไปนี้

- (๑) พิจารณากำหนดนโยบายเศรษฐกิจระหว่างประเทศให้เป็นระบบครบวงจร และมีเอกภาพ
- (๒) เป็นศูนย์กลางประสานงานและกำหนดแนวทางหรือกรอบนโยบายให้กับ คณะกรรมการว่าด้วยความร่วมมือทางเศรษฐกิจในเอเชีย - แปซิฟิก คณะกรรมการดำเนินการเขตการค้าเสรีอาเซียน คณะกรรมการประสานการพัฒนาความร่วมมือทางเศรษฐกิจกับประเทศเพื่อนบ้าน หรือคณะกรรมการอื่นที่ได้รับการแต่งตั้งตามกฎหมาย ตามมติคณะรัฐมนตรี หรือตามคำสั่งสำนักนายกรัฐมนตรีที่มีลักษณะงานหรือหน้าที่เกี่ยวข้องกับความร่วมมือทางเศรษฐกิจระหว่างประเทศ
 - (๑) พิจารณากำหนดแนวทางและการประสานงาน ทั่วที่และกลยุทธในการเจรจาและร่วมมือทางการพาณิชย์กับต่างประเทศ และองค์การระหว่างประเทศ โดยเน้นพลังเพื่อครองในทางเศรษฐกิจสาขาต่างๆ ให้เป็นประโยชน์มากที่สุด
 - (๔) เสนอแนะและให้ความเห็นต่อคณะรัฐมนตรีเกี่ยวกับงานในอำนาจหน้าที่
 - (๕) ประสานงานกับส่วนราชการหรือภาคเอกชนที่เกี่ยวข้อง เพื่อสนับสนุนเร่งรัดติดตามประเมินผล และแก้ไขปัญหายุ่งยากในการดำเนินงานตามนโยบายทางเศรษฐกิจระหว่างประเทศ
 - (๖) แต่งตั้งบุคคลเป็นผู้แทนหรือคณะผู้แทนเข้าร่วมในการประชุมเจรจา ด้านเศรษฐกิจและการค้าระหว่างประเทศไทยกับรัฐบาลต่างประเทศหรือองค์การระหว่างประเทศ
 - (๗) แต่งตั้งคณะอนุกรรมการหรือคณะทำงานเพื่อดำเนินการตามที่นายกรัฐมนตรีหรือ กนศ. มอบหมาย
 - (๘) มีอำนาจเชิญบุคคลจากส่วนราชการ และภาคเอกชนมาช่วยดำเนินงาน หรือเพื่อให้ชี้แจง หรือเพื่อให้ข้อมูลสถิติใดๆ ที่เกี่ยวกับการดำเนินการตามระเบียบนี้
 - (๙) ดำเนินการอื่นใดเพื่อให้เป็นไปตามระเบียบนี้

ข้อ ๙ การดำเนินงานของคณะกรรมการที่ระบุในข้อ ๔ (๒) เมื่อได้ปฏิบัติหรือดำเนินการอย่างใดแล้ว ให้รายงานให้ กนศ. ทราบ

ข้อ ๑๐ การพิจารณาเรื่องที่เป็นนโยบายของ กนศ. ให้เสนอผลการพิจารณาต่อ คณะรัฐมนตรีเพื่อให้ความเห็นชอบก่อนดำเนินการ

ข้อ ๑๑ การดำเนินงานของ กนศ. ตามข้อ ๔ (๖) เฉพาะการให้คำมั่นหรือทำ สัญญาผูกพันใด ๆ ต้องได้รับอนุมัติจากคณะรัฐมนตรีก่อน

ข้อ ๑๒ ให้กรมเศรษฐกิจการพาณิชย์ กระทรวงพาณิชย์ ทำหน้าที่เป็นสำนักงาน เลขานุการของ กนศ. โดยให้มีอำนาจหน้าที่ดังต่อไปนี้

(๑) รับผิดชอบด้านงานประชุม งานธุรการ และงบประมาณสำหรับการดำเนินงานของ กนศ.

(๒) ประสานงานกับส่วนราชการและภาคเอกชนที่เกี่ยวข้อง

(๓) ประสานงานกับเลขานุการคณะกรรมการว่าด้วยความร่วมมือทาง เศรษฐกิจในเอเชีย - แปซิฟิก คณะกรรมการดำเนินการเขตการค้าเสรีอาเซียน คณะกรรมการ ประสานการพัฒนาความร่วมมือทางเศรษฐกิจกับประเทศเพื่อนบ้านและคณะกรรมการอื่น ในการเสนอเรื่องที่เกี่ยวข้องกับการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ เพื่อนำเสนอให้ กนศ. พิจารณา ในการนี้ ให้คณะกรรมการดังกล่าวแจ้งเรื่องที่ต้องการขอรับนโยบายโดยตรง ต่อสำนักงานเลขานุการ กนศ.

(๔) ประสานงานกับส่วนราชการที่เกี่ยวข้อง ในการศึกษาและวิเคราะห์ นโยบาย ท่าที และมาตรการในด้านความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ ผลกระทบ จากการปฏิบัติตามข้อตกลงนานาชาติ เพื่อใช้ในการเตรียมการประชุมเจรจาการค้า และ ความร่วมมือระหว่างประเทศ

(๕) มีอำนาจเชิญบุคคลจากส่วนราชการ และภาคเอกชนมาช่วยดำเนินการ หรือเพื่อให้ชี้แจง หรือเพื่อให้ข้อมูลสถิติใด ๆ ที่เกี่ยวข้องกับการดำเนินการตามระเบียบนี้

(๖) ติดตามประเมินผลและเร่งรัดการปฏิบัติงานตามมติของ กนศ. ของ หน่วยราชการหรือภาคเอกชนที่เกี่ยวข้อง

(๗) ปฏิบัติตามประกาศ ระเบียบ และมติ ของ กนศ. และปฏิบัติการ ตามที่ กนศ. มอบหมาย

ข้อ ๑๓ ให้นายกรัฐมนตรี เป็นผู้รักษาการตามระเบียบนี้

ประกาศ ณ วันที่ ๓๐ พฤศจิกายน พ.ศ. ๒๕๓๘

บรรหาร ศิลปอาชา

นายกรัฐมนตรี

ที่ นร ๐๒๑๔/ว ๒๗

สำนักเลขาธิการคณะรัฐมนตรี

ทำเนียบรัฐบาล กท ๑๐๓๐๐

๒๗ มกราคม ๒๕๔๐

เรื่อง ระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ (ฉบับที่ ๒)

พ.ศ. ๒๕๔๐ และระเบียบสำนักนายกรัฐมนตรีว่าด้วยการพัฒนาการส่งออก พ.ศ. ๒๕๔๐

เรียน กระทรวง ทบวง กรม

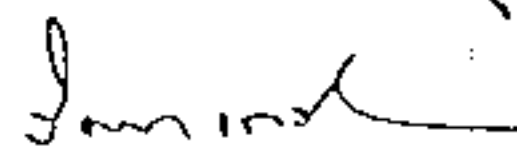
สิ่งที่ส่งมาด้วย ลำเนาระเบียบในเรื่องนี้ รวม ๒ ฉบับ

ด้วยในคราวประชุมคณะรัฐมนตรีเมื่อวันที่ ๑๔ มกราคม ๒๕๔๐ คณะรัฐมนตรีได้มีมติเห็นชอบร่างระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ (ฉบับที่ ..) พ.ศ. และร่างระเบียบสำนักนายกรัฐมนตรีว่าด้วยการพัฒนาการส่งออก พ.ศ. ที่กระทรวงพาณิชย์เสนอ โดยให้แก้ไขร่างระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ (ฉบับที่ ..) พ.ศ. ข้อ ๓ ให้ถูกต้องตามรูปแบบการร่างกฎหมายแล้วดำเนินการต่อไปได้

สำนักเลขาธิการคณะรัฐมนตรีได้แก้ไขร่างระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ (ฉบับที่ ..) พ.ศ. ตามมติคณะรัฐมนตรี และได้นำร่างระเบียบทั้งสองฉบับในเรื่องนี้เสนอนายกรัฐมนตรีพิจารณาลงนาม และประกาศในราชกิจจานุเบกษา ฉบับประกาศทั่วไป เล่ม ๑๑๔ ตอนที่ ๗ ง วันที่ ๒๓ มกราคม ๒๕๔๐ แล้วดังที่ได้ส่งมาพร้อมนี้

จึงเรียนยืนยันมา และขอได้โปรดแจ้งให้ส่วนราชการและรัฐวิสาหกิจในสังกัดทราบเพื่อถือปฏิบัติต่อไป

ขอแสดงความนับถือ



(นายวิชัย เครืองาม)

เลขาธิการคณะรัฐมนตรี

สำนักนิติธรรม

โทร. ๒๔๑๐๐๑๑, ๒๔๒๓๖๔๔

โทรสาร ๒๔๒๔๑๔๕

ระเบียบสำนักนายกรัฐมนตรี
ว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ (ฉบับที่ ๒)
พ.ศ. ๒๕๔๐

โดยที่เป็นการสมควรปรับปรุงระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๘ นายกรัฐมนตรีโดยความเห็นชอบของคณะรัฐมนตรีจึงวางระเบียบไว้ ดังต่อไปนี้

ข้อ ๑ ระเบียบนี้เรียกว่า “ระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ (ฉบับที่ ๒) พ.ศ. ๒๕๔๐”

ข้อ ๒ ระเบียบนี้ให้ใช้บังคับตั้งแต่วันถัดจากวันประกาศในราชกิจจานุเบกษาเป็นต้นไป

ข้อ ๓ ให้ยกเลิกความในข้อ ๖ แห่งระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๘ และให้ใช้ความต่อไปนี้แทน

“ข้อ ๖ ให้มีคณะกรรมการคณะหนึ่งเรียกว่า “คณะกรรมการนโยบายเศรษฐกิจระหว่างประเทศ” เรียกโดยย่อว่า “กนศ.” ประกอบด้วย

(๑) นายกรัฐมนตรี หรือรองนายกรัฐมนตรี	เป็นประธานกรรมการ
ที่นายกรัฐมนตรีมอบหมาย	
(๒) รัฐมนตรีว่าการกระทรวงพาณิชย์	เป็นรองประธานกรรมการ
(๓) รองนายกรัฐมนตรีหรือรัฐมนตรีที่มีหน้าที่	เป็นกรรมการ
กำกับดูแลงานของสำนักงานคณะกรรมการ	
พัฒนาการเศรษฐกิจและสังคมแห่งชาติ	
(๔) รองนายกรัฐมนตรีหรือรัฐมนตรีที่มีหน้าที่	เป็นกรรมการ
กำกับดูแลงานของสำนักงานคณะกรรมการ	
ส่งเสริมการลงทุน	
(๕) รัฐมนตรีว่าการกระทรวงการคลัง	เป็นกรรมการ
(๖) รัฐมนตรีว่าการกระทรวงการต่างประเทศ	เป็นกรรมการ
(๗) รัฐมนตรีว่าการกระทรวงเกษตรและสหกรณ์	เป็นกรรมการ
(๘) รัฐมนตรีว่าการกระทรวงคมนาคม	เป็นกรรมการ
(๙) รัฐมนตรีว่าการกระทรวงอุตสาหกรรม	เป็นกรรมการ
(๑๐) ปลัดกระทรวงการต่างประเทศ	เป็นกรรมการ

(๑๑) ปลัดกระทรวงพาณิชย์	เป็นกรรมการ
(๑๒) ผู้ทรงคุณวุฒิซึ่งประธานกรรมการ แต่งตั้ง ๓ ท่าน	เป็นกรรมการ
(๑๓) อธิบดีกรมเศรษฐกิจการพาณิชย์	เป็นเลขานุการ"

ประกาศ ณ วันที่ ๒๑ มกราคม พ.ศ. ๒๕๔๐

พลเอก ชวลิต ยงใจยุทธ

นายกรัฐมนตรี

APPENDIX C

**AGREEMENT ON THE COMMON EFFECTIVE
PREFERENTIAL TARIFF (CEPT) SCHEME
FOR THE ASEAN FREE TRADE AREA
(AFTA)**

AGREEMENT ON THE COMMON EFFECTIVE PREFERENTIAL TARIFF (CEPT) SCHEME FOR THE ASEAN FREE TRADE AREA (AFTA)

Singapore, 28 January 1992

The Governments of Brunei Darussalam, the Republic of Indonesia, Malaysia, the Republic of the Philippines, the Republic of Singapore and the Kingdom of Thailand, Member States of the Association of Southeast Asian Nations (ASEAN):

MINDFUL of the Declaration of ASEAN Concord signed in Bali, Indonesia on 24 February 1976 which provides that Member States shall cooperate in the field of trade in order to promote development and growth of new production and trade;

RECALLING that the ASEAN Heads of Government, at their Third Summit Meeting held in Manila on 13-15 December 1987, declared that Member States shall strengthen intra-ASEAN economic cooperation to maximize the realisation of the region's potential in trade and development;

NOTING that the Agreement on ASEAN Preferential Trading Arrangements (PTA) signed in Manila on 24 February 1977 provides for the adoption of various instruments on trade liberalisation on a preferential basis;

ADHERING to the principles, concepts and ideals of the Framework Agreement on Enhancing ASEAN Economic Cooperation signed in Singapore on 28 January 1992;

CONVINCED that preferential trading arrangements among ASEAN Member States will act as a stimulus to the strengthening of national and ASEAN economic resilience, and the development of the national economies of Member States by

expanding investment and production opportunities, trade, and foreign exchange earnings;

DETERMINED to further cooperate in the economic growth of the region by accelerating the liberalisation of intra-ASEAN trade and investment with the objective of creating the ASEAN Free Trade Area using the Common Effective Preferential Tariff (CEPT) Scheme;

DESIRING to effect improvements on the ASEAN PTA in consonance with ASEAN's international commitments;

HAVE AGREED AS FOLLOWS:

Article I Definition

For the purposes of this Agreement :

1. "CEPT" means the Common Effective Preferential Tariff, and 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.
2. "Non-Tariff Barriers" mean measures other than tariffs which effectively prohibit or restrict import or export of products within Member States.
3. "Quantitative Restrictions" mean prohibitions or restrictions on trade with other Member States, whether made effective through quotas, licenses or other measures with equivalent effect, including administrative measures and requirements which restrict trade.
4. "Foreign exchange restrictions" mean measures taken by Member States in the form of restrictions and other administrative procedures in foreign exchange which have the effect of restricting trade.
5. "PTA" mean ASEAN Preferential Trading Arrangements stipulated in the Agreements signed in Manila on 24 February 1977, and in the Protocol on Improvements on Extension of Tariff Preferences under the ASEAN Preferential Trading Arrangements (PTA), signed in Manila on 15 December 1987.

6. "Exclusion List" means a list containing products that are excluded from the extension of tariff preferences under the CEPT Scheme.

7. "Agricultural products" mean :

(a) agricultural raw materials/unprocessed products covered under Chapter 1-24 of the Harmonised System (HS), and similar agricultural raw materials/unprocessed products in other related HS headings; and

(b) products which have undergone simple processing with minimal change in form from the original products.

Article 2 General Provisions

1. All Member States shall participate in the CEPT Scheme.

2. Identification of products to be included in the CEPT Scheme shall be on a sectoral basis, i.e., at HS 6-digit level.

3. Exclusions at the HS 8/9 digit level for specific products are permitted for those Member States, which are temporarily not ready to include such products in the CEPT Scheme. For specific products, which are sensitive to a Member State, pursuant to Article 1 (3) of the Framework Agreement on Enhancing ASEAN Economic Cooperation, a Member State may exclude products from the CEPT Scheme, subject to a waiver of any concession herein provided for such products. A review of this Agreement shall be carried out in the eighth year to decide on the final Exclusion List or any amendment to this Agreement.

4. A product shall be deemed to be originating from ASEAN Member States, if at least 40% of its content originates from any Member State.

5. All manufactured products, including capital goods, processed agricultural products and those products falling outside the definition of agricultural products, as set out in this Agreement, shall be in the CEPT Scheme. These products shall automatically be subject to the schedule of tariff reduction, as set out in Article 4 of this Agreement. In respect of PTA items, the schedule of tariff reduction, provided for in Article 4 of this Agreement shall be applied, taking into account the tariff rate after the application of the existing margin of preference (MOP) as at 31 December 1992.

6. All products under the PTA which are not transferred to the CEPT Scheme shall continue to enjoy the MOP existing as at 31 December 1992.

7. Member States, whose tariffs for the agreed products are reduced from 20% and below to 0%-5%, even though granted on an MFN basis, shall still enjoy concessions. Member States with tariff rates at MFN rates of 0%-5% shall be deemed to have satisfied the obligations under this Agreement and shall also enjoy the concessions.

Article 3 Product Coverage

This Agreement shall apply to all manufactured products, including capital goods, processed agricultural products, and those products falling outside the definition of agricultural products as set out in this Agreement. Agricultural products shall be excluded from the CEPT Scheme.

Article 4 Schedule of Tariff Reduction

1. Member States agree to the following schedule of effective preferential tariff reductions:

(a) The reduction from existing tariff rates to 20% shall be done within a time frame of 5 years to 8 years, from 1 January 1993, subject to a programme of reduction to be decided by each Member State, which shall be announced at the start of the programme. Member States are encouraged to adopt an annual rate of reduction, which shall be $(X-20)\%/5$ or 8, where X equals the existing tariff rates of individual Member States.

(b) The subsequent reduction of tariff rates from 20% or below shall be done within a time frame of 7 years. The rate of reduction shall be at a minimum of 5% quantum per reduction. A programme of reduction to be decided by each Member State shall be announced at the start of the programme.

(c) For products with existing tariff rates of 20% or below as at 1 January 1993, Member States shall decide upon a programme of tariff reductions, and announce at the start, the schedule of tariff reductions. Two or more Member States may enter into arrangements for tariff reduction to 0%-5% on specific products at an accelerated pace to be announced at the start of the programme.

2. Subject to Articles 4(1)(b) and 4(1)(c) of this Agreement, products which reach, or are at tariff rates of 20% or below, shall automatically enjoy the concessions.

3. The above schedules of tariff reductions shall not prevent Member States from immediately reducing their tariffs to 0%-5% or following an accelerated schedule of tariff reduction.

Article 5 Other Provisions

A. Quantitative Restrictions and Non-Tariff Barriers

1. Member States shall eliminate all quantitative restrictions in respect of products under the CEPT Scheme upon enjoyment of the concessions applicable to those products.
2. Member States shall eliminate other non-tariff barriers on a gradual basis within a period of five years after the enjoyment of concessions applicable to those products.

B. Foreign Exchange Restrictions

Member States shall make exceptions to their foreign exchange restrictions relating to payments for the products under the CEPT Scheme, as well as repatriation of such payments without prejudice to their rights under Article XVIII of the General Agreement of Tariff and Trade (GATT) and relevant provisions of the Articles of Agreement of the International Monetary Fund (IMF).

C. Other Areas of Cooperation

Member States shall explore further measures on border and non-border areas of cooperation to supplement and complement the liberalisation of trade. These may include, among others, the harmonisation of standards, reciprocal recognition of tests and certification of products, removal of barriers to foreign investment, macroeconomic consultations, rules for fair competition, and promotion of venture capital.

D. Maintenance of Concessions

Member States shall not nullify or impair any of the concessions as agreed upon through the application of methods of customs valuation, any new charges or measures restricting trade, except in cases provided for in this Agreement.

Article 6 Emergency Measures

1. If, as a result of the implementation of this Agreement, import of a particular product eligible under the CEPT Scheme is increasing in such a manner as to cause or threaten to cause serious injury to sectors producing like or directly competitive products in the importing Member States, the importing Member States may, to the extent and for such time as may be necessary to prevent or to remedy such injury, suspend preferences provisionally and without

discrimination subject to Article 6(3) of this Agreement. Such suspension of preferences shall be consistent with the GATT.

2. Without prejudice to existing international obligations, a Member State, which finds it necessary to create or intensify quantitative restrictions or other measures limiting imports with a view to forestalling the threat of or stopping a serious decline of its monetary reserves, shall endeavour to do so in a manner, which safeguards the value of the concessions agreed upon.

3. Where emergency measures are taken pursuant to this Article, immediate notice of such action shall be given to the Council referred to in Article 7 of this Agreement, and such action may be the subject of consultation as provided for in Article 8 of this Agreement.

Article 7

Institutional Arrangements

1. The ASEAN Economic Ministers (AEM) shall, for the purposes of this Agreement, establish a ministerial-level Council comprising one nominee from each Member State and the Secretary-General of the ASEAN Secretariat. The ASEAN Secretariat shall provide the support to the ministerial-level Council for supervising, coordinating and reviewing the implementation of this Agreement, and assisting the AEM in all matters relating thereto. In the performance of its functions, the ministerial-level Council shall also be supported by the Senior Economic Officials' Meeting (SEOM).

2. Member States which enter into bilateral arrangements on tariff reductions pursuant to Article 4 of this Agreement shall notify all other Member States and the ASEAN Secretariat of such arrangements.

3. The ASEAN Secretariat shall monitor and report to the SEOM on the implementation of the Agreement pursuant to the Article III(2)(8) of the Agreement on the Establishment of the ASEAN Secretariat. Member States shall cooperate with the ASEAN Secretariat in the performance of its duties.

Article 8

Consultations

1. Member States shall accord adequate opportunity for consultations regarding any representations made by other Member States with respect to any matter affecting the implementation of this Agreement. The Council referred to in Article 7 of this Agreement, may seek guidance from the AEM in respect of any matter for which it has not been possible to find a satisfactory solution during previous consultations.

2. Member States, which consider that any other Member State has not carried out its obligations under this Agreement, resulting in the nullifications or impairment of any benefit accruing to them, may, with a view to achieving satisfactory adjustment of the matter, make representations or proposals to the other Member States concerned, which shall give due consideration to the representations or proposals made to it.
3. Any differences between the Member States concerning the interpretation or application of this Agreement shall, as far as possible, be settled amicably between the parties. If such differences cannot be settled amicably, it shall be submitted to the Council referred to in Article 7 of this Agreement, and if necessary, to the AEM.

Article 9 General Exceptions

Nothing in this Agreement shall prevent any Member State from taking action and adapting measures, which it considers necessary for the protection of its national security, the protection of public morals, the protection of human, animal or plant life and health, and the protection of articles of artistic, historic and archaeological value.

Article 10 Final Provisions

1. The respective Governments of Member States shall undertake the appropriate measures to fulfil the agreed obligations arising from this Agreement.
2. Any amendment to this Agreement shall be made by consensus and shall become effective upon acceptance by all Member States.
3. This Agreement shall be effective upon signing.
4. This Agreement shall be deposited with the Secretary-General of the ASEAN Secretariat, who shall likewise promptly furnish a certified copy thereof to each Member State.
5. No reservations shall be made with respect to any of the provisions of this Agreement.

In witness whereof, the undersigned, being duly authorised thereto by their respective Governments, have signed this Agreement on Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA).

Done at Singapore, this 28th day of January, 1992 in a single copy in the English Language.

(signed)

for the Government of Brunei Darussalam :
ABDUL RAHMANTAIB
Minister of Industry and Primary Resources

for the Government of the Republic of Indonesia :
DR ARIFIN M. SIREGAR
Minister of Trade

for the Government of Malaysia :
RAFIDAH AZIZ
Minister of International Trade and Industry

For the Government of the Republic of the Philippines :
PETER D. GARRUCHO, JR
Secretary of Trade and Industry

For the Government of the Republic of Singapore :
LEE HSIEN LOONG
Deputy Prime Minister and Minister for Trade and Industry

For the Government of the Kingdom of Thailand :
AMARET SILA-ON
Minister of Commerce

APPENDIX D

SINGAPORE DECLARATION OF 1992

SINGAPORE DECLARATION OF 1992

Singapore, 28 January 1992

1. We, the Heads of State and Government of ASEAN, are encouraged by the achievements of ASEAN in the last twenty-five years, and are convinced that ASEAN cooperation remains vital to the well-being of our peoples.
2. Having reviewed the profound international political and economic changes that have occurred since the end of the Cold War and considered their implications for ASEAN, we declare that:
 - ASEAN shall move towards a higher plane of political and economic cooperation to secure regional peace and prosperity;
 - ASEAN shall constantly seek to safeguard its collective interests in response to the formation of large and powerful economic groupings among the developed countries, in particular through the promotion of an open international economic regime and by stimulating economic cooperation in the region;
 - ASEAN shall seek avenues to engage Member States in new areas of cooperation in security matters; and
 - ASEAN shall forge a closer relationship based on friendship and cooperation with the Indochinese countries, following the settlement on Cambodia.

POLITICAL AND SECURITY COOPERATION

3. In the field of political and security cooperation, we have agreed that:
 - ASEAN welcomes accession by all countries in Southeast Asia to the Treaty

- of Amity and Cooperation in Southeast Asia, which will provide a common framework for wider regional cooperation embracing the whole of Southeast Asia;
- ASEAN will also seek the cognizance of the United Nations for the Treaty through such means as an appropriate Resolution. This will signify ASEAN's commitment to the centrality of the UN role in the maintenance of international peace and security as well as promoting cooperation for socio-economic development;
- ASEAN could use established fora to promote external dialogues on enhancing security in the region as well as intra-ASEAN dialogues on ASEAN security cooperation (such as the regional security seminars held in Manila and Bangkok in 1991, and the workshops on the South China Sea held in Bali in 1990 and Bandung in 1991), taking full cognizance of the Declaration of ASEAN Concord. To enhance this effort, ASEAN should intensify its external dialogues in political and security matters by using the ASEAN Post-Ministerial Conferences (PMC);
- ASEAN has made major strides in building cooperative ties with states of the Asia-Pacific region and shall continue to accord them a high priority;
- ASEAN will seek to realise the Zone of Peace, Freedom and Neutrality (ZOPFAN) and a Southeast Asian Nuclear Weapon Free Zone (SEANWFZ) in consultation with friendly countries, taking into account changing circumstances;
- ASEAN will closely cooperate with the United Nations and the international community in ensuring the full implementation of the Peace Agreements signed in Paris in October 1991. ASEAN supports the Cambodian Supreme National Council in calling on the UN Secretary-General to despatch UNTAC as early as possible in order to preserve the momentum of the peace process and to implement the gains realised by the signing of the Paris Peace Agreements. ASEAN calls on all parties in Cambodia to implement seriously the process of national reconciliation which is essential to a genuine and lasting peace in Cambodia; and

- ASEAN will play an active part in international programmes for the reconstruction of Vietnam, Laos and Cambodia.
4. Conscious of the central role of the United Nations in the post-Cold War, we agree that:
- The proposed Summit of members of the United Nations Security Council should help shape the United Nations' role for the promotion of a more equitable international political and economic order, and for the democratisation of the United Nations' decision-making processes in order to make the organization truly effective in meeting its obligations;
 - ASEAN will participate actively in efforts to ensure that the United Nations is a key instrument for maintaining international peace and security; and
 - ASEAN will encourage all efforts to strengthen the United Nations, including its role and capabilities in peacekeeping and peacemaking, in accordance with the United Nations Charter.

DIRECTIONS IN ASEAN ECONOMIC COOPERATION

5. In the field of economic cooperation, we have agreed that:
- To further accelerate joint efforts in enhancing intra-ASEAN economic cooperation, ASEAN shall adopt appropriate new economic measures as contained in the Framework Agreement on Enhancing ASEAN Economic Cooperation directed towards sustaining ASEAN economic growth and development which are essential to the stability and prosperity of the region;
 - ASEAN shall establish the ASEAN Free Trade Area using the Common Effective Preferential Tariff (CEPT) Scheme as the main mechanism within a time frame of 15 years beginning 1 January 1993 with the ultimate effective tariffs ranging from 0% to 5%. ASEAN Member States have identified the following fifteen groups of products to be included in the CEPT Scheme for accelerated tariff reductions:
 - vegetable oils
 - cement

- chemicals
 - pharmaceuticals
 - fertiliser
 - plastics
 - rubber products
 - leather products
 - pulp
 - textiles
 - ceramic and glass products
 - gems and jewellery
 - copper cathodes
 - electronics
 - wooden and rattan furniture
- ASEAN shall increase investments, industrial linkages and complementarity by adopting new and innovative measures, as well as strengthening existing arrangements in ASEAN and providing flexibility for new forms of industrial cooperation;
 - ASEAN shall strengthen and develop further cooperation in the field of capital markets, and shall encourage and facilitate free movement of capital and other financial resources;
 - ASEAN shall further enhance regional cooperation to provide safe, efficient and innovative transportation and communications infrastructure network;
 - ASEAN shall also continue to improve and develop the intra-country postal and telecommunications system to provide cost-effective, high-quality and customer-oriented services;
 - ASEAN shall adopt joint efforts to strengthen trade promotion and negotiations on ASEAN agricultural products in order to enhance ASEAN's competitive posture, and to sustain the expansion of ASEAN agricultural exports in the international markets;
 - ASEAN acknowledges that sub-regional arrangements among themselves, or between ASEAN Member States and non-ASEAN economies could

- ASEAN recognises the complementarity of trade and investment opportunities and therefore encourages, among others, increased cooperation and exchanges among the ASEAN private sectors, and the consideration of appropriate policies for greater intra-ASEAN investments;
- ASEAN shall continue to uphold the principles of free and open trade embodied in the General Agreement on Tariffs and Trade (GATT), and work towards maintaining and strengthening an open multilateral trading system;
- ASEAN shall work collectively to ensure that the Uruguay Round addresses the key concerns and interests of the ASEAN economies, and adopt a pragmatic and realistic approach, in using the Draft Final Text as at 20 December 1991 as a reasonable basis for completing negotiations; and
- ASEAN strongly urges major trading countries to settle their differences on agriculture and other areas, and likewise use the Draft Final Text to work towards an early and successful conclusion of the Uruguay Round.

REVIEW OF ASEAN'S EXTERNAL RELATIONS

6. In reviewing ASEAN's external relations, we have agreed that :

- ASEAN, as part of an increasingly interdependent world, should intensify cooperative relationships with its Dialogue Partners, namely Australia, Canada, the European Community, Japan, the Republic of Korea, New Zealand and the United States, and engage in consultative relationships with interested non-Dialogue countries and international organizations; and
- While ASEAN's cooperative relationships with the Dialogue Partners have made significant progress, ASEAN should strengthen existing dialogue mechanisms and develop new ones where necessary for the enhancement of economic relations with these countries, especially ASEAN's major economic partners.

ASEAN FUNCTIONAL COOPERATION

7. In the field of functional cooperation, we have agreed that :

- As non-governmental organizations (NGOs) play an important role in social development, ASEAN shall encourage the exchange of information among NGOs in the region and help expand their participation in intra-ASEAN functional cooperation;
- ASEAN shall intensify its cooperation in overcoming the serious problem of drug abuse and illicit drug trafficking at the national, regional and international levels; and
- ASEAN shall make a coordinated effort in curbing the spread of AIDS by exchanging information on AIDS, particularly in the formulation and implementation of policies and programmes against the deadly disease.

RESTRUCTURING OF ASEAN INSTITUTIONS

8. To strengthen ASEAN, we have agreed that :
 - ASEAN Heads of Government shall meet formally every three years with informal meetings in between;
 - The ASEAN organizational structure, especially the ASEAN Secretariat, shall be streamlined and strengthened with more resources;
 - The Secretary-General of the ASEAN Secretariat shall be redesignated as the Secretary-General of ASEAN with an enlarged mandate to initiate, advise, coordinate and implement ASEAN activities;
 - The Secretary-General of ASEAN shall be appointed on merit and accorded ministerial status;
 - The professional staff of the ASEAN Secretariat be appointed on the principle of open recruitment and based on a quota system to ensure representation of all ASEAN countries in the Secretariat;
 - The five present ASEAN Economic Committees be dissolved and the Senior Economic Officials Meeting (SEOM) be tasked to handle all aspects of ASEAN economic cooperation; and

APPENDIX E

STATEMENT ON BOLD MEASURES

DECEMBER 16, 1998,

HANOI, VIETNAM

STATEMENT ON BOLD MEASURES

1. The financial and economic crisis has severely affected the ASEAN economies and business dynamism in the region. In order to regain business confidence, enhance economic recovery and promote growth, the ASEAN Leaders are committed to the realisation of the ASEAN Free Trade Area (AFTA). In addition, the Leaders agreed on special incentives and privileges to attract foreign direct investment into the region. To enhance further economic integration of the region, the Leaders also agreed to further liberalise trade in services.

Acceleration of AFTA

2. To accelerate the ASEAN Free Trade Area (AFTA), the Leaders agreed that the six original signatories to the Agreement on the Common Effective Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area (AFTA) – Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore and Thailand – would advance the implementation of AFTA by one year from 2003 to 2002. They also agreed to achieve a minimum of 90% of their total tariff lines with tariffs of 0-5% by the year 2000, which would account for 90% of intra-ASEAN trade.

3. Individually, each country would commit to achieve a minimum of 85% of the Inclusion List with tariffs of 0-5% by the year 2000. Thereafter, this would be increased to a minimum of 90% of the Inclusion list in the 0-5% tariff range by the year 2001. By 2002, 100% of items in the Inclusion List would have tariffs of 0-5% with some flexibility.

4. Member Countries also agreed to deepen, as soon as possible, tariff reduction to 0% and accelerate the transfer of products, which are currently not included in the tariff reduction scheme, into the Inclusion List.

5. The new members of ASEAN shall maximise their tariff lines between 0-5% by 2003 for Vietnam and 2005 for Laos and Myanmar; and expand the number of tariff lines in the 0% category by 2006 for Vietnam and by 2008 for Laos and Myanmar.

Short-Term Measures to Enhance ASEAN Investment Climate

6. In the area of investments, each ASEAN country has agreed to extend additional special privileges to qualified ASEAN and non-ASEAN investors in the manufacturing sector, for applications received from 1 January 1999 to 31 December 2000 and approved thereafter. These incentives are a minimum three year corporate income tax exemption or a minimum 30% corporate investment tax allowance, 100% foreign equity ownership, duty-free imports of capital goods, domestic market access, a minimum industrial land leasehold period of 30 years, employment of foreign personnel and speedy customs clearance. Details of these measures are available in the attached ANNEX.

7. Highlights of the new measures offered by individual ASEAN countries include the following:

- Brunei Darussalam will allow 100% foreign equity in high-technology manufacturing and export-oriented industries.
- Indonesia offers wholesale and retail trade up to 100% foreign equity ownership to qualified investors, in addition to 100% foreign equity in all areas of the manufacturing sector. Indonesia has also reduced the processing time for approval in principle, for investments less than US\$100 million, to 10 working days. In the banking sector, listed banks are open for 100% foreign equity ownership.
- Lao PDR offers duty exemption on imported capital goods required by the promoted investment projects.
- Malaysia allows 100 percent foreign equity ownership in all areas of manufacturing except for seven specific activities/products. No export conditions are imposed for all new investments, expansions and diversifications.
- Myanmar will extend minimum of 3 years corporate tax exemption to all investment projects in all sectors. In addition, Myanmar will also extend duty free import of raw materials to all industrial investments for the first three years of operation.
- Philippines will open retail trade and distribution business to foreign equity. In addition, the Philippines has opened private construction in the domestic market to foreign companies.

- Singapore has substantially reduced business costs as part of a cost reduction package that amounts to S \$10 billion in savings in addition to extending 30% corporate investment tax allowance on a liberal basis to industrial projects and to selected service industries in respect of productive equipment.
- Thailand will allow 100% foreign equity ownership for manufacturing investment projects regardless of locations.
- Vietnam extends duty exemption on imported capital goods for all projects, and on raw materials for projects located in mountainous or remote regions and for specially encouraged investments for the first 5 years of operation. Issuance of investment licenses for several types of projects has been reduced to 15 days from the receipt of proper simplified documents.

8. Under the Framework Agreement on the ASEAN Investment Area signed on 7 October 1998 in Manila, National treatment will be made fully available within six months after the date of signing of the Agreement for ASEAN investors in the manufacturing sector, subject to certain exclusions. These exclusions will be progressively phased out by the year 2003 instead of waiting for 2010 as initially agreed. Myanmar will join the six ASEAN countries to progressively phase out the exclusions by 2003 instead of 2015. Vietnam and Laos would exert their best efforts to achieve early realisation of AIA and shall do so no later than 2010, instead of 2013 and 2015, respectively.

AICO

9. To provide greater scope for industrial cooperation in the region, Member Countries agreed to waive the 30% ASEAN equity requirement under the AICO Scheme during the period 1999-2000.

Launching the Second Round of Negotiations on Services

10. In the area of trade in services, the Leaders have agreed to initiate a new round of negotiations beginning 1999 and ending 2001. The negotiations will be expanded beyond the seven priority sectors, identified at the Fifth ASEAN Summit, to cover all services sectors and all modes of supply.

APPENDIX F

THE COMMITTEE FOR PREPARING THE ACCELERATION OF ASEAN CUSTOM COOPERATION

Source: Office of Prime Minister's Order 218/1991. Quoted in Savek Meelarpkit, 1994: Appendix A.

(ตราครุฑ)

คำสั่งนายกรัฐมนตรี

ที่ 218 / 2534

เรื่อง การแต่งตั้งคณะกรรมการเตรียมการแผนเร่งรัดความร่วมมือของอาเซียนในด้านศุลกากร

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เพื่อให้การส่งเสริมการค้าและการลงทุนระหว่างอาเซียนบรรลุเป้าหมาย และเพื่อสร้าง
แนวทางที่ถาวรและต่อเนื่องในการผนึกกำลัง เพื่อประโยชน์ในการเจรจาต่อรองกับประเทศคู่
เจรจากับกลุ่มประเทศที่พัฒนาแล้ว ที่กำลังรวมตัวกันสร้างตลาดเดียวในทวีปยุโรปและอเมริกา
เหนือ จึงแต่งตั้งคณะกรรมการเตรียมการแผนเร่งรัดความร่วมมือของอาเซียนในด้านศุลกากรขึ้น
ประกอบด้วย

1. รัฐมนตรีว่าการกระทรวงการคลัง	ประธานคณะกรรมการ
2. รัฐมนตรีว่าการกระทรวงต่างประเทศ	คณะกรรมการ
3. รัฐมนตรีว่าการกระทรวงพาณิชย์	คณะกรรมการ
4. รัฐมนตรีว่าการกระทรวงอุตสาหกรรม	คณะกรรมการ
5. รัฐมนตรีประจำสำนักนายกรัฐมนตรี (หม่อมราชวงศ์ เกษมสไมสร เกษมศรี)	คณะกรรมการ
6. ปลัดกระทรวงการคลัง	คณะกรรมการ
7. ปลัดกระทรวงอุตสาหกรรม	คณะกรรมการ
8. ปลัดกระทรวงพาณิชย์	คณะกรรมการ
9. เลขาธิการคณะกรรมการพัฒนาเศรษฐกิจ และสังคมแห่งชาติ	คณะกรรมการ
10. เลขาธิการคณะกรรมการส่งเสริมการลงทุน	คณะกรรมการ
11. อธิบดีกรมอาเซียน กระทรวงการต่างประเทศ	คณะกรรมการ
12. อธิบดีกรมศุลกากร	คณะกรรมการ
13. ผู้ว่าการธนาคารแห่งประเทศไทย	คณะกรรมการ
14. ประธานสภาอุตสาหกรรมแห่งประเทศไทย	คณะกรรมการ

15. ประธานสภาหอการค้าแห่งประเทศไทย	คณะกรรมการ
16. ประธานสมาคมธนาคารไทย	คณะกรรมการ
17. นายอานวย วีรวรรณ	คณะกรรมการ
18. นายณรงค์ชัย อัครเศรณี	คณะกรรมการ
19. นายชวรัตน์ ชาญวีรกูล	คณะกรรมการ
20. นายธีระจิตต์ สถิติโรตมวงศ์	คณะกรรมการ
21. นายรัช ยิบอินซอย	คณะกรรมการ
22. นายประมนต์ สุธีวงศ์	คณะกรรมการ
23. ผู้อำนวยการสำนักงานเศรษฐกิจการคลัง	คณะกรรมการ
กระทรวงการคลัง	และเลขานุการ

ทั้งนี้ ให้คณะกรรมการ ฯ มีหน้าที่พิจารณาศึกษา และจัดทำแผนเร่งรัดร่วมมือทางเศรษฐกิจของอาเซียนโดยใช้มาตรการด้านภาษีศุลกากรเป็นหลักสำคัญให้แล้วเสร็จโดยเร็ว เพื่อให้เป็นหัวข้อสำคัญในการหารือเพื่อทำความตกลงในการประชุมสุดยอดอาเซียนครั้งที่ 4 ซึ่งจะมีขึ้นในเดือนมกราคม 2535 ณ ประเทศสิงคโปร์

ทั้งนี้ ตั้งแต่บัดนี้เป็นต้นไป

ตั้ง ณ วันที่ 19 มิถุนายน พ.ศ. 2534

(ภายหลัง)

(นายอานันท์ ปันยารชุน)

นายกรัฐมนตรี

APPENDIX G

THE STEERING COMMITTEE FOR MAKING A THAI CONCEPTUAL PAPER

Source: The Ministry of Finance's Order, n.d. Quoted in Savek Meelarpkit, 1994:
Appendix B.

คณะกรรมการ Steering Committee

เพื่อจัดทำ Conceptual Paper *

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1. ปลัดกระทรวงการคลัง	ประธานคณะกรรมการ
2. ปลัดกระทรวงการต่างประเทศ	คณะกรรมการ
3. ปลัดกระทรวงอุตสาหกรรม	คณะกรรมการ
4. ปลัดกระทรวงพาณิชย์	คณะกรรมการ
5. อธิบดีกรมอาเซียน กระทรวงการต่างประเทศ	คณะกรรมการ
6. อธิบดีกรมเศรษฐกิจ กระทรวงการต่างประเทศ	คณะกรรมการ
7. อธิบดีกรมศุลกากร	คณะกรรมการ
8. ผู้ว่าการธนาคารแห่งประเทศไทย	คณะกรรมการ
9. ประธานสภาอุตสาหกรรมแห่งประเทศไทย	คณะกรรมการ
10. ประธานสภาหอการค้าแห่งประเทศไทย	คณะกรรมการ
11. นายอานวย วีรรณ	คณะกรรมการ
12. นายณรงค์ชัย อัครเศรณี	คณะกรรมการ
13. นายวุฒิชัย พงษ์ประสิทธิ์	คณะกรรมการ
14. นายจักรมณต์ ผาสุกวณิช	คณะกรรมการ
15. ผู้อำนวยการสำนักงานเศรษฐกิจการคลัง	คณะกรรมการและเลขานุการ
16. นายสมชัย ฤชุพันธุ์	คณะกรรมการและผู้ช่วยเลขานุการ

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* รัฐมนตรีว่าการกระทรวงการคลัง ได้แต่งตั้งคณะกรรมการดังกล่าวในการประชุมของ
คณะกรรมการเตรียมการแผนเร่งรัดความร่วมมือของอาเซียนในด้านศุลกากรครั้งที่ 1 / 2534 ในวันที่
ที่ 29 กรกฎาคม 2534 และคณะกรรมการดังกล่าวมีการประชุมครั้งที่ 1 / 2534 ในวันที่ 6
สิงหาคม 2534

APPENDIX H

THE AFTA IMPLEMENTATION COMMITTEE



คำสั่งสำนักนายกรัฐมนตรี

ที่ ๖๖ / 2535

เรื่อง การแต่งตั้งคณะกรรมการดำเนินการเขตการค้าเสรีอาเซียน

เพื่อให้เป็นไปตามมติคณะรัฐมนตรี เมื่อวันที่ 4 กุมภาพันธ์ 2535 เกี่ยวกับการดำเนินการ
ให้บรรลุถึงการจัดตั้งเขตการค้าเสรีอาเซียน (ASEAN Free Trade Area-AFTA) ตามพันธกรณี
ข้อตกลงแม่บทว่าด้วยการส่งเสริมความร่วมมือทางเศรษฐกิจของอาเซียน (Framework Agreement
on Enhancing ASEAN Economic Cooperation) ซึ่งลงนามโดยผู้นำอาเซียนทั้งหกประเทศ เมื่อ
วันที่ 28 มกราคม 2535 ณ ประเทศสิงคโปร์ และในข้อตกลงว่าด้วยการใช้มาตรการภาษีศุลกากรร่วมกันเพื่อ
จัดตั้งเขตการค้าเสรีอาเซียน (Agreement on Common Effective Preferential Tariff
(CEPT) Scheme for the ASEAN Free Trade Area (AFTA)) หรือข้อตกลง CEPT จึงมี
คณะกรรมการดำเนินการเขตการค้าเสรีอาเซียนขึ้น ประกอบด้วย

1. รัฐมนตรีว่าการกระทรวงการคลัง	ประธาน
2. รัฐมนตรีว่าการกระทรวงพาณิชย์	รองประธาน (1)
3. รัฐมนตรีว่าการกระทรวงอุตสาหกรรม	รองประธาน (2)
4. ปลัดกระทรวงการคลัง	กรรมการ
5. ปลัดกระทรวงพาณิชย์	กรรมการ
6. ปลัดกระทรวงอุตสาหกรรม	กรรมการ
7. ปลัดกระทรวงการต่างประเทศ	กรรมการ
8. เลขาธิการคณะกรรมการส่งเสริมการลงทุน	กรรมการ
9. อธิบดีกรมเศรษฐกิจการพาณิชย์	กรรมการ
10. อธิบดีกรมการค้าภายใน	กรรมการ
11. เลขาธิการสำนักงานเศรษฐกิจการเกษตร	กรรมการ

12. ผู้อำนวยการสำนักงานเศรษฐกิจอุตสาหกรรม	กรรมการ
13. อธิบดีกรมศุลกากร	กรรมการ
14. ประธานสภาอุตสาหกรรมแห่งประเทศไทย	กรรมการ
15. ประธานสภาหอการค้าแห่งประเทศไทย	กรรมการ
16. นายทรงชัย อัครเศรณี	กรรมการ
17. ผู้อำนวยการสำนักงานเศรษฐกิจการคลัง	กรรมการและ เลขานุการ

ทั้งนี้ให้คณะกรรมการฯ ดังกล่าวมีหน้าที่รับผิดชอบดังนี้

- (1) กำหนดค่าภาษีและค่าธรรมเนียมการตามข้อตกลง เกี่ยวกับการจัดตั้ง เขตการค้าเสรีอาเซียน โดยเลขาธิการอย่างยังตามวิธีการที่ตามแนบข้อตกลง CEPT โดยในเบื้องต้นจะต้องดำเนินการตามด้วยแผนงานที่รัฐบาลประชุมผลของอาเซียน ครั้งที่ 4 ของ นายกรัฐมนตรี ดังนี้

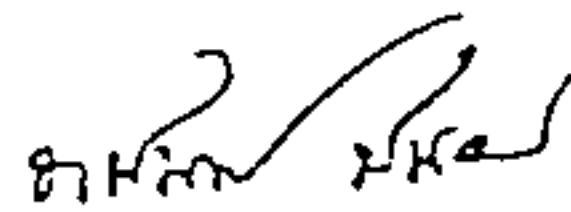
<u>ระยะแรก</u>	เพื่อลดภาษีศุลกากรของประเทศไทยสำหรับสินค้าในกรอบเขตการค้าเสรีอาเซียนให้เหลือร้อยละ 30 ภายในวันที่ 1 มกราคม 2538
<u>ระยะที่สอง</u>	ทำเรื่องขึ้นที่เกี่ยวข้อรวมทั้งกลุ่มอุตสาหกรรมต่าง ๆ เพื่อลดภาษีศุลกากรของประเทศไทยภายใต้กรอบเขตการค้าเสรีอาเซียนให้เหลือร้อยละ 20 ภายในวันที่ 1 มกราคม 2537

สำหรับกลุ่มสินค้าที่จะเร่งลดภาษี ได้แก่ สินค้าการบริการ (เวลาภาษีของสินค้า 15 กลุ่ม) (วัตถุดิบ อัญมณี บัญชิ่ง ผลิตภัณฑ์ยาง ยางรถยนต์ สิ่งทอ อิฐหินและเครื่องประดับ เครื่องอิเล็กทรอนิกส์ เฟอร์นิเจอร์ไม้และพลาสติก ไม้แปรรูป เครื่องใช้ไฟฟ้า เฟอร์นิเจอร์ เฟอร์นิเจอร์พลาสติก ผลิตภัณฑ์ยาง ผลิตภัณฑ์เซรามิกและผลิตภัณฑ์แก้ว และผลิตภัณฑ์ทองแดง) ภายใต้กรอบเขตการค้าเสรีอาเซียนให้เหลือร้อยละ 0-5 ภายในระยะเวลาที่กำหนดไว้เป็นลำดับ

- (2) วางหลักเกณฑ์ขึ้นค่านาฬิกาที่ส่งให้แก่คลังสินค้าที่นำเข้าจากประเทศสมาชิก
อาเซียนให้เป็นไปตามข้อตกลง CEPT
- (3) ค่าเงินการปรับปรุงเลขรหัสของสินค้าเพื่อวัตถุประสงค์ในการนำเข้าให้สอดคล้องกัน
- (4) แต่งตั้งคณะกรรมการหรือคณะทำงานเพื่อศึกษา วิเคราะห์ กลั่นกรอง หรือเสนอแนะ
ต่อคณะกรรมการที่จะมอบหมาย

ทั้งนี้ ตั้งแต่บัดนี้เป็นต้นไป

สั่ง ณ วันที่ 13 กุมภาพันธ์ พ.ศ. 2535



(นายอานันท์ ปันยารชุน)

นายกรัฐมนตรี



ด่วนที่สุด

บันทึกข้อความ

ส่วนราชการ กองนโยบายการคลังและภาษีอากร โทร. 2739020

ที่ _____ วันที่ _____ พฤษภาคม 2535

เรื่อง แต่งตั้งคณะกรรมการดำเนินการเขตการค้าเสรีอาเซียน

เรียน ปลัดกระทรวงการคลัง

งานเลขานุการ
วันที่ 1 พฤษภาคม 2535

ตามที่ถือคิดนายกรัฐมนตรี (นายอานันท์ ปันยารชุน) ได้แต่งตั้งคณะกรรมการดำเนินการเขตการค้าเสรีอาเซียน โดยลงนามในคำสั่งแต่งตั้ง เมื่อวันที่ 13 กุมภาพันธ์ 2535 นั้น

เนื่องจากมีพระบรมราชโองการโปรดเกล้าฯ ตั้งนายกรัฐมนตรีและคณะรัฐมนตรีชุดใหม่แล้ว ยังผลให้คณะกรรมการดังกล่าวพ้นจากตำแหน่ง ไปพร้อมกับการสิ้นสุดการอยู่ในตำแหน่งของนายกรัฐมนตรีผู้แต่งตั้งด้วย ดังนั้น เพื่อให้การปฏิบัติงานของคณะกรรมการดังกล่าวสามารถดำเนินการต่อไปได้ เป็นไปตามข้อผูกพันของฝ่ายไทยเกี่ยวกับการจัดตั้ง เขตการค้าเสรีอาเซียนที่ได้ตกลงในการประชุมสุดยอดอาเซียนครั้งที่ 4 (Fourth ASEAN Summit) ที่ประเทศสิงคโปร์ ระหว่างวันที่ 27-28 มกราคม 2535 สำนักงานเศรษฐกิจการคลัง เห็นควรนำเสนอคณะรัฐมนตรี เพื่อพิจารณาแต่งตั้งคณะกรรมการชุดนี้ขึ้นมาใหม่ เพื่อให้ปฏิบัติงานต่อไป

อนึ่ง เพื่อให้การปฏิบัติงานของคณะกรรมการดังกล่าว เป็นไปด้วยความเรียบร้อยและมีประสิทธิภาพยิ่งขึ้น จึงเห็นควรแต่งตั้งกรรมการเพิ่มเติมอีก 2 ท่านดังต่อไปนี้ คือ

1. เลขาธิการคณะกรรมการพัฒนาการเศรษฐกิจและสังคมแห่งชาติ
2. ผู้อำนวยการธนาคารแห่งประเทศไทย

จึงเรียนมาเพื่อโปรดพิจารณา หากชอบด้วยคำขอได้โปรดนำเสนอ คณะรัฐมนตรีว่าการกระทรวงการคลัง เพื่อพิจารณาลงนามหนังสือถึง เลขาธิการคณะรัฐมนตรีตามแนบ

นายอานันท์ ปันยารชุน
นายกรัฐมนตรี
นายอานันท์ ปันยารชุน
รองนายกรัฐมนตรี

(นายนิพนธ์ พุกกะณะสุต)
ผู้อำนวยการสำนักงานเศรษฐกิจการคลัง

ผ่านนโยบายเศรษฐกิจ

นายอานันท์ ปันยารชุน
รองนายกรัฐมนตรี

เรียน ท่านรัฐมนตรี
เพื่อโปรดพิจารณาและลงนาม

ลงนามแล้ว

ส่งต่อ นายอานันท์ ปันยารชุน

1 พฤษภาคม 2535

4 มกร 35

นายอานันท์ ปันยารชุน

ผ่านที่สุท

ที่ กค 0302/ ๕๖๑๖

ถ้าเป็น

ที่ ๐๓๐๒/ ๕๖๑๖
กระทรวงการคลัง
กรมการคลัง
กรมการคลัง
๕ พฤษภาคม ๒๕๓๕

เรื่อง แต่งตั้งคณะกรรมการดำเนินการเขตกการค้าเสรีอาเซียน

เรียน เลขาธิการคณะกรรมการรัฐมนตรี

สิ่งที่ส่งมาด้วย คำสั่งสำนักนายกรัฐมนตรีที่ ๒๓/๒๕๓๕ ลงวันที่ ๑๓ กุมภาพันธ์ ๒๕๓๕

ด้วยมติคณะรัฐมนตรี นายอานันท์ ปันยารชุน ได้มีคำสั่งแต่งตั้งคณะกรรมการดำเนินการเขตกการค้าเสรีอาเซียน โดยมีรัฐมนตรีว่าการกระทรวงการคลัง เป็นประธาน เพื่อดำเนินการตามข้อผูกพันของฝ่ายไทยเกี่ยวกับการจัดตั้งเขตกการค้าเสรีอาเซียน ซึ่งได้ตกลงในการประชุมสุดยอดอาเซียน ครั้งที่ ๔ ณ ประเทศสิงคโปร์ ระหว่างวันที่ ๒๗-๒๘ มกราคม ๒๕๓๕ ดังรายละเอียดปรากฏในสิ่งที่ส่งมาด้วยนี้

กระทรวงการคลังขอเรียนว่า คณะกรรมการดังกล่าวได้พ้นจากหน้าที่เนื่องจากการจัดตั้งรัฐบาลขึ้นใหม่ แต่ข้อผูกพันของประเทศไทยเกี่ยวกับการดำเนินการจัดตั้งเขตกการค้าเสรีอาเซียนยังคงมีอยู่ ดังนั้นจึงเห็นควรให้มีการแต่งตั้งคณะกรรมการชุดนี้ขึ้นใหม่เพื่อดำเนินการในเรื่องนี้ต่อไป ทั้งนี้กระทรวงการคลังขอปรับปรุงองค์ประกอบคณะกรรมการดังกล่าว เพื่อให้การปฏิบัติหน้าที่เป็นไปอย่างความเรียบร้อยและมีประสิทธิภาพยิ่งขึ้น โดยแต่งตั้งกรรมการเพิ่มอีก ๒ ท่าน คือ

๑. เลขาธิการคณะกรรมการพัฒนาการเศรษฐกิจและสังคมแห่งชาติ
๒. ผู้อำนวยการธนาคารแห่งประเทศไทย

จึงเรียนมาเพื่อโปรดพิจารณา สอนคณะรัฐมนตรีเพื่อพิจารณาอนุมัติ

ขอแสดงความนับถือ

(นายสุชาติ ธาดาธำรงเวช)
รัฐมนตรีว่าการกระทรวงการคลัง

สำนักงานเศรษฐกิจการคลัง

กองนโยบายการคลังและภาษีอากร

โทร. ๒๗๓๙๐๒๐

โทรสาร ๒๗๓๙๑๖๘

๑๕/๕

๑๕-๓๕
๑๕-๓๕
๑๕-๓๕
๑๕-๓๕

๑๕-๓๕

เรื่อง ๑๒๐๐/พิ. ๕๗

ด่วนที่สุด

ที่ นร ๐๒๐๐/พิ. ๕๗

สำนักงานปลัดกระทรวงการคลัง
รับที่ 24701
วันที่ 25 ธ.ค. ๒๕๓๕
วันที่
เวลา 11.15 น.

สำนักงานเลขาธิการรัฐมนตรี
กระทรวงการคลัง
รับที่ 1244-
วันที่ 27 พ.ค. ๒๕๓๖
เวลา
สำนักงานเลขาธิการคณะรัฐมนตรี

นายเนียบรัฐบาล กทม. ๑๐๓๐๐

เรื่อง
เรื่อง
วันที่ ๑๑ พ.ค. ๒๕๓๖
เวลา

๒๒ พฤษภาคม ๒๕๓๕

สำนักงานเลขาธิการรัฐมนตรี
กระทรวงการคลัง
รับที่ ๑๒/๕
วันที่ ๑๖ พ.ค. ๒๕๓๖
เวลา

เรื่อง แต่งตั้งคณะกรรมการดำเนินการเขตการค้าเสรีอาเซียน

เรียน รัฐมนตรีว่าการกระทรวงการคลัง

อ้างถึง หนังสือกระทรวงการคลัง ด่วนที่สุด ที่ กค ๐๓๐๒/๒๐๖๖ ลงวันที่ ๖ พฤษภาคม ๒๕๓๕

ตามที่ได้พิจารณาเห็นสมควรให้มีคณะกรรมการดำเนินการเขตการค้าเสรีอาเซียนต่อไป และเพื่อให้การปฏิบัติหน้าที่เป็นไปด้วยความเรียบร้อยและมีประสิทธิภาพ สมควรแต่งตั้งกรรมการเพิ่มอีก ๒ คน คือ เลขาธิการคณะกรรมการพัฒนาการเศรษฐกิจและสังคมแห่งชาติและผู้อำนวยการธนาคารแห่งประเทศไทย จึงขอให้มาเสนอคณะรัฐมนตรีพิจารณาอนุมัติ นั้น

คณะรัฐมนตรีได้ลงมติเมื่อวันที่ ๑๔ พฤษภาคม ๒๕๓๕ อนุมัติตามที่กระทรวงการคลังเสนอ

จึงเรียนมายังนาย ได้แจ้งให้สำนักงานงบประมาณทราบแล้วและขอได้โปรดแจ้งให้กรรมการ

ที่ได้รับแต่งตั้งทราบด้วย

ขอแสดงความนับถือ

(นายเนียบ อดีตรัฐมนตรี)

รองเลขาธิการคณะรัฐมนตรี ปฏิบัติราชการแทน
เลขาธิการคณะรัฐมนตรี

กองกลาง

โทร. ๒๕๐๒๕๐

โทรสาร ๒๕๐๓๔๕

คณะกรรมการเศรษฐกิจ

๑๕/๕/๓๕

๑๕/๕/๓๕

APPENDIX I

THE SECRETARIAT OFFICE OF THE CABINET'S ORDERS ON THE INTERNATIONAL ECONOMIC RELATIONS POLICY BOARD, AND THE INTERNATIONAL ECONOMIC POLICY BOARD

ด่วนที่สุด

ที่ นร ๐๒๐๓/ว ๑๖๓

สำนักเลขาธิการคณะรัฐมนตรี

ทำเนียบรัฐบาล กทม. ๑๐๓๐๐

๒๗ ตุลาคม ๒๕๓๑

เรื่อง ระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายความสัมพันธ์ทางเศรษฐกิจ

ระหว่างประเทศ พ.ศ. ๒๕๓๑

เรียน กระทรวง ทบวง กรม

สิ่งที่ส่งมาด้วย ระเบียบในเรื่องนี้

ด้วยในคราวประชุมคณะรัฐมนตรีเมื่อวันที่ ๒๕ ตุลาคม ๒๕๓๑ คณะรัฐมนตรีได้พิจารณาเห็นชอบระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๑ และให้ส่วนราชการต่างๆ ถือปฏิบัติต่อไป ซึ่งสำนักเลขาธิการคณะรัฐมนตรีได้นำระเบียบในเรื่องนี้ประกาศในราชกิจจานุเบกษา เล่ม ๑๐๕ ตอนที่ ๑๙๗ ลงวันที่ ๒๖ ตุลาคม ๒๕๓๑ แล้ว

จึงเรียนยืนยันมา และขอได้โปรดแจ้งให้ส่วนราชการและรัฐวิสาหกิจในสังกัดทราบ เพื่อถือปฏิบัติต่อไป

ขอแสดงความนับถือ



(นายอนันต์ อนันตกุล)

เลขาธิการคณะรัฐมนตรี

กองนิติกรรม

โทร ๒๘๒๔๑๕๐

ระเบียบสำนักนายกรัฐมนตรี

ว่าด้วยการกำหนดนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ

พ.ศ. ๒๕๓๑

เพื่อให้การกำหนดนโยบาย แผน แนวทาง และท่าทีของประเทศในความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศมีเอกภาพ มีประสิทธิภาพ และมีความต่อเนื่องทั้งในระยะสั้นและระยะยาว นายกรัฐมนตรีอาศัยอำนาจตามข้อ ๔ (๔) แห่งประกาศของคณะปฏิวัติ ฉบับที่ ๒๑๔ ลงวันที่ ๒๔ กันยายน ๒๕๑๕ และโดยความเห็นชอบของคณะรัฐมนตรี จึงวางระเบียบไว้ดังต่อไปนี้

ข้อ ๑ ระเบียบนี้เรียกว่า “ระเบียบสำนักนายกรัฐมนตรี ว่าด้วยการกำหนดนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๑”

ข้อ ๒ ให้ใช้ระเบียบนี้ตั้งแต่วันถัดจากวันประกาศในราชกิจจานุเบกษาเป็นต้นไป

ข้อ ๓ บรรดาระเบียบ ข้อบังคับ มติคณะรัฐมนตรี และคำสั่งอื่นใดในส่วนที่มีกำหนดไว้แล้วในระเบียบนี้ หรือซึ่งขัดหรือแย้งกับระเบียบนี้ ให้ใช้ระเบียบนี้แทน

ข้อ ๔ ในระเบียบนี้

“นโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ” หมายความว่า นโยบาย แผน แนวทาง และท่าทีของประเทศไทยในการเจรจากับต่างประเทศระดับทวิภาคี ระดับภูมิภาค และระดับพหุภาคี เพื่อแก้ไขอุปสรรคและปัญหาที่เกิดขึ้นหรือจะเกิดขึ้นจากนโยบายและมาตรการของรัฐบาลต่างประเทศ หรือจากระบบเศรษฐกิจการค้าระหว่างประเทศ และเพื่อส่งเสริมความร่วมมือทางเศรษฐกิจการค้ากับต่างประเทศเพื่อเพิ่มพูนประโยชน์ทางเศรษฐกิจจากต่างประเทศ

ข้อ ๕ ให้มีคณะกรรมการคณะหนึ่ง เรียกว่า “คณะกรรมการนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ” เรียกโดยย่อว่า “กนศ.” ประกอบด้วยนายกรัฐมนตรี หรือรองนายกรัฐมนตรีที่นายกรัฐมนตรีมอบหมาย เป็นประธานกรรมการ รัฐมนตรีว่าการกระทรวงการต่างประเทศ หรือรัฐมนตรีช่วยว่าการกระทรวงการต่างประเทศที่ได้รับมอบหมาย เป็นรองประธานกรรมการคนที่หนึ่ง รัฐมนตรีว่าการกระทรวงพาณิชย์ หรือรัฐมนตรีช่วยว่าการกระทรวงพาณิชย์ที่ได้รับมอบหมาย เป็นรองประธานกรรมการคนที่สอง รัฐมนตรีว่าการกระทรวงการคลัง รัฐมนตรีว่าการกระทรวงเกษตรและสหกรณ์ รัฐมนตรีว่าการกระทรวงศึกษาธิการ รัฐมนตรีว่าการกระทรวงสาธารณสุข รัฐมนตรีว่าการกระทรวงอุตสาหกรรม ปลัดกระทรวงการต่างประเทศ และปลัดกระทรวงพาณิชย์ เป็นกรรมการ

ให้อธิบดีกรมเศรษฐกิจ เป็นเลขานุการฝ่ายบริหาร และอธิบดีกรมเศรษฐกิจการพาณิชย์ เป็นเลขานุการฝ่ายวิชาการ และให้เลขานุการทั้งสองฝ่ายมีอำนาจหน้าที่ตามที่ กนศ. กำหนด

ในการประชุม กนศ. ให้อธิบดีกรมเศรษฐกิจ เป็นเลขานุการของที่ประชุม

ประธาน กนศ. มีอำนาจพิจารณาเชิญรัฐมนตรีกระทรวงที่เกี่ยวข้องมาให้คำปรึกษาในเรื่องที่เกี่ยวข้องกับกระทรวงนั้น ๆ ได้

ข้อ ๖ ภายใต้บังคับแห่งข้อ ๑๐ เพื่อแบ่งเบาภาระและกลั่นกรองการทำงานให้แก่คณะรัฐมนตรี ให้ กนศ. มีอำนาจและหน้าที่ดังต่อไปนี้

(๑) พิจารณากำหนดนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ

(๒) พิจารณากำหนดนโยบายความร่วมมือกับต่างประเทศ และองค์การระหว่างประเทศ ด้านเศรษฐกิจและการค้า

(๓) พิจารณากำหนดกลยุทธ์ แผน แนวทางและท่าทีในการเจรจาทางเศรษฐกิจการค้า และการเจรจาเพื่อปรับโครงสร้างความสัมพันธ์ทางเศรษฐกิจกับต่างประเทศ และกำกับดูแลให้ส่วนราชการที่เกี่ยวข้องปฏิบัติงานให้เป็นไปตามกลยุทธ์ แผน แนวทาง และท่าทีที่กำหนดอย่างได้ผลและมีประสิทธิภาพ

(๔) เป็นศูนย์กลางในการประสานงานกับคณะกรรมการตามกฎหมายอื่นหรือคณะกรรมการที่คณะรัฐมนตรีแต่งตั้งทำงานในอำนาจหน้าที่มีส่วนเกี่ยวข้องกับนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ

(๕) ประสานงานกับส่วนราชการและภาคเอกชนที่เกี่ยวข้องเพื่อสนับสนุนเร่งรัดติดตามประเมินผล และแก้ไขปัญหาคุศลในการดำเนินงานตามนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศที่กำหนด

(๖) เสนอแนะและให้ความเห็นต่อคณะรัฐมนตรีเกี่ยวกับงานในอำนาจหน้าที่

ข้อ ๗ ให้ กนศ. มีอำนาจแต่งตั้งคณะกรรมการเพื่อพิจารณาหรือปฏิบัติการอย่างหนึ่งอย่างใดตามที่ กนศ. มอบหมาย

ข้อ ๘ ในการปฏิบัติการตามอำนาจหน้าที่ กนศ. มีอำนาจพิจารณาเชิญผู้แทนส่วนราชการ รัฐวิสาหกิจ หรือบุคคลที่เกี่ยวข้องมาให้คำปรึกษาและให้ข้อมูลในเรื่องที่เกี่ยวข้องกับอำนาจหน้าที่ของ กนศ. ได้ตามความจำเป็น

ข้อ ๙ ในการประชุมเจรจาทางเศรษฐกิจและการค้าระหว่างประเทศไทยกับรัฐบาลต่างประเทศ หรือองค์การระหว่างประเทศ กนศ. มีอำนาจแต่งตั้งผู้แทนหรือคณะผู้แทนเข้าร่วมในการประชุมเจรจา

ข้อ ๑๐ การดำเนินงานของ กนศ. ตามข้อ ๖ ให้ปฏิบัติดังนี้

(๑) ให้มีการวางแผนนโยบาย แผนงาน และเป้าหมายที่ชัดเจน และเป็นการสร้างสรรคเสนอต่อคณะกรรมการรัฐมนตรีฝ่ายเศรษฐกิจ เพื่อให้ความเห็นชอบ

(๒) การให้คำมั่นหรือทำสัญญาผูกพันใด ๆ ต้องได้รับอนุมัติจากคณะกรรมการรัฐมนตรีฝ่ายเศรษฐกิจก่อน

ข้อ ๑๑ ให้มีคณะที่ปรึกษาของ กนศ. ขึ้นคณะหนึ่ง ประกอบด้วย ประธานสภาหอการค้าแห่งประเทศไทย ประธานสภาอุตสาหกรรมแห่งประเทศไทย ประธานสมาคมธนาคารไทย และผู้ทรงคุณวุฒิซึ่งนายกรัฐมนตรีแต่งตั้งไม่เกิน ๓ คน ให้คณะที่ปรึกษามีหน้าที่ให้คำปรึกษาแก่ กนศ. ตามที่ กนศ. มอบหมาย

ที่ปรึกษาซึ่งนายกรัฐมนตรีแต่งตั้งอยู่ในตำแหน่งคราวละสองปี และที่ปรึกษาซึ่งพ้นจากตำแหน่งตามวาระอาจได้รับแต่งตั้งอีกได้

ข้อ ๑๒ กรรมการและที่ปรึกษาพ้นจากตำแหน่งเมื่อ

(๑) ตาย

(๒) ลาออก

(๓) นายกรัฐมนตรีถอดถอน

(๔) นายกรัฐมนตรีซึ่งแต่งตั้งกรรมการและที่ปรึกษาพ้นจากตำแหน่ง

เมื่อที่ปรึกษาพ้นจากตำแหน่งก่อนวาระ ให้ที่ปรึกษาซึ่งได้รับแต่งตั้งแทนอยู่ในตำแหน่งตามวาระของผู้ซึ่งตนแทน

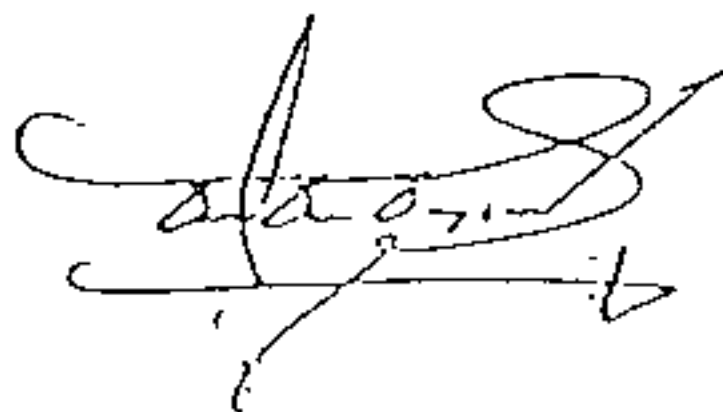
ข้อ ๑๓ ให้กรมเศรษฐกิจ กระทรวงการต่างประเทศ เป็นสำนักงานเลขานุการฝ่ายบริหารของ กนศ. รับผิดชอบงานธุรการ งานการประชุม และการประสานงานกับหน่วยงานที่เกี่ยวข้อง และรับผิดชอบในกิจการทางบริหารอื่นตามที่ กนศ. กำหนด

ให้กรมเศรษฐกิจการพาณิชย์ กระทรวงพาณิชย์ เป็นสำนักงานเลขานุการฝ่ายวิชาการของ กนศ. มีหน้าที่รับผิดชอบในการจัดหา รวบรวม ศึกษา และวิเคราะห์ข้อมูลและสาระต่าง ๆ ด้านวิชาการ และรับผิดชอบในกิจการทางวิชาการอื่นตามที่ กนศ. กำหนด

ข้อ ๑๔ ให้นายกรัฐมนตรีรักษาการตามระเบียบนี้

ประกาศ ณ วันที่ ๑๔ ตุลาคม พ.ศ. ๒๕๓๑

พลตรี



(ชาติชาย ชุณหะวัณ)

นายกรัฐมนตรี

ที่ นร ๐๒๐๓/ว ๖๖

สำนักเลขาธิการคณะรัฐมนตรี
ทำเนียบรัฐบาล กทม. ๑๐๓๐๐

๒๙ พฤษภาคม ๒๕๓๕

เรื่อง ระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๕
เรียน กระทรวง ทบวง กรม
อ้างถึง หนังสือสำนักเลขาธิการคณะรัฐมนตรี ด่วนที่สุด ที่ นร ๐๒๐๓/ว ๑๖๓
ลงวันที่ ๒๑ ตุลาคม ๒๕๓๑
สิ่งที่ส่งมาด้วย สำเนาระเบียบสำนักนายกรัฐมนตรีในเรื่องนี้

ตามที่ได้ยืนยันมติคณะรัฐมนตรีเห็นชอบระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๑ มาเพื่อถือปฏิบัติ นั้น

บัดนี้ ประธานคณะกรรมการนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ (กนศ.) ได้พิจารณาเห็นว่า สถานการณ์ความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศในปัจจุบันได้เปลี่ยนแปลงไป ดังนั้น เพื่อให้การกำหนดนโยบายเศรษฐกิจระหว่างประเทศเป็นไปอย่างเหมาะสมทันสมัย และสอดคล้องกับสถานการณ์ในปัจจุบัน ที่มุ่งเน้นการค้าโดยเสรี และการส่งเสริมการตลาดให้มีประสิทธิภาพยิ่งขึ้น จึงสมควรปรับปรุงระเบียบสำนักนายกรัฐมนตรีดังกล่าว โดยปรับปรุงองค์ประกอบและอำนาจหน้าที่ กนศ. ให้เหมาะสมยิ่งขึ้น

คณะรัฐมนตรีได้มีมติเมื่อวันที่ ๒๖ พฤษภาคม ๒๕๓๕ เห็นชอบระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๕ ตามสิ่งที่ส่งมาด้วย และสำนักเลขาธิการคณะรัฐมนตรีได้ประกาศในราชกิจจานุเบกษา เล่ม ๑๐๙ ตอนที่ ๖๔ ลงวันที่ ๒๙ พฤษภาคม ๒๕๓๕ แล้ว

จึงเรียนยืนยันมา และขอได้โปรดแจ้งให้ส่วนราชการและรัฐวิสาหกิจในสังกัดทราบเพื่อถือปฏิบัติต่อไป

ขอแสดงความนับถือ

นายเอกอภิสงก

(โสภณ สุวรรณะรุจิ)

เลขาธิการคณะรัฐมนตรี

กองนิติธรรม

โทร. ๒๔๒๔๑๕๐

หมายเหตุ

หนังสือสำนักเลขาธิการคณะรัฐมนตรีที่อ้างถึง เรื่อง ระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ .พ.ศ. ๒๕๓๕ คู่มือละเอียดได้จากหนังสือมติคณะรัฐมนตรี (หนังสือเวียน) ประจำปี ๒๕๓๑ จัดพิมพ์โดยฝ่ายสวัสดิการสำนักเลขาธิการคณะรัฐมนตรี หน้า ๓๐๙

ระเบียบสำนักนายกรัฐมนตรี
ว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ
พ.ศ. ๒๕๓๕

เพื่อให้การกำหนดและการประสานนโยบาย แนวทาง ทำที่ และกลยุทธ์ในทางเศรษฐกิจระหว่างประเทศของไทยมีเอกภาพ ประสิทธิภาพ และยังประโยชน์สูงสุดแก่เศรษฐกิจโดยรวมของประเทศ โดยยึดหลักการแข่งขันโดยเสรี และการส่งเสริมให้กลไกตลาดมีประสิทธิภาพมากขึ้น อาศัยอำนาจตามความในมาตรา ๑๑ (๖) และ (๔) แห่งพระราชบัญญัติระเบียบบริหารราชการแผ่นดิน พ.ศ. ๒๕๓๔ นายกรัฐมนตรีโดยความเห็นชอบของคณะรัฐมนตรี จึงวางระเบียบไว้ดังต่อไปนี้

ข้อ ๑ ระเบียบนี้เรียกว่า “ระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๕”

ข้อ ๒ ระเบียบนี้ใช้บังคับตั้งแต่วันถัดจากวันประกาศในราชกิจจานุเบกษาเป็นต้นไป

ข้อ ๓ ให้ยกเลิกระเบียบสำนักนายกรัฐมนตรีว่าด้วย การกำหนดนโยบายความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๑

บรรดาระเบียบ ข้อบังคับ มติคณะรัฐมนตรี หรือคำสั่งอื่นใด ในส่วนที่กำหนดไว้แล้วในระเบียบนี้ หรือซึ่งขัดแย้งกับระเบียบนี้ ให้ใช้ระเบียบนี้แทน

ข้อ ๔ ในระเบียบนี้

“นโยบายเศรษฐกิจระหว่างประเทศ” หมายความว่า นโยบาย แนวทางและหลักปฏิบัติเกี่ยวกับระบบเศรษฐกิจระหว่างประเทศ โดยเฉพาะอย่างยิ่งในส่วนที่เกี่ยวกับการค้าสินค้า และการค้าบริการระหว่างประเทศ รวมทั้งการค้าที่เกี่ยวข้องกับการคุ้มครองทรัพย์สินทางปัญญา และมาตรการการลงทุน ตลอดจนกิจกรรมอื่นใดที่ต่อเนื่องหรือมีผลกระทบต่อการค้าหรือกิจกรรมดังกล่าว ทั้งนี้ เพื่อประโยชน์ในการเจรจาระดับทวิภาคี ระดับภูมิภาค และระดับพหุภาคี การแสวงหาปกป้องและรักษาผลประโยชน์ทางการค้า การแก้ไขอุปสรรคและปัญหาที่กีดขวางการค้า

ข้อ ๕ ให้มีคณะกรรมการคณะหนึ่งเรียกว่า “คณะกรรมการนโยบายเศรษฐกิจระหว่างประเทศ” เรียกโดยย่อว่า “กนค.” ประกอบด้วย

(๑) นายกรัฐมนตรี หรือ รองนายกรัฐมนตรี ที่นายกรัฐมนตรีมอบหมาย	เป็นประธานกรรมการ
(๒) รัฐมนตรีว่าการกระทรวงพาณิชย์	เป็นรองประธานกรรมการ
(๓) รัฐมนตรีว่าการกระทรวงการคลัง	เป็นกรรมการ

(๔) รัฐมนตรีว่าการกระทรวงการต่างประเทศ	เป็นกรรมการ
(๕) รัฐมนตรีว่าการกระทรวงเกษตรและสหกรณ์	เป็นกรรมการ
(๖) รัฐมนตรีว่าการกระทรวงคมนาคม	เป็นกรรมการ
(๗) รัฐมนตรีว่าการกระทรวงอุตสาหกรรม	เป็นกรรมการ
(๘) ที่ปรึกษานายกรัฐมนตรี หรือที่ปรึกษา รองนายกรัฐมนตรีที่นายกรัฐมนตรีมอบหมาย	เป็นกรรมการ
(๙) ปลัดกระทรวงพาณิชย์	เป็นกรรมการ
(๑๐) ปลัดกระทรวงการต่างประเทศ	เป็นกรรมการ
(๑๑) อธิบดีกรมเศรษฐกิจการพาณิชย์	เป็นเลขานุการ

ข้อ ๖ ให้ กนศ. มีอำนาจและหน้าที่ดังต่อไปนี้

(๑) พิจารณากำหนดนโยบายเศรษฐกิจระหว่างประเทศให้เป็นระบบครบวงจร และมีเอกภาพ

(๒) พิจารณากำหนดแนวทางและการประสานงาน ทำที่และกลยุทธ์ในการเจรจาและร่วมมือทางการพาณิชย์กับต่างประเทศ และองค์การระหว่างประเทศ โดยฉันทกพลังเพื่อต่อรองในทางเศรษฐกิจสาขาต่าง ๆ ให้เป็นประโยชน์มากที่สุด

(๓) เสนอแนะและให้ความเห็นต่อคณะรัฐมนตรีเกี่ยวกับงานในอำนาจหน้าที่

(๔) เป็นศูนย์กลางประสานงานกับคณะกรรมการอื่นที่แต่งตั้งตามกฎหมายหรือตามมติคณะรัฐมนตรี และงานของคณะกรรมการเหล่านั้นเกี่ยวข้องกับนโยบายทางเศรษฐกิจระหว่างประเทศ

(๕) ประสานงานกับส่วนราชการหรือภาคเอกชนที่เกี่ยวข้อง เพื่อสนับสนุนเร่งรัด ติดตามประเมินผล และแก้ไขปัญหอุปสรรคในการดำเนินงานตามนโยบายทางเศรษฐกิจระหว่างประเทศ

(๖) แต่งตั้งบุคคลเป็นผู้แทนหรือคณะผู้แทนเข้าร่วมในการประชุมเจรจาด้านเศรษฐกิจและการค้าระหว่างประเทศไทยกับรัฐบาลต่างประเทศหรือองค์การระหว่างประเทศ

(๗) แต่งตั้งคณะกรรมการหรือคณะทำงานเพื่อดำเนินการตามที่นายกรัฐมนตรีหรือ “ กนศ. ” มอบหมาย

(๘) มีอำนาจเชิญบุคคลจากส่วนราชการ และภาคเอกชนมาช่วยดำเนินงานหรือเพื่อให้ชี้แจง หรือเพื่อให้ข้อมูลสถิติใด ๆ ที่เกี่ยวกับการดำเนินการตามระเบียบนี้

(๙) ดำเนินการอื่นใดเพื่อให้เป็นไปตามระเบียบนี้

ข้อ ๗ การดำเนินงานของ “ กนศ. ” ตามข้อ ๖ (๖) เฉพาะการให้คำมั่นหรือทำสัญญาผูกพันใด ๆ ต้องได้รับอนุมัติจากคณะรัฐมนตรีก่อน

ข้อ ๘ ให้กรมเศรษฐกิจการพาณิชย์ กระทรวงพาณิชย์ ทำหน้าที่เป็นสำนักงานเลขานุการของ “ กนศ. ” รับผิดชอบงานวิชาการ งานการประชุม งานธุรการ และงบประมาณสำหรับการดำเนินงานของ “ กนศ. ” รวมทั้งการประสานงานกับสำนักนายกรัฐมนตรี กรมเศรษฐกิจ กระทรวงการต่างประเทศ และหน่วยงานที่เกี่ยวข้อง

ข้อ ๙ ให้นายกรัฐมนตรีเป็นผู้รักษาการตามระเบียบนี้

ประกาศ ณ วันที่ ๒๒ พฤษภาคม พ.ศ. ๒๕๓๕

พลเอก สุจินดา คราประยูร

นายกรัฐมนตรี

ที่ นร ๐๒๑๔/ว ๒๕๕

สำนักเลขาธิการคณะรัฐมนตรี
ทำเนียบรัฐบาล กท ๑๐๓๐๐

๑๓ ธันวาคม ๒๕๓๔

เรื่อง ระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ
พ.ศ. ๒๕๓๔

เรียน กระทรวง ทบวง กรม

อ้างถึง หนังสือสำนักเลขาธิการคณะรัฐมนตรี ที่ นร ๐๒๐๓/ว ๗๖

ลงวันที่ ๒๔ พฤษภาคม ๒๕๓๕

สิ่งที่ส่งมาด้วย สำเนาระเบียบในเรื่องนี้

ตามที่ได้ส่งระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๕ มาเพื่อถือปฏิบัติต่อไป นั้น

ในคราวประชุมคณะรัฐมนตรีเมื่อวันที่ ๒๔ พฤศจิกายน ๒๕๓๔ คณะรัฐมนตรีได้มีมติเห็นชอบร่างระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๔ ตามที่คณะกรรมการนโยบายเศรษฐกิจระหว่างประเทศเสนอ และให้ดำเนินการต่อไปได้ ซึ่งสำนักเลขาธิการคณะรัฐมนตรีได้นำเสนอนายกรัฐมนตรีพิจารณาลงนาม และได้ประกาศในราชกิจจานุเบกษา ฉบับประกาศทั่วไป เล่ม ๑๑๒ ตอนพิเศษ ๕๖ ง ลงวันที่ ๑๑ ธันวาคม ๒๕๓๔ แล้ว ดังที่ได้ส่งมาพร้อมนี้

จึงเรียนยืนยันมา และขอได้โปรดแจ้งให้ส่วนราชการและรัฐวิสาหกิจในสังกัดทราบเพื่อถือปฏิบัติต่อไป

ขอแสดงความนับถือ



(นายวิญญู เครื่องงาม)

เลขาธิการคณะรัฐมนตรี

สำนักนิติธรรม

โทร. ๒๔๑๐๐๐๗

โทรสาร ๒๔๒๔๑๔๕

หมายเหตุ หนังสือสำนักเลขาธิการคณะรัฐมนตรี ที่ นร ๐๒๐๓/ว ๗๖ ลงวันที่ ๒๔ พฤษภาคม ๒๕๓๕ ตูรายละเอียดได้จากหนังสือมติคณะรัฐมนตรี (หนังสือเวียน) ประจำปี ๒๕๓๕ จัดพิมพ์โดยฝ่ายสวัสดิการสำนักเลขาธิการคณะรัฐมนตรี หน้า ๒๔๑ - ๒๔๕

ระเบียบสำนักนายกรัฐมนตรี
ว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ
พ.ศ. ๒๕๓๘

เพื่อประโยชน์ในการสร้างความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศกับกลุ่มต่างๆ ทั้งในระดับทวิภาคี ในระดับระหว่างภูมิภาคและอนุภูมิภาค และพหุภาคี และเพื่อรักษาผลประโยชน์ของชาติและเพื่อพัฒนาความเป็นอยู่ที่ดีขึ้นของประชาชน จึงจำเป็นต้องปรับปรุง กลไกและวิธีการเกี่ยวกับการประสานงานนโยบายเศรษฐกิจระหว่างประเทศขึ้นเพื่อให้การกำหนด และประสานนโยบาย ท้าทีและกลยุทธ์ในทางเศรษฐกิจระหว่างประเทศของไทยเป็นไปอย่าง มีเอกภาพ ประสิทธิภาพ และเพื่อให้การทำหน้าที่ในการเจรจาการค้า และการลงทุน ยังประโยชน์สูงสุดแก่เศรษฐกิจโดยส่วนรวมของประเทศ โดยยึดหลักการแข่งขันโดยเสรี และการส่งเสริมให้กลไกตลาดมีประสิทธิภาพมากขึ้น

อาศัยอำนาจตามความในมาตรา ๑๑ (๖) และ (๘) แห่งพระราชบัญญัติระเบียบ บริหารราชการแผ่นดิน พ.ศ. ๒๕๓๔ นายกรัฐมนตรีโดยความเห็นชอบของคณะรัฐมนตรี จึงวางระเบียบไว้ดังต่อไปนี้

ข้อ ๑ ระเบียบนี้เรียกว่า “ระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบาย เศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๘”

ข้อ ๒ ระเบียบนี้ให้ใช้บังคับตั้งแต่วันถัดจากวันประกาศในราชกิจจานุเบกษาเป็นต้นไป

ข้อ ๓ ในยกเลิกระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจ ระหว่างประเทศ พ.ศ. ๒๕๓๕ และคำสั่งสำนักนายกรัฐมนตรีที่ ๑๔/๒๕๓๖ เรื่อง การจัดตั้ง สำนักงานประสานงานเศรษฐกิจระหว่างประเทศ (สปศ.)

ข้อ ๔ บรรดาระเบียบ ข้อบังคับ มติคณะรัฐมนตรี หรือคำสั่งอื่นใดในส่วนที่ กำหนดไว้แล้วในระเบียบนี้ หรือซึ่งขัดแย้งกับระเบียบนี้ให้ใช้ระเบียบนี้แทน

ข้อ ๕ ในระเบียบนี้

“นโยบายเศรษฐกิจระหว่างประเทศ” หมายความว่า นโยบายแนวทาง และหลักปฏิบัติที่เกี่ยวกับความร่วมมือทางเศรษฐกิจระหว่างประเทศ โดยเฉพาะอย่างยิ่งในส่วนที่ เกี่ยวกับการค้าสินค้าและการค้าบริการระหว่างประเทศ รวมทั้งการค้าที่เกี่ยวข้องกับการ คุ้มครองทรัพย์สินทางปัญญา และมาตรการการลงทุน ตลอดจนกิจกรรมอื่นใดที่ต่อเนื่องหรือ

มีผลกระทบต่อการค้าหรือกิจกรรมดังกล่าว ทั้งนี้ เพื่อประโยชน์ในการกำหนดนโยบายของ ประเทศในภาพรวม การเจรจาระดับทวิภาคี ระดับภูมิภาค และระดับพหุภาคี การแสวงหา ปกป้องและรักษาผลประโยชน์ทางการค้า การแก้ไขอุปสรรคและปัญหาที่กีดขวางการค้า

“คณะกรรมการอื่น” หมายถึง คณะกรรมการอื่นนอกจากคณะกรรมการ ว่าด้วยความร่วมมือทางเศรษฐกิจในเอเชีย-แปซิฟิก คณะกรรมการดำเนินการเขตการค้าเสรี อาเซียน คณะกรรมการประสานการพัฒนาความร่วมมือทางเศรษฐกิจกับประเทศเพื่อนบ้าน ที่ได้รับการแต่งตั้งตามกฎหมาย ตามมติคณะรัฐมนตรี หรือตามคำสั่งสำนักนายกรัฐมนตรี ให้มีหน้าที่หรือความรับผิดชอบเกี่ยวกับความร่วมมือทางเศรษฐกิจระหว่างประเทศ

ข้อ ๖ ให้มีคณะกรรมการคณะหนึ่งเรียกว่า “คณะกรรมการนโยบายเศรษฐกิจ ระหว่างประเทศ” เรียกโดยย่อว่า “กนศ.” ประกอบด้วย

(๑) นายกรัฐมนตรี หรือรองนายกรัฐมนตรี	เป็น ประธานกรรมการ
ที่นายกรัฐมนตรีมอบหมาย	
(๒) รัฐมนตรีว่าการกระทรวงพาณิชย์	เป็น รองประธานกรรมการ
(๓) รองนายกรัฐมนตรีหรือรัฐมนตรีที่มี	เป็น กรรมการ
หน้าที่กำกับดูแลงานของสำนักงาน	
คณะกรรมการพัฒนาการเศรษฐกิจ	
และสังคมแห่งชาติ	
(๔) รองนายกรัฐมนตรีหรือรัฐมนตรีที่มี	เป็น กรรมการ
หน้าที่กำกับดูแลงานของสำนักงาน	
คณะกรรมการส่งเสริมการลงทุน	
(๕) รัฐมนตรีว่าการกระทรวงการคลัง	เป็น กรรมการ
(๖) รัฐมนตรีว่าการกระทรวงการต่างประเทศ	เป็น กรรมการ
(๗) รัฐมนตรีว่าการกระทรวงเกษตร	เป็น กรรมการ
และสหกรณ์	
(๘) รัฐมนตรีว่าการกระทรวงคมนาคม	เป็น กรรมการ
(๙) รัฐมนตรีว่าการกระทรวงอุตสาหกรรม	เป็น กรรมการ
(๑๐) ปลัดกระทรวงการต่างประเทศ	เป็น กรรมการ
(๑๑) ปลัดกระทรวงพาณิชย์	เป็น กรรมการ
(๑๒) อธิบดีกรมเศรษฐกิจการพาณิชย์	เป็น เลขานุการ

ข้อ ๗ ในการประชุม กนศ. ให้บุคคลดังต่อไปนี้เข้าร่วมประชุมด้วย

- (๑) เลขาธิการคณะกรรมการพัฒนาการเศรษฐกิจและสังคมแห่งชาติ
- (๒) ผู้อำนวยการสำนักงานเศรษฐกิจการคลัง
- (๓) อธิบดีกรมเศรษฐกิจ
- (๔) เลขาธิการสำนักงานเศรษฐกิจการเกษตร
- (๕) อธิบดีกรมการค้าต่างประเทศ
- (๖) ผู้อำนวยการสำนักงานเศรษฐกิจอุตสาหกรรม
- (๗) ผู้ที่ กนศ. หรือประธาน กนศ. เชิญให้เข้าร่วมประชุม

ข้อ ๘ ให้ กนศ. มีอำนาจและหน้าที่ดังต่อไปนี้

- (๑) พิจารณากำหนดนโยบายเศรษฐกิจระหว่างประเทศให้เป็นระบบครบวงจร และมีเอกภาพ
- (๒) เป็นศูนย์กลางประสานงานและกำหนดแนวทางหรือกรอบนโยบายให้กับ คณะกรรมการว่าด้วยความร่วมมือทางเศรษฐกิจในเอเชีย - แปซิฟิก คณะกรรมการดำเนินการเขตการค้าเสรีอาเซียน คณะกรรมการประสานการพัฒนาความร่วมมือทางเศรษฐกิจกับประเทศเพื่อนบ้าน หรือคณะกรรมการอื่นที่ได้รับการแต่งตั้งตามกฎหมาย ตามมติคณะรัฐมนตรี หรือตามคำสั่งสำนักนายกรัฐมนตรีที่มีลักษณะงานหรือหน้าที่เกี่ยวข้องกับความร่วมมือทางเศรษฐกิจระหว่างประเทศ
 - (๑) พิจารณากำหนดแนวทางและการประสานงาน ทั่วที่และกลยุทธในการเจรจาและร่วมมือทางการพาณิชย์กับต่างประเทศ และองค์การระหว่างประเทศ โดยเน้นพลังเพื่อครองในทางเศรษฐกิจสาขาต่างๆ ให้เป็นประโยชน์มากที่สุด
 - (๔) เสนอแนะและให้ความเห็นต่อคณะรัฐมนตรีเกี่ยวกับงานในอำนาจหน้าที่
 - (๕) ประสานงานกับส่วนราชการหรือภาคเอกชนที่เกี่ยวข้อง เพื่อสนับสนุนเร่งรัดติดตามประเมินผล และแก้ไขปัญหายุ่งยากในการดำเนินงานตามนโยบายทางเศรษฐกิจระหว่างประเทศ
 - (๖) แต่งตั้งบุคคลเป็นผู้แทนหรือคณะผู้แทนเข้าร่วมในการประชุมเจรจา ด้านเศรษฐกิจและการค้าระหว่างประเทศไทยกับรัฐบาลต่างประเทศหรือองค์การระหว่างประเทศ
 - (๗) แต่งตั้งคณะอนุกรรมการหรือคณะทำงานเพื่อดำเนินการตามที่นายกรัฐมนตรีหรือ กนศ. มอบหมาย
 - (๘) มีอำนาจเชิญบุคคลจากส่วนราชการ และภาคเอกชนมาช่วยดำเนินงาน หรือเพื่อให้ชี้แจง หรือเพื่อให้ข้อมูลสถิติใดๆ ที่เกี่ยวกับการดำเนินการตามระเบียบนี้
 - (๙) ดำเนินการอื่นใดเพื่อให้เป็นไปตามระเบียบนี้

ข้อ ๙ การดำเนินงานของคณะกรรมการที่ระบุในข้อ ๔ (๒) เมื่อได้ปฏิบัติหรือดำเนินการอย่างใดแล้ว ให้รายงานให้ กนศ. ทราบ

ข้อ ๑๐ การพิจารณาเรื่องที่เป็นนโยบายของ กนศ. ให้เสนอผลการพิจารณาต่อ คณะรัฐมนตรีเพื่อให้ความเห็นชอบก่อนดำเนินการ

ข้อ ๑๑ การดำเนินงานของ กนศ. ตามข้อ ๔ (๖) เฉพาะการให้คำมั่นหรือทำ สัญญาผูกพันใด ๆ ต้องได้รับอนุมัติจากคณะรัฐมนตรีก่อน

ข้อ ๑๒ ให้กรมเศรษฐกิจการพาณิชย์ กระทรวงพาณิชย์ ทำหน้าที่เป็นสำนักงาน เลขานุการของ กนศ. โดยให้มีอำนาจหน้าที่ดังต่อไปนี้

(๑) รับผิดชอบด้านงานประชุม งานธุรการ และงบประมาณสำหรับการดำเนินงานของ กนศ.

(๒) ประสานงานกับส่วนราชการและภาคเอกชนที่เกี่ยวข้อง

(๓) ประสานงานกับเลขานุการคณะกรรมการว่าด้วยความร่วมมือทาง เศรษฐกิจในเอเชีย - แปซิฟิก คณะกรรมการดำเนินการเขตการค้าเสรีอาเซียน คณะกรรมการ ประสานการพัฒนาความร่วมมือทางเศรษฐกิจกับประเทศเพื่อนบ้านและคณะกรรมการอื่น ในการเสนอเรื่องที่เกี่ยวข้องกับการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ เพื่อนำเสนอให้ กนศ. พิจารณา ในการนี้ ให้คณะกรรมการดังกล่าวแจ้งเรื่องที่ต้องการขอรับนโยบายโดยตรง ต่อสำนักงานเลขานุการ กนศ.

(๔) ประสานงานกับส่วนราชการที่เกี่ยวข้อง ในการศึกษาและวิเคราะห์ นโยบาย ท่าที และมาตรการในด้านความสัมพันธ์ทางเศรษฐกิจระหว่างประเทศ ผลกระทบ จากการปฏิบัติตามข้อตกลงนานาชาติ เพื่อใช้ในการเตรียมการประชุมเจรจาการค้า และ ความร่วมมือระหว่างประเทศ

(๕) มีอำนาจเชิญบุคคลจากส่วนราชการ และภาคเอกชนมาช่วยดำเนินการ หรือเพื่อให้ชี้แจง หรือเพื่อให้ข้อมูลสถิติใด ๆ ที่เกี่ยวข้องกับการดำเนินการตามระเบียบนี้

(๖) ติดตามประเมินผลและเร่งรัดการปฏิบัติงานตามมติของ กนศ. ของ หน่วยราชการหรือภาคเอกชนที่เกี่ยวข้อง

(๗) ปฏิบัติตามประกาศ ระเบียบ และมติ ของ กนศ. และปฏิบัติการ ตามที่ กนศ. มอบหมาย

ข้อ ๑๓ ให้นายกรัฐมนตรี เป็นผู้รักษาการตามระเบียบนี้

ประกาศ ณ วันที่ ๓๐ พฤศจิกายน พ.ศ. ๒๕๓๘

บรรหาร ศิลปอาชา

นายกรัฐมนตรี

ที่ นร ๐๒๑๔/ว ๒๗

สำนักเลขาธิการคณะรัฐมนตรี

ทำเนียบรัฐบาล กท ๑๐๓๐๐

๒๗ มกราคม ๒๕๔๐

เรื่อง ระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ (ฉบับที่ ๒)

พ.ศ. ๒๕๔๐ และระเบียบสำนักนายกรัฐมนตรีว่าด้วยการพัฒนาการส่งออก พ.ศ. ๒๕๔๐

เรียน กระทรวง ทบวง กรม

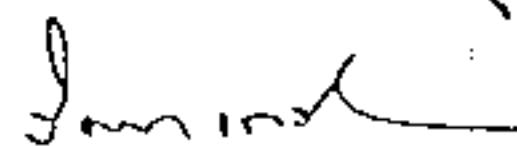
สิ่งที่ส่งมาด้วย ลำเนาระเบียบในเรื่องนี้ รวม ๒ ฉบับ

ด้วยในคราวประชุมคณะรัฐมนตรีเมื่อวันที่ ๑๔ มกราคม ๒๕๔๐ คณะรัฐมนตรีได้มีมติเห็นชอบร่างระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ (ฉบับที่ ..) พ.ศ. และร่างระเบียบสำนักนายกรัฐมนตรีว่าด้วยการพัฒนาการส่งออก พ.ศ. ที่กระทรวงพาณิชย์เสนอ โดยให้แก้ไขร่างระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ (ฉบับที่ ..) พ.ศ. ข้อ ๓ ให้ถูกต้องตามรูปแบบการร่างกฎหมายแล้วดำเนินการต่อไปได้

สำนักเลขาธิการคณะรัฐมนตรีได้แก้ไขร่างระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ (ฉบับที่ ..) พ.ศ. ตามมติคณะรัฐมนตรี และได้นำร่างระเบียบทั้งสองฉบับในเรื่องนี้เสนอนายกรัฐมนตรีพิจารณาลงนาม และประกาศในราชกิจจานุเบกษา ฉบับประกาศทั่วไป เล่ม ๑๑๔ ตอนที่ ๗ ง วันที่ ๒๓ มกราคม ๒๕๔๐ แล้วดังที่ได้ส่งมาพร้อมนี้

จึงเรียนยืนยันมา และขอได้โปรดแจ้งให้ส่วนราชการและรัฐวิสาหกิจในสังกัดทราบเพื่อถือปฏิบัติต่อไป

ขอแสดงความนับถือ



(นายวิชัย เครืองาม)

เลขาธิการคณะรัฐมนตรี

สำนักนิติธรรม

โทร. ๒๔๑๐๐๑๑, ๒๔๒๓๖๔๔

โทรสาร ๒๔๒๔๑๔๕

ระเบียบสำนักนายกรัฐมนตรี
ว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ (ฉบับที่ ๒)
พ.ศ. ๒๕๔๐

โดยที่เป็นการสมควรปรับปรุงระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๘ นายกรัฐมนตรีโดยความเห็นชอบของคณะรัฐมนตรีจึงวางระเบียบไว้ ดังต่อไปนี้

ข้อ ๑ ระเบียบนี้เรียกว่า “ระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ (ฉบับที่ ๒) พ.ศ. ๒๕๔๐”

ข้อ ๒ ระเบียบนี้ให้ใช้บังคับตั้งแต่วันถัดจากวันประกาศในราชกิจจานุเบกษาเป็นต้นไป

ข้อ ๓ ให้ยกเลิกความในข้อ ๖ แห่งระเบียบสำนักนายกรัฐมนตรีว่าด้วยการกำหนดนโยบายเศรษฐกิจระหว่างประเทศ พ.ศ. ๒๕๓๘ และให้ใช้ความต่อไปนี้แทน

“ข้อ ๖ ให้มีคณะกรรมการคณะหนึ่งเรียกว่า “คณะกรรมการนโยบายเศรษฐกิจระหว่างประเทศ” เรียกโดยย่อว่า “กนศ.” ประกอบด้วย

(๑) นายกรัฐมนตรี หรือรองนายกรัฐมนตรี	เป็นประธานกรรมการ
ที่นายกรัฐมนตรีมอบหมาย	
(๒) รัฐมนตรีว่าการกระทรวงพาณิชย์	เป็นรองประธานกรรมการ
(๓) รองนายกรัฐมนตรีหรือรัฐมนตรีที่มีหน้าที่	เป็นกรรมการ
กำกับดูแลงานของสำนักงานคณะกรรมการ	
พัฒนาการเศรษฐกิจและสังคมแห่งชาติ	
(๔) รองนายกรัฐมนตรีหรือรัฐมนตรีที่มีหน้าที่	เป็นกรรมการ
กำกับดูแลงานของสำนักงานคณะกรรมการ	
ส่งเสริมการลงทุน	
(๕) รัฐมนตรีว่าการกระทรวงการคลัง	เป็นกรรมการ
(๖) รัฐมนตรีว่าการกระทรวงการต่างประเทศ	เป็นกรรมการ
(๗) รัฐมนตรีว่าการกระทรวงเกษตรและสหกรณ์	เป็นกรรมการ
(๘) รัฐมนตรีว่าการกระทรวงคมนาคม	เป็นกรรมการ
(๙) รัฐมนตรีว่าการกระทรวงอุตสาหกรรม	เป็นกรรมการ
(๑๐) ปลัดกระทรวงการต่างประเทศ	เป็นกรรมการ

(๑๑) ปลัดกระทรวงพาณิชย์	เป็นกรรมการ
(๑๒) ผู้ทรงคุณวุฒิซึ่งประธานกรรมการ แต่งตั้ง ๓ ท่าน	เป็นกรรมการ
(๑๓) อธิบดีกรมเศรษฐกิจการพาณิชย์	เป็นเลขานุการ"

ประกาศ ณ วันที่ ๒๑ มกราคม พ.ศ. ๒๕๔๐

พลเอก ชวลิต ยงใจยุทธ

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