DETERMINANTS OF THAILAND'S BILATERAL FREE TRADE AGREEMENT NEGOTIATIONS WITH AUSTRALIA, JAPAN AND THE UNITED STATES

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(Daniel H. Unger, Ph.D.)

ABSTRACT

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By the beginning of the 21st century, Thailand had become known as one of the most active proponents of FTAs within the Asia-Pacific region alongside the United States and Singapore. From February 2001 to February 2005, during the first administrative term of the then Thai government led by Thaksin Shinawatra, eleven FTAs were placed under negotiation. While this trend continued upon his second successive term (February 2005-April 2006) as additional talks with new countries increasingly found themselves on the government's trade agenda, the ability of the government to initiate talks was, however, not accompanied by its competence to end them. In fact, only five out of fourteen FTAs were successfully ratified during the six-year Thaksin Administration.

In recognition of the Thai government's difficulties to conclude FTA negotiations, especially those conducted during the latter years, a scattering of information mainly taking the form of news, articles and factual booklets rather than academic research was released to provide both facts and opinionated views on Thailand's FTA negotiations. Despite these attempts, it seems clear that a comprehensive approach to understanding Thailand's FTA negotiation process, specifically the events leading up to Thailand's FTA negotiation outcomes, is still lacking.

In addressing this gap, the present study was undertaken with the aim to provide a synthesizing framework for analyzing Thailand's foreign trade policy negotiations that looks into the domestic and international determinants of foreign trade policy negotiations and how they influence the bargaining process and lead to the final negotiation outcome. Given this context, the study has two objectives: (1) to provide a descriptive framework of Thai FTA negotiations and an analysis of interactions both between Thai and foreign players as well as among domestic players, and (2) to provide explanations about why certain Thai FTA negotiations ended as they did and whether they met the initial goals anticipated by the negotiators or not.

In particular, three FTAs are selected as case studies - the Thailand-Australia Free Trade Agreement (TAFTA), the Japan-Thailand Economic Partnership Agreement (JTEPA) and the Thailand-United States Free Trade Agreement (TUSFTA). Using qualitative research methodology, the findings suggest that international level determinants consist of geographical characteristics, demographical characteristics, market conditions and international trade institution and arrangement linkages. Domestic level determinants consist of government strength, ratification actors and procedures, distribution of constituents' preferences and the participation of organized interests. The particular configurations of these determinants then influence (1) the mixed bargaining strategy in TAFTA negotiations and the hard-line bargaining strategy in JTEPA and TUSFTA negotiations that were adopted by the Thai negotiators; as well as (2) the final ratification of TAFTA and JTEPA and the impasse of TUSFTA. Ultimately, this study concludes that only TAFTA and JTEPA met the initial goal anticipated by the Thai negotiators which was to achieve a South-South kind of agreement that favored talks on traditional liberalization. In the TUSFTA case, differences in initial preferences between Thai and American negotiators, however, led to a non-negotiable outcome and hence to unsuccessful goal achievements for both sides' negotiators. The impasse of TUSFTA negotiations, nevertheless, constitutes a success for the Thai anti-FTA social movement group who preferred TUSFTA negotiations to be taken off the trade agenda. The success of the group was not only founded on their ability to obstruct negotiations, stimulate political uncertainty within the government coalition and finally oblige the negotiators to end talks, but also on their ability to have their participation institutionalized under the new 2007 Constitution.

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