ABSTRACT

Economic diplomacy represents a substantial part in the present context of international affairs. Diplomatic practice among the state is as old as the history of human civilization. Modern world has formulated many principles and policies that are to regulate the diplomatic practices among the state. It plays a very significant role in the success and strength of a state. Diplomacy is the art and practice of conducting negotiations between representatives of groups or states. It usually refers to international diplomacy, the conduct of international relations through the intercession of professional diplomats with regard to issues of peace-making, trade, war, economics and culture. International treaties are usually negotiated by diplomats prior to endorsement by national politicians. All states conduct some of the foreign policy ambitions and objectives for their stability, security, and prosperity. The foreign policy of country at any given period is the end product of its response to the prevailing socio-economic and political challenges whether in domestic or external environment. Economic diplomacy provided the engine that drove the economic and security train of the free world. Furthermore, economic diplomacy is identified as an important factor to eradicate the protectionism which is the main problem of international trade. Restriction
on free trade would gradually be reduced though effective economic diplomacy conducted by right and qualified administration. Economic obligations compel nations to integrate in spite of any constraints. Its magnitude of economic strength and its ability to force a nation to compromise has been and shall continue to be used as an instrument in seeking allies and fostering the political strength and economic stability in friendly countries. Economic diplomacy could be defined as the exercise, manipulation and utilisation of economic power and resources as a diplomatic instrument to achieve the targets set in the overall strategy of the foreign policy of a country. Generally, Thailand has been content for a unique position in Southeast Asia as being the only country to have successfully combated with colonialism. The most important factor to this achievement is registered on its diplomatic culture, which is taken root in the nation’s history of friendly relationship with other countries for nearly a thousand year. Its independence was referred both to the substantially skillful diplomacy of some of its leaders in adjusting to changing international circumstances and to the so-called powerful western countries policies which largely favored to maintain the kingdom as a buffer state between their colonial rivals. Thais have got the opportunities to formulate their foreign policy to defend the national interest. The diplomacy of Thailand has always represented in a dynamic way. Its priorities have had to be adjusted and readjusted from time to time in response to the changing
international situation. Thailand’s diplomacy whether economic and political and foreign policy are determined by various effects imposed by both internal and external factors. Nevertheless, it would be more appreciated to state that it has been determined more by external than internal factors. Thailand still maintains its unique style of flexibility. This could perhaps be so because of the dominant rule which is reflected in the statement quoted thus, “in politics there are no permanent friends or enemies”, and prevailing conditions are the proper course of action to be taken. Unsurprisingly, Thailand seems to be less obsessed with the question of morality in international politics, and more concerned with the art of survival. Thailand’s foreign policy is firmly predicated on national interest, and therefore subject to flexibility. Thailand can not escape from the fact that it is but a small nation living in a region where great powers have previously exerted considerable influence. With its limited resources at hand, the country must interact with the outside powers, while trying to order its relations with neighboring states, especially those with different ideologies and past and existing differences. The ultimate goal is of course to minimize the external influence and to strengthen bilateral relations with fellow Southeast Asian states so as to increase the bargaining position of the region. In addition, Thailand has to tackle the various constraints in its foreign policy which are derived partly from the democratic experiment now being conducted. This is a difficult time for Thai diplomacy, and
passing the test will demonstrate Thailand’s national resilience. Undeniably, Thailand nowadays is hectic on managing and adjusting to meet interest in regional cooperation with their neighboring countries within the framework of ASEAN and of course, another massive and rich region like G.C.C. countries which established Look East Policy would effectively correlate with the Look West Policy of Thailand. Energy is at the essence of the Thailand-G.C.C. economic relationship, but it is not the sum of it. Non-energy bilateral trade between Thailand and the G.C.C. countries has continuously been on the massive growth. In fact, skyrocketing increase of oil price in global market have further enhanced growth in the G.C.C. economies, it is potentially established into a massively growing demand for imports, creating an increasingly attractive market for Thailand businesses.

During 80s, the massive oil price increase triggered a dramatic impact on the Gulf Countries. Oil revenues created the massive purchasing power. They managed to inject a large sum of money to improve many massive infrastructural programmes which inevitably required a massive amount of labour to carry on these kinds of development. Unfortunately, the booming labour market could not be met by the local supplies both due to small population as well as a low level of skill availability. Therefore, these rich countries had been to import labour both skilled and unskilled from abroad. It can be said that one of the most important dimensions of
Thailand’s economic diplomacy in the Gulf has been the massive export of its labour. While Thailand has been supplying the labour force to meet the shortage in the Gulf market, it has been generating valuable foreign exchange in the form of remittances. While their migration has not largely affected the internal labour market in a substantial way, their portion in the form of remittances too have not been having the large impact on the local economy.

Gulf Corporation Council (G.C.C.) is a crucial part of Middle East which has been identified as a cradle of ancient civilization, the home of important world religions, the heartland of Islam and the location of two-thirds of the world oil reserves. Therefore, to maintain the cordial relation with this region both political and economic has long been the top priority of Thailand’s foreign policy agenda. Thailand’s policy towards G.C.C. countries has partially been influenced by the Thai foreign policy toward Middle East which is built on our already strong bilateral relations and multilateral engagements with the region. The policy is part of our “Look West Policy”, which aims to strengthen cordial relations and economic cooperation with target states to the West of Thailand, which of course include countries in the Middle East. Thailand has been working to improve an all-round relations and cooperation with countries in the region in political, economic, social and cultural spheres. The policy comprises Government-to-Government, Business-to-Business and People-to-People
contacts and exchanges. It is therefore encouraging to witness the current growing interest in East Asia of the Middle East states as shown by the go-east trends and the "Look East Policy" being carried out now in the region.

The maximum benefit from the potential of economic cooperation between Thailand and oil rich G.C.C. countries has heralded an enormous improvement of trade that observed to be continuously increasing year by year with the balance sheet of overall trade favourable to G.C.C. sides due to Thailand's considerably much dependence of mineral fuel and oil from G.C.C. countries. Due to its massive industrial, agricultural and exports base, Thailand maintains its position to consistently supply more goods and services to G.C.C. requirements. Nevertheless, as compared to US or Chinese market, the overall share of Thailand's export to G.C.C. market has still been negligible and marginal. Besides, investment from G.C.C. countries in Thailand has been relatively small. From the statistical data on changing export commodity composition, it is observed that the major items which sustained its potential growth in this market are vehicle, electronic devices and so on. These products are still required by G.C.C. countries. If Thailand wants to maintain its growth at this level or higher, one has to be vigilant for massive supplier like, China and India which always pose a major threat to Thailand export performance in this market. Therefore, it is a strong
commitment for Thailand’s Department of Export Promotion to adapt the changing circumstances and increasingly challenging environment by conducting huge and constructive campaign with given wide coverage to keep Thai’s products even more competitive in price and capabilities. Besides, strict quality control policy should be implemented to excel the export performance; otherwise, it will create negative impacts for the future. Recently, with a rapid appreciation of the value of Thai baht due to the so-called hot money influx to Thailand with deliberate speculations, it is Thai’s government obligation to appropriately intervene in the value of Thai baht in order to maintain and maximize level of export; otherwise, Thailand possibly will lose its current value of exports, especially to G.C.C. countries, sooner or later. Because, a lot of suppliers whether developed and developing countries look forward to exploit in this market.

The US has represented Thailand’s largest export market and second-largest supplier after Japan, while Thailand’s traditional markets have been North America, Japan and Europe. Economic recovery among Thailand’s regional trading partners has enhanced Thai export growth. Increasing exports of Thailand to the rest of Asia and the US is a major stuff to gradually recover from financial crisis. So far, Thailand and G.C.C. trade represented remarkable improvement, despite tough competition imposed by neighbouring South East Asian countries, Japan, US and European countries. These countries have been struggling to secure and
increase their export market in these wide-opening massive markets. Thailand supplies in this huge market with small value as compared to large volume of imported products from G.C.C. countries, especially oil which registered a continuous increasing trend. The largest export items of Thailand are clearly agricultural product, especially rice; however, the largest export items of Thailand to G.C.C. are industrial and electronic products like vehicle, electronic devices. This is directly attributed to the increasingly tough competition on rice export of Thailand imposed by Vietnam and of course Basmati rice of India which registers a largest share in this rich and massive consumer market. Recently, Thai launched a massive campaign on high quality of Thai rice named Jusmin rice. Jusmin rice slowly becomes known in G.C.C. countries. Therefore, Thailand’s obligation is to try to productively revise its strategy to get more shares in this rich and huge market. Incidentally, the private sector role is compulsory to explore and facilitate the existing opportunity in expanding trade, commercial and investment sectors. The Thai-G.C.C. trade volume of $24 billion is only identified as an initial stage for the private sector players and there are obligations for the private sectors to work potentially to take more advantage and benefit in the existing opportunities between Thailand and the G.C.C.. High level private sector interaction would further herald the existing circumstance and would provide a mutual support to the commitment of Thai- G.C.C. to grow commercial and
investment cooperation. In order to improve the country's trade diplomacy, Thai-G.C.C. business conference which is organized jointly by Thai business promotion union and the Bahrain Chamber of Commerce and Industry (BCCI) came to take place to embark upon a comprehensive and visionary programme of initiatives paving the way for enhancing the bilateral business relation between Thailand and Bahrain and major gateway to other G.C.C. members as well. Moreover, Thai Business Centre (TBC), a permanent export centre in Bahrain set up by the private sectors of both countries to conduct a massive campaign for Thai products and services should be revitalized for all the G.C.C. market.

Thailand has seen Bahrain as gateway to G.C.C. region. Thailand is currently focusing on free trade agreement (FTA) with G.C.C. countries. Both sides were close to sign the FTA when the G.C.C. side had come up with a proposal to extend this agreement to Thai-G.C.C. trade treaty. The new approach is identified as an important forward step to enhance the existing base of trade. Undeniably, investment and commercial activities among the party is concerned is expected to trigger a massive impetus on economic development of the two sides. The top priority of Thai government is to narrow down trade deficit by improving export performance to this region. Simultaneously, Thailand must use more efficiently the imported energy, especially oil which plays a crucial part for balance sheet favour to G.C.C. side. On the other side, this high
trade deficit has long been compensated by Thailand’s labour working in G.C.C. countries. Due to the sky-rocketing increase in oil prices, massive and surplus capital inflowed to G.C.C. countries. Then, they realized that it will be highly risk to rely on only depleting natural resource, oil. Consequently, massive ambitious infrastructural programme had been initiated to allow diversification to take place. Less indigenous labour forces existing in G.C.C. inevitably brought the requirement on expatriate labour force to carry on oncoming ambitious and massive development programme. This was a huge opportunity for relatively massive amount of labour force like Thailand to start exporting labour to this region on full scale. More than 70 percent of overall Thai’s expatriate labour has been working in G.C.C. countries since oil boom in the mid 70s. The number registered highest level in 1982 with 95 percent of Thai’s labour forces working in Saudi Arabia which generated relatively large amount of remittances. We have observed that after mid 1980s when oil prices in the global market declined, Thai’s labour export to G.C.C. also fell. However, the completion of various projects which started in the beginning of oil boom and visa expiry could also be attributed to these falling trends. After oil price showed a sign of recovery, the overall volume of Thai’s labour force migration kept growing again. However, massive decline of Thai’s labour force working in G.C.C. was registered during Gulf war period. Apart from Gulf war, other unfortunate incidents took place, namely gem
scandal between Thai and Saudi Arabia, Saudi Arabia’s officers killed in Thailand and Saudi Arabia’s businessmen disappearing in Thailand. These unfortunate incidents resulted in negative impact on overall relations between the two sides which were still unsolved. Massive decline of Thai’s labour in Saudi Arabia was immediately represented after incidents. The relationship of the two sides became strained and frozen. Nevertheless, bilateral trade between the two seemed to be slightly affected. After this period, the volume of Thai’s labour in other G.C.C. member countries was also declining. Meanwhile, annual labour outflows from Thailand had been fluctuating massively. Ironically, most of Thai’s labour shifted their destination to East and neighbouring Asian countries not far from home and easier to get working visa. Recently, G.C.C. hosts only 10 percent of Thai’s expatriate labour force.

Thailand has engaged with countries in the Middle East through both formal institutions such as ASEAN-G.C.C., the OIC and the NAM (Non-Aligned Movement) as well as dialogue processes such as the Asia Cooperation Dialogue or (ACD) and the AMED (Asia-Middle East Dialogue), which involves many Arab and G.C.C. countries. Thailand’s establishment of diplomatic relations with the Middle East dates back to the 1950s. Her political relations with countries in the region included Gulf Cooperation Council (G.C.C.), the Levant (Syria, Lebanon, and Jordan),
Egypt, the Maghreb (Algeria, Morocco, Tunisia, and Libya) and Persia (Iran) has always been cordial and productive.

Thailand’s economic relationship with G.C.C. countries has been intensified in areas of trade, investment and tourism. Its policy direction is substantially represented on developing economic partnerships and expands business opportunities with each country. Besides, Thailand is keen to take part in contributing to the ongoing development process and economic reform efforts in the G.C.C. region. At the same time, Thailand is required to have countries in the Middle East (G.C.C.) to be partners in Thailand’s drive for economic progress. Six largest markets in the Middle East for Thailand currently are the UAE, Bahrain, Oman, Kuwait, Jordan and Iran, respectively. Currently, Thailand plans to set the market expansion by using UAE (Dubai), Egypt, Bahrain and Iran to be regional hub and gateways to the region. As a result, Thai Business Center (TBC) in Manama is established to promote trade and serve importers in Bahrain, G.C.C. countries and beyond.

Thailand investment cooperation with the Middle East is still limited in number and scope. With the rising capital surplus and high liquidity in many countries in the region, Thailand requires increasing and largely expanding investment activities. Thailand is required to raise awareness and convince G.C.C. member countries to take advantage of strong manufacturing base and unique economic strength by shifting
investment in areas of mutual interest such as energy, petrochemical, banking, financial services, and property development to Thailand. Moreover, investors from G.C.C. are able to take advantage of Thailand’s strategic position as a gateway for trade and investment into SEA, ASEAN and East Asia. Thailand is also encouraging G.C.C. investors to undertake joint investment with the Thai counterparts in areas of Thailand’s expertise such as tourism, hotel management and food and Halal industry. Energy Cooperation, G.C.C. countries is the largest source of our energy supply. In 2007, Thailand imported about 80 % of our total crude oil import from this economic grouping (G.C.C. countries) (with 32.02 % from the UAE, 14.15 % from Oman, 19.23 % from Saudi Arabia, 3.72 % from Qatar, 5.41 % from Yemen). In order to secure energy supplies from the region strategic partnership with producing countries by joint investment in exploration and production as well as in the downstream activities is required to be pursued in a positive way. Therefore, Thailand has pursued a pro-active policy on energy cooperation with countries like Oman, the UAE, Bahrain and Iran in response to rising of world’s oil price and domestic energy security. For example, the gas sale agreement to Oman Oil company from PTT Exploration and Production Public Company Limited (PTT-EP) or the Petroleum Authority of Thailand’s exploration at Block 44 in Oman and the signing of Technical Evaluation between PTT-EP and the Bahrain
Petroleum Company (BAPCO) of Bahrain. Of course, various technical agreements, especially in energy sector are proposed to be signed very soon. Thailand is determined to improve relation with G.C.C. countries partly in order to secure more energy supply and importantly to attract foreign investment from the G.C.C. countries whose volume is considerably low currently. However, Thailand requires studying and assessing more in the area of culture, tradition and other important spheres which is considered unique if Thailand wants to be major partner with this region.