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No. 4/2022 | May 2022

The ASEAN-US Special Summit and the Future of Thailand-US

Economic Relations

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The ASEAN-US Special Summit was held in Washington D.C. on 12-13 May 2022. This meeting created timely opportunities for both ASEAN governments and the Biden Administration to discuss the directions of their countries' cooperation amidst rising regional and international challenges. The discussion topics varied, ranging from the post-COVID-19 recovery, the war in Ukraine to rising energy prices and inflation.

This gathering was also commemorative as it marked the 45th anniversary of the ASEAN-US Dialogue Relations. According to the Joint Vision Statement, the governments pledged to establish “an ASEAN-U.S. Comprehensive Strategic Partnership that is meaningful, substantive, and mutually beneficial at the 10th ASEAN-U.S. Summit in November 2022”. The participants

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were also committed to collaborating on several areas namely public health, economic linkages and connectivity, maritime cooperation, people-to-people connectivity, subregional development, technology and innovation, climate change, and regional and international cooperation. Moreover, Washington appointed Mr. Yohannes Abraham, the chief of staff to the White House National Security Council, as the US Ambassador to ASEAN. This decision came after the US left this post vacant for five years since 2017.

In addition, the US promised to chip in additional US\$ 150 million to fund the ASEAN-US cooperative schemes. Out of this amount, \$US 40 million will be used to mobilise clean energy financing worth of US\$ 2 billion. US\$ 60 million will be catered towards the maritime cooperation initiatives namely capacity-building programmes for the region's maritime law enforcers. Critics might assert that Washington's funding quantum pales in comparison to how much China has been giving to the Southeast Asian countries. However, the Biden Administration made clear that the amount is allocated to drive private financing in the region, aligning with the US' business model.

From Thailand's perspective, this Special Summit was well-embraced and laudable. Prime Minister Prayut Chan-o-cha expressed his happiness that the US pays attention to ASEAN again. This is due to the following reasons. For instance, the installation of the US Ambassador to ASEAN since 2017 is critical. It is because this envoy acts as a point-of-contact which would play a key role in fostering the future ASEAN-US relations and enabling both sides to more effectively address regional and international issues. Also, the upgrading of the ASEAN-US ties to the Comprehensive Strategic Partnership level slated in November 2022 reflects the forward-looking stance shared by ASEAN governments and the Biden Administration. Echoing the latter's emphasis that the Special Summit constitutes a "new era" of the ASEAN-US relations, such

elevation of their cooperation level heralds tightened collaboration between both sides in years to come.

With respect to the Thailand-US relations, this Special Summit coins various opportunities for Bangkok to tighten its economic cooperation with Washington. As expressed by Prime Minister Prayut, the US and Thailand's agendas are complementary. For example, the US' commitment to supporting the ASEAN's digital infrastructure to galvanise the 5G technology and Information and Communications Technology (ICT) ecosystems would entail the increased Thailand's participation in technology-driven supply chains such as electrical vehicles (EVs) and biotechnology. Also, Washington's plan to enhance climate change cooperation jives well with the Bio-Circular-Green economic model (BCG model) that Thailand has been adopting and advocating in international platforms such as the Asia-Pacific Economic Cooperation (APEC) which it hosts in 2022.

Going forward, Bangkok can further capitalise on the opportunities above to not only enhance its bilateral economic ties with the US but also raise the country's leadership in international fora. For example, given Washington's desire to support the ICT infrastructure in Southeast Asia, the Thai government should seek to attract more US investment into the Eastern Economic Corridor (EEC). EEC is envisioned to be the country's next-generation growth area and is the heart of Thailand 4.0. Thailand 4.0 is a strategy aimed at transforming the country into a value-based economy driven by technology and innovation. Because EEC strives to boost five new S-curve industries (i.e. robotics, aviation and logistics, digital, biofuels and biochemical, and medical services), the US investment could help enable Thailand to establish itself as a production hub of these technology-intensive sectors in the region. There exist several ways to realise this goal. For example, the Board of Investment (BOI) gives additional investment incentives to the US entrepreneurs, allowing the latter to export their low-carbon energy solutions to Thailand as well

as stimulating the US investment in clean-energy products such as EVs. Also, BOI can provide more incentives to the American firms which bolster the Thai workforce's skills supporting the country's digital economy.

The Thai government should also use its post as this year's APEC host to drive discussions on several matters that the interests of APEC parties converge. One example is the creation of Free Trade Area of Asia-Pacific (FTAAP). With the American withdrawal from the Trans-Pacific Partnership (TPP) Agreement and the dim prospects of its speedy participation in the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP) Agreement, FTAAP seems to be a potential alternative pathway linking supply chains among APEC economies and Washington. Moreover, the sideline meetings of APEC can be utilised to explore the synergies between Thailand's BCG Model and the US' Build, Back, Better World (B3W) initiative. Washington unveiled this scheme at the Group of Seven (G7) gathering in June 2021. B3W is aimed at creating high-standard and transparent infrastructure-building partnership and. As announced at this G7 meeting, "[t]hrough B3W, the G7 and other like-minded partners will coordinate in mobilizing private-sector capital in four areas of focus—climate, health and health security, digital technology, and gender equity and equality—with catalytic investments from our respective development finance institutions". Finding complementarities between the BCG and B3W schemes will be beneficial to Thailand. It is because doing so can beget tangible workplans and projects to develop sustainable infrastructure in the country.

In addition, the Thai government should utilise its expertise on sustainable development (SD) and its position as an ASEAN coordinator on SD collaboration since 2016 to shape both ASEAN-US and Thailand-US cooperation in this area. One way to do it is to tap on the ASEAN Centre for Sustainable Development Studies and Dialogue (ACSDDSD). Founded in Thailand in

2019, this entity has two main functions. They are: (1) to “promote research and capacity building” on SD, and (2) to “serve as a platform for policy dialogue for ASEAN Member States, and between ASEAN and its external partners”. Because both US and ASEAN states aspire to recover from the COVID-19 pandemic in a sustainable, inclusive, and resilient manner, the Thai government can use ACSDDSD as a venue to broaden its international networking and concoct new ideas regarding the sustainable post-pandemic recovery. Illustratively, the Centre can organize seminars or workshops to coin additional measures to synchronise the implementation of the ASEAN Community Vision 2025, the United Nations 2030 Agenda for Sustainable Development, and the US’ B3W. Doing so can result in more US assistant programmes (e.g. capacity-training) to the Southeast Asian countries including Thailand. Also, leaning on ACSDDSD, the Thai government can conduct its Track 1.5 or Track 2 diplomacy to spur SD discussions among ASEAN members, Washington, and beyond, hence raising the country’s leadership in the SD and related matters in international fora.