The EU-Thailand relations: tracing the patterns of new bilateralism
Kiatpongsan, Chaiyakorn

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The EU-Thailand Relations: Tracing the Patterns of New Bilateralism focuses on the so-called new bilateralism, a foreign policy development widespread since the mid-1990s. The main puzzle addressed in the book is why the policy trend of new bilateralism has been pursued in spite of the widely accepted views on political and economic advantages of multilateralism. Methodologically, the book introduces a two-level analytical framework derived from foreign policy theories at the unit level and the mainstream IR theories at the international system level. The case study of EU-Thailand relations shows that in times when multilateralism is in crisis shifts towards a foreign policy pragmatism occur and that the prospects of bilateral engagement, identity formation and rhetorical action facilitate such behavioral change.

Chaiyakorn Kiatpongsan is a former recipient of the Royal Thai Government scholarship and has completed his PhD studies from Albert-Ludwigs-Universität Freiburg (Germany).

"Chaiyakorn Kiatpongsan has submitted a thorough study that excellently shows how Thailand skillfully develops strategic bilateral relations with the European Union for mutual benefit. It provides most valuable insights into a new and little studied type of bilateral relations in which regional organizations have become major actors."

— Joern Dosch, Professor of Asia Pacific Studies and Director of the Department of East Asian Studies at the University of Leeds, UK
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The EU-Thailand Relations

Tracing the Patterns of New Bilateralism

Chaiyakorn Kiatponsan
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Bangkok, August 2010
Chaiyakorn Kiatponsan
Abbreviations

AEETC  Asia-Europe Environment Technology Centre
AEMM  ASEAN-EEC Ministerial Meeting
ALA  Asia and Latin America
ARF  ASEAN Regional Forum
ASEAN  Association of Southeast Asian Nations
ASEM  Asia-Europe Meeting
CAT  Communications Authority of Thailand
CHARM  Coastal Habitats and Resources Management
CLMV  Cambodia, Laos, Myanmar and Vietnam
CSCAP  Council for Security Cooperation in the Asia Pacific
DAC  Development Assistance Committee
DG  Directorate-General
EC  European Community
ECAP  EC-ASEAN Intellectual Property Rights Co-operation Programme
ECHO  European Community Humanitarian Aid Department
EEC  European Economic Community
EIB  European Investment Bank
ESDP  European Security and Defense Policy
EU  European Union
FLEGT  Forest Law Enforcement, Government and Trade
FTA  Free Trade Agreement
GATT  General Agreement on Tariffs and Trade
GI  Geographical Indications
GSP  Generalized System of Preferences
HIPC  Highly Indebted Poor Country
IAI  Initiative for ASEAN Integration
ICT  Information and Communication Technology
IDA  International Development Association
IPP  Integrated Product Policy
IPR  Intellectual Property Rights
JSG  Joint Study Group
MFN  Most Favored Nation
NGO  Non-Governmental Organization
NTC  National Telecommunications Commission
<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tr>
<td>ODA</td>
<td>Official Development Assistance</td>
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<tr>
<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
</tr>
<tr>
<td>OSCE</td>
<td>Organization for Security and Cooperation in Europe</td>
</tr>
<tr>
<td>PCA</td>
<td>Partnership and Cooperation Agreement</td>
</tr>
<tr>
<td>SCCAN</td>
<td>Special Coordinating Committee of ASEAN Nations</td>
</tr>
<tr>
<td>SEAMEO</td>
<td>Southeast Asian Ministers of Education Organization</td>
</tr>
<tr>
<td>SGP PTF</td>
<td>Small Grants Programme for Operations to Promote Tropical Forests</td>
</tr>
<tr>
<td>SME</td>
<td>Small and Medium-sized Enterprises</td>
</tr>
<tr>
<td>SPF</td>
<td>Small Projects Facility</td>
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<tr>
<td>TBBC</td>
<td>Thailand Burma Border Consortium</td>
</tr>
<tr>
<td>TEIN</td>
<td>Trans-Eurasia Information Network</td>
</tr>
<tr>
<td>TOT</td>
<td>Telephone Organization of Thailand</td>
</tr>
<tr>
<td>TREATI</td>
<td>Trans-Regional EU-ASEAN Trade Initiative</td>
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<tr>
<td>UN</td>
<td>United Nations</td>
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<tr>
<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<td>UNHCR</td>
<td>United Nations High Commissioner for Refugees</td>
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<tr>
<td>WTO</td>
<td>World Trade Organization</td>
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A phenomenon called *new bilateralism* has been observed across regions since at least the mid-1990s and it is remarkable how this phenomenon has affected international relations. In a theoretical discourse, the use of the term *new bilateralism* has been perceived with much skepticism, literally as well as conceptually. In a way, the channel of interaction of new bilateralism may not differ from the one conventionally explored by great powers upon weaker states, but at the moment, it is interesting to observe that not only the former but also a series of individual states that have never engaged in such a struggle are eagerly and extensively seeking to initiate bilateral FTA or specific political arrangements (Lloyd 2002; Ziltener 2004). The wave of new bilateralism includes bilateral ties that seemed to be unlikely a decade earlier, such as, for example, Thailand and Israel who signed an agreement on investment promotion and protection in August 2003, or Singapore and Panama who became parties to a bilateral free trade agreement in March 2006. Moreover, it is not uncommon that both parties of new bilateral FTAs belong to the same pre-existing regional trading arrangements, for example, the US-Chile Free Trade Agreement or the New Zealand-Thailand Closer Economic Partnership, with all of these parties also being co-members of the Asia Pacific Economic Cooperation (APEC). After all, the impact of the resulting proliferation of free trade agreements (FTAs) – with a number of *new bilateral* arrangements continuously emerging on the sidelines of multilateral negotiations – is not negligible in terms of its practical implications for the multilateral order that has dominated international trade relations for more than a half century.

Terminologically, the novelty of *new* bilateralism often comes under attack. In retrospect, the term *new bilateralism* itself first entered the language of International Relations in the mid-1980s. Haggard and Cheng (1989: 306), for instance, used this term to describe the US’ economic policy toward East Asian newly industrializing countries during the second Reagan administration (see also Gills 1996: 671). From this period, the definition of ‘new bilateralism’ delivers a sense that bilateralism had once again become an important feature of the administration’s foreign policy primarily aimed at solving trade and economic conflicts in a more flexible but forceful way. Later, Smith and Tsatsas
(2002) brought attention to the ‘new’ bilateral relations among the EU member states in response to the EU’s politics and decision-making process since the early 1990s and began to point out the emergence of new depth and scope of new bilateralism (see also The Economist, March 24, 2001). Placed in a broader context of foreign policy, the state’s ‘new bilateralism’ virtually embraces an overall policy drift from the long propagated multilateral approaches toward a more extensive use of formal and informal instruments of ‘bilateralism’ (Ravenhill 2003: 199-200; Haggard and Cheng 1989).

Beyond the introduction of these defining elements of new bilateralism, much attention has been paid to the impact of new bilateralism upon the international system. As part of the International Relations tradition, the importance attached to it has been conceptualized against the changing structures of international politics. In particular, the argument of ‘trade institution failures’ – perceived in a confluent manner after the widely criticized misconduct of the International Monetary Fund’s (IMF) crisis management in the Asian Financial Crisis and the slowdown of the multilateral trade negotiations at the World Trade Organization (WTO) – gives rise to the question of the potential of new bilateralism either as a building block or a ‘stumbling block’ for the international system. On the one hand, among others, Bhagwati (1995, see also Bhagwati and Panagariya 2003) has already warned against a policy drift away from multilateralism to a flux of bilateral or regional agreements, referred to as a “spaghetti bowl” phenomenon, in which diverging rules and tariffs resulting from a wide range of separate agreements may negatively cause complexity and perplexity in the global trading system. On the other hand, more optimistic scholars like Dent (2003, see, for a more recent account, Dent 2006) have argued that, due exactly to the aforementioned complexity and ambiguity in rules and tariffs, new bilateralism may eventually develop a renewed forum for multilateral trade negotiations and thus lead to a rationalizing process leveling preferential trading arrangements to an ever greater integrative development of regionalism, called ‘lattice regionalism’. The two diverging views of new bilateralism, each with its own line of argumentation, have gained ground for further theoretical discussions.

Research Agenda

This book focuses on the impact of the emerging trend of new bilateralism on international relations, based on a case study of EU-Thailand relations. In effect, EU-Thailand relations stand for relations between a regional organization and a third country outside that region, so that with the emergence of new bilateralism, they can bring into play the dy-
namics of interregionalism relevant for the policy orientation between multilateralism and bilateralism in international relations. To start with, the main puzzle is why the policy trend of ‘new bilateralism’ has been pursued despite the widely accepted views on the political and economic advantages of ‘multilateralism’.

From an economic viewpoint, the international trade literature mostly reaches a general agreement that free trade – defined briefly as ‘a situation in which there are no artificial barriers to trade’ (Deardorff 2007) – strengthens market mechanisms and so increases the efficiency of the production to benefit consumers. In short, the international trade theory, as postulated by Ricardo almost a century ago (1911, see also Gerber 2002: 56), suggests that whenever countries trade with each other they are always better off because of the logic of relative comparative advantage between any two traded goods. Since all of the parties involved can always optimize their welfare gains by specializing in the production of goods where they have a comparative advantage, international trade should exist in the interest of all countries and is desirable for them as a policy orientation, at least, in the long run. Likewise, in the political sphere, the positive impact of multilateralism was earlier recognized in the Madisonian tradition of federalism where the government’s strategy of governing at a higher level of interaction may actually strengthen the collective character of itself and improve the flows of information both domestically and internationally (Madison 1787: no. 10, 63; see also Keohane, Macedo and Moravcsik 2007). Following the arguments of constitutional democracy, the commitments of states to multilateral institutions can then also contribute to “the limitations of special interests”, “the protection of individual and minority rights” and “the promotion of collective deliberation” (Keohane, Macedo and Moravcsik 2007).

Against this background of the merits of multilateralism, it is often argued that a state’s foreign policy decision to strive for new bilateralism merely serves as a second-best solution while the best one, the multilateral approach, has proved not viable (Bhagwati and Panagariya 1996: 53). In response, this book argues that this statement of new bilateralism as a second-best policy is only partially convincing because of the continued relevance of multilateral institutions and the emerging interplay between new bilateralism and multilateralism. Focusing on the case study of EU-Thailand relations, the phenomenon of new bilateralism shall be investigated here more thoroughly, in terms of the two parties’ foreign policy motivations that have led to it and the systemic implications of their new bilateralism for international relations. Accordingly, this book seeks to address two sets of research questions in particular:
The first set of questions focuses on identifying the factors that underlie foreign policy decisions in favor of new bilateralism and thus explain how each of them shapes the recent developments in EU-Thailand relations. Thus far, a number of factors have already been identified in other related studies. For example, Ravenhill (2003) sees new bilateralism as a response to (a) “an increasing awareness of the weakness of existing regional institutions and initiatives”, (b) “perceptions of positive demonstration effects from regional agreements elsewhere”, and (c) “changing configurations of domestic economic interests”, while Lloyd (2002: 1284) also includes factors like “regional security” or “fear of exclusion from major markets”. These factors will be re-classified in this book in a more comprehensive framework of foreign policy theories derived from the mainstream international relations theories; each of these will in turn be put to the test to conduct a foreign policy analysis of EU-Thailand relations.

The second set of questions focus on EU-Thailand relations as such as the unit of analysis and initiate an essential debate on the functions that new bilateralism performs, and is expected to perform, with regard to the structures of international relations. To approach this debate, the book shall theoretically condense and categorize functions ascribed to new bilateralism by the major schools of international relations at the level of the international system. In this vein, Rüland (2001b) has, for example, proposed a comprehensive set of functions of interregionalism including ‘balancing’, ‘rationalizing’, ‘institution-building’, ‘agenda-setting’ and ‘identity building’. In the EU-Thailand relations case study, the functional analysis conducted here shall help to assess the system-oriented relevance of new bilateralism and, in a way, answer the question of which theoretical school most convincingly explains the performance of new bilateral relations in the international system.

Introducing the EU-Thailand Relations

The choice of EU-Thailand relations as the subject of an empirical case study on new bilateralism was not random but carefully justified by a country-specific argument on the Thai side as well as arguments of new policy orientation and institutional presence on the EU’s side. Thailand has apparently been recognized as one of the two forerunners in the ‘new bilateralism’ trend in Southeast Asia, along with Singapore. A telling step has been taken by former Prime Minister Thaksin’s government under which, as one of its foreign policy cornerstones, a series of efforts have been made to set up bilateral FTA negotiations with a number of countries worldwide (Na Thalang 2004). There is evidence to suggest that the Thai government became interested early in exploring
the practice of economic bilateralism, but it is not until the late-1990s that a significant change in the nation’s trade policy became observable (Dent 2006: 121). Thus, after, for example, the Thai government signed an ‘Early Harvest’ framework agreement with India in October 2003, concluded a comprehensive FTA with Australia in 2004 and a similar one with New Zealand in April 2005, and has been in the process of negotiating another FTA with Peru since November 2006, Thailand’s FTA strategy seems to signal a new chapter in the history of Thailand’s foreign policy, in sharp contrast to traditional bilateral German-Thai or British-Thai relations. In this connection, the choice of the EU seems at first glance an unconventional, though interesting, choice as a party to bilateralism in general and new bilateralism in particular. Since the EU’s existing bilateral arrangements – apart from those thus far established with strategic partners such as the US – have been limited in number and predominantly directed geo-strategically toward neighboring countries and regional organizations, it is clearly of great significance to observe one of the recent messages of their Trade Commissioner Peter Mandelson’s speech in Berlin in September 2006, which underlines “the need [for the EU] to go beyond the EU’s existing bilateral free trade agreements, by setting out the case for new free trade agreements designed to deliver more open markets and fairer trading conditions in new areas of growth, particularly in Asia.” The evidence of the EU’s gradual policy shift toward new bilateralism can be found in the recent attempts to upgrade the EU-Israel Association Agreement (see also Perry 2007) as well as the prospects of the EU’s FTA negotiations with rising Asian economies such as India and China (European Commission 2006j; Asia Times 2006).

More importantly, the relevance of bilateral EU-Thailand relations has been well reflected in the conceptual links between bilateralism and regionalism as well as interregionalism. Technically speaking, there is a set of multiple channels through which the EU and Thailand have interacted: The first channel refers to the bilateral ties between Thailand and almost all of the EU member states, for example, German-Thai, British-Thai and French-Thai relations, most of these ties having a much longer lineage than those with the EU itself. Second, the EU, if perceived as an international actor in its own right, has since the 1970s participated in direct diplomatic dialogues with the Thai government, and their formal dialogues are mainly channeled through the European Commission-Thailand Senior Officials’ Meetings. Third, the EU and Thailand may have a chance to interact through their memberships in various shared regional, trans-regional and global groupings such as the ASEAN-EU dialogues, the Asia-Europe Meeting (ASEM), the ASEAN Regional Forum (ARF), the Organization for Security and Co-operation in Europe (OSCE), the United Nations (UN) or the (WTO). Focusing on the formal
EU-Thailand relations that consider the EU an actor in its own right, this book shall concentrate on the second and third channels of interaction.

Moreover, it is observable that together, the EU and Thailand have undergone a multidimensional development of their relations that may in effect lead to a new stage of bilateralism. Currently, a bilateral ‘Partnership and Co-operation Agreement’, which is aimed at strengthening the EU-Thailand bilateral dialogues and cooperation programs, is being negotiated as a supplement to the framework of the 1980 EC-ASEAN Co-operation Agreement (Delegation of the European Commission to Thailand 2006g; Akkarasriprapai 2004). In retrospect, although the EU and Thailand have not actually signed a bilateral FTA or a comprehensive cooperation agreement, the bilateral relations that were already established in the 1970s in the form of development assistance in the agricultural sector have quickly intensified and expanded so that they now include (a) a wide range of cooperation projects in areas such as the environment, health, energy, education or technology, (b) political dialogues and (c) trade and foreign direct investment relations (Delegation of the European Commission to Thailand 2005d). To emphasize the ever increasing levels of bilateral trade, in 2008, the EU was Thailand’s third most important trading partner, after ASEAN and Japan, and accounted for 12.14% of its total trade while Thailand’s exports to the EU almost doubled during a five-year period from 2003 and 2008 and stood at c. $ 23.39 billion (Ministry of Commerce, Thailand).

**Literature Review**

In the international relations literature, there has been a long series of studies on EU-ASEAN relations but only a small number on bilateral EU-Thailand relations. Moreover, it is evident that most of the studies thus far conducted on EU-Thailand relations have predominantly addressed trade relations. Most of them have either focused on analyzing recent developments and patterns of bilateral trade or have suggested policies that promote bilateral trade and investments. Chaipan (1984), for example, focuses on the economic impacts of the Agreement on Voluntary Export Restraints between Thailand and European Economic Community. In his Master’s thesis, Liamsoongnern (1991) focused on trade relations between Thailand and the European Community after the introduction of the European Single Market in 1992, with the focus on possible implications for Thai exports. Kontein (1995) in her Master’s thesis also chose to concentrate on Thailand’s manufactured goods in the context of their export performances for the EU.

Among a few more recent studies on the bilateral EU-Thailand relations, Wisawveisuan et al. (2005)’s ‘The Fifth Enlargement of the Eur-
European Union and Its Impact on the Thai Economy (in Thai) seems to be the most comprehensive effort to date in documenting bilateral trade relations between the EU and Thailand after the EU’s enlargement in 2004. Likewise, Thailand and Europe: The Political and Security Dimensions edited by Nuchpiam (2002, in Thai) can be seen as an important first step in approaching EU-Thailand relations from a viewpoint of security politics. It is important to note that there is also the comprehensive study by Nuansuwan (1990) called ‘The Relations between Thailand and the European Community’ (in Thai), but the publication date hints that her study could not have addressed post-Cold War EU-Thailand relations.

Methodology

To answer the research questions we have outlined above, the book employs a two-stage approach. The first stage is a theoretical one for the purpose of conceptualizing the ‘new bilateralism’ phenomenon and constructing a comprehensive framework for the later analysis of EU-Thailand relations. At this stage, working hypotheses and working definitions about the concepts of new bilateralism shall be formulated in order to guide and orientate the analyses that follow throughout the intended study. The second stage is an empirical one, during which the empirical study of EU-Thailand relations shall be presented and assessed within the proposed theoretical framework. The detail of each stage of the approach is as follows.

The first stage starts with construing terminology and defining the levels of analysis. As far as terminology is concerned, some authors such as Ravenhill (2003) and Lloyd (2002) commence by putting together a comprehensive list of significant features of the new bilateral relations that basically appear to differ from traditional ones while others like Haggard and Cheng (1989) and Okediji (2004) more specifically seek to justify the novelty of new bilateralism in geographical terms, in historical developments or in specific patterns found in different policy issue areas. Thus, chapter II first introduces the defining principles of new bilateralism, in contrast to traditional bilateralism and multilateralism, and then classifies its main characteristics in terms of (i) new actors, (ii) new content and (iii) new instruments:

(i) New Actors. Bilateral ties are claimed to expand from geographically conditioned ties to ‘geographically dispersed’ ones between the parties of two distant regions (Lloyd 2002; Aggarwal and Koo 2005). There is also a trend that, especially in the Asia-Pacific, the two parties of new bilateralism are often members of the same trans-regional trade arrangements such as APEC and, at the same time, they may appear in-
significant for one another, politically or economically, e.g., because the shares of total exports between the trading partners sometimes account for less than 5% (Ravenhill 2003: 309; Lloyd 2002: 1282).

(ii) New Content. The scope of new bilateralism may become wider than traditionally assumed while its depth varies issue-specifically, with much attention being paid to economic issues. For instance, the conception of security is no longer limited to the traditional conduct of military resources but takes into account other non-military security aspects, which integrates – although inward looking – political, social, and economic issues. In the economic field, the focus on the elimination of tariff and non-tariff barriers in trade relations is now broadened to include additional issues such as trade facilitation, investment promotion and a wide range of economic cooperation programs involving taxation, standards, intellectual property rights, competition policy and e-commerce (Dent 2003). Similarly, the development policy has undergone operational changes, shifting from aid grants to technical and economic assistance projects in the promotion of economic growth and sustainable development.

(iii) New Instruments. New bilateralism employs a more diverse and complex set of means and principles. In a way, it can ‘break up’ a comprehensive agenda into so-called ‘multiple issue-specific alliances’ (Smith and Tsatsas 2002: 29), so that a higher degree of reciprocity with certain dispute settlement mechanisms is more likely and, as a result, it is not surprising to observe an increasing number of bilateral agreements as well as an ever faster pace at which they have been concluded. Moreover, in principle, the conduct of new bilateralism seems to avoid military or economic sanctions and at times opts for the principles of ‘flexibility, consensus-building and consultation’ (Ferguson 2001; Emmers 2004).

In constructing the analytical framework, chapter III introduces a two-level scheme: the unit level and the systemic level. Provided that there have been a number of ways to introduce levels of analysis (Waltz 1959; Singer 1961; Jervis 1976: 13-31; Putnam 1988), the choice of these two levels of analysis here is not random but expected to serve the purpose of theoretically deducing two sets of variables in accordance with the two sets of research questions mentioned above. In the course of the analysis, it should at least become clear that the two levels of analysis are not unrelated but complementary. Therefore, when it comes to conclusion, the findings at each level of analysis will be combined to achieve a more complete picture of bilateral EU-Thailand relations as such and in the broader context of international relations.

At the unit level, the focus is particularly directed toward the primary units of action, i.e., the EU and Thailand, which, in this book, are taken as the two parties involved in the bilateral relations, which will account
for the factors that determine the developments of EU-Thailand relations and the extent to which the foreign policies of the EU and Thailand following this trend of ‘new bilateralism’ can be explained in terms of their respective domestic economic, political and social characteristics. With regard to the EU’s actorness, it should be noted beforehand that the book is not designed to test the concepts of actorness and any one actor’s presence and that the EU shall thus be considered an actor in its own right. To complete the picture, however, the arguments based on the relevant behavioral criteria on the EU’s actorness will be briefly listed here in order to give an idea of the specific conditions on the EU’s institutional order varying across policy areas and, as far as the question of delegation is concerned, the principal-agent approach will also be introduced here to clarify the extent to which the EU can assume the roles of intergovernmental and supranational bodies, both in its internal or external relations (see also Bretherton and Vogler 1999: 37; Caporaso 1996: 35).

The framework of foreign policy theory is thus proposed at this unit level to focus more attention to the domestic aspects – especially interest structures and political motivation – of the two parties that essentially shape their foreign policy behavior and decisions in favor of new bilateralism. There have been several efforts to construct a comprehensive theory of foreign policy (see, for example, Synder, Bruck and Sapin 1954; Rosenau 1966). However, most of them appear to follow the behaviorist tradition and are not directly applicable in this study. This book thus proposes a modified framework comprised of three foreign policy theories based on the arguments of three major schools of international relations – realism, liberalism, and social constructivism.

With regards to the emergence of new bilateralism, realists would primarily explain it in terms of the power interests of both parties that are concerned most about their survival and sovereignty. Their so-called national interests are perceived as raison d’État in pursuit of specific economic or political goals. In the case of non-hegemons, for instance, foreign policy is expected to strive for a strategic and political means of reassuring their autonomy and regional security by bringing the other party into the balance-of-power calculations. Thus, according to Baumann, Rittberger and Wagner (2001: 38), a state’s foreign policy behavior can appear in three forms: influence-seeking, autonomy-seeking or voicing-opportunities-seeking. In contrast, liberals would argue that states are no longer unitary actors and would thus underscore the interests and preferences of relevant state and non-state actors in a decision-making process (see also Milner 1997; Moravcsik 1997). A liberal foreign policy theory thus explains policy shifts toward new bilateralism in terms of the engagement of the state emphasizing net welfare effects or the efforts to correct domestic ‘market failures’. In a reflectivist ap-
proach, social constructivism stresses the importance of beliefs, ideas, and norms as well as the dynamics of mutual definition and social learning (Wendt 1999: 313). With the help of the role-theoretical application, constructivist foreign policy theory contends that the state’s foreign policy decisions may not always follow the rationality assumption and instead apply the logics of appropriateness, arguing and rhetorical action and that they are to be understood in the context of the endogenous process of interest and identity formation (March and Olsen 1989; March and Olsen 2006; Sedelmeyer 2004: 124-125; Risse 2000 Schimmelfenning 1997; Kiste and Maull 1996).

Moreover, it is apparent that bureaucratic institutions have played an important role in the day-to-day operations of EU and Thai foreign policy. The bureaucratic politics model, following the paradigm of Allison and Halperin (1972), will be briefly introduced here in order to refine the analysis of their bilateral relations, as an actor-oriented approach to re-considering bargaining elements among members of an organization and internal dynamics of a foreign policy-making process in general (see also Brandt 2001).4

At the systemic level, the analysis concentrates on the interaction between the EU and Thailand as the unit of analysis and so the interplay between this bilateralism and multilateralism, with a view toward assessing the extent to which the trend of new bilateralism may affect the structures of the international system and vice versa. In this connection, the concepts of new bilateralism shall first be positioned in the mainstream neorealism-institutionalism debate in order to deduce the functions that new bilateralism is expected to perform, and has performed, in relation to regionalism, interregionalism and globalism.

In the proposed framework, the choice of EU-Thailand relations as a new bilateralism case study is partly premised on the arguments of interregionalism, because not only do the developments of interregionalism underline the increasing relevance of recent relations between various regions including those between a regional organization and a third country, but, more importantly, the theoretical approach applied to the study of interregionalism offers an important insight into the parallel logics of regionness and multiple-level systemic structures. For instance, in the context of relations between the EU and ASEAN, Rüland (2001b) refers to the ‘proliferation of regional actors’ and the consequent emergence of a ‘multi-tiered system’ with new interregional fora and institutions being created in its midst. New bilateralism is expected to perform the following functions in the international system, which have been borrowed from the framework of interregionalism proposed by Rüland (2001b), who derived them systematically from the three main theories of international relations: (i) ‘balancing’, (ii) ‘institution-building’, (iii) ‘rationalizing’, (iv) ‘agenda-setting’ and (v) ‘identity-build-
In short, neorealists believe that new bilateralism will serve as an opportunistic balancing instrument in response to changes in international structures as a result of changing power configurations among states. By contrast, neoliberal institutionalists predict a positive impact of institutions on the international system and would thus argue that new bilateralism is a rational process to enhance cooperation. This can be achieved by creating an institution with a set of norms and rules or performing the functions of rationalizing and agenda-setting in relation to other levels of interaction. By rejecting the rationality assumption, constructivists prefer to see the significance of new bilateralism in its ability to provide a new channel for interaction and thus contributing to the process of building a collective identity in international relations.

Furthermore, the recent proliferation of bilateral and regional FTA negotiations increasingly raises the question of the practical implications that this kind of bilateralism and regionalism has on the multilateral trading system – mentioned above as the ‘stumbling block’ versus ‘building block’ debate (see, for example, Bhagwati 1995; Bhagwati and Panagariya 1996). In response, international trade theory is briefly introduced here to elaborate three aspects: (i) the impacts of bilateralism on world welfare, (ii) the extent to which new bilateralism can be accommodated in the multilateral trade liberalization agenda and (iii) mechanisms necessary to manage the conduct of bilateralism.

In the second stage, based on the empirical evidence found, chapters IV and V focus on analyzing EU-Thailand relations within the proposed theoretical frameworks at the unit and systemic levels, respectively. In applying the above three foreign policy theories, chapter IV focuses on the EU and Thailand’s approaches to their bilateral relations and is divided issue-specifically into three fields of relations: the political, economic and developmental. With the focus on the functions that bilateralism offers the international system, chapter V mainly discusses the relevance of bilateralism to the developments of ‘regionalism’ in the ASEAN and East Asian regionalism, ‘interregionalism’ in the ASEM and ARF and ‘globalism’ in the UN and WTO. Chapter VI presents the conclusion.

The time frame of the research mainly covers the period from the Asian Crisis in 1997 through 2007, a period of nearly ten years, with the last event included in this book being the announcement of the Council’s (2007) conclusions regarding recommendations to open the FTA negotiations with ASEAN countries in April 2007. Although, in other cases, the new bilateralism was supposedly begun a few years earlier or later, the reason for choosing this period of time is twofold. First, it is the period during which Thailand, as one of the fastest growing economies in the 1990s, began to attract the EU’s attention for various reasons while the EU also sent out signals that it was seeking new part-
ners in Asia, as is clearly seen in the launching of the ASEM process in March 1996. Second, this roughly ten-year period contains numerous contrasts of the policy changes of both parties before and after the Asian Crisis, the WTO trade talks in Seattle and Cancun as well as the 9/11 terrorist attacks in the US, all of which presented important events on both the domestic and international levels as far as new bilateralism trends are concerned.

The study is methodologically designed to be a documentary research. It makes use of primary and secondary literature available online and in various libraries and archives. The following institutions were very relevant and important sources: (in Thailand) Delegation of the European Commission to Thailand, the Ministry of Foreign Affairs, the Ministry of Commerce, the Ministry of Finance, the Tourism Authority of Thailand, the Embassy of the Federal Republic of Germany, the German-Thai Chamber of Commerce, Chulalongkorn University and Thammasat University’s libraries, the Center for European Studies, and the archives of various Thai newspapers including Machiton, Thairath, the Bangkok Post, and The Nation; (in Germany) the libraries at the Universities of Freiburg, Konstanz, Munich and Frankfurt, the Institut für Asienkunde in Hamburg, the Hamburgisches Welt-Wirtschafts-Archiv, the Auswärtiges Amt in Berlin; (in Belgium) the Royal Thai Embassy and the Mission of Thailand to the European Communities, and the library and the historical archive of the European Commission in Brussels, and the libraries at the College of Europe and the United Nations University in Comparative Regional Integration Studies in Bruges; (in the UK) the University of Birmingham and the European Resource Centre of the European Research Institute in Birmingham and the Centre of the Study of Globalisation and Regionalisation at the University of Warwick; and (in the US) Harvard University. As far as the most recent developments of EU-Thailand relations are concerned, internet sources have been very useful in the writing of this book, including those of the European Commission, the Delegation of the European Commission to Thailand, the Ministry of Foreign Affairs of Thailand, the Mission of Thailand to the European Communities, and the Office of Commercial Affairs of the Ministry of Commerce of Thailand in Brussels. For information regarding developments in bilateral and regional FTAs, several websites such as ‘bilateral.org’ website also provided a very useful overview and helpful links to corresponding sources.

In addition to the documentary research, 39 informal interviews were conducted between April and October 2006. Twenty of the interviewees are officers in various relevant ministries and institutions, nine of whom worked for Thai Ministry of Foreign Affairs, the Ministry of Commerce, the Ministry of Finance and the Tourism Authority of Thai-
land, while the other 11 worked for the EU at the Delegation of the European Commission to Thailand in Bangkok and the Directorate-General for External Relations in Brussels. The other 19 interviews consisted of ‘expert interviews’ including university professors, businesspeople and experts in the relevant fields; seven of the interviewees were Thai and 12 were European. Of the 39 interviewees, 8 were female. The interviews averaged about 30 minutes each, ranging from 10 minutes to about 2 hours. In most of the cases, the interviews were face-to-face and of a semi-structured type, that is, the interviewer had an individual set of relevant questions for each interviewee and could adjust them during the interview where necessary. This type of interview was chosen because it allowed the interviewer to guide and control the direction of the information and created a stimulating atmosphere which also gave him access to the interviewees’ personal thoughts and feelings (Taylor and Bogden 1984). Most of the interviews served primarily as ‘background’ in the sense that they help provide an overview of EU-Thailand relations and stress the important aspects of this particular bilateralism. However, as will be clearly indicated in the footnotes, some of the interviews not only raised issues that would have been hardly addressed in written documents, but also qualitatively complemented the quantitative data that are otherwise available mostly.

Moreover, I had the opportunity to carry out two subsequent internships at the Royal Thai Embassy and the Mission of Thailand to the European Communities in Brussels in April – May 2006 and the Delegation of the European Commission to Thailand in Bangkok in June – July 2006. These two internships were not only invaluable experiences, but they also provided background information and personal contacts for the subsequent field research. The relevant information that arose from those internships and the field research will be clearly indicated in the footnotes.
II Depicting New Bilateralism

II.1 Terminology

II.1.1 Bilateralism and Multilateralism

Like ‘unilateral’ or ‘multilateral’, ‘bilateral’ is an adjective that modifies interstate relations in general and phonologically hints at the number of parties involved. For example, in the realm of diplomatic relations, ‘bilateral diplomacy’ is defined as “the conduct of relations” or “communication limited to two parties at any one time” (Berridge 1995: 19). The term ‘bilateralism’, however, stands for an organizing principle of bilateral conduct and, as postulated in political science literature, appears to have a more implicit meaning on institutional form than just ‘relations involving two states or parties’. As Baumann (2002: 5) indicated in the context of multilateralism, bilateralism may carry with it two generic senses: The first one refers to the patterns of relations among states in international relations while the second describes the orientation of a state’s foreign policy conduct.

In a more systematic way, according to Pasvolsky (1936), Diebold (1988) and later Ruggie (1993: 6), there are basically at least two ways to define terms such as unilateralism, bilateralism, and pluri- and multilateralism. The authors call this first version a ‘formal’ or ‘nominal’ definition whereby the number of parties appears to be the primary criterion for categorization. Keohane (1990: 731) offered a well-known definition of multilateralism: “the practice of coordinating national policies in groups of three or more states”, so that, analogous to this definition, bilateralism may also be defined as a practice of coordinating national policies between two states or parties. The second version is called a ‘substantive’ or ‘qualitative’ definition which takes into account the different ‘kinds of relations’ between any given number of players, stressing the qualitative dimension of institutional principles (Ruggie 1993: 6; see also Diebold 1988: 1). Bilateralism is sharply differentiated from multilateralism in the second definition in terms of the operating principles of coordination such as ‘specific’ versus ‘diffuse’ reciprocity.
or ‘discriminatory’ versus ‘nondiscriminatory’ character. For instance, in contrast to the first far-reaching version, this definition would not categorize the German *Dreikaiserbund* [League of Three Emperors] in Bismarck’s government in the 19th Century under multilateralism (Ruggie 1993: 6) or the new wave of the so-called ‘coalition of the willing’ led by the US in the Iraq conflicts and the peacekeeping missions that followed.

This study does not focus on justifying the aforementioned definitions, even if they are just the beginning of an extensive list of possible definitions of bilateralism and multilateralism. Instead, the aim of this subchapter is to briefly provide an overview on the use of such terms in political science literature and to clarify the moot points that may be crucial for understanding the concepts of new bilateralism in the following chapters. As illustrated above, bilateralism and multilateralism are both very demanding concepts in terms of phonological conditions and their organizing principles. Let us now turn to the term ‘new bilateralism’.

### II.1.2 New Bilateralism

The term ‘new bilateralism’ was first used in the mid-1980s. It is interesting to note, in retrospect, that the US has promoted multilateralism as one of its foreign affairs principles since 1945 and thus strongly objected to the primordial bilateral approaches, which they claimed were discriminatory and prone to exploitation in an asymmetrical relationship (Kahler 1993: 295). The very policy drift back to bilateralism became obvious under the second Reagan administration, as indicated by US economic policies regarding the newly industrializing East Asian countries (Haggard and Cheng 1989: 306) when this policy trend was already being called the ‘new bilateralism’. In this sense, ‘new bilateralism’ generally refers to the US’ re-introduction of bilateral approaches, which aided its attempts to solve trade conflicts with its partners by putting direct pressure on them, for example, to open their markets or to consider trade-related issues such as intellectual property rights. In the case of South Korea, the US’ new bilateral approaches are often mentioned in the context of liberalizing the automobile sector and the opening up of capital markets (Gills 1996: 671).

The use of the term ‘new bilateralism’ began to increase in the late 1990s, especially in the field of international economic relations, as several bilateral trade negotiations have taken place on the ‘side-lines’ of those at the multilateral level. The politics of ‘new bilateralism’ became a leading economic policy trend; a number of countries in the Asia-Pacific region turned to it in the aftermath of the so-called ‘trade institution failures’ – especially after multilateral trade negotiations at the
WTO slowed down and the IMF’s crisis management misconduct in the Asian Financial Crisis was exposed (Dent 2003). In response to these developments in the world economy, it would not be surprising to discover that, in an effort to push trade liberalization forward, a ‘new bilateralism’ has been pursued as an instrument of discriminatory preferential trading arrangements (Lloyd 2002; Ravenhill 2003). With regard to the two definitions of bilateralism mentioned above, the term ‘new bilateralism’ clearly transcends the definition of ‘formal bilateralism’, moving toward a definition of ‘substantive bilateralism’ due to the relevance of the operating principles attached to bilateral free trade arrangements – for instance, the discriminatory character of preferential trading arrangements or the principle of specific reciprocity.

In later scholarly discussions, the term begins to refer to a broader and more diffuse phenomenon and is no longer concentrated around the area of intergovernmental economic relations but generalized to cover other issue areas of cooperation such as security and at different levels of the decision-making process, although not yet to the same extent. Meanwhile, the use of ‘new bilateralism’ can also be found in a study conducted by Smith and Tsatsas (2002), which describes Great Britain’s new bilateral approaches with other EU countries. In response to the changing nature of the EU’s decision-making process, London’s foreign policy also seems to be subsumed under ‘new bilateralism’ as it ‘has concentrated on trying to bypass the Commission, and instead to develop stronger inter-governmental ties with other EU countries’ (The Economist, dated 03 and 24 and 2001).

Due to the broad and diffuse nature of the term ‘new bilateralism’, it is not surprising that the use of the term has been perceived with much skepticism in the public arena. ‘New bilateralism’ for the media, for instance, rather connotes a re-introduction or a return of a country’s foreign policy approaches to bilateral channels. The term ‘bilateralism’ itself has not been a very popular approach given purported arrangements of multilateral trade liberalization, as Smith and Tsatsas (2002: xi) put it: “bilateralism was an approach that dare not speak its name’. What is really ‘new’ about ‘new bilateralism’ is the debate issue, which will be addressed in the following section.

II.2 The Major Characteristics of New Bilateralism

There have been several studies that have attempted to justify the ‘newness’ or to identify the underlying ‘new’ qualities of different phenomena in international relations. This is also one of the aims of this section with regard to ‘new bilateralism’. Considering a related phenomenon such as ‘new regionalism’, it is worth listing the four criteria which
Rüland (2001) uses to describe ‘new regionalism’: (i) more diffuse membership, (ii) growing agenda complexity, (iii) development of its own organizational infrastructure, and (iv) emergence of new independent actors. Along this line, the following section represents an attempt to empirically outline the main characteristics of ‘new bilateralism’ particularly in terms of its actors, agendas, and policy instruments.

II.2.1 New Actors

Of the forerunners in the ‘new bilateralism’ trends, it is interesting to see not only the great powers – e.g. the US – still decisively pursuing its goals of trade liberalization even after that apparent slow-down of multilateralism. In the Asia-Pacific region, Singapore and Thailand are considered the first nations to share the WTO’s views regarding the slowness of various processes and, not surprisingly, also the first ones to support the trend of new bilateralism. Meanwhile, there are many small countries and, more importantly, many developing countries that have actively joined these trends, many of which have done so very rapidly. Even though some countries such as Japan or Malaysia used to be very skeptical about the conduct of ‘new bilateralism’, it would not be wrong to say that all countries, including those that were once strong opponents, now belong to at least one regional or bilateral preferential trading arrangement (Frankel 1997: 4). This fact makes it clear that we are engaged in these trends and that most of the countries are active participants. A few remarks may be helpful in helping us better understand the key players of new bilateralism.

First, although factors like historical relations, geographical proximity, convergence of national interests, similarity of political party background and good personal relations have been identified as crucial for successful bilateral relations (Smith and Tsatsas 2002: 30), it is arguable whether the significance of the first two elements are on the decline. That geographical proximity plays an increasingly less important role in the formation of bilateral ties can be observed in the examples of the Singapore-Panama Free Trade Agreement signed in March 2006 or the Thailand-Bahrain Framework Agreement on Closer Economic Partnership signed in December 2002. With regard to GATT Article XXIV, which deals primarily with ‘regional’ trade agreements, it is interesting to note that no requirement of geographical contiguity or proximity is mentioned and that no proposed free trade agreement has ever been rejected by GATT’s authorities (Frankel 1997: 4). However, in some authors’ eyes, a good percentage of these seem rather ‘unnatural’ (Bhagwati 2002: 112; See also Frankel 1997: chapter 8).

Moreover, it is evident that individual states in a particular region seek to initiate not only intra-regional but far more extra-regional ties
with influential states outside of the region. The patterns of new bilateral relations seem to show the so-called ‘hub-spoke’ structures, which is also referred to as ‘hub-spoke bilateralism’ (Dent 2006: 84, 105). It is not uncommon that, in most cases, the two parties of the recent bilateral agreements are members of the same multilateral groupings elsewhere. For example, all of the parties in the Singapore-New Zealand Free Trade Agreement (2000) and the Australia-Thailand Free Trade Agreement (2004) are members of the transregional trade forum APEC.

Second, the trend of ‘new bilateralism’ was early adopted by the developing world. And rapidly, it has extensively extended to them as another venue for their bilateral relations among themselves, which under circumstances may also contribute to the strengthening of the South-South relations in the global economy (Crawford and Fiorentino 2005: 2). However, in order to judge the active participation of those states, some authors including Dent (2006: 108) point to the fact that despite their great willingness to engage in the free trade agreements trends, not all of the countries can afford it due to their technocratic or bureaucratic deficiencies. In Southeast Asia, the examples given by Dent (ibid.) of those who seek to initiate free trade negotiations but end up playing only a passive role due to the aforementioned deficiencies are the Philippines, Cambodia, Laos, Myanmar and Vietnam. Furthermore, there is a question of each individual state’s economic performance and general outward orientation, which seem to be a ‘prerequisite’ to entering into free trade agreements. In the case of Vietnam, for instance, Japan in the 2003 negotiations required that Hanoi first accede to the WTO before it would establish a bilateral free trade agreement (Dent 2006: 108).

Third, it becomes evident that the game is not only being played on a government-to-government basis. The increasing relevance of ‘track two’ diplomacy has been observable, introducing corresponding officials, academics or experts as important players. Also, the proliferation of bilateral and regional trading arrangements contributes significantly to the participation of business and nongovernmental actors in the policy-making process. Their business interests are discussed regarding their perceived disadvantages as soon as the competitors are granted preferential treatment in foreign markets after a free trade agreement has been concluded (Ravenhill 2003: 303). Depending on national economic structures, if net benefits from a bilateral free trade agreement are concentrated in a few particular sectors, it can be a major driving force for the affected industries to lobby the government or relevant political entities in favor of a free trade agreement (ibid. 303-304, See also Wall 2002).
II.2.2 New Agendas

II.2.2.1 Economic Agenda

Economic interests appear to dominate the overall agendas of ‘new bilateralism’. As mentioned above, pioneers of this trend – the US, Singapore and perhaps also Thailand – consider the WTO processes to be ‘too weak’ and ‘too slow’ to cope with current issues such as information technology or e-commerce. As far as the ‘new’ agenda is concerned, it is perhaps important to clarify that the attribute ‘new’ is put here in comparison to traditional bilateral diplomacy. In fact, it is often the case that the issues in question were or have also been discussed in international forums elsewhere, multilaterally or unilaterally.

Considering the factual economic agendas of ‘new bilateralism’, three general developments can be highlighted here: the first one being the introduction of the very recent specific issues present in the world economy. Second, the special treatment of issues that have been impeded or failed to receive attention in other forums, mostly the WTO, and third, the free combination of issues in the bilateral economic agendas.

First, some recent issues have been addressed too slowly to be included in the WTO framework, and here is where the ‘new bilateralism’ can serve as an alternative way to accommodating these issues in a more skilful and timely manner. The apparent domains of ‘new’ issues used to be, or have been among others e-commerce, the environment, intellectual property rights, science and technology, and trade and investment promotion (see also Dobson 2001: 1010). Given the broad range of aspects in international trade relations, the choice of which issues should be included in the bilateral free trade agreements is by no means random. It is clear that the agreements tend to focus on a set of particular issues that make it intrinsically important to both parties. For example, the US-Singapore Free Trade Agreement (2003) urges Singapore to partially lift its ban on chewing gum, but it excludes agriculture because this is not really relevant to Singapore (Dent 2006). Also, it is interesting to observe that some bilateral agreements are negotiated for specific objectives and interests and may be concluded separately from the comprehensive free trade agreement. For example, the EU-China Science and Technology Cooperation Agreement (2000) or the long list of the US’ bilateral intellectual property rights agreements with its developing partners since the early 1990s.4

The second development refers to attempts to include issues such as agriculture or the environment in a contentious or sensitive bilateral framework, which has thus far been impeded or has failed to receive the attention of the WTO. In the case of agriculture, there is indeed a WTO framework called the ‘Agreement on Agriculture’ (1995), which lays down some international norms and rules on agricultural trade.
However, this Agreement generally lacks precision in its formulation and strong binding commitments. It is not surprising that a number of countries would begin to bilaterally negotiate preferential arrangements subject to particular commodities or the agricultural sector as a whole. As is the case in the WTO negotiations, however, agriculture remains highly sensitive and a lot of bilateral deals have been put on hold just because of the agriculture issue (Josling 2004). These deals include, for example, the delay in signing the US-Colombia Free Trade Agreement (expected February 2006), the long debate on whether or not to exclude agriculture from the Australia-Japan Free Trade Agreement, and the resignation of the Agriculture Minister of Panama while negotiating the US-Panama Free Trade Agreement. An example of a bilateral free trade agreement that successfully includes agriculture in its liberalization program can be seen in the South Korea-Chile Free Trade Agreement (2004), despite massive protests by farmers before its ratification by the National Assembly.

Another controversial point in the Millennium Round is undeniably the so-called ‘Singapore Issues’, which were first proposed at the 1996 Singapore WTO Ministerial Conference. The Singapore Issues focus on four main points: (i) investment protection, (ii) competition policy, (iii) transparency in government procurement and (iv) trade facilitation. The first two points appear to be especially sensitive issues, which sharply divide the positions of the developed and developing world. This is why relations between investment and trade as well as other essential trade-related issues are increasingly included within a bilateral free trade agreement framework, for example, the US-Singapore Free Trade Agreement (2003) or the Australia-Thailand Free Trade Agreement (2004).

The third point is that the ‘new bilateralism’ economic agenda may reveal a palpable widening of the definition of what constitutes economic issues. That is, the free combination of the economic agendas is clearly seen in the emergence of a number of free trade agreements, which are not limited in scope to setting up a free trade area as such. In fact, they also include some relevant elements, which are aimed at developing linkages between trade and investment, such as Japan’s ‘Economic Partnership Agreements’ with Mexico (2004) or Malaysia (2005). Another step toward this trend was taken with the signing of separate bilateral agreements with particular objectives such as ‘Trade and Investment Framework Agreements’ (TIFAs) or ‘Bilateral Investment Treaties’ (BITs), sometimes called ‘Investment Promotion and Protection Agreements’ (IPPAs). Moreover, there is a stronger link between international trade and finance, as international transactions based on exports and imports may affect exchange rates and, more specifically, national monetary policies. The attempts to set up bilateral or regional
cooperation in international finance and the monetary system can be observed especially in the aftermath of the Asian Crisis (Dobson 2001: 108-109). An example would be the US-Singapore Free Trade Agreement (2003) in which one of the most consequential concessions by the second party was that capital controls in the currency markets be made more restrictive (Dent 2006: 106).

II.2.2.2 Security Agenda

In contrast to international economic relations, security cooperation does not have an equivalent institution that has been as far-reaching and firmly developed as, say, the WTO. In the Asia-Pacific, there is evidence to suggest that regional security cooperation has been faced with several institutional challenges and thus predominately relies on bilateral alliances (Emmers 2004: 12-13). Bilateral security approaches imply that by establishing bilateral defense arrangements, the two parties attempt to turn away from an ‘unconditional collective response’ to a bilaterally agreed solution. But the conduct of bilateral alliances is not new. They indeed played a significant role in holding together regional security during the postwar period. Under the San Francisco System, for example, the US signed a long list of bilateral alliances – under the designation of ‘Mutual Defense Treaties’ – with the Philippines in August 1951, with Japan in September of the same year, and with South Korea in 1954. The fact that these alliances were primarily set up against various communist fronts during the Cold War supports the realist view of alliance formation with regard to the underlying threat-oriented strategies of nation states.

Security agendas supposedly undergo significant changes according to new security understandings and consequently new approaches designed for security cooperation. To start with, during the interwar period, the concept of ‘collective security’ emerged under President Wilson’s proposal for establishing the League of Nations, and it principally refers to a common response by all participants against any aggression. In reality, most nations objected to such commitments especially in terms of political and military obligations and thus began to seek alternative security concepts. Of the most dominant concepts, ‘common security’, ‘comprehensive security’ and ‘cooperative security’ have been developed based on different security understandings under various circumstances. The main difference between ‘common security’ and ‘comprehensive security’ is that the first was defined in the Cold War context and so, as in the OSCE model, contained certain values on the socio-political subjects while the second is an Asian alternative proposed by Japan in the 1970s, the focus of which is rather inward-looking (Emmers 2004: 8) but was extended to include political, economic, and social matters without regard to the aforementioned values. The concept of
‘cooperative security’, which was first adopted by Canada in 1990 and later by several countries in the Asia-Pacific including Japan, is the most recent among the three approaches and seemingly also the most promising one. The four main principles of ‘cooperative security’ may be worth mentioning briefly: (i) the slow and gradual institutionalization of security relations, (ii) the use of new institutions to complement existing regional alliances,8 (iii) the principle of inclusiveness, and (iv) the introduction of informal diplomacy (Emmers 2004: 8). To sum up, three important points can be made that outline the recent developments of a ‘new’ security agenda, as follows:

First, ‘new bilateralism’ appears to follow the modified versions of security understanding which are no longer limited to the primordial conduct of military resources. As a matter of fact, the increasing importance of the ‘non-conventional security issues’ becomes evident and to a large extent begins to rule out traditional political-military conflicts (Wattanayagorn 2001). Undoubtedly, there has been a widespread trend to include security concerns in most interstate dialogues since the 9/11 attacks, turning their focus toward new types of threats caused by international terrorism, for example, the proliferation of weapons of mass destruction. In a more general sense, this development of international security challenges is referred to as ‘non-conventional’ security threats, which are characterized as follows: (i) They tend to be of a transnational nature, (ii) governments are challenged by non-state actors, and (iii) non-state actors often rely on asymmetric strategies, such as terrorism, guerrilla warfare and informal activities’ (Münkler 2002: 49, cited in: Rüland 2005a: 552).9 The term ‘non-conventional security issues’ is also employed to describe a new set of diverse transnational challenges, which mostly go beyond the realm of traditional military conduct. The new approaches also take into account non-military security aspects integrating – though still inward looking – political, social and economic issues in a framework of cooperation. Examples of these non-conventional issues to which special attention has been paid in recent international relations include international migration, environmental degradation, and pandemics (Rüland 2005: 558).

Second, it is often the case that security agendas have been pursued in direct or indirect relation to other policy areas such as economics or development. Especially after the terror attacks of 9/11 and the Bali bombing in October 2002, it was noticeable that security interests began to gain much more attention, for example, in the negotiations of bilateral or regional free trade agreements (Desker 2004: 19). In building up the ‘coalition of the willing’, for instance, the US is alleged to supply its allies with aid packages, financial credits or trade benefits, should they support it in the 2003 Iraq invasion (Ziltener 2004: 1473). Some have noted that the consequent profits of multinational and national
military firms as well as non-military reconstruction and oil reserves are what is essentially at stake (Singer 2005). The linkages between different policy areas can also be found in the rhetorically wide-reaching formulation of some bilateral cooperation frameworks. For example, in an interview with the Thai former Prime Minister Thaksin during his China visit on the 30th Anniversary of Sino-Thai bilateral relations: ‘We want to move it [the Joint Plan of Action] forward in the area of international politics, security, economic cooperation and culture, and the issue is high on my agenda to discuss with my counterpart Wen Jiabao during my visit’ (*People’s Daily*, Beijing, 28 June 2005).

Third, although it is not always part of the focus, one can note that bilateral negotiations are starting to ‘touch upon’ certain political values, including issues considered highly sensitive in international relations. There have been impulses to include and discuss sensitive issues such as human rights, democracy and good governance in the bilateral agendas. In the German-Indonesian relationship, for instance, the Germans have concentrated on Indonesia’s decentralization progress as being one of the four priority issues in development cooperation. Moreover, in the area of human security, Germany has contributed significantly to the establishment of Indonesia’s Tsunami Early Warning System in 2005 or to fighting Avian Flu a year later. Furthermore, in the case of the EU, ‘European Consensus’ Article 13 stresses the importance of political values in cooperation frameworks with third countries as follows: ‘EU partnership and dialogue with third countries will promote common values of: respect for human rights, fundamental freedoms, peace, democracy, good governance, gender equality, the rule of law, solidarity and justice’. For example, since the EU-Russia Summit in November 2004, the two parties have been engaged in human rights dialogues and consultations on a regular six-month basis.

II.2.2.3 Development Agenda

Development aid used to be one of the cornerstones of bilateral relations in the postwar period. Of the early development aid programs, the classic examples were based on bilateral ties between the former colonial powers and their now independent colonies (Lukas 1988: 65-66). Also, it is important to note that there was a series of financial aid packages and transfers of resources, which need to be looked at against the backdrop of East-West conflicts. In this light, it is not surprising that the development programs were to a large extent historically conditioned in the form of donors-recipient relations and that the development policies were normatively designed to contribute to maintaining stability and security in that particular region or country. They were fundamentally aimed at capacity-building in the social and economic devel-
opments of each recipient country, and in some cases, regional integration as well.¹³

This picture began to change during the 1980s. In the Asian context, the outstanding economic performance in some East Asian developing countries seems to explain the fact that the aforementioned donor-recipient relations began going into decline and the overall development programs have thus been re-adjusted and re-accentuated (Andersen 2000: 86; Development Assistance Committee 2005). Today the development policy no longer has the same degree of relevance in the international relations literature, but it is still worth investigating more deeply because, as a matter of fact, several former recipient states became key players in the current trend of ‘new bilateralism’ in the mid-1990s.

Also, in spite of recent attempts to promote multilateralism in development cooperation and a consistent increase in multilateral development programs, it is should be noted that bilateralism has been and remains the dominant form of the development framework (ibid.).

To start with, the difference between ‘old’ and ‘new’ development agendas is most evident by a ‘change of emphasis’ (Stokke 2005). Although it continues to focus on particular issues, the ‘new’ agenda has apparently undergone modifications that were realized in the New Poverty Agenda, the policies and initiative toward highly indebted poor countries (HIPC’s) and, in a more general sense, the commitments to the Millennium Development Goals. They generally comprise issues concerning poverty, health, education, and gender equality with the priorities having changed with regard to the so-called ‘revival of the social dimensions of development’ and the emphasized aspects of ‘good governance’ (ibid.).

It also seems that the ‘new’ development agenda is diversified and is often combined with other policy fields. The first combination is development and security, pointing out the close links between peace promotion missions and capacity-building development programs (Ambert 1997). Taking the same example, it is an ironic but yet interesting example to see that in the formation of the ‘coalition of the willing’ led by the US has promised the participating countries a generous set of aforementioned benefits in return for their support in the Iraq invasion in 2003 and the later peacekeeping missions (Ziltener 2004: 1473). As the statistics show, the US also increased its ODA from about 0.10% of gross national product in the 1990s to 0.13% in 2003 and 0.14% in 2004 (OECD, in: Stokke 2005: 47).

Another well-known combination is development and trade, meaning that a good number of the development programs are increasingly being designed to support international trade and political economic relations. As is the case in several East Asian states and later in a lot of developing countries, one significant policy orientation concerns the
pursuit of an export-oriented industrialization strategy. From the economic viewpoint, this strategy poses a serious challenge with regard to the instability of external demands and therefore calls for sound macro-economic and industrialization policies (Greenaway and Morrissey 1993; Siriprachai 2000). In the Asian Crisis, a series of developing economies were inescapably tested on their global market vulnerability. Since most of them appeared to have sizable deficiencies, there has been an increase in bilateral development cooperation aimed at strengthening these economies. While, it is obvious in the IMF’s policy prescriptions that neoliberal trade powers led by the US hope to see the development agenda go hand in hand with tax reform, fiscal discipline, privatization, deregulation or even liberalization, that is, in strong accordance with the ‘Washington Consensus’ model (see also Dieter 1998), this is indeed an important incentive for several economies to seek alternative approaches in ‘new bilateralism’. For example, the German agency for development cooperation, the GTZ, has proposed various programs focusing on sustainable development and the promotion of small and medium-sized enterprises in China, Indonesia, Thailand, Vietnam, etc.14

Along this line, cooperation in scientific and technological research is clearly on the increase and, for both the economic and development dimensions, it suggests a wide range of ‘new’ issue linkages. This explains the terminological nuance between conventional development policies and the programs in scientific and technological cooperation, which have been promoted in recent bilateral and multilateral agreements. In the APEC framework, for instance, the economic and technical cooperation (ECOTECH) agendas are comprised of capacity-building and information-sharing programs that are primarily designed to help its developing members pursue the Bogor objectives of region-wide trade liberalization by 2010. Based on its content,15 the ECOTECH agenda can basically be subsumed under the scope of development policies. As for the bilateral channel, there is also a long list of bilateral agreements on scientific and technological cooperation, including the US, which signed the ‘Bilateral Science and Technology Framework Agreements’ with some 33 countries up to 200116 and the EU, which has similar agreements with China (2000) and Brazil (2003).

II.2.3 New Instruments

Given that traditional bilateralism has a very wide range of instruments itself, it is very unclear to what extent a diverse set of instruments is relevant and determines the conduct of ‘new bilateralism’. Formally, the inherent and usual way to initiate new bilateral relations is to negotiate the corresponding bilateral agreements. But this is not new and very
unoriginal. In a broader sense, however, a ‘new’ instrument refers to the important means and principles, which have recently been developed to pursue the agendas mentioned above. In practice, it is also supposed to explain the significant number of these bilateral agreements and their rapid deployment. The following is an attempt to recapitulate the significant character of the ‘new’ instruments of these bilateral approaches.

Since new bilateralism has the advantage of dealing with the particular issues of the two parties involved, it tends to ‘break up’ a comprehensive agenda into so-called ‘multiple issue-specific alliances’ (Smith and Tsatsas 2002: 29). It is not uncommon for new bilateral agreements to focus on one particular policy area, be it economic or security-related matters. In international economic relations, there has been an increase in bilateral agreements and partial agreements that specifically address single issues such as intellectual property rights, investment promotion or those on certain agricultural products.17 This trend can also be observed in development cooperation insofar as the new programs agreed upon become more specific in terms of project goals and guidelines, for example, the bilateral agreements on science and technology or the HIPC initiatives mentioned above. Moreover, the specificity of issues seems to lead to the increased participation of bureaucratic actors beyond the traditional state-to-state diplomatic levels. ‘Promiscuous bilateralism’ as coined by Smith and Tsatsas (ibid.) refers to the meetings which, in contrast to traditional bilateral diplomacy, are launched additionally at the ministerial bureaucratic or parliamentarian levels and exist mostly in the short term and on ad hoc basis. It is generally hoped that they will support cooperation within a specific issue area. In this light, the instance of the FTA policies of the Southeast Asian states can be regarded as a strategic instrument to expand and strengthen the network of bilateral economic partnership relations within and beyond the region (Dent 2006).

As an instrument that responds to the perceived weakness and slowness of multilateral groupings such as the WTO, new bilateralism increasingly adopts the principle of reciprocity and in some cases also the dispute settlement mechanisms. In the contrasting nature of reciprocal relations between bilateralism and multilateralism, the latter mostly generates the participants’ expectations of the so-called ‘diffuse reciprocity’, i.e., ‘rough equivalence of benefits in aggregate over time’, while the former is noted for relying on the commitments of ‘specific reciprocity’, i.e., ‘the simultaneous balancing of specific quid pro quos by each party with every other at all times’ (Ruggie 1993: 11; see also Keohane 1985). One implication of ‘new bilateralism’ is that bilateral agreements would be and indeed are preferred as ‘[differentiated] case-by-case based precisely on a priori particularistic grounds or situational exigencies’
In the economic realm, the shift toward ‘specific reciprocity’ is expressed by the fact that a number of states, including the major ASEAN states, intentionally ignore the implementation of the MFN principle while negotiating bilateral free trade arrangements. The trend of reciprocal relations can also be observed in new development cooperation patterns, which increasingly provides loans instead of grants or project-oriented activities instead of financial aid transfers, as not least discussed in a contentious issue of conditionality. Moreover, it is not surprising that in order to strengthen reciprocal relations the same underlying principle influences the introduction of dispute settlement mechanisms to some extent. In the Japan-Singapore Economic Partnership Agreement, for example, there is a chapter on dispute settlement in the form of general consultations (Article 140), good offices, conciliation, and mediation (Article 141), specific consultations (Article 142), and the establishment of an ‘Arbitral Tribunal’ (Article 143). Still, the establishment of dispute settlement mechanisms in all of the relevant policy fields seems very controversial but has yet to develop to a fully functioning stage.

As for security cooperation, the choice of instruments is mostly determined in accordance with different security concepts mentioned above. The differences in security understanding are also likely to lead to different approaches in security cooperation. Let us take security cooperation in the Asia-Pacific as an example, in which the two dominating views are that of ‘comprehensive security’ and ‘cooperative security’. In terms of security instruments, both concepts object to the use of force, stressing the importance of consultations, consensus and confidence-building instead (Tow 2004: 22). The concept of ‘cooperative security’ is, for instance, designed to accommodate track-two forums and generally avoid military or economic sanctions (Ferguson 2001; Emmers 2004). Against the background that most Asian states have traditionally relied on ‘national security’, it is not surprising that they would regard the ‘new’ security concepts as promising alternatives to the ‘West’s formulation of ‘collective security’ or the value-containing ‘common security’. However, recent progress in the region can best be described as ‘creeping moves toward “cooperative security”’, which ‘occurred mainly in the area of conventional military security and, more recently, to some extent, in the war against terror’ (Rüland 2005a: 557).

On the other side of the coin, it is important to note that ‘new bilateralism’ also faces considerable legal and institutional constraints and has to follow certain instructions prescribed by relevant multinational forums, especially in the fields of trade and development. In the case of international trade relations, it is evident that due to the predominance of the WTO, the MFN principle, which primarily suggests non-discriminatory trade polices, does not leave much room for bilateral free trade
agreements. Still, forming a preferential trading arrangement is possible but under the condition that it must conform to the WTO’s Article XXIV. More specifically, this Article XXIV sets out three main requirements: (i) that trade barriers be eliminated in ‘substantially’ all the trade among the members (Article 8b), (ii) that trade barriers against non-members not be made more restrictive than before (Article 4 and 5b), and (iii) that there be a plan and schedule to attain a free trade area or customs union within a ‘reasonable’ length of time (Article 5c), which were defined after the Uruguay Round in 1994 as a maximum of ten years (Frankel 1997: 3). In reference to the last point, the example of the US-Singapore Free Trade Agreement demonstrates the US’ ‘phase-out strategy’ for its duties on Singapore’s imports, that is, the least sensitive products may become duty-free immediately upon the agreement’s entry into force while the most sensitive products must undergo a ‘phased-out’ process over a period of ten years.

Bilateral development cooperation also has certain organizational constraints posed by relevant multilateral groupings. For instance, the OECD has set up the Development Assistance Committee (DAC), which is, among others, responsible for criteria and guidelines for development cooperation programs. As far as the financial assistance is concerned, the DAC agreed to loans with an interest rate of 2% for a period of up to 30 years and an initial grace period of ten years (Anderson 2000: 86-87). Along this line, the World Bank-based International Development Association (IDA) also provides comparable conditions for loans, that is, zero interest with an annual service charge of 0.75% for a period of up to 40 years as well as an initial grace period of ten years (see also Anderson 2000: 87; Vandemoortele 2002).

II.3 Current Developments

In sheer numbers, it is remarkable how bilateral free trade agreements have been extensively proposed, negotiated, and entered into force within the last decade. Preferential trading arrangements in the past were very limited in number and in most cases were historically or geographically conditioned, for example, the ‘Australian-New Zealand Closer Economic Relations Trade Agreement (ANZCERTA)’ (1983), the ‘Canadian-United States Trade Agreement (CUSTA)’ (1988-89), or the Chile-Mexico Free Trade Agreement (1991).

There were only 124 regional trade agreements notified to the GATT by 1995, but this number increased to 196 just a decade later (Crawford and Fiorentino 2005: 2-3). As of February 2005, 170 regional trade agreements are in force, 132 of which entered into force after 1995 (ibid.). These figures clearly indicate unprecedented growth in the proliferation of regional trade agreements.
In relation to ‘new bilateralism’, it is unmistakable that the majority of regional trade agreements are bilateral in nature. Of all the regional trade agreements approved by the WTO up to February 2005, about 75% of the total active agreements and about 90% of those currently under negotiation are bilateral, regional trade agreements (Crawford and Fiorentino 2005: 4-5).

Geographically, there has been an increase of new bilateral free trade agreements throughout the world, but the most striking occurred in the Asia-Pacific region. Several authors including Llyod (2002) or Dent (2003; 2006) have focused on the new free trade agreements policies of Asia-Pacific countries over the last decade. The statistics show that by 1998 there had been only five free trade agreements concluded among Asia-Pacific countries. But in the period from the end of 1998 through 2004, 21 more free trade agreements were concluded in the region, summing up to a total of 66 FTA projects at all stages of negotiation (Dent 2006: 93). As mentioned above, Singapore and Thailand are the key actors participating in this trend, with Singapore involved in 12 free trade agreement projects and Thailand six, putting them at number one and two in Asia (Asia News Network 06 and 12 and 2004; Dent 2006: 93). It is notable that the recent proliferation of these free trade agreements is concentrated in the Asia-Pacific because the majority is cross regional by nature. Based on WTO statistics, the cross-regional trade agreements account for almost 60% of those proposed and about 30% of those negotiated and signed as of February 2005 (Crawford and Fiorentino 2005: 5-6).

Besides trade, there has also been a significant rise of new bilateral approaches to security and development cooperation. Especially after the terrorist attacks on September 11th, 2001, and the Bali bombing in October 2002, security concerns led to a series of anti-terrorist cooperation. The fact that the US set up the ‘coalition of the willing’ is regarded as its attempt to establish or strengthen security ties through bilateralism (Castro 2004). It is also apparent that many recent US foreign relations agreements have been closely linked and overshadowed by the war on terrorism (Desker 2004: 19). Considering the list of free trade agreements that the US has signed recently with its strategic partners, Higgott (2003) calls it the ‘securitisation of the US international economic policy’ (see also Desker 2004: 19). These developments and the new security conditions also suggest that the participating countries, including some Asian states, have vowed to revise their security approaches. The gradual move toward ‘new’ conceptions of comprehensive security or cooperative security have, as we mentioned above, become increasingly evident.

In recent discussions, the relevance of development cooperation might not seem to be as important as economic or security cooperation.
However, DAC statistics illustrate that the total volume of bilateral aid among DAC members increased by 7% from 2001 to 2002 and by 5% in 2003, whereby the most important factors of this rise include the consistent growth in general bilateral grants, the increase in HIPC debt relief programs, and the offsetting contribution of multilateral funds (Development Assistance Committee 2005: 72). These developments confirm the moves toward the commitments made at the Monterrey Conference on Financing for Development in 2002 (ibid. 72-73). Moreover, it is crucial to note that a significant portion of aid flows is closely linked to current issues in other policy areas, for example, the cooperation programs in science and technology and the increased aid flows in the war on terrorism (ibid. 74).
III The Conceptualization of New Bilateralism

III.1 Defining Levels of Analysis

Dougherty and Pfaltzgraff (1990: 22) refer to the level of analysis as a ‘fulcrum point’, a very crucial starting point for constructing a research design. In the disciplines of international relations and other social sciences, the level-of-analysis problem has not only been addressed in the search for an appropriate level to methodologically place an analysis in any particular study. Moreover, it gives rise to the theoretical discussions about the relevance and value of each level of analysis. This is apparently because of the multi-level nature of these disciplines, which underlies the so-called ‘multi-causality’ of events with respect to their response and explanatory variables, as basically known under the classic distinction between micro- and macroeconomics or psychology and sociology (ibid.; Buzan 1995: 198-199; see also Singer 1961). Since it is not infrequently the case that the analysts – intentionally or unintentionally – relax and expand their focus on one single level of analysis to accommodate variables from other levels, an important warning has been raised that they cannot resolve the level-of-analysis problem without looking at the costs of methodological complications (Singer 1961).

We have ... roamed up and down the ladder of organizational complexity with remarkable abandon ... the moment required. And though most of us have tended to settle upon the nation as our most comfortable resting place, we have retained our propensity for vertical drift, failing to appreciate the value of a stable point of focus. Whether this lack of concern is a function of the relative infancy of the discipline or the nature of the intellectual traditions from whence it springs, it nevertheless remains a significant variable in the general sluggishness, which characterizes the development of theory in the study of relations among nations (Singer 1961: 78).

In the same light, Harnrieder (1968) and Moul (1973) also underline the ‘grave methodological consequences’ that would otherwise occur as a result of mixing up different analytical environments, for example, in
making inferences from the relationships involving an aggregate of units to those involving individual units. The point here is that it is of the utmost importance for an analyst to clearly identify the level(s) of analysis prior to his or her examination. Although statements resulting from different levels of analysis may not be mutually exclusive, the failure to construct and define clear levels of analysis would otherwise lead to an ‘inaccuracy of estimation’ and, more importantly, ‘the logical error’ (Moul 1973: 496).1 Along this line, Nye (1988: 242) also asserts that ‘it is a mistake to mingle structural and unit levels’.

In the literature of international relations, it should be noted that the terms ‘unit of analysis’ and ‘level of analysis’ are often used interchangeably and that both conventionally refer to the manner in which the subject matter is to be dealt with in a given analysis. However, this is not simply a matter of phonological denotation but of deeper philosophical nature as to whether the level-of-analysis problem should be understood in epistemological or ontological terms, that is, whether the observed levels of analysis are to serve as sources of explanation or objects of analysis respectively (Moul 1973; Yurdusev 1993; Buzan 1995). In practice, beyond the philosophical debate on the level of analysis as an approach, there is only a subtle but ‘blurred’ distinction between the two understandings so that, pragmatically, a level of analysis is defined in less restricted terms and assumes a broad and rather ‘inclusive’ character (Buzan 1995: 203; see also Yurdusev 1993).

As the discussions proceed, the level of analysis concept itself becomes very broad and fluid. For a great part of the debate on the level-of-analysis problem, there have been suggestions regarding how many and what levels of analysis should be operating in the study of international relations. To start with, Wolfers (1959), for instance, posits two levels of analysis: the level of ‘states’ and that of ‘human beings’, whereby the former are organized bodies of the latter while the latter’s psychological reactions are eventually the basis of the former’s behavior. Meanwhile, in one of his classics Man, the State and War (1959), Waltz propounds a three-level approach, which is known as a classification of the three images of international relations. Jervis (1976) proposes four levels of analysis that include the following levels: decision-making, the bureaucratic, the nature of the state and the workings of domestic politics, and the international environment. In a slightly different classification, Rosenau’s Pre-Theories and Theories of Foreign Policy entail five levels of analysis: the idiosyncratic, role, governmental, societal, and systemic levels (Rosenau 1966: 43). As things stand, no definite number of levels of analysis has been agreed upon thus far.2 Interestingly, Singer (1971: 16) later came up with a very tolerant definition where a ‘level of analysis’ refers to ‘nothing more than the point along that verti-
cal axis from the single individual to the global system at which one’s objects of analysis are to be found’ (Cited in Yurdusev 1993: 81).

The study that follows is structured in a two-level scheme between the unit level and the systemic level. This choice is by no means arbitrary, but it is dependent on the contribution of their two sets of variables in addressing the two sets of research questions as follows:

1. At the unit level, the focus of attention is particularly directed toward the primary units of action, i.e., the EU and Thailand, which, in this study, are taken as the two parties involved in the bilateral relations. The first set of research questions includes questions on factors that determine the developments of EU-Thailand relations from their early stages on to their current state of bilateralism and to what extent the foreign policies of the EU and Thailand as well as the new policy trends of ‘new bilateralism’ can be explained in terms of each party’s domestic economic, political and social characteristics. The unit-level analysis is thus an attempt to concentrate on foreign policy behavior on both sides and identify the underlying mechanisms, which includes motivation and goals that explain their possible policy shifts toward ‘new bilateralism’. In this respect, like the study of foreign policy analysis, the frame of reference is to focus on the domestic aspects – especially the interest structures and political motivations – of the two parties that essentially shape their foreign policy conduct.

2. At the systemic level, the analysis is designed to focus on the interplay between bilateralism and multilateralism and therefore to provide a comprehensive picture of the interaction taking place within the international system. The second set of research questions seeks to assess the extent to which the trends of ‘new bilateralism’ may affect the structures of the international system and vice versa, that is, the questions are focused on (i) the emerging patterns of the system after the new wave of bilateral arrangements, (ii) the functions that ‘new bilateralism’ is expected to perform, and is performing, in relation to regionalism, interregionalism, or globalism, and (iii) the relevance and implications of ‘new bilateralism’ for international relations. Evidently, the main advantages of systemic-level analysis – although it is inevitable that a certain degree of the deterministic nature in the agent-structure relationships and uniformity across the states’ foreign policy behaviors be accepted – lie in the possibility of studying the aggregated form of unit-level entities and the overall patterns of international relations.

The two sets of questions to be addressed at two levels of analysis are obviously not completely unrelated. However it would be wrong – in the words of Singer (1961: 91) – to ‘add the two kinds of statements to-
together to achieve a cumulative growth of empirical generalizations’. After all, the challenge here is putting the findings together again to achieve a more total picture of the bilateral relations between the EU and Thailand. It is hoped that the two sets of questions mentioned above will complement each other and be helpful in describing bilateralism in the broader context of international relations. Since one party of this bilateralism is not always considered ‘an actor’ in its own right, the next chapter specifically turns to the EU in order to discuss the theoretical conceptualization of its *actorness* in more detail and lay down some relevant pre-assumptions for later analysis.

III.2 The European Union as an Actor: The Principle-Agent Approach

The EU as an international actor is both an approach and an attitude. It is an *approach* because it captures and assesses the capabilities of the EU to act as an actor at the international level (see also Sjöstedt 1977; Bretherton and Vogler 1999; Cosgrove and Twitchett 1970). The concept of *actorness* has been discussed on behavioral and ontological grounds in the literature of international relations in general, but the extent to which the concept may apply to the EU in particular appears relatively less explored. It has been noted that, although the EU enjoys a range of competence and legal personality in various policy areas, it is ‘hardly sufficient’ to define *actorness* solely in terms of international law or other legal perspectives (Bretherton and Vogler 1999: 18). Rather, beyond the predominating statist models, the attempts to characterize ‘actor-generated behaviour’ comprises a set of behavioral criteria such as the *autonomous* foreign policy-making capacities (Cosgrove and Twitchett 1970: 12-13, 38-39; Merle 1987: 296) or some particular resources necessary to ‘act’ externally as an independent actor (Sjöstedt 1977; Bretherton and Vogler 1999: 22, 36-38; see also White 2004: 18). At this point, ‘actorness’ may be linked to the concept of ‘presence’ in the way that the latter is a precondition of the former (Bretherton and Vogler 1999: 33) and that an actor’s particular presence hints at the kind of actorness of that actor (ibid.: 37; Allen and Smith 1990). Put together, the concepts of ‘actorness’ and ‘presence’ help us to explore a possible ‘process of structuration’ in the EU’s complex agency and may contribute significantly to the identification and classification of an international actor.  

The EU as an international actor is also an *attitude* in the sense that the EU, as a non-state but collective entity with growing institutional developments, is alleged to have emerged as a new kind of actor to perform significant international roles. This attitude is related to a widely
perceived imperative for the EU particularly due to its economic strength and geopolitical influence. Not surprisingly, the EU is often regarded – at least in some particular policy areas – as an international actor in its own right and, to some extent, as one of the major global powers (Jervis 1991 and 2; Featherstone and Ginsberg 1996; Galtung 1973; see also Bretherton and Vogler 1999). From within, there is evidence to suggest that the EU is also aware of the need for it to assume more significant international roles. For example, as stated in Agenda 2000 published by the European Commission (1997: 27), the EU ‘must increase its influence in world affairs, promote values such as peace and security, democracy and human rights, provide aid for the least developed countries, defend its social model and establish its presence on the world markets’.

It is apparent that the aforementioned attitude toward the EU and its institutions presupposes a certain degree of the EU’s actorness. In the meantime, there is evidence to suggest that the political order of Europe is changing, or is ‘Europeanizing’, in the context of the EU as it undergoes a range of significant institutional changes. ‘Europeanization’, according to Risse, Cowles and Caporaso (2001: 3), is referred to as ‘the emergence and development at the European level of distinct structures of governance, that is, of political, legal, and social institutions associated with the problem solving that formalize interactions among the actors, and of policy networks specializing in the creation of authoritative European rules.’ The phenomenon takes on a broader range of aspects about the in- and outward integration of the EU as well as the various views on the capacity and actual performance of EU institutions. In the latter respect, the term ‘Europeanization’ is related to another concept coined by Allen (1998) as ‘Brusselisation’ which means that the EU is said to be in process of gradually strengthening the Brussels-based decision-making bodies, that is, assigning increasing importance to the EU’s institutional arrangements (ibid.: 56-58).

Taking one step back, ‘Europeanization’ can be viewed as a process that gives way to the delegation of the member states’ interests in the EU’s institutions such as the European Commission or the European Court of Justice. This kind of delegation touches upon the principal-agent model in which the interactions among the member states and the supranational institutions may be explored in terms of contractualized relationships between principals and agents. More specifically, as Kassim and Menon (2002: 5-6) note, the principal-agent approach is very helpful in explaining (i) the extent to which the member states are in control of the politics at the EU level and (ii) the performance of the EU institutions as they are expected to act, and actually act, independently. The same authors identify at least four applications within the principle-agent approaches that have been dominating the discussions
about the workings of the EU: (i) liberal intergovernmentalism, (ii) institutional intergovernmentalism, (iii) historical institutionalist supranationalism, and (iv) rational choice institutional supranationalism (Kassim and Menon 2002; see also, for each application: Moravcsik 1993; Garrett 1992; Pierson 1996; and Pollack 1997, respectively.)

Following the intergovernmental tradition, the first two applications are generally in agreement regarding the predominant roles of nation states in constructing and maintaining an international institution. With regard to the EU, both maintain the assumption that the performance of the supranational institutions at the European level remains subject to the interests of, and in the control of, member government principals, with ‘liberal intergovernmentalism’ convinced by the overall advantages of cooperation through supranational agency and ‘institutional intergovernmentalism’, which adopts a more critical view of how cooperation can face the problem of distributive gains (Kassim and Menon 2002; see also: Moravcsik 1993; Garrett 1992). By contrast, the other two applications contend that the supranational agents are not simply an ‘institutional instrument’ or ‘neutral arbiter’ but rather an independent body with a distinguishable set of interests. The supranational interpretation of the EU generally bestows increased decision-making autonomy and political influence on the main EU institutions so that the member states meanwhile lose substantial control over these supranational agents. In this light, the use of expressions like ‘a runaway Commission’ or ‘an activist Court’ (Pollack 1997: 99) describes the possible view that the EU has gone beyond the intergovernmental explanations to assert more independent roles of the EU institutions very well. The ‘historical institutionalist’ (Pierson 1996) and ‘rational choice institutionalist’ (Pollack 1997) stances of supranationalism differ insofar as the former argues that it is difficult for the member states to reassert their authority because of ‘change-resistant’ institutional developments, while the latter suggests identifying ‘rational choice’-based conditions under which the supranational institutions are able to act independently as new actors (see also Kassim and Menon 2002).

Applying the principal-agent approach to the EU, a growing number of studies that underscore the subtly intertwined relationships between the member states and EU institutions begin to link them to the concepts of contract. According to Coase (1937: 391), a contract is designed to make clear the agent’s rights and responsibilities. The so-called ‘principal’s problem’, which refers to the principal’s loss of control over the agent when there exists asymmetric distribution of information between the two sides (Ross 1973; Kiewiet and McCubbins 1991; see also Kassim and Menon 2002), can be observed here to the extent that the apparently contractualized relationships between the member states and the EU’s institutions become blurred as a consequence of the lat-
ter’s increasing decision-making autonomy. The EU presents a case in which the principal is gradually stronger in view of becoming an actor under certain circumstances. The member states also find themselves in negotiable positions ideologically regarding the matter of the ‘delegation of sovereignty’ at the EU level, as seen in the continuous debate about the EU’s competence in certain external trade issues (Meunier and Nicolaïdis 1999: 485).

The following study focuses on the bilateral relations between the EU and Thailand, with the EU designated as a party of this bilateralism and thus being a supranational player in its own right. Although the study is not designed to ‘test’ the above-mentioned concepts of actorness and presence as such, it is important to consider the arguments based on the relevant behavioral criteria as regards the EU’s actorness. As far as the theory of delegation is concerned, the principal-agent approach helps to clarify the extent to which the EU can play both roles as an intergovernmental and as a supranational body, whether it assumes these roles in its internal or external relations. In theory, the ideal ‘intergovernmentalism’ and ‘supranationalism’ types offer two lines of argumentation regarding the EU’s institutional political order. However, in practice, the EU represents a complex field of study with specific conditions varying across policy areas. The intergovernmentalism-supranationalism debate seems to be bridged and less controversial at the point where the EU’s institutions can operate under the logics of both schools (see also Bretherton and Vogler 1999: 37; Caporaso 1996: 35). The study now turns to the main part of the construction of the two theoretical frameworks.

III.3 Framework I: Unit Level Analysis

The theory [of international politics] explains why states similarly placed behave similarly despite their internal differences. The explanation of states’ behaviour is found at the international, and not at the national, level. That is why the theory is called a theory of international politics. In contrast, a theory of foreign policy would explain why states similarly placed in a system behave in different ways. Differences in behaviour arise from differences of internal competition. Foreign policies are governmental products. A theory has to take the performance of governments as its object of explanation in order to be called a theory of foreign policy (Waltz 1996: 54-55).
II.3.1 Realist Foreign Policy Theory

Realism has a very long tradition in political science. This school of thought can be traced to Thucydides’ work on the Peloponnesian War, in which states find themselves in a permanent power struggle and are strategically driven by insecurity and necessity rather than morality and justice (Orwin 1994; Monten 2006). The later works of Machiavelli, Hobbes, Meinecke, Carr or Morgenthau, which basically continued with Thucydides’ perceptions on state and power politics, creating a prototype of the realist foundations and establishing the research agenda for later theoretical developments (Gilpin 1986; Keohane 1986; Walt 2002). They are all convinced that the logic of power politics is central to a state’s political conduct, hence always considered a key factor behind international relations. What the political realism of today inherits from early realism includes the balance of power theory and the understanding of power and realpolitik. Realism is also named the ‘school of conflict’ because of how it views states as naturally power-based and that the anarchic structure of international politics leaves little choice for survival-oriented nations but to develop a ‘self-help system’.

One of the first and most dominant authors to further develop realism after the World War II was Morgenthau (1978) who reasserts the conception of power-based human nature and political reality and applies this to explain the power-seeking behavior of states in international politics. Not only does his work Politics Among Nations make a significant contribution to the tradition of political realism in general, it is also an important source to this chapter’s notion of constructing a realist foreign policy theory. Ironically, the most well-known criticism comes from Waltz (1990: 26), a leading neorealist, who views realism as a theoretical school that traditionally maintains the ‘autonomy of politics’, but instead of developing a theory of international politics and conceptualizing the whole international system finds itself dedicated to explaining the foreign policy of states. Morgenthau himself, for example, wrote a series of publications that was focused on US foreign policy and its post-Second World War developments (see, for example, Morgenthau 1960, 1962, 1969).

In developing a foreign policy theory, the realist school offers a long-standing approach that adheres to the above-mentioned conception of power in explaining the foreign policy behavior of states. Morgenthau (1978) believes that power remains above all the driving force of international politics and that the underlying quest for power is biologically rooted in human nature. Although not always clear, the alleged application of this anthropological assumption about human nature to a state’s foreign policy conduct draws attention to the relevance of political acts of statesmen and follows the assumption that ‘[they] think and act in
terms of interest defined as power’ (Morgenthau 1978: 5). Statesmen, as Morgenthau (ibid.: 6-7) posits, are in a position to consider both personal and national interests, but it is the latter which – together with morale – binds them to the rational conduct of their nation’s foreign policy. In a sense, realism contends that states are generally considered primary unitary actors that are capable of performing rational, purposive acts. National power, in terms of Realpolitik, is defined by a nation’s ‘geographic realities’ including population, natural resources and industrial capacity as well as its ‘organizational coherence’ in terms of national character, national morale, military preparedness and the quality of government and diplomacy (Morgenthau 1978: chapter 9; see also Madden 1996: 1145; Keohane 1990: 169-170). Taking into account these integral parts of national power, a realist version of foreign policy analysis is grounded in the conception of power and power politics of the state in relation to its foreign policy behavior.7

For realists, anarchy signifies the absence of central international authority that otherwise would prevent the use and counter-use of force among states. When a state’s foreign policy comes to terms with the international system’s anarchic structure, a power-driven state is expected to permanently preserve and/or increase its security maintain its survival. In this regard, Baumann, Rittberger and Wagner (2000) have identified at least two forms of policy orientation of the state, i.e., (i) autonomy-seeking and (ii) influence-seeking foreign policy behavior. The former describes the attempt by state ‘to preserve or reinforce [its] independence of other states’, while the latter refers to a state’s attempt ‘to gain control over the behavior of another state’ (ibid.). It is telling that both concepts of autonomy and influence are instrumental and resources used for the protection of a state’s security, but the fact that a state in effect prefers one to the other is related to contrasting viewpoints of the respective defensive and offensive realists (ibid.; see also Gilpin 1981; Mearsheimer 1995; Schweller 1996). The study that follows considers autonomy-seeking and influence-seeking foreign policy behavior as the two typical forms of power politics that states are likely to pursue based on a realist prognosis.

These forms of power politics must also be understood in the context of the typical realist ‘relative gains’ considerations. That is, realist foreign policy analysis involves a calculation in which any further gains of a state’s autonomy or influence beyond its status quo are cautiously considered against the relative losses of respective autonomy or influence of another state (Baumann and Rittberger and Wagner 2000; see also Grieco 1988). As Jervis (1978) asserts, the resulting foreign policy behavior of the state takes into account the political-military postures that other states adopt, thus it also depends on the extent to which defensive and offensive postures in terms of weapons and policies can be
distinguished. If the distinction remains doubtful, states are purported to be skeptical of, and thus only reluctant to engage in, international cooperation. Viewed from a simplified game-theoretical perspective, it is also possible for rational players to have incentives to deviate from that internationally agreed path if – for example, a prisoner’s dilemma – the two players are rewarded with higher pay-offs in case of ‘defecting’ than in that of ‘cooperating’ (Grieco 1988; Synder 1971). Despite the somewhat different predictions that other modified models (Russet 1983; Brams 1985; see also Grieco 1988) provide, the basic prisoner’s dilemma – while explaining the ineluctable dynamics of the arms race and the possible emergence of a so-called security dilemma – sheds light on the competitive nature of states’ foreign policy behavior.

But the realist notion of the political-military competition among states does not completely exclude the possibility of international cooperation or stability. Traditional realists like Thucydides or Morgenthau hold possible that the stability of the international system can be cautiously achieved by states’ foreign policy orientations toward ‘a balance of power’ – a classic realist viewpoint that a long list of renowned statesmen and stateswomen still uphold through their political conduct (see also Mesquita 2006: 639). A balancing foreign policy maintains or restores the equilibrium of power relations once this equilibrium is threatened. With regard to bilateralism, a balancing policy can be expected to take place directly between the two countries themselves (Kitson and Solomou 1995: 200) or it contributes to the systemic balance, which in some realist interpretations is viewed as ‘a necessary outcome’ of a struggle for power between states (Hoffmann 1968). In a related line of argumentation, realists believe that at least two forms of international cooperation based on the state’s rational, power-based behavior are possible. The first one is the conception of ‘alliance’, which, according to Morgenthau (1978: 189), renders a ‘community of interests’ more precisely and so – mostly on a temporary basis – enables nations to preserve or increase their relative power and security. In this respect, it is possible and historically evident that two nations with shared security interests unite themselves against a third nation, which appears to be a threat to the balance (ibid. 190). The second form of cooperation has its roots in the theory of hegemonic stability as under certain circumstances a hegemon may find the incentives to invest its resources and assert its influence in order to create and maintain an international infrastructure (Gilpin 2001: 99-100). These incentives in a state-centric hegemonic stability theory include economic interests and the security concerns of the hegemon, so that it can perceive the need to promote – and, more importantly, encourage other states to obey – the internationally agreed-upon rules (Krasner 1978; Gilpin 1987).8
With the emergence of new bilateralism, realists seem to have regained credibility in explaining the alleged policy shift toward a more explicit use of state-to-state power instruments and power politics. Traditional realists have taken a rather skeptical view of multilateral institutions and multilateralism in general. They argue that great powers are likely to exploit advantages in bilateral negotiations with smaller nations and that the logic of leveling powers in multilateralism operates poorly within the hierarchical structures of international politics (Kahler 1993: 296). A realist foreign policy theory that focuses on a state’s policy orientation toward new bilateralism at least offers three explanations that are based on the arguments previously presented. The first one is deductively asserted from the notion of the autonomy-seeking foreign policy behavior of the state while the second and third are based on influence-seeking foreign policy behavior.

(a) In adopting autonomy-seeking behavior, a state’s foreign policy is expected to manage its bilateralism in a way that will promote self-sufficiency and independence. In a more critical scenario, a state whose national survival is threatened may also find the incentives to form and maintain an alliance with a bilateral partner against a powerful third (Baumann and Rittberger and Wagner 2000; see also Morgenthau 1978: 188-189). Once these bilateral ties proliferate, they will create their own network in which the state’s survival and economic and security interests will be (re-)assured. Historically – in Germany in 1934 for example – bilateralism was pursued extensively in the form of numerous bilateral trade deals under the so-called ‘New Plan’, the objectives of which were ‘to increase national self-sufficiency and withdraw from the network of world trade’ (Kitson and Solomou 1995: 209-210).

(b) With the asymmetric distribution of power that is presumed to exist between the bilateral parties, the more powerful state will – true to form – pursue attempts to assert its authority and influence upon the weaker (see also Baumann and Rittberger and Wagner 2000). As a matter of fact, circa the mid-1980s, the term ‘new bilateralism’ was first used to describe American economic policy toward the East Asian newly industrializing countries during the second Reagan administration (Haggard and Cheng 1989: 306; Gills 1996: 671). More specifically, in this period of perceived marginal success of multilateral and regional institutions, the United States began to regard bilateralism as an effective new instrument that could resolve trade and economic conflicts with those Asian countries (ibid.).

(c) For weaker and smaller states, new bilateralism provides the opportunity to initially establish and/or strengthen bilateral dialogues and relations with powerful partners. This view can be extended to the situation in which a weak state strategically seeks to bring those powerful states into play against each another in other multilateral settings prob-
ably for its own benefit. This idea is closely related to the concepts of ‘clientelism’, which has been proposed by various authors to describe various types of patronage-client relationships among and/or within states (Lemarchand and Legg 1978; Ravenhill 1985; Martz 1996). Interestingly, clientelism has also been discussed in the context of Thailand’s foreign policy and its diplomacy. Some claim that Thailand pursues a traditional approach to gain flexibility, which always maintains good but balanced relations with and among great powers, known as the politics of ‘equidistance’ (Herrmann 1996) and implicitly that of ‘bending with the wind’ (Rüland 2001a; Cheow 1986). According to Baumann, Rittberger and Wagner (2000), this type of influence-seeking foreign policy behavior by weaker states is referred to as voicing-opportunities-seeking.

III.3.2 Liberal Foreign Policy Theory

While realism has been criticized for its pessimistic views on human nature and negative views on cooperation in international politics, liberalism offers another set of ideas that can possibly maintain international order and justice of progress and rationality. The theoretical developments of liberalism, however, proceed in a diversified manner and are not particularly aligned with any dominant texts that would be representative of the tradition as a whole (Doyle 1986: 1152; Stein 1990: 7; Zacher and Matthew 1995: 107-108). The early works of the liberal tradition such as Locke’s Two Treaties of Government, Kant’s Perpetual Peace and Bentham’s Plan for Universal and Perpetual Peace only provide a general foundation that suggests an extensive understanding of human freedom and a more restricted role for the state in political and economic realms (Dunne 2005; Zacher and Matthew 1995). They mainly assert the importance of international trade and international law in promoting peace, prosperity and justice (ibid.; see also Keohane 1990b; Howard 1987).

After the First World War, liberalism and idealism became closely intertwined with regard to their shared values of tolerance, freedom and constitutionalism and the shared view of the possibility of progress and that states have the ability to move toward a harmonized system of international politics and cooperation. In a programmatic approach, liberal idealism as advocated by President Woodrow Wilson in his ‘Fourteen Points’ speech (1918) normatively frames the conditions for re-creating peace and security, for instance, through assuring self-determination of all nation states or establishing an international organization with collective security mechanisms (Dunne 2005: 191-192; Zacher and Matthew 1995: 115). However, the experience during the interwar period fostered a new research agenda for the post-1945 liberal literature, which theoretically commences with the functional and neo-functional
schools that focus on the patterns and implications of interdependence and integration (ibid.; see also Mitrany 1943; Haas 1958). The recent liberal and neoliberal research projects have been very much dedicated to critically scrutinizing the so-called ‘democratic peace thesis’ (Czempiel 1986; Doyle 1986; Maoz 1997; Oneal and Russett 1999).

One difficulty involved in constructing a liberal foreign policy theory is the vast diversity of liberalism itself. But it is not just a random choice to start with commercial liberalism rather than the other divergent strands of liberalism such as republican liberalism, military liberalism, cognitive liberalism, regulative liberalism, sociological liberalism, or institutional liberalism. These strands of liberalism generally contend that cooperation is possible in international politics, but they offer different explanatory factors and manners in how these may contribute to the realization of cooperation (Keohane 1989: 11; Zacher and Matthew 1995). In the case of EU-Thailand relations, it is empirically evident that this bilateralism is much driven by growing trade relations between the two parties. As a matter of fact, bilateral trade has consistently continued to grow so that in 2003, the EU became Thailand’s third most important trading partner, after the US and ASEAN, and accounted for about 15% of its total trade. Thailand’s exports to the EU doubled during the mid-1990s to 2003 and now consists of some € 11 billion (Delegation of the European Commission to Thailand 2005).

In theory, commercial liberalism focuses on market incentives, which are crucial in determining the political conduct of state and non-state actors (Moravcsik 1997: 528). The development of commercial liberal theory underscores the positive effects of trade, since it is possible for states to co-benefit from world economic growth and there is evidence to suggest that, after 1945, it becomes more costly for them to engage in warfare (Nye 1988; Rosencrave 1986). Already in the 18th century Philosophy and later Enlightenment ideas, the conduct of liberal trade that included (re-)holding open contacts across borders was highly regarded a key factor contributing to domestic economic welfare and international cooperation. Montesquieu (1748) believed that ‘the natural effect of commerce is to lead to peace’ while Hume (1741) stressed the significance of commerce as a ‘reason of state’ and Kant (1795) similarly thought that ‘it is the spirit of commerce that cannot coexist with war’ (cited in Keohane 1990b: 177). As positive as it has been, commercial liberalism proposes that an open international economy can create incentives for states to undergo constitutional changes and accommodate peaceful policies (Keohane 1990b: 178; Richardson 1995). Moreover, it proposes that it is rational for both governments and firms to pursue particular trade measures and foreign policy. The liberal perspective also gives more room to individual actors and non-state entities whose interests and preferences are also significant in the process of foreign
policy making. Although today’s commercial liberalism no longer presumes trade and the associated free trade ideology as necessary criteria for international cooperation, it does develop a more sophisticated approach to considering market structures as an explanatory variable for how states respond to international trade challenges (Moravcsik 1997: 528-529).

The emergence of international trade attacks the national grounds of economic mercantilism and the belief that trade was a zero sum game for all of the participating nations. In the development of modern economic theory, Adam Smith (1776) recognized the relevance of the industrial revolution in the 18th century. He pointed out that specialization, technological progress and wealth creation were dependent on the size of the market beyond a nation’s trade barriers (see also Gerber 2002: 40-41). Conventionally, the theory of comparative advantage has explained the dynamics of international trade. According to Ricardo (1911), with the trade of two different goods between two countries one party always has a comparative advantage over the other in the one good that the former’s opportunity costs of producing are lower than the latter’s (see also Gerber 2002: 50). This means that positive gains from trade can be realized by both parties and that nations can maximize their welfare by specializing in the production of the good that gives it its comparative advantage (ibid. 56). Beyond the theory of comparative advantage, a nation’s international trade policy may also focus on other trade structures such as ‘intra-industry trade’, which takes advantage of internal economies of scale and product differentiation, or ‘industrial clustering’, which makes use of external economies of scale based on regional agglomerations of firms (ibid. 84-107). The concepts of comparative advantage and economies of scale are helpful in understanding the logic behind a nation’s international trade policies as well as the extent to which national differences in relative factor endowments have implications for the patterns of international trade relations.

There is no doubt that, although they come from two different disciplines, political liberalism and economics are closely related. The ‘embedded liberalism’ thesis, as Ruggie (1982) argues, brings to our attention the relevance of an international political context, which postwar liberalism finds itself in and thus presents certain forms of state intervention. As the interdependence among states increases, the so-called ‘compromise of embedded liberalism’ requires that the states – apart from their delimited roles in maintaining domestic economies – take into account the implications of international agreements and rules and to intervene to enhance governance, social institutions and international exchange (Gilpin 2001: 98; Keohane 1990b: 184). In contrast to realism, however, liberalism sees national security beyond military and strategic concerns and draws attention to the emergence of nonmilitary
issues of the post-Cold War period such as drug trafficking, immigration, the environment or the AIDS epidemic (Holsti 1995). The increasing relevance of these new national security threats, in a way, implies cooperation among domestic actors, which may include public opinion, ethnic, religious, economic, and regional pressure groups (ibid.). The trend toward a security conception transcends national security and gradually recognizes the relevance of human security, a concept conventionally defined in the liberal-individualistic tradition (Suhrke 1999; see also, in the Asian context, Rüland 2005a).

New bilateralism, in liberal terms, is thus based on the converging interests of two parties. The proliferation of the phenomenon reveals that pairs of countries have been enraptured by the underlying dynamics and the associated benefits of a new bilateral foreign policy. That bilateralism allows the participating parties to negotiate on a ‘case-by-case’ and ‘product-by-product’ basis, for instance, brings about the ad hoc bases of negotiations and, to some extent, ensures a high degree of reciprocity (Ruggie 1993: 9). But the extent to which the EU and Thailand can be counted as ‘natural trading partners’, despite their geographical distance and considerable associated trade costs, remains very doubtful and thus raises the question of the two parties’ motivations in adopting a foreign policy toward a new bilateralism. A liberal foreign policy analysis systematically revises the concept of preference and the interest constellation and uses this to explain a state’s foreign policy decisions. The following are two examples of foreign policy considered typical liberal state conduct.

(a) States driven by market incentives are likely to pursue a foreign policy that technically helps them to engage and manage their commercial ties in international trade relations. Structural changes based on technological change, capital mobility and transnational communications in particular have increased overall competition in the traditional state-to-state relations and have given rise to the broadening state-firm and firm-firm dimensions of diplomacy (Strange 1992; see also Tavornmas 2006). In stark contrast to the realist notion of state-centric power politics, a liberal foreign policy theory is in a less difficult position because it takes into account these two new dimensions of diplomacy and thus contends that foreign policy decisions of the state can be explained simply as a matter of ‘engagement’. The resulting policy goals and outcomes, however, can be very different depending on the decision-making procedures and interest structures among social, industrial and governmental actors.

Moreover, it is clear that the cost-benefit calculations of relevant actors – i.e., the distribution of these costs and benefits among them – play a crucial role in these games. There is evidence to suggest that in the case of free trade negotiations, for example, the opening up of the
market depends significantly on the constellation of domestic political constituencies with regard to the key actors’ net benefits and losses and that free trade is thus mostly achieved in settings with ‘strong competitiveness, extensive intra-industry trade, trade in intermediate goods, large foreign investments, and low asset specificity’ (Moravcsik 1997: 529; see also Milner 1988). The same logic can also be applied in other policy fields beyond trade; however, it should be noted that there are always similar calculations involving the associated costs and benefits of the key players and that the expected ‘societal allocation’ may, to a considerable extent, also set the ball rolling (ibid.).

(b) An inward-looking version of ‘engagement politics’ is expected to contribute to the correction of domestic ‘market failures’. Technically, ‘market failures’ refer to situations in which a market on its own is claimed to be incapable of providing efficient mechanisms while the state is capable.15 At least from an economic point of view, it is generally agreed that market failures can be accepted as a justification for state interventionism (Wellisch 1999). To this end, a liberal foreign policy theory also accounts for the implications of the decisions and actions made by the state in the domestic political sphere. For example, the state’s foreign policy can be considered a government’s attempts to introduce internal reforms that would otherwise be prevented by strong domestic pressures (Putnam 1988: 447-448) or it may promote certain industries that it considers crucial for the nation’s future with the help of the so-called ‘industrial policy’ (Gerber 2002: 107). In the latter case, a government may identify and actively engage in some – not necessarily economically efficient – industries by providing direct or indirect subsidies or other policy tools (ibid. 107-108).

III.3.3 Constructivist Foreign Policy Theory

Constructivism primarily attacks the material reality and rational-deterministic grounds underlying realism and liberalism, and later neo-realism and neo-liberalism. The roots of constructivism can be found in the works of Durkheim and Weber, which basically provide innovative views on the socially conditioned nature of ideas and interests (Searle 1995; Ruggie 1998). Durkheim – while explaining social phenomena – emphasized the crucial roles of moral and intersubjective relationships and, more importantly, the relevance of ideational factors in international relations (ibid.). Weber’s concept of Verstehen as well as his postulate of Objektivität put the methodological accent on the social sciences in a way that, unlike the natural sciences, take the significance that individuals, as cultural beings, may ‘lend’ to the world for their social practices and self-understanding into account (Weber 1969: 81; see also Ruggie 1998: 860; Kasler 1988: chapter 6; Barnett 2005: 260). Con-
structivist authors continue to draw the fundamental elements of identity- and interest-formation from sociological and critical theory (Wendt 1992: 393). Despite some skepticism expressed during its early theoretical developments, constructivism managed to develop a well and carefully established research agenda by the turn of the millennium.16

Constructivism is also known as a reflectivist approach and offers a theoretical framework in which the identities and interests of states are no longer exogenously but endogenously defined; in other words, they are no longer given but socially constructed (Ruggie 1998; Wendt 1992; Wendt 1999; Fearon and Wendt 2002: 57). It stresses the relevance of ideas and interests in a process of collective identity building; therefore, the reality is considered constitutive and not only material but ideational (Wendt 1994, 1999). Notably, this process of collective identity building is a dynamic one so that the identities of states, although partly historically conditioned, can change over time through international interaction and by the notions of appropriateness and adequacy. Wendt’s key statement Anarchy is what states make of it (1992), significantly revises the understandings of anarchy, self-help and power politics in the manner that the anarchical structure of the international system does not always prescribe self-help or competitive power politics, but should be conceived as a given social arrangement, which leaves it open for mutual (re-)definition between agent and structure – a point which has been discussed with regard to the agent-structure problem (see also Wendt 1987). The subsequent developments of the constructivist tradition continue to explore new theoretical aspects such as the roles of international norms (Finnemore 1996; Finnemore and Sikkink 1998), regulative versus constitutive rules (Onuf and Klink 1989; Onuf 1998) or epistemic communities (Haas 1989; Haas 1992).

A constructivist foreign policy theory, which will be developed here based on the premises of the constructivist theory of international relations, illustrates an attempt to critically revise, and under certain circumstances transcend, the rational explanations of a state’s foreign policy behavior. Constructivists see a state’s foreign policy as something that emerges in social arrangements and is subject to the constitutive and endogenous definition of collective identity, that is, a product of ‘intersubjective beliefs’ (Ruggie 1998: 862, 869) and ‘collective intentionality’ (Searle 1995: 24-25). In this respect, they also tend to ascribe the formation of collective identity to a so-called ‘situated activity’ and consequently argue that foreign policy interests are not primarily structurally determined, but defined through interaction and the actors’ definition of given situations (Alexander and Wiley 1981; Wendt 1992: 398, 407). Another conceptual difference between rationalism and constructivism is that the latter holds that culture and norms contribute – more than they do to the shaping of state foreign policy behavior – to the de-
fining of its foreign policy identities and interests as well as constructing the international system (Morrow 1988: 89; Wendt 1992: 407). Along these lines, constructivists emphasize and give a deeper meaning to the concepts of ‘learning’. In the process of foreign policy making, ‘learning’ does not simply embody – as conventional theorists contend – a state’s adaptation to the relevant constraints and imitation of successful models, but rather a dynamics of problem solving and communicative acts (Ruggie 1998: 868).

The constructivist concepts of state identities are also present in a role-theoretical approach. Indeed, identities of state are assumed to be role-specific and account for social understandings and expectations that it collectively holds about itself (Wendt 1992: 397-398). As Wendt (ibid. 398-399) described it, ‘the absence or failure of roles makes defining situations and interests more difficult, and identity confusion may result.’ For foreign policy analysts, role theory is a very useful approach to focusing on the pertinence of national role conceptions perceived and prescribed in foreign policy-making process. Holsti (1970), in his seminal article, was one of the first role theorists to describe the fundamental claims that national role conceptions are highly relevant in the decisions and actions that foreign policymakers make and that they emerge not only from conventional variables – such as ‘graphical location’, ‘socio-economic needs’, ‘public opinion mood’, ‘capabilities’, ‘system structure’ – but also from idiosyncratic variables including ‘ideological principles’ and ‘personalities of the leaders’ (see also Walker 1987b: 242). Most importantly, role theorists stress the dynamics of mutual definition among role perceptions, role conceptions and role prescriptions, a complex relationship that takes place in interaction between ego and alter and infers the twofold consequences of national conceptions for a nation’s foreign policy behavior and the stability and change of the international system (ibid).

Methodologically, role theory claims to offer a complementary approach to bridging the gap between rationalist and non-rationalist models of foreign policy analysis (Walker 1987a; Walker 1987b: 249). More specifically, the role-theoretical application helps us to understand the different stages of foreign policy decisions and actions among ‘the moments of intuition’ and ‘the longer periods of logical and empirical explanation’, that is, the so-called ‘cyclical process’ (ibid.). In contrast to the traditional single-role assumptions on state foreign behavior, role theorists contend that it is possible – and indeed very likely – that a state will acquire a set of roles and has multiple identities that depend on institutional and social contexts (Holsti 1970: 277; see also Wendt 1992: 398). Wendt (1992: 419), in introducing the critical strategic theory, posits that states will consider changing – i.e., ‘transforming’ or ‘transcending’ – their roles if, the advantages of doing so are foresee-
able and the expected outcome of the cost-benefit calculation of such changes is positive. As a matter of fact, states in a position of ‘character planning’ always have the choice whether to adopt particular roles and subsequently undergo – with these roles ‘taken’ – the dynamic process of identity and preference definition (ibid.). Sociologically speaking, Sedelmeier (2004: 124-125) points out at least three mechanisms that are crucial in convincing actors to conform to institutional roles. First, the ‘logic of appropriateness’ organizes the exemplary actions of actors through interrelated institutional rules and routines (March and Olsen 1989; March and Olsen 2006). The second and third mechanisms are derived from ‘interaction role theory’, by which actors behave in accordance with institutional norms and generally follow the ‘logic of arguing’ (Risse 2000) and ‘rhetorical action’ (Schimmelfenning 1997).

From a constructivist perspective, new bilateralism is largely driven by ideas and interests. The choice of a state’s new bilateral foreign policy demonstrates a social act in which that state comes to terms with particular definitions of identities and interests in the intersubjective construction of bilaterally vested relationships. Constructivism, in particular, gains credibility in explaining precedents that do not seem to follow a rational explanation based on actors’ ‘material bargaining’ or ‘utility-maximizing’ behaviors but instead require the understandings of a state’s non-material incentives such as its ‘desire for acceptance’, ‘symbolic legitimacy’ and ‘status’ (Sedelmeier 2004; Barnett 2005). In bilateral cases, there is evidence to suggest that a state adopts ‘affinity’ or ‘aloofness’ for another state or another region, as discussed on the long tradition of the EU’s responsibility – rather than material incentives – toward the enlargements (Sedelmeier 2004: 127; See also Fierke and Wiener 1999). The following are two typical constructivist explanations of a state’s foreign policy orientation toward new bilateralism.

(a) New bilateralism can be considered a bilateral foreign policy orientation that contributes to the process of identity formation. As previously mentioned, this process is an endogenous one in which identities and interests are defined by social arrangements and through interaction. The logics rest upon interactionist theories which, although originally developed at the micro-level of sociological analysis, holds that actors in social acts agitate for the construction of situated and intersubjective reality rather than simply reacting and adapting themselves to structures (Bolton 1958: 54; see also Stryker 1980; Layder 1982). To constitute its collective identities and interests, a state is expected to make use of intersubjective knowledge and relevant commitments to the bilateral framework’s norms and rules.18

Interactionist theoretical insights also link the process of identity formation with that of role attribution insofar as the identity of ego and alter is constructed by the inferences drawn from their role conceptions
and prescriptions (Wendt 1992: 404; see also Stryker and Gottlieb 1981; Crittenden 1983; Turner 1974). Against the role-theoretical background, an identity-building foreign policy of a state can be explained in terms of the kind of role conceptions that are adopted and prescribed and the resulting role performance. In this context, Holsti (1970) identifies at least 17 possible national role conceptions for 71 countries including ‘bastion of revolution-liberator’, ‘regional leader’, ‘regional protector’, ‘active independent’, ‘liberator supporter’, ‘anti-imperialist agent’, ‘defender of the faith’, ‘mediator-integrator’, ‘regional-subsystem collaborator’, ‘developer’, ‘faithful ally’, ‘independent’, ‘bridge’, ‘example’, ‘internal development’, ‘isolate’, and ‘protectee’. Along these lines, Kirste and Maull (1996; see also, in the EU case, Télo 2006) introduced the concepts of ‘civilian power’ as another national role conception that inclines a state to develop certain foreign policy characteristics of purposes, goals, ends, interests, values and means.19

(b) It is possible that – apart from the process of identity building – a state may also adopt a new bilateral foreign policy orientation because of ‘rhetorical action’. Wedged in between the theories of rational choice and communicative acts, the approach of rhetorical action is very helpful in explaining foreign policy behavior of the state subject both regarding its purpose-oriented rationality and its value-based interaction (Schimmelfenning 1997). New bilateralism, in its application implies a state’s foreign policy response that strives for success-assured acts in terms of ends and means but that it, in turn, renders rational in defense of its values and identities. In symbolic terms, this concept of rhetorical action is related to that of ‘image’. Image theory postulates that an actor’s image is cognitively and affectively constructed and that the mental representation of image and its projection give rise to interpretations of motivation and interests based on social psychological arguments (Herrmann and Fischerkeller 1995). The assumption of prevailing imagery makes it possible to map state foreign policy decisions on the rhetoric and verbal behavior of its political leaders (ibid.). In this regard, a state may be willing to adopt ‘dominant’ ideas and norms in international politics such as those that underlie the trends of new bilateralism.

It is important to note that for both (a) and (b) intersubjective knowledge allegedly contains a certain degree of ‘self-perpetuating quality’ (Wendt 1992: 411). In this context, the theory of path dependency helps explain the prevalence of certain socially inefficient outcomes and identify the conditions under which the congruity of strategy profiles requires an intuitive interpretation of actors’ behavior and new ideas do not always arise or bring about new understandings and expectations (ibid.). That is, the endogenous process of defining identities and interests needs to take as well historical conditions into account.
III.3.4 Theoretical Refinement: The Bureaucratic Politics Model

In addition to the aforementioned foreign policy theory models delivered by three major schools of international relations, the bureaucratic politics model will be introduced here as a refining theoretical approach to the analysis of their bilateral relations. The model represents an actor-oriented approach that accommodates bargaining elements among the members of an organization and thereby proposes to revise the internal dynamics of the policy-making process beyond ‘state as a unitary actor’ views (Brandt 2001). As seen in its day-to-day functioning, the foreign policy conduct of the EU and Thailand has been specifically based on numerous bureaucratic interactions. It is frequently argued that some actions on both sides occur in the absence of high-level decisions and that they can be seen as a product of routine bureaucratic behaviors. This is a point of contention that has also been raised elsewhere among mainstream international relations. At the heart of the individualism-holism debate, the irreducibility of actors and phenomena has been questioned on both ontological and epistemological grounds. The principle of reason of state, for instance, used to mark a conceptual difference between the realist and liberal schools of international relations, but it becomes increasingly apparent that even classical realists like Morgenthau (1978: 107) have recognized the empirical notion of individuals in a position of a nation’s power projection and foreign policy formulation. The debate reveals that the construction of social reality depends on theoretical premises and the methodology posed by the two extreme positions (see also Searle 1995).

With regard to its theoretical developments, the bureaucratic politics model has a long tradition as an analytical paradigm in sociological analysis (Merton 1957; see also Allison and Halperin 1972: 44). In the discipline of political science, the popularity of bureaucratic politics as a research method must be credited to Allison’s seminal publications on three conceptual decision-making models – i.e., (i) rational policy, (ii) organizational process, and (ii) bureaucratic politics – as applied in the analysis of the Cuban Missile Crisis (1970, 1971). During roughly the same period, economists also began to explore the concepts of bureaucracy in a great variety of studies, ranging from actor-oriented, budget-maximizing models (e.g., Niskanen 1971; Miller and Moe 1983) to those that bring into play coordination mechanisms in the form of contractual relationships between legislative principals and bureaucratic agents (e.g., McCubbins, Noll and Weingast 1987, 1989; see also Shepsle and Bonchek 1997). In the study of foreign policy, the bureaucratic politics model has been applied in a series of lengthy works on specific empirical events (Halperin and Kanter 1973; Beard 1976; Bergerson 1980, cited in Welch 1998). However, within the background of some criticism
against the bureaucratic politics model, later developments have concentrated on the attempts to strengthen cause-effect propositions as well as falsifiable hypotheses and thus promote more elements of a positive science in the model’s conceptual framework (Welch 1998; Schneider 1997; see also Krasner 1972).

Not only does the model provide important insights into the analysis of bureaucratic politics, it also contributes to the construction of decision-oriented approaches in international relations. Although it seems that the model has affinities with the liberal school because of its focus on the dynamics of domestic politics and societal factors (see also Schneider 1997: 108-109), the critical views of a state’s decision making portray the model as a cross-cutting approach to explaining foreign policy behavior in terms of its underlying interests and processes, e.g., the realist notion of ‘intra-governmental balance of power’ or the constructivist concepts of ‘roles’ and ‘shared values’. The rational explanation of utility-maximizing behavior has been applied in the realist and liberal concepts of interests so that actors are assumed to have a set of exogenously defined interests and preferences. In a constructivist view, the notion of the ‘portfolio of interests’ may still need to be further clarified because actors are not regarded as being bound by a stable set of beliefs and desires and are, instead, capable of defining a situation in a social context (Hindess 1989: 20; Wendt 1992: 398; Sedelmeier 2004).

Our study generally follows the bureaucratic politics paradigm of Allison and Halperin’s ‘Bureaucratic Politics: A Paradigm and Some Policy Implications’ (1972).20 As stated in the article, its underlying premises and arguments can be found in part in the works of Allison’s ‘Conceptual Models and the Cuban Missile Crisis’ (1969), ‘Essence of Decision: Explaining the Cuban Missile Crisis’ (1971) and Halperin’s ‘Bureaucratic Politics and Foreign Policy’ (1974). The Allison and Halperin paradigm focuses on the bureaucratic politics model, which is presented and well known as the third model in Allison’s works (1969, 1971). Our choice of this paradigm has not been random but carefully considers the helpfulness of bargaining and organizational schemes as a fresh departure for the investigation of bureaucratic decision-making structures (see also Brandt 2001). The subchapters that follow will provide a brief overview and a workable framework for the bureaucratic politics model. The page numbers refer to Allison and Halperin (1972).

**III.3.4.1 Players**

Against the background of a state that has been regarded as a unitary actor, the bureaucratic politics model points out the possibility of policy bargaining and coordination in practice. The departure from the traditional state-centric views leads to a new conception of political actors. The model contends that national governments decision makers are no
longer single individuals but a ‘conglomerate of large organizations and political actors’ (41, 42).

The notion of ‘a player is an individual in a position’ (47), implies that a player’s perceptions and preferences are subject to two sources: (i) individual characteristics and (ii) the position of that player. Provided that different players pursue specific interests depending on the issue and the type of game, the model is also designed to accommodate a variety of players at a point in time and thus illustrates the pre-settings in the form of action channels that determine a game’s players, their advantages and handicaps (47). The main players not only include important political figures and heads of national organizations but also relevant government officials, the members of legislatures, the press, special interest groups as well as surrogates for these groups (47). Further insights into the bureaucratic politics model point out that all of these players hierarchically constitute concentric circles around the center of the game being played and that other individual players have a chance to – on a regular or ad hoc basis – enter the central arena because of their personal relations with the chief executive (43, 47). While the model pictures that senior players are encircled by junior players, the distinction between senior and junior players helps to explain the concentration of formal authority in terms of their shares of decision-making influence. Nevertheless, the model also holds possible that the junior players can play a crucial role in certain action games.

III.3.4.2 Interests

In the bureaucratic politics model, the logics of multiple role conceptions imply that organization-based actors are subject to a diverse set of interests simultaneously. Political decisions not only revolve around a single issue of strategic concern but on a diverse set of intra-national and international matters (43). The different ‘faces of an issue’, which may also raise different sets of interests, complicate a player’s decisions in a way that this player determines particular stands based on the stakes at hand (48, 49). The model identifies four specific sets of interests, as follows:

(i) National security interests. In principle they are widely accepted, and the issues that relate to national security are considered very important such as the US’ interest in avoiding foreign domination and its interest in supporting collective disarmament (43, 48). It is possible, however, that other sets of interests may influence a player’s perception of national security interests (48).

(ii) Organizational interests. These interests are essential to disposing of the bureaucratic politics model. That members of an organization – such as career officials – regard the health of their organization as crucial for national interests, leads their interests to wanting to maintain
autonomy and influence, fulfilling its roles and missions, and securing the necessary capabilities in terms of the organization’s essence and budgets (48).

(iii) Domestic interests. Only some bureaucrats, particularly senior players, are concerned with domestic affairs and their implications for domestic politics (48). The openness of governmental systems is a significant factor in determining the extent to which players are vulnerable to external interests and pressures and dependent on their approval or acquiescence (49).

(iv) Personal interests. Besides the conception of other political roles, a player is concerned about his or her personal interests (48). In certain governmental systems, it is possible that some players have an incentive to remain in politically influential positions or to become chief executives themselves and that their personal interests are predominantly driven thereby (49).

In addition to these four sets of interests, players are assumed to hold certain shared values that underlie their attitudes, assumptions and images about basic values and facts (56). Shared values are often taken for granted, but they in fact are accepted by most of the involved players and have significant implications for the interpretations of other nations’ actions, e.g., the images of friends and enemies, the perception of their capabilities and intentions (56).

III.3.4.3 Organizational Processes
The aggregation of the position of the involved players is central to understanding the processes in which governmental policies and decisions are organized and subsequently lead to a particular outcome. The bureaucratic politics model argues that there are regularized circuits in bargaining whereby the issues once recognized typically proceed within established channels and are subject to certain fixed rules (50). Formally, decisions are defined as ‘authoritative designations, internal to government, of specific actions to be taken by specific officials’, and policy as ‘authoritative aspirations, internal to government, about outcomes’ (46). In decision and policy games, a series of players’ activities are illustrated in the form of action channels that lead to government decisions and policies. All of the players start out by calculating the stakes based on their resources and reputations, and thus determine their positions in a game and decide whether or not to enter it (50). The paths to a certain policy or decision include a number of decisions that need to be made by several relevant officials and eventually by mostly senior players (43, 46). In the action games that follow, specific senior or junior players are assigned to carry out – i.e., implement – a specific course of action. Depending on the decisions made, these as-
signments can be general or very specific as regards the prescriptions about responsible subordinates and subsequent actions (51, 53).

Based on these logics, the bureaucratic politics model provides at least three important insights into the policy-making process:

First, the decisions and actions of governments rarely represent a conventionally single rational choice but a result of what can be called ‘pulling and hauling’ (43). Consequently, players engaging in various maneuvers are expected to attempt to change the viewpoints of others via argumentation (51). In established action channels, certain entrance points into the game are determined at which prospective players may consider the possibility of participating and obtaining bargaining advantages (50). Their bargaining advantages are said to come from (i) the control of implementation, (ii) the control over information, (iii) the persuasiveness with other players, and (iv) the ability to affect other players’ objectives in other games including domestic political games (50).

Second, the aforementioned bargaining dynamics reveal that an action can be affected by decisions on other issues and that the corresponding action channel has the capacity to accommodate alternative procedures for producing different classes of that action (45). In game-theoretic terms, decision or policy games that may seem unrelated to the prospective outcome often serve as important sources of explanation in the decision-making processes as well as in the implementation of those decisions (46). That a government’s action is metaphorically referred to as ‘an amalgam of several strands of action’ (52), also implies that by decoding backwards it is possible to resolve a single issue through more than just one channel.

Third, and perhaps most importantly, the bureaucratic politics model has demonstrated that a considerable proportion of governments’ actions are subject to the routine behavior of organizations. The model hypothesizes that, even in the absence of high-level decisions, certain government actions follow from low-level ones and that in some action games junior players are in a position to implement specific decisions on their own and thus assume a more crucial role than senior players (46-47). The so-called organizational standard operating procedures give an idea of bureaucratic instructions about how an organization’s routines make a contribution to shared values and internal coordination but can also be constraints for decision and policymakers in terms of information and policy options (51). Nonetheless, the problems of monitoring and enforcing the behavior of bureaucratic agents have been recognized and will be discussed below.
III.3.5 Foreign Policy Theory and the Bureaucratization of Foreign Policy

In the Weberian tradition, the delegation of authority to bureaucracy has been discussed in the context of legislative attempts to usurp expertise and knowledge in response to policy-making complexity (Weber 1958: 232-235; See also Lupia and McCubbins 1994: 91). Bureaucratization and professionalization are considered – if not antithetical – complementary with both contributing in one way or another to the rationalization of society (Ritzer 1975). The ideal type of bureaucratic organization specifically presents an idea of routinization and mechanization and helps to identify the related causes and consequences of growing rationality (ibid.) The emergence of such institutions takes place in the form of bureaucratizing transformations of policy-making processes and substance. The characteristics of bureaucratic organizations can be distinguished from the traditional forms of administration in specific terms of division of labor, hierarchy of authority, and written rules and regulations (Meyer and Brown 1977: 364). Tellingly, the process of bureaucratization has important practical implications for the accommodation of these features in modern society. For instance, the formalization of large-scale personnel procedures is central to understanding the differentiation of hierarchical and decision-making authority (ibid. 365-366).

Foreign policy analysts have also recognized the relevance of bureaucratization in decision-making processes and implementation procedures. As illustrated in the works of Allison (1969), Allison and Halperin (1972) or Halperin (1974), the study of foreign policy can be enriched by the insights of bureaucratized organizational structures and their institutional values. More specifically, the bureaucratic politics model has made a contribution to the theoretical application of an organizational bargaining scheme in a state’s conduct of foreign policy (Brandt 2001). Moreover, it becomes apparent that the joint dynamics of bureaucratization and institutionalization brings along a broader scope of concepts of power and public interests. As Putnam (1988: 431) notes, the proposed model’s focus on the overlapping nature of intra-national games underscores the significance of bureaucratic interests for foreign policy-making processes and relations between nations (see also Allison 1971: 149). The constructivist touch can be found in the model’s introduction of shared values within society and bureaucracy, according to which most bureaucrats are expected to act and argue (see also Allison and Halperin 1972: 51, 56). The increased roles of ideas and the shared values help to infer the possibility of bureaucratized interest and identity formation.

In practice, an important question has been raised on the main driving forces of bureaucratization as regards some bilateral relations. There are at least two different lines of argumentation in this regard.
First, a low level of political attention paid to a particular region or country is likely to leave the management of established bilateral relations to specialized bureaucrats because of efficiency and expediency reasons. State foreign policy responds to the absence of high-level decisions under the increasing influence of bureaucracy, particularly when chief executives face time constraints and/or have a greater interest in regions or countries elsewhere (Schraeder 1994: 13-14). The government’s reliance on specialization of bureaucratic bodies is expected to expedite the running of bilateral relations as in various tasks on fact-finding and policy development (Alt and Alsena 1996: 658). In this light, bureaucratization is meant to cope with issue-specific complexity with regard to social and national benefits. The redistributive concerns do not disappear, however, the idea that there may be common interests in addition to group interests gives rise to the accentuation of efficiency and rationality in the public policy arena (Majone 1996: 613). The administrative officials are considered to be in a position of combining ethical and political discourses and thereby yielding practical consequences in the form of social and demographically based solutions (ibid. 613-614).

The second line of argumentation widely discussed in the field of public policy explains the process of bureaucratization in terms of policy credibility and delegation legitimacy. The matter of so-called ‘time inconsistency’ refers to a situation in which discretionary policy creates a negative incentive for the actors involved to behave differently than expected due to their anticipation of unrestrained policy change (Majone 1996: 614). In this respect, bureaucracy – because of its relative invulnerability to domestic pressures and election returns – has the credibility advantages of ensuring domestic commitments and enhancing overall policy continuity (ibid. 617; see also Alt and Alesina 1996: 658-659). This issue of policy credibility crucially gives rise to a government’s willingness to delegate certain policy-making capacities to technocratic entities at the national or supranational levels (Majone 1996: 616). For example, as some intergovernmental regulatory agreements are often subjected to the problems of defection and lacking credibility, it is suggested that independent monitoring authorities be established in response (ibid. 617).

The consequences of bureaucratization, as found in the important developments of public administration, are not always straightforward regarding the bargaining schemes in operation. It is possible that under the conditions of organized procedures, policy objectives may be differently pursued in the processes of legislative formulation and bureaucratic implementation. From a public policy perspective, bureaucratization can involve agency losses in terms of agency costs of delegating policy-making authority. In a sense, the potential benefits of delegation
can be offset by the possibility of abdicating policy control (Lupia and McCubbins 1994). This is an institutional choice in response to the principal-agent problem, with ‘the enacting coalition’ and ‘the bureaucratic entity’ looking to create a new mission and agency as well as to ensure the implementation of durable arrangements (McCubbins and Noll and Weingast 1987, 1989). The term *bureaucratic drift* depicts the strategic moves of bureaucratic agents implementing an organizationally preferable policy that departs from the one officially agreed upon but still remains in an acceptable range for avoiding political retribution (ibid.; see also Shepsle and Bonchek 1997: 365). That bureaucratization in itself reflects the political will to insulate bureaucratic entities from interference and to grant them the relating capacity to act as independent bodies, can be viewed not only as a rationalized approach of administrative efficiency but more importantly as a ‘tradeoff’ of a *bureaucratic drift* in defense against shifting coalitional political alignments of a so-called *coalition drift* (Majone 1996: 612-617; Shepsle and Bonchek 1997: 373-5). In the question of the distribution of power, Pollack (1997) calls attention to two possible extreme positions: (i) the ‘runaway bureaucracy’ thesis and (ii) the ‘congressional dominance’ school, where the former is also called the ‘abdication hypothesis’, which underscores the autonomy of bureaucracy while the latter characterizes the relationships as the continued authority of legislators. The aforementioned agency costs are said to involve structuring, bonding and monitoring the contracts between agents and incurring the imperfect enforcements of contracts (Jensen 1983; see also Alt and Alesina 1996: 658). In this light, the principals may find an incentive to create certain mechanisms that enable them to retain control over their agents (Pollack 1997; Moe 1987).

In foreign policy analysis, bureaucratization is expected to contribute to the disposition of foreign policy-making mechanisms and organizational structures, and thereby gains its own internal dynamics in maintaining relations with particular countries. In the context of US foreign policy toward Africa, Schraeder (1991) has introduced the concepts of ‘bureaucratic incrementalism’ to explain the bureaucracy’s self-interested nature that leads to the attainment of its increased organizational roles in policy-making processes. As soon as bilateral relations have been established, the process of bureaucratization not only prevents the relations from becoming irrelevant but also helps to strengthen them in order to sustain bureaucratic influence as well as promote organizational integrity (Shraeder 1994: 25). Because of these organizational interests of bureaucracy, the arguments of incrementalism may also be applied to explain the bureaucratic trends of resisting policy change and so maintaining the status quo (Shraeder 1991: 384; see also Halperin 1974). This is apparently inherent to bureaucratic cultures,
which partly embrace the bureaucracy’s reliance on the established logics of foreign policy formulation and evaluation as well as on the organizational standard operating procedures (Schraeder 1994: 21). In game-theoretical terms, the relatively high discount rate of certain senior political players arguably signifies their short-term horizon on any issue and implies that they tend to be less influenced by organizational interests than bureaucrats and career officials usually are (Allison and Halperin 1972: 50).

As mentioned above, the foreign policy conduct of the EU and Thailand – in particular the day-to-day running of bilateral relations – is often seen as a product of bureaucratic dynamics. In their bilateral relations, several actions are taken in the absence of high-level decisions and are thus subject to bureaucratic routine behaviors. It is evident that both the EU and Thailand have undergone manifold processes of bureaucratization – although in significantly different ways.

- Thailand has a long tradition of bureaucratization, which can be traced to the country’s modernization agenda near the end of the 19th century. Thailand’s preserved national independence significantly contributes to the self-determined developments of its bureaucracy as a ‘unique’ administrative institution (Shor 1960: 66-67; see also Riggs 1966; Eisenstadt 1968; Evers 1987). As regards the foreign policy conduct, the Ministry of Foreign Affairs, which managed to establish a well-defined relationship among domestic institutions and attain a high degree of professionalism during the 1980s, has become the country’s main bureaucratic institution – responsible for full-fledged organizational structures in various regional and functional departments (Rüland 2001a: 1027-1028).

- In the EU case, the process of bureaucratization is in part the result of the developments of interrelationships between the member states and the EU supranational institutions. The European Commission is frequently considered the EU’s main bureaucratic institution because, as a new decision-making body, it has attracted significant transfers of regulatory competence in various areas such as the environment, consumer protection, and labor rights (Tsebelis and Yataganas 2002: 291). The roles of the European Commission are expected to increase further as ‘head of the EU bureaucracy’ after the Treaty of Nice, given that the Council decisions have become more complicated by the so-called ‘triple majority rules’ – i.e., the qualified majority of weighed votes, the majority of member states, the majority of the population – although the Commission’s legislative agenda-setting functions may to some extent decrease in view of virtually expanded legislative cores of the EU (ibid.).
III.4 Framework II: Systemic Level Analysis

III.4.1 New Bilateralism in the Inter-regional Context

Typologically, EU-Thailand relations represent one of the ‘borderline cases’ of interregionalism, although it is noted that they can also be seen as simply a kind of ‘external relations of regional organizations’ (Rüland 2006b: 298; Hänggi 2006). The terminological ambiguity cannot only be traced to the language use itself but lies in the variety of recent interregional relations as observed in the international system. To start with, a helpful distinction has been made between the forms of interregionalism strictly defined as bilateral region-to-region relationships and those that are less clearly recognizable: ‘regional organizations’ external relations with third states in other regions and relationships among states, groups of states and regional organizations from two or more regions are viewed as interregional relations in the wider sense, whereas all types and forms of interregionalism that fall in between are considered as interregional relations in the narrower sense’ (Hänggi 2003: 41; see also Rüland 2006b). In fact, it seems reasonable that while different interregional relations for their own part are placed in order along a spectrum of interregionalism, EU-Thailand relations can be considered ‘quasi-interregional’, as Hänggi (2006: 41-42) asserts:

At the ‘lower’ end of the spectrum, we find relations between regional organizations and third states in other regions as borderline cases of interregionalism – or interregional relations in the wider sense. These relationships may serve as a substitute for group-to-group relations because one of the two participating regions is void of a regional organization or a regional group of states that is able to act as a counterpart. ... Given the fact that these relationships constitute an essential component part of relations between two regions, they may be called quasi-interregional – they play a similar role as interregional relations in the narrower sense.22

In the study that follows, the interpretation of EU-Thailand relations as a new bilateralism at the international system level partly follows the arguments of interregionalism because, not only do the developments of interregionalism underline the increasing relevance of recent relations between regions including those between a regional organization and a third country, but, more importantly, its theoretical approach seems to offer an important insight into the parallel logics of regionness and multiple-level systemic structures. There are at least three aspects that greatly support the projection of new bilateralism into an interregional
framework: (a) programmatic developments, (b) its membership patterns, and (c) the functions of new bilateralism at the international system level.

In the area of programmatic developments, new bilateralism, new regionalism and interregionalism are interconnected on grounds of their implications for regional integration efforts, recently assuming the increasing relevance of regional as well as bilateral alternatives to existing global institutions. The developments of ‘first generation’ regionalism to ‘second generation’ regionalism – the so-called new regionalism – not only underscore a greater degree of political coherence within the region but also the multidimensionality across the fields of political, economic and cultural regional cooperation in contrast to the apparently separate logics of previous economic integration or security alliances (Van Langenhove 2005; Van Langenhove and Costea 2005a; see also Hettne 2003).23 There has also been a discussion about the emergence of third generation regional integration, by which a regional grouping – such as the EU in particular – is believed to reach the status of a global actor and so, in practice, may behave accordingly as an actor at the international system level (ibid.; Van Langenhove and Costea 2005a; Van Langenhove and Costea 2005b). Following this trend, it is observable that the EU’s increased actorness, in a sense, contributes to its own regional integration efforts and that this development seems to also apply to the external relations of the EU with a third country or a regional grouping. In a further step, the concept of ‘multiregionalism’ has been introduced by Hettne (2003) to predict a form of global governance based on schematic relations among all regional groupings, presenting the very idea of regionalism as a ‘third way’ forward between the two hotly debated trends: global multilateralism and local bilateralism (Van Langenhove and Costea 2005a; Van Langenhove 2005).

Second, the diffuse membership of new bilateralism seems to be to a large extent explained in an interregional context regarding the emergence of ever more complex territorial groupings and so the increasingly blurred definition of regions as such. In his recent work ‘A World of Regions’, Katzenstein (2005; see also Ikenberry 2005; Reiterer 2006) argues that – in response to the American influence – the Asian and European versions of regionalism, termed as ‘porous regionalism’, have illustrated an increasing degree of openness to exchanges across borders and systemic transformations, and, based on this view, Katzenstein’s definition tends toward a pragmatic one that describes regions as ‘not simply physical constants or ideological constructs, but ... expressing changing human practices’ (cited in Reiterer 2006: 223-224). As we have already mentioned, in contrast to traditional bilateral relations, the recent wave of new bilateralism hardly confines the two parties involved to neighboring countries or, economically speaking, natur-
al trading partners. In this light, the new bilateralism trend is said to expand from geographically conditioned ties to ‘geographically-dispersed’ ones connecting two distant regions (Lloyd 2002; Aggarwal and Koo 2005). The Thai government, for example, signed a framework agreement combining an Early Harvest scheme with India in October 2003, concluded a comprehensive FTA with Australia in 2004 and a similar one with New Zealand in April 2005, and has been in the process of negotiating another FTA with Peru since November 2006.24 On the EU’s side, there is also evidence to suggest that several new bilateral negotiations have become decreasingly tied to the EU’s neighborhood policy and the related agendas of intraregional integration. For instance, discussions have been raised in the recent attempts to upgrade the EU-Israel Association Agreement (see also Perry 2007) and the prospects of the EU’s FTA negotiations with the new rising economies such as India and China (European Commission 2006j; Asia Times 2006).

Third, and most importantly, it can be argued that certain specific functions that new bilateralism is expected to perform in the international system are inducible from the framework of interregionalism. In the context of the relations between the EU and ASEAN, Rüland (2001b) points to the ‘proliferation of regional actors’ and the consequential emergence of a ‘multi-tiered system’ with new interregional fora and institutions being created in-between. Premised on three main theories of international relations, a very helpful set of five functions of interregionalism was introduced by the same author (ibid.): (i) ‘balancing’, (ii) ‘institution-building’, (iii) ‘rationalizing’, (iv) ‘agenda-setting’ and (v) ‘identity-building’. Although new bilateralism is often viewed as emerging in response to the developments of multilateralism and, to a certain extent, interregionalism, the relevant context of interregionalism itself can obviously be described as a similar multi-layered setting in which new bilateralism also finds itself. This serves as the main focus of the next chapter, which – based on the set of functions proposed by Rüland (2001b) – is aimed at building up a second theoretical framework for the analysis of new bilateralism at the international system level.

III.4.2 Theories of International Relations Revisited

III.4.2.1 Neorealist Approach
The foremost attempts to ‘systemize’ the realist theories of international relations can be found in Waltz’s Theory of International Politics (1979). He has already suggested in his previous work, Man, the State and War (1959), that the reasons for war – and thus the dynamics of international politics – can be traced to three levels of analysis that are known as three ‘images’. The third image depicts the framework for interna-
tional politics, within which the first and second images account for forces underlying foreign policy decisions and by which the importance of these forces can be assessed and the predictions of their consequences made (ibid. 238). Neorealist theory evidently remains true to several key realist concepts of power politics including the primacy of security interests, survival and self-help, however, its ‘systemizing’ approach gives rise to a theoretical foundation that seeks to explain the foreign policy behavior of states in terms of structural determinants at the international system level (Majørset 1988: 282; see also Buzan 1986 and 1987: 100). This approach has also been widely discussed in the agent-structure debate; it maintains the conceptual emphasis that Waltz’s neorealist theory placed on the international system and its obvious decomposition of the system into units and structural constraints that face them (Powell 1994).

If new bilateralism can be regarded as a systemic phenomenon, it illustrates a specific pattern of bilateral alignments at the systemic level, so that its emergence theoretically depends on the international political structures and the arrangements within them. The Waltzian neorealist theory identifies two important components that characterize the structures of the international system: (i) the ordering principle of the system, that is, anarchy, and (ii) the distribution of capabilities across its units that are states (Waltz 1986; see also Lamy 2005).25

1. Anarchy itself is a long-standing concept that gives an idea of the lack of central authority to enforce rules and maintain order in the international system (Lamy 2005). While traditional realists simply consider anarchy a condition of the system under which states interact and where a struggle for power is likely to occur, neorealists attempt to theorize anarchy as a crucial structural factor that defines the international system and consequently shapes and determines the international politics (ibid.; Keohane 1986). For Waltz (1979: 87) the decentralized and anarchic nature of the international system has implications that states are not functionally differentiated and that the system can thus be seen as composed of ‘like units’ (see also Wagener 2006). Moreover, this also relates to the notion that international politics is preoccupied with the uncertainty of states about the intentions of others and thus expresses a lack of trust after all (Lamy 2005; Baylis 2005).

2. Regarding the second component, the neorealist focus on the distribution of capabilities among states stresses that their differences do not involve traditions, objectives, functions or forms of government but capabilities (Waltz 1979: 94; see also Wagener 2006). Along this dimension, the structures of the international system may differ because of changes in the distribution of capabilities thereby assuming the placement of a unit in relation to others, called a ‘posi-
tional picture’ (Waltz 1979, in Keohane 1986: 15). With this structural conception of state capabilities, it is evident that the neorealist theory goes beyond the traditional realist notion of power predominantly defined by geographic realities including population, natural resources and industrial capacity as well as national character, national morale and military preparedness (see above). However, while Waltz (1979: chapter 8) believes that military power remains a useful power resource for a state, it becomes apparent that neorealists including Waltz himself – if only carefully – begin to discuss the relevance of economic interdependence and military relationships and the roles of great powers in the ‘management of international affairs’ (Waltz 1979: chapter 7-9; see also Keohane 1986: 15; Baldwin 2002).

Following these two components – the anarchic structure of the international system and the orientation of states toward the distribution of capabilities – the neorealist theory foresees competition among states and contends that balances of power will inevitably emerge (Waltz 1979: 129; see also Keohane 1986: 15). We can also expect the concepts of a new bilateralism to contribute to a balancing of powers in the international system. Beyond the realist discussions of power and balances of power, the neorealist version of the balance-of-power theory seeks to explain how the changes in the distribution of capabilities can lead to different patterns of alignments and how they consequently entail the formation of the balances of power in an international system (Waltz 1979: 119; Keohane 1986: 15).

By way of explanation, the emergence of alignments – such as new bilateralism – reflects the strategic behavior of allied states in their efforts to balance powers in the international system. As a matter of fact, it is important to note that the balance of power theory ‘predicts balancing, not balances, of power’ (Ruggie 1986: 137, cited in Bhansali 1987). In the discussions of alliance choices, two possible strategies for states that are externally threatened have been identified – to balance or to bandwagon the threatening power. While the first strategy refers to the alignment with the weaker side in order to deter and/or defeat that threatening power, the latter is a metaphor for aligning with the dominant power to appease it and possibly benefit from being on the winning side (Walt 1988: 278). In the case of smaller states, the balancing strategy has implications that they can enhance their influence because of their relatively greater contribution within the coalition and that they are apparently less vulnerable should the dominant power become more aggressive (ibid.). Furthermore, the concepts of alliance formation have also been extended to contrast the notion of ‘balance of power’ with the ‘balance of threat’. The balance of threat theory, by which states are ex-
pected to behave in response to ‘imbalances of threat’ instead of ‘imbalances of power’, is designed to offer a more general and abstract version of, i.e., ‘subsumes’, the balance of power theory (Walt 1988: 281). According to Walt (1985, 1988), the structural balance of power theory has certain limitations insofar as it only concentrates on the distribution of capabilities in terms of population, military, economic and technological capability, and political cohesion. It seems to leave out some of the other components such as proximity, offensive capabilities and aggressive intentions – all of which are regarded as highly relevant in affecting the capacity of the dominant power to threaten the sovereignty of other states.27

The trends of new bilateralism have to some extent demonstrated that a series of two parties may opt for new policy orientation and certain non-traditional measures in order to balance against the dominant power. Beyond the conception of balancing threats, it mentions that second-tier states may also adopt the so-called ‘soft balancing’ measures as long as they do not regard the superpower as a threat to their sovereignty but are still concerned with that superpower’s unilateralism and interventionist tendencies (Paul 2005: 71; Pape 2005: 15-16).28 It is noted that, in principle, ‘soft balancing’ can expedite the convergence of expectations among less powerful states and subsequently create a basis for a potential ‘hard balancing’, should the superpower not cease its aggressive policies and go beyond its stated goals (Pape 2005: 10, 17-18; Paul 2005: 47). In practice, ‘soft balancing’ mostly avoids unnecessary provocation and thus seems less threatening than ‘hard balancing’, so that, in contrast to the traditional ‘hard balancing’ measures of a military buildup, a war-time alliance and military-related technology transfers, the ‘soft balancing’ strategies tend toward the use of non-military resources including institutionalist and diplomatic means such as international institutions, economic statecraft and particular interpretations of neutrality (Paul 2005: 71; See also Pape 2005: 36).29 In the context of interregionalism, it has been noted that the later developments of the triad relations – e.g., the establishments of the APEC and, subsequently, the ASEM – can be regarded as contributing to the ‘institutional balancing’ of the interregional relations among the North American, European and Asian continents (Rüland 1996, 2006a). As Rüland (2006a: 50) asserts, this strategy of institutional balancing – although short-term in nature – would give states an opportunity to transcend substantial commitments as well as investments into institution-building otherwise.

III.4.2.2 Neoliberal Institutionalist Approach

The post-war neoliberalism, also referred to as neoliberal institutionalism, emerges as the liberal theoretical developments that support new
cooperation patterns in the international system. There seems to be a generally accepted view among neorealists and neoliberal institutionalists that the international system is anarchic in its nature and that international politics underlies rationality assumptions. Yet while the former – due mostly to the alleged power politics of states and their ‘relative gains’ considerations – do not believe in a durable framework for cooperation, the latter suggests that institutions can, under certain circumstances, cope with those factors and contribute to generating and maintaining cooperation. Hedley Bull’s (1977) concept of ‘anarchic society’ suggests that the anarchic structures of the international system do not preclude communication and that states are, in fact, likely to find themselves bound to certain ‘basic rules of coexistence’ and to reach the acceptance of institutions through international law, diplomatic representation and international organizations. In retrospect, institutionalism can be traced to the work of Hugo de Groot, who, in the early 16th century, departed from the Hobbesian tradition of state-centric realism, toward one of internationalism (ibid.; see also Krell 2004: 65). For if states were considered to be subject to common rules and institutions, it would be possible for them to overcome the permanent struggle for power and security and to promote a peaceful, rules-based conduct of international politics (ibid.). In economics, (neo-)institutionalism also has a long tradition as a theory that – in contrast to that of individualism – focuses on the complex dynamics of institutions with respect to organizational skills, institutional arrangements, values, attitudes and habits (Gruchy 1969; Junker 1968).

The emphasis that neoliberalism places on institutions and their functions to pursue international cooperation must be understood in the context of the early theoretical foundations of functionalism and neofunctionalism. Mitrany (1976; see also Conzelmann 2001; Dunne 2005; Wessels 2006) has a normative approach in which he theorizes that, because of the inefficient way that nation-states address particular social and trans-boundary issues, international cooperation can be achieved through the expanding dynamics of transnational cooperation in one specific functional or technical area – for example, transnational cooperation in postal services, transportation or water resources management – in another area. Functionalist arguments also stress that joint problem solving gives rise to an increase in mutual dependence transnationally and a related tendency of technical self-determination of cooperation – as noted: ‘form follows function’ (ibid.). With the focus on a community-building ‘process’ and thus the modifications of some integratory concepts, the neofunctionalists have raised another argument that the spill-over mechanisms of the economy toward political integration create the re-orientation of political activities and loyalties of elites and, more importantly, a certain transfer of resources and sover-
eighty – from nation-states to supranational institutions (Haas 1964; see also Conzelmann 2001; Christiansen 2005; Wessels 2006). Deutsch (1962), in his theory of transactionism, emphasizes that institutions and the plural communication practices within them also prepare ground for the emergence of a political community, which can further result in political integration (Deutsch and Burrell and Kann 1957; see also Rosamond 2000; Schneider 2004; Baylis 2005; Ngoma 2005). In the ASEAN context, there is evidence to suggest that these neofunctional and neoliberal institutionalist approaches have increasingly outstripped the realist explanation with regard to the region’s increasing economic interdependence and spilled-over cooperation instances and that Deutsch’s concept of ‘security community’ appears to be helpful in explaining the ASEAN in terms of value-based security complexes (Rüland 2005b: 156; see also Dosch 1997).

If viewed positively, the trends of ‘new bilateralism’ illustrate the emerging patterns of interaction of states that can promote international cooperation and, in a sense, the developments of multilateralism in the international system. For neoliberal institutionalists, the emergence of new bilateralism has implications for the ‘institution building’ dynamics, provided that the bilateral relations either form particular institutions on their own or help promote multilateral ones in a bottom-up process. The importance of ‘institutions’ is widely acknowledged, as noted here:

Successful cooperation ... requires effective international institutions to guide international behavior along a path of sustainable development. By ‘institutions’ we mean persistent and connected sets of rules and practices that prescribe behavioral roles, constrain activity, and shape expectations. They may take the form of bureaucratic organizations, regimes (rule-structures that do not necessarily have organizations attached), or conventions (informal practices) (Haas and Keohane and Levy 1993: 4-5; see also Lamy 2005: 214).

With them, institutions carry an extended set of functions that are also significant for international cooperation. It should be noted, however, that there are different approaches to defining, and thus assigning functions to, institutions. As Keohane and Martin (1995: 42; see also Baylis 2005: 308; Dunne 2005) note, for example, the functions include specifically ‘sharing information’, ‘reducing transaction costs’ and ‘reinforcing reciprocity’. Furthermore, while sociological institutionalists would stress the relevance of norms, rules and cultures, the historical and rationalist institutionalists prefer to focus on formal and – for the latter, only to a lesser extent – informal rules (Schneider 2004). This explains
the focus of institutionalists on rules and norms, which are likely to play a role in forming and shaping institutions. It is often the case that the discussions of institutional dynamics in part give an account of the institutionalization of rules and the notion of norm embeddedness, so that changes in international norms and institutions are inevitably regarded as crucial factors at the international system level (see also ibid.; Nye 1988: 249-250). In other cases, it is observable that instead of the attempts to construct institutions as such, loose arrangements based on non-binding nature and declaratory statements – also referred to as ‘proto-regimes’ (Aggarwal 1993) – have been reached, for example, in the later developments of ASEAN ministerial meetings and their parallel track-two forums (Rüland 2005a: 558).

In addition to institution building and its related functions, the new bilateralism phenomenon is expected to respond to a new challenge for international relations as can be seen in the increasing importance of agenda setting. In particular, Keohane and Nye (1989; see also Spindler 2003; Wagener 2007) observe that interdependence becomes more significant with regard to the expansion of international transactions and the associated costs on certain political activities and thereby reflects the sensitivity and vulnerability of states and actors in interstate, transgovernmental and transnational relations. By way of explanation, the literature of ‘complex interdependence’ – depicts an ideal-type scenario in contrast to realism – reveals the multiple channels of contact in which states are no longer primary actors in international politics but exist along with other influential actors such as multinationals, banks and academic expert groups (ibid.). It also suggests that the definition of power can be extended beyond ‘military strength’ to a state’s ‘control over outcomes’, so that the politics of military coercion is expected to assume a less crucial role and be pursued only under stricter circumstances (ibid.). More significantly, the importance of agenda formation has been widely recognized because the apparent lack of hierarchy between high and low issues in international politics makes it difficult for foreign policy coherence and consistency and that agenda setting for some disaffected groups may serve as a way of politicizing certain issue areas within the domestic and international realms (ibid.).

III.4.2.3 Constructivist Approach
The constructivist theory of international relations focuses on the roles of cognitive factors such as ideas, identities and norms in constructing international reality. In comparison to the other two schools outlined above, constructivism has increasingly gained attention with regard to its reflectivist-cognitive approach to understanding state behavior and explaining the dynamics of the systemic transformation of international politics (Ruggie 1998: 874-876). This approach in principle suggests
that the actors involved may not always follow a rational behavioral code of conduct and, more importantly, that these actors as such can be regarded as subject to their ‘collective intentionality’ as constitutive units at the international system level (Serle 1995: 24-25; Ruggie 1998: 869-870).

For constructivists, new bilateralism thus combines two parties in the dynamics of social construction and, in this sense, may contribute to a key function of building a collective identity. The theoretical emphasis placed on the intersubjective bases of social action suggests that the identities and interest of states are not given but endogenously defined and that the process of transformation is possible through interaction and communicative acts. Considering the process of collective identity formation, the constructivist explanation appears to have affinities with the literature of neofunctionalism. For example, Deutsch and Burrell and Kann (1957) who stressed the significance of shared values and ‘a sense of community’ for the emergence of a security community, or Haas’ (1958) theory of European integration that introduced the constitutive and transformative elements of patterns of political integration into a new political community (see also Ruggie 1998: 862; Rüland 2005b: 158). In principle, constructivists do not reject the neorealist notion that the distribution of capabilities among states affects their foreign policy calculations but, in order to explain the underlying relations between these two factors, it is crucial to focus on intersubjective understandings and expectations in order to constitute the conceptions of ‘self’ and ‘other’ and, in a sense, to develop and articulate distinctive patterns of ‘affinity’ or ‘aloofness’ toward certain countries or regions (Wendt 1992: 397; Sedelmeier 2004: 127).

In relation to its identity-building function, new bilateralism arguably drives, and is driven by, ideas and norms and may contribute to a process of norm diffusion in the international context.30 In contrast to the rational views of imposition and competition, the constructivist explanation comprises of four mechanisms for the diffusion of social institutions, namely (i) formal and informal pressures, (ii) perception of successful and legitimate models, (iii) symbolic standing, and (iv) professional associations and expert communities (Barnett 2005: 264-265). Since this diffusion is expected to introduce transformation and system changes, the relevance of new bilateralism may be observable at different stages of norm internalization and in regional, interregional or international settings. The life cycle of norms, as postulated by Finnemore and Sikkink (1998: 894-905; see also Barnett 2005: 265-266), gives an account of the evolving process in which norms are internationalized through the three stages of ‘norm emergence’, ‘norm cascade’ and ‘norm internalization’: that is, in the first stage, an emergent norm is called up or created by norm entrepreneurs and persuaded by a critical
mass of states (i.e., norm leaders), then – once the critical threshold is reached – that norm will be socialized, imitated by other norm followers and cascade down to the rest of states in this second stage, and in the third, the norm is internalized and thus has a ‘taken-for-granted’ quality. In discussing the contribution of new bilateral relations to the internationalization of norms, it seems relevant that the bilateral parties – individually or collectively – can be seen as performing the functions of ‘norm entrepreneurs’, ‘norm leaders’ or merely ‘norm followers’ in practice.

That is, the constructivist interpretation of institutions is a cognitive one. They can be understood in line with actors’ ideas and conceived in terms of internalized identities and interests, so that in effect they can be cooperative or conflictual (Wendt 1992: 399). As far as new bilateral agreements are concerned, one may expect that the bilateral parties will define a considerable portion of the underlying interests through dialogues and their behavior in accordance with the agreed upon norms and rules. For constructivists like Onuf (1998), there seems to be a distinction between regulative and constitutive rules and, with it, the notion that the former do not – while the latter in general may – change identity underscores the significance of the adoption of constitutive rules in a process of collective identity formation. With regard to the above-mentioned possibility of norm diffusion, the so-called ‘institutional isomorphism’ suggests that divergent actors and institutions subject to the same environment are likely to converge and that, over time, they may eventually appear more like a single model (Barnett 2005: 264). Moreover, institutional isomorphism – and thus the decisions of states to adopt institutions – may not serve as an efficient way of achieving the stated goals but rather as a social path toward symbolic legitimacy and that this sense of international community can be deepened through the internationalization of norms implies the acceptance of certain standards of behavior and shared values in the international community (ibid. 266).

Moreover, from a constructivist perspective, the conduct of bilateral relations can contribute significantly to the promotion of exchanges of views and experiences and the strengthening of the networks of academics and experts. This last point is related to the concept of epistemic communities, which thus far have provided an approach to explaining the increasing roles of such networks in several issue-specific international efforts.31 By definition, epistemic communities are knowledge-based transnational networks of experts with shared understandings who may contribute to resolving particular complex problems by identifying the operational content and potential issue interlinkages and defining interests of states toward a preferred policy orientation (Haas 1992a; Ruggie 1998: 868; Greene 2005: 474). The relevance of episte-
mology can be observed in the increasing demand for information in order to ensure that policy makers understand the problems and the cause-and-effect relationships involved (Haas 1992a). Furthermore, the notion of the gradual progress of epistemes and thus the possible evolution of ideas – as partly introduced by the theorists of ‘evolutionary epistemology’ – emphasize the possibility of learning in the sense that actors are expected to learn through the evolution of consensual knowledge and thereby to develop new patterns of reasoning necessary for redefining their interests (Haas 1992a; Campbell 1987). To this end, the trends of new bilateralism may also underline these pragmatic elements in international relations and with the emergence of networks of experts they are in a position to assume policy responses that support problem solving and mutual recognition efforts.

III.4.3 Bilateralism and International Trade Theory

The path leading to free trade has been hotly debated – nationally and internationally. The logic of international trade theory can be traced to Ricardo’s early concepts of comparative advantage, suggesting that any two countries are always able to benefit from trade because of the relative comparative advantages of one party over the other. Ricardo (1911), as mentioned above, points out the implications of international trade that it can always generate welfare gains for all of the parties involved – and that each of them can maximize their welfare – by specializing in the production of the goods of their comparative advantage (see also Gerber 2002: 56). Despite some of the theoretical limitations of the Ricardian model, it is widely accepted that free trade – defined as ‘a situation in which there are no artificial barriers to trade’ (Deardorff 2007) – lies in the interest of all countries and is thus desirable as a policy orientation in the long run.

The proliferation of bilateral and regional FTA negotiations has increasingly gained attention in recent developments of trade liberalization. It raises the question of the implications of bilateralism and regionalism for multilateral trading arrangements – as discussed in the ‘stumbling blocks’ versus ‘building blocks’ debate (see, for example, Bhagwati 1995; Bhagwati and Panagariya 1996). In an overview, Bhagwati (1995; see also Bhagwati and Panagariya 2003) has been clear in his warning against a policy drift away from multilateralism toward bilateral or regional trade agreements. The same author, for example, refers to a ‘spaghetti bowl’ phenomenon in which diverging rules and tariffs resulting from a wide range of those bilateral and regional arrangements may negatively cause complexity and perplexity in the global trading system (ibid.). Moreover, it has further been argued that the political support for FTAs can be particularly observed in trade diverting cases and the subsequently adopted
FTAs are likely to have rather negative effects on free trade (Krishna 1998; Grossman and Helpman 1995, in Cadot and de Melo and Olarreaga 1998). In the contrasting views Ethier (1996), among others, (see also Cadot and de Melo and Olarreaga 1998) asserts that regionalism represents an endogenous response to the trends of multilateralism and can thus promote multilateral liberalization through its coordinating mechanisms. Dent (2003) also argues that, due to the possible complexity and ambiguity in rules and tariffs in bilateral and regional deals, new bilateral relations will probably give an impetus to renewed multilateral trade negotiations and to bring about a rationalizing process thereby leveling all of the preferential trading arrangements to a new kind of regionalism, which is sometimes termed ‘lattice regionalism’. There is no clear answer thus far to the aforementioned question but, if anything, concerns have been raised about the future of multilateralism. More specifically, for this study, the following aspects seem worth discussing: (i) the impacts of bilateralism on world welfare, (ii) the extent to which new bilateralism can be accommodated in the multilateral agenda of trade liberalization, and (iii) if necessary, the mechanisms that would help transcend the negative effects of bilateralism on world trade (see also Cadot and de Melo and Olarreaga 1998).

(i) In the long-standing Vinerian tradition, the impacts of bilateral and regional trading agreements on world welfare can be explained by the concepts of ‘trade creation’ and ‘trade diversion’. As soon as a preferential trading arrangement – e.g., a customs union or FTA – is in place, it not only means that the resulting trade between its members generate trade gains as such, but that the tariff reduction within that trading arrangement may lead to new patterns of trade relations, initiating some changes in the welfare of the countries involved. When a preferential trading arrangement provides an incentive for a member to replace its own production with imports from a partner country, the phenomenon is called ‘trade creation’, which is, in principle, related to welfare improvement for the importing country because of the reduced costs of the imported good (Viner 1950; see also Deardorff 2007). If, by contrast, a preferential trade arrangement makes it profitable for its member to import from another fellow member country instead of its current partner outside it, the effect is referred to as ‘trade diversion’, which implies welfare reduction for the importing country because of an increase in costs of the imported good (ibid.). The key distinction between trade creation and trade diversion underscores the two contrasting movements regarding the costs of production, with the former moving toward lower-cost sources and the latter toward higher-cost ones (Wonnacott and Lutz 1989). The extent to which any preferential trading arrangement’s internal liberalization is unmatched by external liberalization gives rise to both positive and negative welfare effects, so that
it is important to weigh them against each other in order to analyze the overall economic impacts of the bilateral or regional trade agreement in question (Dent 2006).

This distinction between trade creation and trade diversion obviously offers a less than comprehensive account of the economic effects of preferential trade arrangements. For example, it is considered oversimplified to represent only a partial view of real income comparisons (Wonnacott and Lutz 1989). In other words, a trade-diverting scenario does not necessarily mean that it is impossible to find grounds for qualifying a preferential trade arrangement. Wonnacott and Lutz (ibid.), in fact, identify four of them: First, the cut in tariffs arguably brings about a lower price for consumers of the import country on some particular products from its partner country, so that the switch to less efficient sources of imports can be compensated by an improved pattern of consumption or a more efficient production process (see also Meade 1955; Lipsey 1957; see also Wonnacott and Lutz 1989). Second, with the help of a preferential trade agreement and thus the ever-larger combined internal markets, a partner country that currently exhibits less efficient production costs may be able to exploit the economies of scale and become more competitive because of reduced total costs (Wonnacott and Lutz 1989). Third, the extensive use of non-tariff barriers may blur the overall effects of trade diversion, for example, in cases where other kinds of quantitative restrictions such as quotas and voluntary export restraints have operated to re-divert low-cost sources of supply (ibid.). Fourth, a country’s production with the lowest monetary costs does not always yield economic efficiency, due to possible exchange rate misalignments and balance of payments disequilibria, as well as the associated opportunity costs for some deficit countries (ibid.).

While it is widely accepted that trade-creating arrangements are welfare improving, while trade diverting ones are welfare worsening, their implications for third countries may also need careful examination. Although the adoption of external tariffs, as the Kemp and Wan (1976) model suggests, can be designed to increase welfare among partners and leave the quantity of trade with third countries unchanged, this is always the case in a world of inward-looking and ‘closed’ blocs (see also de Melo and Panagariya and Rodrik 1992). As a consequence, countries that face considerable trade restrictions and transport costs in the outside world may be better off entering one of the preferential trading blocs rather than pursuing unilateral trade liberalization (ibid.). In other words, to put it more positively, regional integration in the form of preferential trade arrangements and FTAs may bring about strategic advantages for the members in terms of increased ‘bargaining power’ and ‘market access’ (de Melo and Panagariya and Rodrik 1992; Wonnacott and Lutz 1989). Moreover, the integration schemes allow compensatory
mechanisms in some cases of asymmetric partners and are likely to give them the opportunity of ‘arbitrage’ in internal markets and institutions (ibid.). According to de Melo, Panagariya and Rodrik (1992: 22), the resulting regional institutions are in a position to alter the economic outcomes via three channels: 1. the ‘preference-dilution effect’, that is, factional interests become less relevant because of a larger political community, 2. the ‘preference-asymmetry effect’, that is, the regional policymaking tends toward a compromise that members agree upon, and 3. the ‘institutional-design effect’, that is, policy makers may optimize the choice of institutional settings in such a way as to create a certain degree of flexibility in domestic political decision making.

(ii) While free trade is, in theory, desirable for all, in practice we can observe that not all of the steps taken thus far have led to free trade – at least not in the first instance. The bilateral trend of preferential trade agreements has posed a considerable challenge to the idea of free trade regarding to what extent and how they can be accommodated within the multilateral world order. Tellingly, the underlying forces of bilateralism can be traced to the incentives of countries to improve their economic welfare and – in a sense, if applicable – to benefit from the external tariffs additionally imposed. To start with, if a Prisoners’ Dilemma can be applied to explain the formation of bilateral trading blocs, it becomes apparent that, despite the notion that all economies should be better off in one single free trade system, each pair of trading partners has an incentive to form their own preferential trade arrangements (Krugman 1989). The logics are as follows (ibid.): Given that the world has four countries A, B, C and D, A and B will be better off if they bilaterally form a preferential trade arrangement, say, a customs union. They have an incentive to maintain external tariffs against C and D as non-members of the customs union – due obviously to additional gains to the status quo. While this may improve the terms of trade for both A and B, trade diversion is expected to occur and C and D will be worse off. Analogously, C and D may follow the same intuition and end up forming another customs union with similar external tariff patterns. By way of explanation, this kind of ‘tariff war’ and the induced trade diversion could have been prevented had all of the countries involved had managed to avoid forming a customs union and maintained the structures of the existing system.

The concepts of trade creation and trade diversion, as illustrated above, to a certain extent, offer a helpful first step in analyzing the economic impacts of preferential trade arrangements. That is, if trade creation exceeds trade diversion, we can expect that that arrangement will improve the level of efficiency and world welfare. Most preferential trade arrangements increase internal trade, however, it can be a combined result of – and it is thus very important to differentiate between –
the effects of trade creation in international trade and those of trade diversion from outside to within the arrangement (Wonnacott and Lutz 1989: 65). From this, the accommodation of bilateralism into multilateral frameworks relates to the degree in which the process of bilateralization is in a position of supporting or undermining world trade and welfare. Quantitatively, the ‘trade intensity index’ has been used to identify the ratio of the bloc’s share of intra-bloc trade to its share in world trade – that is, if the ratio is greater than one, the bloc is expected to show trade diversion (Frankel 1997; see also Deardorff 2007). In the background, there is a generally accepted view that trade between neighboring countries seems ‘natural’ compared to trade between countries far apart and that, accordingly, geographical proximity plays a significant role because of the associated shipping costs, transporting time and cultural unfamiliarity (Frankel 1997: 40-46, chapter 7). By definition, ‘natural trading partners’ are countries between which trade is subject to relatively low transport costs and other related costs and is likely to be large in general (Deardorff 2007; see also Wonnacott and Lutz 1989; Frankel 1997). In a way, a preferential trade arrangement that reinforces natural trading patterns – for example, if its members are natural trading partners or if they are already major trading partners – is arguably likely to generate trade creation rather than trade diversion and thus seems welfare-improving (Wonnacott and Lutz 1989; Krugman 1991; Frankel 1997). By contrast, despite the fact that transportation and communication costs have decreased significantly recently, ‘unnatural’ blocs need to be examined carefully and, in fact, are frequently considered less efficient (ibid.). Furthermore, the grouping of countries of different development levels raises some concerns about the grouping’s economic success and the efforts to integrate less developed countries into such a grouping (Wonnacott and Lutz 1989). As a matter of fact, the division of gains, for example, is regarded politically and economically as one of the profound matters for almost any groups involving developing countries because of the different perceptions of what ‘fair’ competition is or simply the difference in domestic trade structures and preferences (ibid.).

In the discipline of political economics, the contrasting views on bilateral and regional blocs can be summed up between the supporting positions – as argued in terms of unilateral liberalization, the creation of larger units for negotiations, the mobilization of regional solidarity, the engendering of domestic political momentum through export constituencies and competitive liberalization – and those against them – as referring to the incentives of members to protect industries, their manipulation of the process by special interests, the use of scarce negotiation resources and the possible creation of a political dead end (Frankel 1997). It seems obvious that the proponents of the former positions are
relatively convinced of the effective accommodation of bilateralism within multilateralism and would thus regard bilateral trading blocs as assuming the dynamics of ‘stepping stones’ in providing political support and negotiating grounds for free trade (Frankel 1997: 150).

Interestingly, while international relations scholars discuss the implications of bipolarity and multipolarity for the international system, international trade theorists have also addressed the question of the optimal number of trading blocs and its impacts on world welfare. It has been noted that, although a single trading bloc, i.e., free trade, is expected to yield the maximum level of welfare, fewer blocs do not always lead to greater welfare. This is because the costs of a lack of free trade may increase at a lower level of elasticity of substitution in world trade (Krugman 1989). From his model, although certain restrictive assumptions are made, Krugman (1989) illustrates that the relationship between level of welfare and number of blocs follows a U-shaped curve – with the minimum of welfare at a moderate number of blocs. This result is ‘surprising’ not only because a system with a large number of trading blocs can yield a higher level of welfare than that of a moderate number of blocs but also because – among all the values of elasticity of substitution used in the study – three trading blocs always generate the lowest level of world welfare (ibid.). Put in the triadic context of international relations, Krugman’s study is very interesting in the sense that bilateralism – and thus the emergence of bilateral and regional trading blocs – does not necessarily mean welfare reduction in world trade.

(iii) In order to accommodate bilateralism in the multilateral trade liberalization agenda, certain mechanisms appear to be particularly crucial when following the above rationale of bilateral and regional trade arrangements. First, and most obviously, it is always highly recommended that the bilateral and regional free trade agreements include elements of trade facilitation and in particular the international harmonization of customs procedures (see also Frankel 1997; Casella 1996). As Frankel (1997: 233) asserts, these measures contribute to raising economic welfare for all of the groups of countries involved, promoting interstate communication and mutual understanding, and – most importantly – ‘creating’ natural trading areas’. It is also crucial to make bilateral and regional FTAs compatible with one another, as far as the standards and procedures – be they intellectual property rights protection, investment, competition policy, dispute settlement mechanisms, or environmental, sanitary and phytosanitary standards – are concerned, in order to achieve the harmonization of those standards and bring together different blocs into a broader multilateral framework in the long run (Frankel 1997; see also Goh and Olivier 2002).35

Second, the establishment of prospective preferential trade arrangements is expect to follow GATT Article XXIV that for WTO members
has served as official obligation as well as guiding principles in practice.\textsuperscript{36} That the formation of a new preferential trade agreement is required to cover ‘substantially all’ trade – although controversial – places an emphasis on the comprehensive nature of the approach to eliminating the corresponding internal barriers. The efforts here will ensure the expansion of trade-liberalizing effects by trade-creating tariff cuts and to avoid biased negotiations that are otherwise likely to lead to trade diversion (Wonnacott and Lutz 1989). Furthermore, Article XXIV’s requirements that no tariff or other barriers to trade be raised against third parties and that, if otherwise, the affected third parties be granted the negotiating rights to agree on compensation adjustments not merely reaffirm the purpose of a customs union or a free trade area in itself but more importantly help to protect the rights and interests of parties outside it (ibid.; Cadot and de Melo and Olerreaga 1998). Maybe the next step will emphasize that the barriers toward nonmembers should not be left unchanged but sufficiently reduced to prevent export losses and, in general, cope with the dynamic effects of intra-bloc trade policies on those policies among the blocs (Frankel 1997; Wonnacott and Lutz 1989).

Third, it is important that bilateral and regional trade agreements contain some kind of ‘accession clause’ to keep the membership open to prospective partner countries (Dent 2006: 87; Frankel 1997: 238-239). Moreover, the texts and provisions of these agreements often include the details of the terms of accession – such as the phase-in schedules of trade liberalization or a diverse set of rules of origin – that together can play significant roles in encouraging or, if complicated, discouraging the accession of third countries (ibid.; see also Yi 1996). As with the concepts of ‘open regionalism’, the principle of inclusivity not only emphasizes the willingness of members to expand their trade arrangements to new applicants, but it can also reassure outside countries in such a way to alleviate possible perceived threats (Frankel 1997). Again, this mechanism is placed between the regionalization process and the one that helps determine inter-bloc trade policies, so that the potential outcomes do not simply indulge the static economic welfare effects but eventually assume the dynamics underlying trade policies between regions (see also ibid.).

\section*{III.5 New Bilateralism and International Relations}

At the heart of the level of analysis problem, it is apparent that new bilateralism is not only a product of two parties’ foreign policy decisions but in itself a trend that has significant implications for the international system. The following is an attempt to bring together the two the-
oretical frameworks that have been constructed above at both the unit and systemic levels of analysis.

At the unit level, the focus of attention is particularly directed toward the primary units of action, i.e., the EU and Thailand. The factors determining the developments of EU-Thailand relations in terms of domestic interest structures and political motivation can be traced to the processes of foreign policy making on each side. Three foreign policy theories have been derived from the arguments of three major schools of international relations: realism, liberalism, and social constructivism. While realism and liberalism contend that states are subject to the rationality assumption and their interests and preferences exogenously defined, constructivism follows a reflectivist approach stressing an en-
dogenous process of interest and identity formation. Realist foreign policy theory focuses on the power interests of states and argues that their foreign policies generally take the forms of autonomy-seeking, influence-seeking or voicing-opportunities-seeking. Liberal foreign policy theory adds non-power incentives to the picture and suggests at least two forms of foreign policy: engaging and correcting domestic market failures. Constructivist foreign policy theory underscores the roles of ideas and identity in the making of foreign policy decisions and thus foresees the foreign policy in pursuit of identity formation or rhetorical action. The bureaucratic politics model serves as a theoretical refinement with regard to bargaining elements and internal dynamics of the EU’s and Thailand’s foreign policy making processes.

At the systemic level, the analysis is designed to focus on the interplay between bilateralism and multilateralism and to study the overall patterns of international relations. The main questions are about the implications of EU-Thailand relations and the functions that this bilateralism is expected to perform, and is performing, in the international system – as analyzed at the regional, interregional and global levels. This study follows Rüland (2001b) who proposed a set of functions for interregionalism. Notably, the connections between new bilateralism and interregionalism are made here because of the categorization of EU-Thailand relations as existing between a regional organization and a third country and the parallel logics of regionness and multiple-level systemic structures. According to three major schools of international relations – neorealism, neoliberal institutionalism, and constructivism – the functions to be investigated include balancing, institution-building, rationalizing, agenda-setting, and identity-building. The international trade theory is briefly introduced in relation to three aspects: the impacts of bilateralism on world welfare, the extent to which new bilateralism can be accommodated in multilateral trade liberalization agenda and the mechanisms to mitigate the negative effects of bilateralism.
IV The EU, Thailand, and New Bilateralism

This chapter is aimed at focusing on the EU’s and Thailand’s approaches to EU-Thailand relations and thereby providing a ‘test’ for the three foreign policy theories constructed earlier. It is divided issue-specifically into three important areas of cooperation: political, economic and development. The examples included in each section are chosen for their relevance and with a view to reaching the widest possible coverage of EU-Thailand relations.

IV.1 EU-Thailand Political Relations

EU-Thailand political relations have been very diverse, as far as their approaches and the issues involved are concerned. To start with, the first section focuses on the EU’s responses to several issues in the political developments of Thailand, in which the former mostly restricts itself to raising formal or informal concerns. The second section touches on three new issues that are of increasing relevance to the bilateral dialogues: (i) environment, (ii) human security and (iii) the fight against terrorism. The third section attempts to elaborate approaches of the two parties in addressing the political situation in Burma, which has apparently been one of the most controversial issues of their bilateralism. The fourth section goes in the same direction as the second by stressing the importance of individuals in bilateral relations and will be discussed in the context of trends in tourism and migration.

IV.1.1 The EU’s Concerns in Thai Politics

The title of this section could be considered ironic. Since Thailand’s foreign policy position on some sensitive issues is often criticized for being based on the so-called principle of non-intervention, several partners in the dialogue may claim that they have almost no opportunity to raise concerns through the existing bilateral and regional channels. In the wake of the Asian Crisis and the later developments of the domestic political situation in Thailand, it becomes apparent that ‘political dialogues’ have sometimes been maintained in a narrow sense, arguably, in
defense of the country’s internal affairs. Moreover, the tradition of its non-intervention principle falls in line with the ASEAN’s diplomatic and security culture that – frequently called ‘the ASEAN Way’ – accounts for several normative elements including non-confrontation, consensus-building and a particular reluctance of its members regarding issues that involve the transferring of sovereignty and political legitimacy (Haacke 2003; see also Acharya 1997). At the same time, it is not surprising that the EU, aware of this long-standing principle, has come up with a concept of the ‘partnership of equals’ as a way to describe the changing nature of EU cooperation with Thailand (Delegation of the European Commission to Thailand 2006g). Several key issues in Thai politics that are closely followed by the EU includes, among others, the following three: (i) The political implications of the Asian Crisis for Thailand, (ii) the situation in the southern Thailand, and (iii) the country’s domestic developments since the coup in September 2006.

The EU’s first response to the Asian Crisis was widely criticized as rather ‘distant’ but quickly evolved as the global impact of the crisis became clear (see also Bridges 1999). The EU’s contribution to Thailand initially comprised of credit facilities worth €24.5 million that were accumulated from the previous grants and the equity held in part by the Bank for Agriculture and Cooperatives (Delegation of the European Commission to Thailand 1999). Later, the EU proposed the so-called Social Support Project to allocate its funds of €15 million in the areas of technical assistance and human resources development, focusing on poverty reduction and capacity building in rural communities (ibid.).

From a theoretical perspective, realists are likely to interpret the EU’s concerns about the political impacts of the Asian Crisis primarily in terms of regional security considerations due particularly to the developments of the domestic political situation. This is because the parties involved were viewed as being sensitive to changes in regional power relations and driven by security concerns in the preservation of sovereignty and self-reliance as well as a balance of power in the region. Although there has not been much evidence, thus far, the appeal to non-intervention principles implies that these parties seek, on the one hand, to set aside suspicions of and resentments against interference among themselves internally and, on the other, to provide an outward-looking version of the same policy orientation in order to avoid the intervention by external powers (Haacke 2003). Another interpretation of this move can be made for the case of Thailand in that it expresses an opportunity by the EU to contribute to the crisis management effort by channeling through multilateral fora such as the ASEM and the IMF. As Nicolas (2000: 135) notes, the IMF, although not obviously bilateral, is significant nonetheless, because the EU member as a whole assumes nearly
30% of total quotas and thus total voting rights, while the US and Japan account for 18.25% and 5.67% respectively.

In contrast, liberals may raise concerns as a rational response to issues of potential bilateral relevance. From this perspective, the EU’s response in withholding or raising concerns can be explained by the cost-benefit calculation of engagement of each participating actor, that is, with the total in trade-offs and compromises, the option to raise concerns is chosen rationally as it does not require any further actions. The EU’s post-crisis engagement is therefore expected to vary across the affected Asian countries. For example, in Thailand, the EU’s engagement seems relatively reserved in comparison with its engagement in some other Asian countries such as South Korea.² Statistically, this position can be related to the fact that, in financial terms, there is a difference in the types of involvement of the European banks in the three affected countries, with the highest internal lending occurring in South Korea ($103 billion), followed by Thailand ($69 billion) and Indonesia ($59 billion) (Nicolas 2000: 132; Bridges 1999: 458). Considering this background, it is not surprising that at the bilateral level, the EU’s response to the crisis in Thailand initially consisted of combining on-going and planned cooperation projects with new efforts to provide assistance in the country’s recovery programs after the crisis. Besides, the concerns of the EU seem to lie mainly in the country’s economic performance and the impacts of the crisis on bilateral trade and investment relations.

For constructivists, with respect to social dynamics, it may be relatively difficult to situate a gradual process of developing mutual understanding or building a collective identity in a non-interventionist context. From a different perspective, however, the principle of non-intervention as such also highlights a form of sovereignty norms that, once adopted in dialogues, can lead to the (re-)definition of identity and interests, at least in the long run.³ In reality, there is not much empirical evidence to support these arguments. However, while the promulgation of the new constitution in 1997 is regarded as a positive development, it is apparent that the EU, along with Thailand’s other major trading partners proceeded with caution in their attempt to propose social reforms and/or introduce further plans in support of checks and balances, transparency and public accountability, especially the adoption of regulatory reform, new competition legislation, and the establishment of a National Counter-Corruption Commission (see also Sally 2004).⁴

Let us turn to the other two cases. Regarding the situation in southern Thailand, the EU has been aware of Thai sensitivities and, here again, has followed the developments of the situation cautiously and mostly in its own interest. In an interview with the European Commission’s desk officer for Thailand, it was emphasized that the situation in the south was, in fact, one of the three main issues in Thai politics that
the EU has followed with great concern – along with the recent domestic political developments and certain issues along the Thai-Burmese borders. For the Thai government, however, this issue appears to be one of the most sensitive political issues and is part of the country’s internal affairs, which involves the above-mentioned non-intervention principle.6

From a realist perspective, the EU’s concern is allegedly grounded in the argument that the situation may not only assume serious domestic but also regional and even global implications in its later stages. In this regard, the EU’s particular concern is the extent to which the Thai government will be able to control the situation were it to turn into a confrontation or spill over into a larger sub-region.7 Indeed, the EU’s concern becomes apparent in the case of Hambali, the leader of the Jammh Islamiyah (JI), who was arrested in Thailand in 2003. While the Thai government pointed out that it was merely being used as a ‘resting place’ and was not part of the preparations involved in any international terrorist activities, the EU’s concern has been about the possibility of cross-border contacts and the extent to which the JI could take advantage of the situation in the south, which was claimed to relate in part with the governance issues in the Muslim communities.8 From the EU perspective, however, Thailand is considered one of the most stable countries in Southeast Asia, but there is no guarantee that extremist movements would not cross borders if necessary and that the underlying dynamics would not ‘spill over’ eventually.9

From a liberal perspective, it is possible that the EU engagement has been given an incentive – albeit to a lesser extent – to raise concerns in the converging interests of the Europeans in Thailand. The EU’s concerns in part are considered to emerge from the notion that it would then be very problematic if the JI were to attack Bangkok or popular tourist destinations.10

In contrast, the constructivist explanation seems to be helpful in exploring the dynamics of mutual understanding but it is difficult to empirically show the real impacts on interest and identity definition or national role conception in the process of foreign policy-making. In retrospect, it should be noted that the EU has also experienced transnational conflicts – e.g., the Balkan conflicts – in which similar criminal, ethnic and religious matters significantly complicated and exacerbated the early stages of the situation.11 Therefore, in 2004, there were at least two occasions in which the EU tellingly declared that it was willing to closely cooperate with the Thai government in several related areas such as education and police training: The first occasion was a meeting during the visit of the EU Troika to the Ministry of Foreign Affairs of Thailand, while during the second, the same issues were introduced by HE Klauspeter Schmallenbach, the then Ambassador and Head of Delega-
tion of the European Commission to Thailand, to then Prime Minister Thaksin during his farewell address and reportedly received generally positive feedback. However, there is little evidence at this time to suggest that the foreign policy conduct of the EU and Thailand helped shape the ideas and interests of each other despite some opportunities for interaction.

The third instance deals with Thailand’s coup on September 19, 2006, which has raised another concern in the international community, the EU and other major powers. In a timely manner, the EU Presidency made a statement with regard to the situation of Thailand on September 20, 2006, which led to the Declaration by the Presidency on behalf of the European Union dated September 28, 2006 (Council of the European Union 2006). The then Thai Prime Minister General Surayud Chulanont announced the Policy Statement of the Council of Ministers to the National Legislative Assembly on November 3, 2006, in which his cabinet’s foreign policy was comprised of five main points: first, to ‘play a proactive role in bilateral and multilateral frameworks’; second, to ‘promote friendship and cooperation with neighboring countries, the sub-region, the region, and among regions’; third, to ‘strengthen ASEAN’; fourth, to ‘play a constructive role in the framework of the United Nations as well as in other multilateral frameworks’; and, fifth, to ‘protect the rights and interests of Thai citizens and enhance the role of Thai communities overseas’ (Ministry of Foreign Affairs, Thailand 2007a).

The theoretical discussions may follow a logic that resembles that of the first two instances. For realists, the view that Thailand’s political changes may significantly impact the country’s bilateral relations and regional stability seems to support the interpretation of the EU’s decision to raise concerns because of its security-based influence-seeking motivation. After having addressed the general political situation in Thailand in the aforementioned Declaration, the EU contended that free and democratic elections would be crucial for the country’s return to democracy and constitutional order. For Thailand, the above Policy Statement of the Council of Ministers clearly underlined the Thai government’s intention to promote national interests by playing a ‘proactive’ role in both bilateral and multilateral frameworks in support of national reconciliation and security, which can be generally interpreted as the country’s autonomy-seeking foreign policy position toward international and domestic audiences.

In a liberal framework, the EU’s engagement may be regarded as a rational move stimulated by the co-benefits such as the market incentives of both state and non-state actors. After the 2006 coup, the new government’s reserved attitudes toward on-going free trade agreement negotiations – as will be discussed in more detail below (see also Wong-
Anan 2006) – can be seen as another reason for the EU’s engagement on behalf of Europe’s business community. For Thailand, it also became apparent that the then Prime Minister General Surayud’s Policy Statement expressed the Thai government’s foreign policy as focused on enhancing understanding and promoting confidence in Thailand for the benefit of the international community, and involved individuals, including businesspeople.

From a constructivist perspective, the extent to which the logics of arguing could be applied here to support the process of building collective identity is still very questionable. Constructivists would rather explain bilateral foreign policy behavior in terms of mutual recognition dynamics, particularly since the principle of non-intervention seems to have prevailed so that the EU’s role could never move beyond that of an observer or, even at times, a dialogue partner. For example, the EU’s Declaration expressed concern about Thailand’s adoption of martial law, which allegedly restricted human rights and civil liberties, and the EU further clearly underscored the country’s international obligations under the UN and other international organizations. In this respect, the above-mentioned Policy Statement showed that the government also attached great importance to Thailand’s abiding commitments to international law, e.g., the UN Charter and the Universal Declaration on Human Rights, and therefore reaffirmed the country’s continued efforts to promote international cooperation by means of virtue, transparency and democratic values (Ministry of Foreign Affairs, Thailand 2007a). In the Policy Statement, the fourth point of the Foreign Policy section expressed several specific issues that the EU was concerned about regarding issues such as democracy or human rights appear along with the issues of humanitarianism, environmental conservation, sustainable development, the resolution of transnational problems and public health (ibid.). However, it is less than clear to what extent the EU is determined and ever was in a position to deliver informal policy recommendations to the Thai government and the relevant authorities on the Thai side.

IV.1.2 Negotiating Non-Conventional Security Issues

The notion that states are primarily driven by national security interests to preserve their sovereignty and self-reliance is inherited from the realist school of thought. The long-standing tradition of realism contends that the conception of national security is power-based and that security may be achieved through a strategic set of military and political means. However, some theoretical challenges have emerged from both the liberal and constructivist schools. Liberals seem to define security in a way that deflects state-centric premises and thus provides a broader view on
security concepts including societal or human security than their constructivist colleagues. In this light, national security interests may transcend military and strategic concerns and may have an impact on new issues such as trade, drug trafficking, immigration, environmental concerns, and epidemics (Holsti 1995). As a matter of fact, developments in the post-Cold War period demonstrate that non-conventional security issues are no less relevant than traditional ones proposed by realists and that the emergence of new security issues also brings about increased cooperation among non-state actors such as individuals, NGOs, ethnic-religious or economic pressure groups, and regional organizations (ibid.). From a constructivist perspective, the conception of security has to be understood in relation to the processes of identifying ‘self’ and ‘other’ (Wendt 1992: 399-400). In a way, this may complement the realist and liberal views in terms of reflectivist-cognitive elements of security definitions.

The following section will discuss the implications of three non-conventional issues for EU-Thailand relations: (i) environment cooperation, (ii) human security-related issues, and (iii) counter-terrorism dialogues. The issues of migration will be discussed in more detail in IV.1.4.

For the EU and Thailand, the environment has emerged as a new area of interest in the attainment of long-term environmental sustainability. Trans-boundary environmental issues such as pollution, haze, and environmental degradation are recognized as important non-conventional security issues – in part because of the ASEAN’s own political discourse (Sukma 2000: 88). Evidently, the environment-related activities between the EU and Thailand have been implemented via a series of cooperation projects under the former’s thematic lines ‘environment’ and ‘urban and rural development’ (see also Delegation of the European Commission to Thailand 2007a). In retrospect, Thailand was also one of the first participating countries in the EU’s regional initiative called ‘Small Grants Programme for Operations to Promote Tropical Forests in Southeast Asia’, which is designed to fund small forest-related projects that contribute to addressing negative development trends and relevant problems and promoting environmental sustainability (Delegation of the European Commission to Thailand 2007)). Along this line, Thailand has greatly benefited from further EU-funded regional initiatives such as ‘Asia Pro Eco Programme’ and ‘Asia Urbs’ that provide grants to implement environment-related projects supplementary to bilateral initiatives (ibid.; European Commission 2007g).

The approaches of the EU and Thailand can be categorized mainly as liberal insofar as both sides aim to ensure the active participation of communities and encourage their contribution in the process of managing natural resources. The engagement of both parties is also expected to solve transnational environmental issues as well as to strengthen bi-
lateral cooperation in general. Let us take the EU’s launching of the ‘Action Plan for Forest Law Enforcement, Governance and Trade (FLEGT)’ as an example. In a liberal argument of converging interests, the EU aims to strengthen the partnership between itself and timber-producing countries while the interests of the Thai government obviously involve those of the EU’s main wood and wood-related exporters. In statistical terms, the annual value of Thai wood and wood-related exports to the EU-25 averaged €120 to 130 million over the last six years. It should be noted that, in the EU-25 markets, Thailand – along with Indonesia and Malaysia – has been one of the largest Southeast Asian exporters of wood and wood articles including wood charcoal. As far as the Southeast Asian countries are concerned, the EU’s FLEGT initiative is expected to introduce a new solution by promoting sustainable forest management as well as creating internal market incentives – e.g., through a licensing scheme on timber products – for exporting countries that engage in good practices.

Arguably, this environmental policy may also be explained from the realist point of view of the EU’s influence-seeking actors engaged in the subregional management of natural resources while constructivists would stress the impact of cooperation projects and bilateral environment policies on the process of building a sense of ownership and responsibility in the relevant communities. In the bilateral dialogues, the EU has shown an interest in Thailand’s participation in promoting this initiative with a view to the subregion’s sustainable development and stability insofar as Southeast Asia is widely recognized as a crucial region due for the FLEGT initiative to several issues of illegal logging, forest governance failings or deforestation. Because of Thailand’s significant roles in the forestry sectors of neighboring countries Cambodia and Burma, it is hardly surprising that there is a widely accepted view within the EU that Thailand represents the first country in Southeast Asia to engage in bilateral dialogues on the FLEGT Action Plan and that, once they have received the mandate, the European Commission may consider negotiating a FLEGT Partnership Agreement with the Thai government.

The new human security issues – e.g., natural disasters or epidemics – loom large in the discussions of non-conventional security challenges. The following section discusses two events that have had an impact on EU-Thailand relations: the Tsunami and the Avian Influenza outbreaks. On December 26, 2004, Thailand was one of the countries hardest hit by the Tsunami. It should be noted that soon after the Tsunami disaster former Prime Minister Thaksin publicly rejected all financial assistance from aboard and pointed out that he would only accept technical cooperation and expertise (CNN 2005b; see also CNN 2004). Early on he declared that the situation was under control and thus in his first inter-
view before international news organizations he said: ‘Others need more help than us’ (ibid.). While the EU quickly responded to the Tsunami in the most affected countries, the EU mainly focused on the projects that would help to reconstruct the local communities in Thailand (Delegation of the European Commission to Thailand 2005a), and Thailand accepted the condolence message from the President of the European Commission, José Manuel Barroso, on December 27, 2004 (Delegation of the European Commission to Thailand 2004a). On January 5, 2005, the EU contracted an EU assessment expert in Italy and revealed the other assistance that the member states were offering such as search and rescue teams from Germany and Greece, medical equipment and supplies from Italy, the ‘Monitoring and Information Centre’ teams from Belgium, Finland and Portugal as well as foreign expertise, victim identification and evacuation teams from various countries (ibid.). Former Prime Minister Thaksin’s statements reveal that the scope of the EU’s post-tsunami reconstruction programs in Thailand were relatively limited compared to more extensive disaster relief programs in other affected countries. Nonetheless, the European Community Humanitarian Aid Department (ECHO) allocated € 500,000 to the livelihood recovery project to provide assistance to fishermen and women in the affected coastal fisheries communities in two southern provinces of Thailand (European Commission 2007j, 2007k). Moreover, the EU managed to provide assistance through existing bilateral cooperation projects with Thailand such as the ‘Coastal Habitats and Resources Management’ (CHARM) projects (€ 240,000) and the ‘Small Grants Programme for Operations to Promote Tropical Forests in Thailand’ (€ 260,000) (ibid.). Among the CHARM projects, the establishment of the Andaman Forum was very important in terms of coordinating efforts between donors and communities as well as providing opportunities for the member states to identify and channel their local supporting projects (United Nations Country Team in Thailand 2005). In addition, there were other EU-funded regional initiatives that made funds available for the proposals on post-Tsunami reconstruction projects in Thailand, such as the ‘Social Support Project’ and the ‘EU-Asia Pro ECO II B – Post-Tsunami Programme’, which account for total budgets of € 3.5 million and € 1.5 million, respectively (European Commission 2007k).

There is no doubt that natural disasters have raised increased concerns about human security. In theory, the liberal school of thought – as part of a response to the state-centric notion of realism – relates the significance of security concerns to individuals and groups of individuals. As of January 2, 2005 – there were purportedly at least 3,000 Swedish tourists missing while other European nations, and in particular the neighboring Scandinavian countries, were among those hardest
hit by the Tsunami (CNN 2005a). In this context, the engagement of the EU and Thailand expressed their moral responses to the emergency of the situation that primarily focuses on providing humanitarian aid and subsequently contributing to the country’s rehabilitation. Although the EU responded more specifically by sending expert teams on the ground and supporting a variety of rehabilitation projects along the affected coastal areas, its approach was judged as having lacked the proper time for consultation and the resulting development programs remained mostly local rather than politically pushed through decision making channels (Glasius 2006). As a consequence, there was little evidence to identify strategically motivated decisions in terms of influence-seeking or voicing-opportunities-seeking foreign policy behavior – a point that crucially makes the realist explanation seem less convincing than the liberal one in this case. While constructivists would stress the significance of bilateral technical assistance and expert cooperation for the construction of the EU’s identity and images, they did not seem to present the long-term, substantial effects of the processes on building collective identities.

About a year before the tsunami, EU-Thailand relations had already faced another human security threat, the Avian Influenza outbreaks of 2003, to which the EU responded quite differently than to their responses to the Tsunami disaster relief programs. The EU – due to human security concerns for its citizens – immediately established a series of protective measures including import restrictions on certain poultry products, which clearly had significant implications for bilateral trade relations with third countries. From a liberal perspective, the negotiations between the EU and Thailand centered much more on trade, as they mainly discussed the treatment of Thai exports that were at risk. It is hardly surprising that upon the outbreak of Avian Influenza, the affected businesspeople – in particular Thai exporters of poultry to EU markets – would seek the government’s engagement in the negotiations with the EU on the trade restriction measures. Immediately after the confirmation of the Avian Influenza outbreaks in Thailand in January 2004, the European Commission decisively banned the import of fresh poultry meat, wild and farmed feathered game, poultry meat preparations, poultry meat products consisting of or containing the meat of other species, raw material for pet food production and eggs for human consumption (Delegation of the European Commission to Thailand 2004b). The EU agreed with this decision to only temporarily suspend the export of uncooked poultry imports but to continue to allow cooked products to be exported, which gave the business community a sense of relief (ibid.). It should be noted that among Thai exporters, the poultry exporters have been by far one of the most politically influential groups and that Thailand has also recently been the largest exporter of cooked
poultry to the EU, with the exports of cooked poultry accounting for \( €176.5 \) million and \( 61,105 \) tons in 2003 and \( €265.86 \) million and \( 106,503 \) tons in 2005 with a projected growth of 54% in value and 74% in volume during this period (Delegation of the European Commission 2006c).18 Ironically, even the EU-funded cooperation project of providing Avian Influenza-related technical assistance was aimed at developing compartmentalization models in line with the World Organisation for Animal Health guidelines – because this would help to declare certain farms and enterprises in the country as Avian Influenza-free despite the presence of the disease elsewhere (Delegation of the European Commission to Thailand 2005b). As things stood, the Standing Committee, which followed the European Commission’s decision, agreed upon the prolonged import ban of poultry products from China, Malaysia and Thailand until December 31, 2007, for which the Committee based its decision on the argument that the H5N1 virus was still present in Southeast Asia (Delegation of the European Commission to Thailand 2006d).

There is little evidence to show, as would realists predict, a balancing or influence-seeking behavior of the EU and Thailand in their policies toward the Avian Influenza outbreaks. One piece of evidence can be found in the Thai efforts in 2004 to promote an idea of establishing a ‘South East Asian Centre of Expertise on Avian Influenza’, as planned to be discussed during the 9th European Commission-Thailand Senior Officials’ Meeting in December that year. In general, the European Commissioner for Health and Consumer Protection, David Byrne, reacted positively to this idea, referring to Thailand’s highly developed poultry industry and experiences in managing the disease.19 However, it was also noted that because the ASEAN decision-making procedures required consensus building among the member states, the EU was rather reluctant to become actively involved in asserting its influence on them in order to pursue the initiative at the end of the day.20

It is widely accepted that the attacks on 9/11 have dramatically introduced another set of non-conventional security issues in relation to international terrorist activities. Further transnational issues such as organized crime, drug trafficking, illegal immigration, arms smuggling and money laundering not only attract the public’s attention but raise the academic criticism of the relevance of new security challenges in international politics. After the attacks in Madrid on March 11, 2004, the EU started to seriously re-evaluate its responses to the threats of terrorism and the EU’s commitments were specifically reaffirmed in the Council Declaration of 25 March 2004 as well as the later revised ‘Action Plan on Fighting Terrorism’.21 Apart from a series of internal measures to promote police and judicial cooperation and intelligence sharing, the EU also committed itself to external policy objectives in international ac-
tion through regional and bilateral cooperation. More specifically, the European Commission (2003c) planned to provide relevant technical assistance to third countries and openly promote the implementation of the UN Security Council Resolutions 1373 and relevant UN Conventions and Protocols.

From a theoretical perspective, the EU’s contribution here can be viewed as a policy combination between the realist notion of strengthening the international coalition against terrorism, and the liberal stances of providing technical assistance in counter-terrorism projects and promoting the implementation of relevant international norms and legal instruments. However, it is crucial to note that in the area of counter-terrorism the cooperation between the EU and Thailand has mainly been limited to exchanging views and information. The EU seems to be much more concerned with the implications of the terrorist attacks in Bali and later in Jakarta because members of local groups such as the Jammah Islamiyah had potential links with Al Qaeda. Meanwhile, the EU has several ongoing counter-terrorism projects that are ASEAN funded through the ‘Rapid Reaction Mechanism’ initiative, for example, in the areas of terrorist financing and border management (ibid.). Furthermore, in relation to the concept of conflict prevention, the EU’s efforts are aimed at promoting the contribution of local governments to regional cooperation within the ASEAN or ARF and supporting its partner countries programs on social and economic developments. For example, the EU’s so-called ‘root causes’ approach, aims to identify the potential causes and risks of any violent conflict at the earliest possible stage by the use of conflict indicators, country conflict assessments, and rapid reaction mechanisms. For the European Commission, the politics of conflict prevention also gives rise to an increased degree of internal coordination that draws together the instruments of EU external policies – such as development cooperation, humanitarian aid, trade policy instruments, social and environmental policies – as well as those of the European Security and Defense Policy (ESDP).

In addressing transnational organized crimes, there has also been an increase in international efforts to tackle crosscutting issues between the areas of security and trade relations. For example, the Kimberly Process – in which both the EU and Thailand are participants – was established as an international control regime for imports and exports of rough diamonds in order to ensure that they do not contribute to the financing of rebel movements, violent conflicts and wars (European Commission 2007h). Notably, according to liberals, while the Thai government has joined as a trade-only participant, the EU has played a key role in chairing the Kimberley Process Working Group on Monitoring and has served as the Chairman and Secretariat in this process since January 1, 2007. The Kimberley Process, which is supported by both
the UN and the WTO, represents another channel for bilateral interaction between the EU and Thailand, as will be further discussed in V.3.1.27

IV.1.3 Burma Issues

In an overview of EU-Thailand relations, the Thai Ministry of Foreign Affairs (2007b) once officially noted: ‘there are several sensitive issues in our relationship with Myanmar. However, Thailand is ready to continue to work with the European side to make more progress in solving this matter.’ The puzzle that needs further investigation here concerns the foreign policy motivations of the EU and Thailand that shape the underlying patterns of bilateral interaction on such politically sensitive issues. Against a background of human rights issues and interrupted democratic transitions in Burma, the EU and Thailand differ in the scope and substance and their foreign policies in their reasoning for having adopted different approaches to bilateral relations.

In realist terms, the Thai government’s approach is expected to develop a form of autonomy-seeking foreign policy behavior that strategically induces the EU to embrace the subregion’s security outlook. As a matter of fact, the relevance of the Burma issues for EU-Thailand political relations has been explicitly affirmed by the Ministry of Foreign Affairs of Thailand (2007b), due in particular to the shared borders of about 2,401 kilometers between Burma and Thailand that invite an array of further geopolitical issues ranging from human displacement, migration, border trade to drug problems around the ‘golden triangle’ area. Later, after Burma was granted accession to ASEAN in 1997 and also ASEM, although its representation remained at a low-level, in 2004, it is now apparent that the EU contribution is a factor that leads to a more balanced constellation of political relations among the major powers present in the subregion. This concept appears to be in line with the traditional politics of equidistance and the related notion of ‘benign neutrality’, which, as coined by Wyatt (1984: 238), has often been used to describe Thailand’s traditional approach to maintaining good but balanced relations with and among great powers (see also Wiessala 2002: 137). Empirically, in response to the EU’s insistence that Burma should not participate in regional forums such as the ASEM as long as the domestic political situation in Burma had not improved, there is evidence to suggest that the Thai side has made use of the bilateral relations with the EU to promote the principle of equal and autonomous status as a diplomatic code of conduct, which is extended to other ASEAN member states (see also Petersson 2006). Bilaterally, the former spokesman of the Ministry of Foreign Affairs has explicitly raised a concern regarding the alleged double standards between the EU and
ASEAN, both as members of the ASEM, for instance: ‘While the EU insists that its 10 new members have to be admitted into ASEM, they refuse to apply the same standard for the Asian side. They pick and choose our ASEAN new members, not admitting Myanmar’ (Asian Economic News, 28 and 06 and 2004). Moreover, at the regional level, the promotion of Burma’s participation in the ASEM can be regarded as a way of strengthening Asian ASEM members’ positions toward a more balanced relationship with their European counterparts.

With regard to the EU’s foreign policy behavior, the realist interpretation would suggest a power-based pattern that focuses on seeking influence over Burma’s policies regarding other major powers and geo-strategically relevant countries such as Thailand, with a particular view that sharpens the EU’s restrictive measures on Burma. These measures included the adoption of an arms embargo against the junta regime in 1990, the suspension of defense cooperation in 1991, the withdrawal of GSP privileges in 1997, and the introduction of economic sanctions and other conditions concerning humanitarian assistance as well as the management of cross-borders issues (see also European Commission 2006d). According to the European Commission (2006d), it should be noted that, above all, an official ‘prime goal’ of the EU is ‘to see established a legitimate civilian government, which respects human rights, effectively pursues the [Millennium Development Goals] and restores normal relations with the international community.’ In this respect, the main consideration on the regional impact of such restrictive measures clearly gives an incentive for the EU to strengthen its ties with other like-minded countries both within and outside the subregion, since as a matter of fact, the EU has acknowledged that while being sanctioned by the EU and other major powers, Burma remains economically relatively open to the region and that there are in fact a number of Burmese immigrants working in Thai industries and agriculture (ibid.; see also Dillon 2003; Englehart 2005). In practice, it can also be observed that the EU was openly positive about Thailand’s affirmation that it would continue to provide land and space for displaced people along the Thai-Burmese borders and that these people would be sent back if and only if international standards are met, given in particular that Thailand then had accepted thousands of Burmese citizens, with a considerable proportion of them believed to consist of ethnic minorities driven out by SPDC army attacks (see also ibid.).

From a liberal perspective, EU-Thailand relations are viewed as being motivated by the converging interests and preferences of both actors, who are both state and non-state players including individuals, interest groups, and NGOs. With regard to the Burma issues, the EU’s and Thailand’s approaches can thus be explained in terms of interests of players at stake and their resulting engagement. In short, Thailand has
been the most important export destination for Burma’s products, accounting for 30.2% of total exports and Thailand was also Burma’s third largest import partner (14%) after China (28.9%) and Singapore (20.7%) in 2006 (Ministry of Foreign Affairs 2006a). In that same year, Thailand also had 56 investment projects in the areas of energy including oil and gas, fishery, hotel and tourism industry, and transformation of agricultural products – valued at $1,345.62 million or 17.8% of all foreign investments in Burma, ranked third after the UK ($1,569.52 million) and Singapore ($1,434.21 million) (ibid.). Similarly, on the EU side, there are several significant EU member state investments in Burma, including the French oil company Total and a variety of multinational companies (Hyndman 2001).

In the above-mentioned discussions of Burma’s participation in the ASEM, for example, liberal theorists would argue that both parties are aware of the potential benefits of the business community involved and thus they have an incentive to cooperate in accommodating Burma within the ASEM process eventually. Since EU-ASEAN relations worsened considerably after the membership of Burma in ASEAN, as two subsequent meetings of the ASEAN-EU Joint Cooperation Committee in 1997 were cancelled and the whole ASEM process was threatened, the EU and Thailand along with other ASEAN members have made relentless efforts to solve the issues involving Burma through various institutional and representational dynamics (see also Rüland 2000; Petersson 2006). Subsequently, a compromise on Burma’s low-level representation at the ASEM Summit in 2004 was reached, indicating that EU engagement managed itself to reconsider several political positions and commitments that had been made thus far (ibid.). Moreover, non-state actors in EU-Thailand relations have played an increasingly important role with respect to issues involving Burma. A considerable portion of cooperation projects has been increasingly carried out by transnational NGOs and non-state actors regarding certain cross-border issues such as the treatment of displaced people. The participation of these new actors not only makes a series of cooperation programs on humanitarian assistance possible but also contributes to policy coordination between the private sector and the Thai government and the EU.

More specifically, while the Thai government primarily provides space and security to these people, the EU tends to concentrate on supporting, especially financially, the work of the UNHCR and certain – mainly European – NGOs. Examples of EU cooperation projects include the ‘health project for displaced persons living on the Thailand-Burma border’ with Médecins Sans Frontiers, the ‘health project for Karen and Burmese refugees along the Thailand-Burma border’ with Malteser Hilfsdienst, the ‘assistance to people with disabilities and mine risk prevention for refugees in the camps along the Thailand-Burma border’ with
and Myanmar border’ with Handicap International and Action Nord Sud, or the projects ‘rice and building materials for refugees from Burma in Thailand’ and ‘food and cooking fuel for Burmese refugees in Kanchanaburi and Ratchaburi provinces, Thailand’ with the Thailand Burma Border Consortium (TBBC). The TBBC is a British registered charity that incorporates nine international NGOs and its goal is to provide humanitarian assistance to displaced people from Burma in terms of food, shelter or non-food items (Thailand Burma Border Consortium 2007). In the period from 1984 to June 2006, the EU’s contribution to TBBC projects came via three main channels: (i) the ECHO (23.8%), (ii) the European Commission’s funds for uprooted people (3.5%) and (iii) the EU in cooperation with the UNHCR (1.1%) (ibid. Table B2).

The constructivist explanation, in theory, may help to provide insights into the roles of ideas and interests in the process of collective identity formation. From an outward-looking perspective, the EU’s possible involvement in political dialogues can be socially contextualized in a broader view of bilateral relations as well as EU-ASEAN discourse. In June 1998, for example, the then Minister of Foreign Affairs of the Kingdom of Thailand, Dr. Surin Pitsuwan, introduced the concept of ‘flexible engagement’ to his ASEAN counterparts to encourage active involvement of the ASEAN member states and thereby strengthen the dialogues between them – especially concerning the issues that have significant cross-border implications for other ASEAN members and the ASEAN as a whole (Haacke 2005). In the context of Burma issues, for instance, the concept of flexible engagement clearly underlines the importance of public discussion as a way of ‘delimiting’ stronghold areas of non-intervention principles and thus addressing transnational security threats in a more constructive manner (ibid.).

In contrast to the liberal views of the EU’s engagement politics, it is interesting to observe that despite the fact that Burma has yet to show much progress on the improvement of human rights and other controversial political issues in meeting the internationally required standards, the EU has made continued efforts to seek bilateral and regional dialogues with Burma’s neighbors including ASEAN and Thailand in particular and to provide, as previously mentioned, assistance programs in Burma’s education and health sectors. At this point, it can thus be argued that since trade relations between Burma and the EU had been only of minor significance before trade sanctions were imposed, these sanctions appear to have less economic impact on Burma. Instead they assume a symbolic function in the promotion of certain political values such as human rights and good governance (Petersson 2006: 571). Along this line, the motivation of EU engagement is said to support the thesis of ‘avoiding a lost generation’, which – as the European Commission’s Director General of External Relations, Eneko Landaburu, men-
tioned – underscores the significance of education and health prospects for today’s younger generation who, in turn, may become potential agents of the country’s future changes.34

In practice, however, a social process takes place on the condition that, through interaction, an actor’s interests and identity are in a position to define, and to be defined by, those of other actors. In the case of the dialogues on Burma, the dynamics of the process of building collective identity – if applicable – seem to be less obvious to EU-Thailand relations than in their individual approaches to EU-Burma or Thailand-Burma relations. The human rights situation in Burma represents an instance in which the EU and Thailand are concerned with fundamental values such as the individualism-communitarism distinction in society, a culture-based understanding of democracy, and the development of economic growth (see also Petersson 2006). The positions of the EU and the Thai government, also as a member of ASEAN, have, in fact, begun to interact on several occasions in the EU-ASEAN and later ASEM and ARF dialogues. But the impact of the EU approaches on the foreign policies of Thailand and other ASEAN states has generally remained rather unclear – not in the least because of the notion that the ‘ASEAN Way’, i.e., the supporting principle of non-intervention – has apparently prevailed (ibid.).

From a role-theoretical perspective, the foreign policy behavior of the EU and the Thai government can be explained via their conception of their roles and the corresponding process of mutual definition. Thus far, Thailand’s subregional and regional roles – as self-perceived and prescribed by the international community including ASEAN and the EU – have been generally formed in accordance with its geographical location and geopolitical position in the ASEAN, which are to some extent self-explanatory for the country’s provision of humanitarian assistance along the borders and the attempt to manage related issues of displaced people from Burma. At the same time, the EU and some like-minded countries such as the US seem to have another set of role expectations for Thailand in the area of certain sensitive issues such as human rights, the rights of ethnic minorities and displaced people and good governance in Burma (see also European Commission 2006d). It should be noted that in the background the EU became aware of and openly announced the roles and related responsibilities early on in its role as a global player.35 At the intergovernmental level, there is evidence to suggest that the member states have bound themselves to ‘an express commitment’ to address the Burmese issues of human rights and civil liberty since the late 1980s – not least of which in support of the implementing of the European Political Cooperation and later the Common Foreign and Security Policy (Haacke 2006: 77; see also Smith 2001).36 In a sense, as Petersson (ibid.: 575-576) asserts, the EU not
only ‘clearly went against its Common Defense and Security Policy on Myanmar’ but ‘moreover, the EU went against its own treaties declaring that human rights and fundamental freedoms were essential grounds for any form of cooperation with third countries, non-governmental organizations and international organizations’. However, it seems difficult to actually identify the extent to which Thailand’s role perception has been influenced – through different channels of interaction – by the EU’s role prescription and the resulting foreign policy behavior can be seen as a product of bilateral role definition, not to mention that the Thai government has always responded to such sensitive issues in a rather reserved and careful manner.

**IV.1.4 Individuals and Political Relations**

The literature of political science has increasingly accommodated the roles of non-state actors in international relations. Foreign policy analysis also begins to provide several specific individual-based explanations – not least of which in sociological and psychological terms (e.g., Farkas 1996; Stein 2002). In the broadest sense, EU-Thailand relations can also be understood as the relations between the Europeans and the Thai people, so that the roles of individuals are by no means insignificant. The following section discusses two major trends in (i) tourism and (ii) migration.

With regard to tourism, the realist power-based explanation of foreign policy behavior does not, at first glance, seem to be very applicable in this industry. However, it is clear that a series of tourism marketing strategies include several influencing-seeking mechanisms in practice. As noted by the Tourism Authority of Thailand, Thailand’s main efforts have been to build up the potential of the tourism industry and to increase its competitiveness in the world tourism market. Based on the statistics of the Tourism Authority of Thailand in 2005, European tourists ranked second in total numbers of tourist arrivals (2,686,567) behind East Asian and ASEAN tourists (6,692,982) and finished first in terms of the highest average length of stay (13.45 days), ahead of American (11.40 days) and Middle East (9.28 days) tourists. Moreover, the Thai authorities have recently come to promote new tourism products with routes that are linked to the neighboring countries including Laos, Cambodia, Malaysia and Indonesia. From a marketing perspective, this new concept is not only expected to attract visitors but can be regarded as of geostrategic significance for Thailand’s positions in the region. In a sense, Thailand can be considered a ‘gateway’ to the Greater Mekong Subregion as well as the ‘Indonesia, Malaysia, Thailand Growth Triangle’ (IMT-GT). It is not surprising that one of the objectives of the Thai tourism industry is to become the ‘Tourism Capital of Asia’.

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In liberal terms, the constant flow of tourists and business travelers can be regarded as having its roots in decisions made on an individual basis, in contrast to the conventionally realist notions of power incentives and state-to-state relations. Several Thai authorities – particularly the Tourism Authority of Thailand – are therefore assigned to engage in the overseas markets for the promotion of the country’s tourism industry aboard.\(^4^3\) Thus far, Thailand has generally attracted a steady increase in European tourist arrivals: 1,585,915 in 1997, 1,888,673 in 1998, 1,990,449 in 1999, 2,191,433 in 2000, 2,327,680 in 2001, 2,475,319 in 2002, 2,293,913 in 2003, 2,647,682 in 2004, and 2,708,102 in 2005 (Tourism Authority of Thailand 2007). One of Thailand’s tourism strategies is aimed at penetrating the high-purchasing power market segments including high-end tourism, long-stay tourism, wellness and spas, golf or diving.\(^4^4\) Also, several proactive marketing activities can be observed in Thailand’s presence at major international travel fairs such as ‘World Travel Mart’ (WTM) in London and the ‘International Tourism Borse’ (ITB) in Berlin.\(^4^5\) This is indeed an area in which the government and the private sectors have an incentive to cooperate through various policy coordination mechanisms – both in the formulation and implementation of operational plans. The fact that there have been plans to increase marketing personnel in high-potential countries also indicates the increasing importance of advertising and public relations for tourism’s marketing plans.\(^4^6\) Currently, the Tourism Authority of Thailand has 28 regional offices and coordination centers in Thailand and 18 overseas offices with ten in Asian countries, five in the EU, two in the US and one in Australia.\(^4^7\) It is apparent that the increasing competitiveness between market areas and in new destinations not only causes concern in the private sectors but can be seen as an important driving force behind the Thai government’s engagement in the tourism industry. Although constructivists may be right when they see Thailand’s identity becoming increasingly high profile, it is difficult to see what the EU’s contribution is in this process.

In a way, the earlier liberal arguments are related to the neo-functional theory of transactionalism, as postulated primarily by Deutsch (1962). More specifically, factors including a great number of transactions, a distinctive lifestyle but mutually compatible in the most important values, mobility of population, above-average growth of its participants and development in core areas, expectation of common gains and the existence of working communication channels contribute to an increase in the political-administrative capacities of some relevant units and thus leads to the creation of an ‘amalgamated security community’ (ibid.; see also Schneider 2004). The trend of tourism of outgoing Thai nationals to European countries has also developed in a similar manner. For instance, based on the Tourism Authority of Thailand’s statistics,
European countries rank second as a tourist destination with 245,567 of the total of 2,936,189 Thai tourists in 2005, following the East Asian and ASEAN countries (2,474,387) (Tourism Authority of Thailand 2007). The numbers of outgoing Thai tourists to European countries decreased by approximately 30% in the wake of the Asian Crisis in 1997 but have consistently increased circa 10% each year since 1998. In real terms, this equals 155,661 in 1997; 102,312 in 1998; 132,664 in 1999; 158,598 in 2000; 161,187 in 2001; 178,408 in 2002; 185,329 in 2003; 222,912 in 2004 and 249,205 in 2005 (ibid.). The statistics also reveal that Thai tourists in European countries stayed an average of 8.92 days in 2005 and each tourist spends 4,477.53 Baths per day on average, which is the highest average expenditure per person per day among all of the top destinations (ibid.).

From an EU perspective, it is emphasized that the trends in tourism cannot be fully accredited to EU-level engagement but are more likely the result of the predominant strategies of the member states. Regarding the cultural aspects of tourism, it is obvious that the traditional marketing plans always refer to the richness of ‘Europe’s culture’ across the member states and that the conception of ‘Europe’ may transcend the EU’s institutional profiles and EU-specific images. In a constructivist view, the issue of EU awareness poses an important challenge for the developments of EU identity itself as well as the processes of building collective identity. With regard to Thailand, it is mentioned that the attempts of the EU to raise its profiles are crucial for the promotion of EU identities along with those of the member states and that this task requires cooperation between the EU and the embassies of the member states and relevant cultural institutions, as has already been observed with some joint events. It should be noted that while most major member states have firmly established overseas agencies that help to promote cultural exchange and language lessons, e.g., the Goethe Institute, the Alliance Française and the British Council – all of which can be found in Bangkok – the EU including the European Commission does not have the same means due to its assigned mandate. In fact, the EU has only recently started to initiate cultural events, for example, the Delegation of the European Commission to Thailand organized a charity concert ‘Europe and Thailand – United Through Music’ on December 8, 2005 (EU Today, no. 26, March 2006). This event was held as a tribute to His Majesty the King in celebration of the 60th anniversary of his accession to the throne and was presided over by Her Majesty the Queen (ibid.). It featured a European violinist, Wolfgang David, and the leading Thai pianist, Indhuon Srikaranonda (ibid.). Other cultural events such as the ‘European Union Film Festivals’ present selected European films to Thai audiences in Bangkok, Chiang Mai, Song Kla and Udorn Thani as well as musical performances including the
European Union Chamber Orchestra occasionally present performances of young European musicians in Thailand (Delegation of the European Commission to Thailand 2007i).

Migration is a different story, however, both qualitatively and quantitatively. In the early postwar period, emigration from ASEAN states to Europe remained low and mainly for educational and professional occupation reasons (Chantavanich 1999: 12). Yet, the new patterns of migration that emerged in the 1980s demonstrate a sharp rise in human trafficking in the service sectors including the entertainment business and, to a regrettable extent, the sex industry (ibid.). It is noted that, among female workers from Asia, Thai and Filipino women are considered the most numerous, with not a small number of them having entered undocumented (ibid.). As mentioned above, the issues of illegal immigration have recently been referred to as one of unconventional security challenges. There is evidence that, despite the receiving countries having several legal procedures on migration in place, their legal systems and structures often contain certain restrictions and thereby are prone to disintegration, discrimination, and abuses – as seen in a series of dramatic cases (ibid.). In this regard, we note that various efforts by the governments and non-state actors including a variety of NGOs and individuals involved have been made to address and resolve these issues (ibid.). For example, the ‘Global Alliance Against Trafficking in Women’, with its secretariat based in Bangkok, was established to serve as a network of international NGOs that address the issues of human rights in relation to migratory movements and human trafficking as well as cooperate on changes in political and legal structures to ensure the rights and safety of women migrants in particular.

From a realist perspective, this transnational aspect of migration raises a national security concern for the EU and Thailand and leads to influence-seeking foreign policy behavior in the management of migration-related issues. The liberal view seems more appropriate because the engagement of both parties can be regarded as their responses to the interests of relevant actors such as NGOs, pressure groups and, of course, individual migrants. The EU has been responsive to trends in migratory flows in relation to human rights and other sociopolitical issues. Because of their political, economic and social implications, the issues of migration and trafficking of human beings are considered a part of the justice and home affairs agenda. The statistics conducted by the Groupe d’étude de Démographie Appliquée and the Berlin Institute for Comparative Social Research (2007) reveal that Thailand belongs to the ten largest groups of third country citizens in three EU-15 countries in 2003 – they are ranked tenth in Denmark (5,436), ninth in Finland (2,055), and tenth in Sweden (8,306) (see also European Commission 2007i). The European Council meetings in Tampere in October 1999
and in Seville in June 2002 acknowledged the relevance of migration issues for the EU’s external relations and thus held crucial cooperation meetings with the countries of origin and transit (European Commission 2003c: 39). The conclusions of the Commission’s Communication ‘Integrating Migration Issues in the European Union’s Relations with Third Countries’ (European Commission 2002i), adopted by the European Council in May 2003, not only foresaw a wide range of political dialogues for identifying the root causes and for the managing of migratory flows in general but believes that it is crucial to initiate cooperation programs with third countries regarding the problems of legal and illegal migration under their own budget heading.

In the context of Southeast Asia, the European Commission (2003c) has subsequently published the Communiqué ‘A New Partnership with South East Asia’ in which it is emphasized that migration needs to be systematically incorporated into regional and bilateral dialogues with Southeast Asian countries. In this respect, the European Commission proposes three lines of action: (i) ‘The management of migratory flows will be mainstreamed through all political, economic and social dialogue opportunities with ASEAN and, individually with its member countries’; (ii) ‘Adequate provisions on migratory flows and readmission shall be introduced in bilateral agreements with South-East Asian countries’; and (iii) ‘When appropriate and possible, the establishment of specific and concrete actions of cooperation should be looked for, either between the EU and ASEAN as such or on bilateral basis with South-East Asian countries’ (ibid. 39). Although, between the EU and the Thai government, there has thus far been little bilateral cooperation in migration as such, it is interesting that these three lines of action explicitly regard bilateralism as an important policy instrument along with the regional approaches such as in the ASEM process52 and that the second point in particular suggests the accommodation of immigration-related provisions within the prospective bilateral agreements with Southeast Asia. The Communiqué (ibid.) also refers to the conclusions of the Seville European Council that any future cooperation and association agreements with third countries should include a clause on the joint management of migration flows and on compulsory readmission for illegal immigration.

### IV.2 EU-Thailand Economic Relations

EU-Thailand economic relations are widely considered to be the main driving force of this bilateralism. The first two subsections of this section are aimed at giving an overview of bilateral trade and investment relations, respectively, thereby including examples of recent issues that
have received public attention. The third subsection focuses on the bilateral approaches in response to the Asian Crisis in 1997, which clearly have significant implications for the later developments of this bilateralism. The fourth subsection also deals with Thai responses to recent challenges emerging from the EU’s economic integration, in the context of the Fifth Enlargement and the introduction of the euro. The fifth subsection highlights the new trend of developing private initiatives, in which the EU and the Thai government have attempted to encourage the participation of non-state actors in policy making. The sixth subsection sheds light on the FTA’s strategies of the EU and Thailand, with the prospects of them being part of the EU-ASEAN FTA negotiations or opting for EU negotiations with each of the ASEAN countries individually.

**IV.2.1 Profound Matters in Bilateral Trade**

Market access seems to be the most important issue in the bilateral trade relations between the EU and Thailand. As far as trade is concerned, the EU has opened a relatively large percentage of its markets to Thai exporters. Approximately 52% of Thai exports enter the EU duty free because of the MFN agreement (34%) and GSP privileges (18%), 30% are subject to less than 10% import duty, and the other 18% subject to more than 10% import duty (Delegation of the European Commission to Thailand 2007h). By comparison, 64% of Thailand’s tariffs are bound by the GATT agreement at an average of 29% (26% for industrial products and 34% for agriculture) while 36% of Thailand’s tariffs are unbound with a simple average applied rate of 16% (Sally 2004). Thailand’s peak tariffs are applied to agricultural and food products, alcoholic beverages, cars and car parts, and textiles whereby Thai-bound tariffs are below the average for developing countries but above those in east and Southeast Asian in general (ibid.). Evidence suggests that the EU has recently shifted from being a user to being the target of anti-dumping measures while Thailand rarely uses them or other kinds of trade defense instruments (ibid.). The Thai government also appears to have a relatively complicated import regime of about 46 different rates and, as far as non-tariff barriers are concerned, a complex licensing system as well as certain legal restrictions on foreign equity ownership in the service sectors (ibid.).

Firstly, from a realist viewpoint, some influence-seeking mechanisms in bilateral trade negotiations can be observed on both sides insofar as either of the two parties has strategically asserted its powers against the other or a third party. The EU’s negotiations with the Thai government on the import regime for rice illustrate these elements of an influence-seeking strategy among themselves and the principal rice suppliers.
Rice, which is important both politically and economically, has clearly been one of the most sensitive issues in the EU-Thailand trade negotiations. For example, after its Common Agricultural Policy reform, while the EU was obliged to negotiate with its principal trading partners and submit a modified import regime as a compensatory adjustment according to GATT Article XXVIII, it is apparent that Thailand and the US as the EU’s principal suppliers of milled rice and husked rice, respectively, seek to use their negotiating rights to come to a mutually satisfactory agreement with the EU.\(^{54}\) On the EU’s side, it is interesting to observe that the EU had previously reached an agreement with India and Pakistan on a new import system that sets tariffs at \(€\) 65 per ton for husked rice, \(€\) 175 per ton for milled rice and unlimited duty-free tariffs for nine varieties of husked *basmati* rice.\(^{55}\) As the negotiations between the EU and Thailand began in 2004, it is hardly surprising that the latter party was particularly concerned with, first, the relatively high milled rice tariffs because Thailand, in principle, was seeking to ensure that Thai rice remained competitive on the EU markets.\(^{56}\) This is related to the fact that Thai rice – mostly quality jasmine rice – does not receive the same preferential treatment as basmati rice coming from India and Pakistan since 1995.\(^{57}\) Second, a high tariff differential between milled rice and husked rice made Thailand aware of the incentive for EU importers to import husked rice instead of milled rice and process it at local EU mills.\(^{58}\) The result was that the EU and Thailand came to an agreement through cross-issue negotiations between milled rice and canned tuna and sardines, so that, in this case, Thailand was granted duty-free amounts of 1816 tons of canned tuna, 1410 tons of sardines, and 1200 tons of milled rice in the EU markets (see below).

There are only a few cases in which the Thai government found a way to assert its powers in negotiations with the EU. The Thai government is obviously aware of its rising position and, accordingly, strives for a strategic outcome in bilateral trade negotiations, particularly through influence-seeking mechanisms across sectors and levels of interaction. The first example can be found in Thailand’s negotiations with the European Commission to regain GSP privileges for fishery products in exchange for the purchase of Airbus airplanes in 2003. In retrospect, the country used to enjoy low-tariff GSP privileges on various agricultural and industrial products, but based on the country’s recent economic performance, the EU has decided to enforce Thailand from this scheme by reducing tariffs privileges to 50% by January 1997 and totally by January 1999 for its three agricultural and six industrial products (Office of Commercial Affairs 2005). Among these nine products, it is evident that the Thai government is particularly concerned about the removal of the GSP in fish products including shrimp, because of the significant increases in tariffs from 4.2% to 12% for fresh
and from 7% to 20% for preserved shrimps and, also significantly, because Thailand was the only country to see it GSP privileges for fish products reduced and, therefore, probably make it uncompetitive versus other shrimp exporting countries including its neighbors Indonesia, Malaysia and Vietnam (ibid.; Pongvutitham 2004). In this respect, the then Trade Representative, Kantathi Suphamongkhon, was assigned to negotiate with the European Commission in order to restore those GSP privileges and, by way of negotiation, Thailand’s position was to negotiate this issue in conjunction with the recent Thai Airways International’s purchase of new aircraft from European manufacturer Airbus (Pongvutitham 2004).59 In the media, former Prime Minister Thaksin reportedly instructed Thai Airways International to delay the purchase of $2 billion worth of Airbus aircraft and consider Boeing aircraft instead in retaliation for the unsettled deal on GSP privileges for Thai shrimp (Matthews 2003). Evidence later showed that the government used the same Airbus order to accelerate negotiations on Thai exports of poultry and pet birds as well as some food and farm products (Tardy and Lott 2004). This strategy succeeded because in June 2005 Thailand regained its GSP privileges in six sectors: (i) fish, (ii) prepared foodstuffs and beverages, (iii) plastics and rubber, (iv) footwear, (v) electrical equipment, and (vi) glass and ceramic products (Office of Commercial Affairs 2005).

This incident supports liberal arguments that the EU has an incentive to protect the domestic markets, which can be witnessed in its attempts to manage and revise the existing patterns of trade regimes with third countries.60 A concrete example reveals that the EU has repeatedly attempted to switch some of its import regimes from a licensing system to a ‘first come, first served’ approach. From an economic point of view, a ‘first come, first served’ situation gives the EU more control over its import quotas and make it less liable to be negotiated individually with third countries. Moreover, it is obvious that this change could lead third countries to be more competitive among each other. For instance, in March 2004, the EU initiated negotiations with Thailand on the modification of the current import regime for manioc, which had its origins in the 1982 EC-Thailand Cooperation Agreement that specifically prescribed the approaches of ‘export certificates’ and ‘import licenses’.61 In order to switch the import regime to a ‘first come, first served’ approach, the EU’s Directorate General for Agriculture eagerly requested a series of consultations with the Department of Foreign Trade under the Thai Ministry of Commerce, in the hope of coming to a formal agreement with Thailand within the framework of a new Cooperation Agreement or a Letter of Understanding.62 Although they were aiming for an agreement with Thailand to take effect by mid-2005, this was made difficult by the manioc, which was regarded as one of the most
sensitive crops by the Thai government, which seemed to be concerned with the *ad valorem* level of security payable for exceeding quotas, which bound EU negotiators to the rules set by the Directorate General for Taxation and the Customs Union.\textsuperscript{63}

The Thai government, from a liberal view, was also hoping to manage and, to some extent, protect its domestic markets via its bilateral relations with the EU. An example of the negotiations on duty reductions of marble and granite show that Thailand had certain import restrictions on marble and granite, which required importers to obtain authorization from the Ministry of Commerce in advance and restricted imports to a specific amount of approved construction projects.\textsuperscript{64} This applied to marble blocks (HS 25.15), cut and polished marble and granite (HS 68.02).\textsuperscript{65} Since this non-automatic licensing system was not in line with the GATT’s obligations under Article XI and the WTO Licensing Agreement, the EU repeatedly raised this issue on a number of occasions including the ministerial or senior officials’ meetings and the Trade Policy Review Mechanism.\textsuperscript{66} In the meantime, while Thailand was able to remove the duties on marble blocks in January 2003, the EU continued to request further tariff reductions for cut and polished marble and granite, which would significantly generate more value added.\textsuperscript{67} The then Commissioner for External Trade, Pascal Lamy, brought this point regarding discretionary import regimes to the discussions with the Thai Minister of Commerce Wattana in March and April 2003 and once again in September 2004.\textsuperscript{68} Although, after the first meeting in 2003, the Thai administration managed to reduce the import duties on unpolished marble and granite blocks from 50% to between 20% and 8.75%, one should note that the Thai government was reluctant to totally open the marble and granite markets.\textsuperscript{69} The Thai Association of Marble and Granite shared this view, despite a couple of counter-arguments, and preferred delaying the market opening at that time because of their concern about a possible flood of Chinese and Indian imports.\textsuperscript{70}

In liberal terms, the evidence also suggests that both the EU’s and Thailand’s trade policies have been driven by the interests of businesspeople and may have taken a form of ‘engaging’ that varies across sectors depending on the degree of organizational patterns and interest structures.

On Thailand’s side, poultry exporters have been by far one of the strongest lobbying groups, for example.\textsuperscript{71} In fact, Thailand not long ago became the largest exporter of cooked poultry to the EU as it exports rose to € 176.5 million in 2003 and € 265.86 million in 2005 out of an EU total of € 277.2 million in cooked poultry imports and € 384.73 million, respectively (Delegation of the European Commission to Thailand 2006c). There is evidence to suggest that when poultry products are on
the negotiation table, the interests groups and the businesspeople involved will have a strong incentive to raise their concerns and look out for appropriate government engagement. Soon after the accession of ten new member states to the EU, Thailand – along with Brazil – has begun to exercise her negotiating rights as a main exporting country of poultry to the EU markets according to the GATT’s Article XXIV Paragraph 6, by which the EU is bound to achieve in negotiations with its partners mutually satisfactory compensatory adjustment for any increase in rate of duty (ibid.). It is interesting to note that the EU and the Thai government reached an agreement after only two days of negotiations on quotas for cooked and salted poultry, for which, more specifically, Thailand has been granted annual export quotas totaling 160,033 tons of cooked poultry and 92,610 tons of salted poultry provided that cooked poultry imports are subject to a reduced in-quota tariff rate of 8% (formerly 10.9%) and an out-of-quota rate of €1024 per ton, while salted poultry imports are subject to an unchanged in-quota tariff rate of 15.4% and an out-of-quota rate of €1300 per ton (ibid.). These quotas, especially the reduced in-quota tariff rate for cooked poultry, are said to be beneficial for Thailand in maintaining a margin for the growth in its cooked poultry exports.72 Later, at the outbreak of avian influenza, there was evidence that a majority of trade negotiations were focused on poultry products, as mentioned in chapter IV.1.2. In response, the EU only temporarily suspended raw meat imports but continued to allow the importation of cooked meat products, a measure that satisfied Thailand and appears to be the least trade restrictive measure available (Delegation of the European Commission to Thailand 2004e).73

On the EU side, it is also possible to observe its trade policies that are linked with the engagement of businesspeople. As the above-mentioned example of the EU’s attempts to amend Thailand’s marble and granite import regime demonstrates, the European Commission actively engages in this case on behalf of its member states, of which Spain has been particularly interested in exporting cut and polished marble and granite into the country.74 The fact that the EU has also been unwilling to offer any margin for maneuver on milled rice during the above-mentioned negotiations on rice import regimes, and is far less reluctant to make a deal for husked rice than milled rice can be explained by the EU’s internal market structures with its relatively strong milling industry and because the EU is itself an importer of husked rice but an exporter of milled rice.75

More broadly speaking, engagement politics also gives rise to the trade-off dynamics in the negotiations across issues – also called cross-issue negotiations. For example, as the negotiations on milled and husked rice duties proceeded, the EU first considered an offer from
within the same sector, which would include a reduced rate on out-of-quota duties for broken rice in order to make its deals on milled and husked rice duties more acceptable.\textsuperscript{76} But the Thai response was rather reserved because of the country’s difficult standpoint on milled rice and so the government presented a counter-proposal for negotiations across sectors.\textsuperscript{77} As things stood, Thailand and the EU managed to reach an agreement for milled rice in conjunction with canned tuna and sardines (see also Delegation of the European Commission to Thailand 2006b). More specifically, both parties agreed that Thailand was to be granted duty-free status for 1816 tons of canned tuna, 1410 tons of sardines, and 1200 tons of milled rice from EU markets.\textsuperscript{78} Moreover, the EU managed to combine the import regime for rice with a ‘first come, first served’ approach so that, besides the country-specific quotas, all rice importers would be subject to annual tariff rate quotas of 7 tons of paddy rice, 1,634 tons of husked rice, 25,516 tons of semi and wholly milled rice, and 31,788 tons of broken rice.\textsuperscript{79}

The constructivist aspects of collective identity formation are observable only to a lesser extent, however. There is evidence that the EU has attempted to promote human rights among its trading partners—specifically labor rights—and the adoption of certain environmental standards through the GSP’s special incentive arrangements. More specifically, the requesting countries—if criteria are met—will be granted additional import tariff preferences for certain products and/or the temporary cancellation of particular sector ‘graduation’—that is, the preferential tariffs for a third country are suspended because of its above-threshold export performance after a specific period of time under the general arrangements (European Commission 2003b). In the process of examining the requests, the European Commission takes into account domestic legislation that incorporates the substance of international best practices—such as the core standards of the International Labour Organisation or the standards of International Tropical Timber Convention—and expects to see that necessary implementation measures are instituted (ibid.). The impact appears to be modest as Thailand has yet to submit an application for any of the special incentive arrangements, although, as will be discussed in more detail below, the prospects of these arrangements may play a role in the upcoming FTA negotiations between the EU and the ASEAN countries.

\textbf{IV.2.2 The Increasing Relevance of Bilateral Investment}

The EU-Thailand bilateral investment relations have been asymmetrical insofar as the EU ranks third among Thailand’s investment partners throughout most of the 1990s until just recently, while there are only a few Thai companies with any significant foreign investments in the
EU. Thus far, the investment approaches of the EU and Thailand have been shaped mainly by business interests, a point that supports the liberal ‘engaging’ argument. There are at least two crucial sets of logic behind the current EU investment decisions favoring Thailand, both of which imply the increasing relevance of engagement politics of both Thailand and the EU. First, EU investors hope to build up an export-oriented production base for regional markets and elsewhere. In this regard, it is clear that Thailand – although not a place with the lowest labor costs in the region – offers a combination of skilled labor in certain high value-added and high technology sectors and relatively low production costs. The Thai Board of Investment’s statistics illustrate that the EU investments are mainly in three Thai manufacturing sectors: (i) electrical and electronics (31%), (ii) light gemstone and jewelry industries and textile manufacturing (26%), and (iii) metal products and machinery (16%) (Delegation of the European Commission to Thailand and Board of Investment of Thailand 2004). By and large, the EU’s FDIs in manufacturing are relatively stable in Thailand, suggesting the relevance of the latter’s export-oriented industry overall (ibid.).

Secondly, EU investors are also interested in Thailand’s domestic markets regarding their capacity to absorb the EU FDI products locally because compared to the rest of the region, Thailand is not only a relatively wealthy economy but also has modern consumption patterns. In practice, EU investments in the Thai service sectors accounted for about 1% of total EU export-oriented investments in Thailand in the period 1994-2003 (Delegation of the European Commission to Thailand and Board of Investment of Thailand 2004). This implies that EU investments in services are expected to primarily serve domestic markets and play a less important role in export figures (ibid.). Although statistically disputable, a great deal of the EU FDIs in Thailand appear to be increasingly concentrated in the service sector with figures of 11% in 1994 rising to 35% in 2003, which is in line with the general trends on both sides that c. 65% of the EU’s FDI outflows and 52% of Thailand’s FDI inflows have coincidentally been predisposed toward services (ibid.).

The liberal argument of engaging politics can be linked to the notion of correcting domestic ‘market failures’ insofar as recent developments of market conditions in Thailand have been in the interests of EU companies leading to the EU’s engagement in some cases. In the views of the Delegation of the European Commission to Thailand and Board of Investment of Thailand (2004), the modest trend of EU FDIs in Thailand is traceable to domestic economic conditions, for which, in order to increase FDI inflows, the Thai government may consider adopting certain measures to improve its investment climate and focus on particular investment sectors such as the service sector and the high-value-
added, high technology sectors, which include telecommunications, logistics, health services, regional head offices, and wholesale and retailing (ibid.). Thus far, several domestic measures have been promoted – some of which were eventually enacted to eliminate technical barriers and thus make Thailand a generally more attractive place for foreign investments. For example, in November 2001 Thailand adopted the ‘Telecommunications Business Act’, which set a 25% limit on foreign equity participation in this service sector, in response to the WTO and GATS Schedule of Commitments that restrict foreign equity participation for the providers in telecommunications services and database access services at the respective limits of 20% and 40%. The European Commission has played an active role in pushing this legal step and has focused on the future implementation of Thailand’s WTO commitments to introducing certain market access elements in the subsequent Communications Act. Furthermore, since Thailand had the so-called ‘Foreign Business Act’, which generally set a limit on foreign equity participation at a maximum of 49%, the EU has repeatedly attempted to discuss this issue with Thai authorities to remove the 25% foreign ownership stipulation from the aforementioned Telecommunications Business Act.

Moreover, it has become apparent that the Thai government had an incentive to politicize certain domestic market issues through its investment relations with its major foreign partners. The above telecommunications case included evidence to suggest that the relevant authorities came into contact with various private sectors and indeed was influenced by pressures from both domestic and foreign actors including European companies. In fact, the above-mentioned adoption of the Telecommunications Business Act also gave rise to a new regulatory framework to promote full competition and establish an independent body of the National Telecommunications Commission (NTC). Apparently, the two state enterprises – the Communications Authority of Thailand (CAT) and the Telephone Organization of Thailand (TOT) – which at the time dominated international data services and domestic telephone services, respectively, were about to be privatized and opened to market competition. The privatization of these long-established state enterprises immediately became one of the most hotly debated discussions in the Thai mass media and academic literature and based on historical, political and economic arguments. Most importantly, the private companies – whether they were local or foreign – were then permitted by the NTC to convert their CAT or TOT concessions in licenses. This move was very crucial and urgently pursued by the private companies because the existing system required that they acquire concession contracts from the CAT or TOT and then pay annual fees including access charges in accordance with the revenue-sharing agreements.
On the EU side, this telecommunications case also demonstrates the relevance of coordinating mechanisms between EU institutions and the member states, with the former engaging on behalf and in the interest of the latter. Indeed, the move in which the European Commission and its Delegation in Bangkok decisively took collective action toward the Thai government can be seen as the engagement politics of the Commission, insofar as it acknowledged the issue of foreign ownership as being of great concern and interest to European companies in Thailand. In a meeting with former Prime Minister Thaksin in June 2002, for example, the then Commissioner for External Trade, Pascal Lamy, was positive about the amendment proposal that the Thai Cabinet had passed on to the House and the Senate. Later, it became evident that the Commission was very concerned with the fact that the reform proceeded very slowly, especially after the French company, Orange, decided to pull out of the Thai market. France Telecom announced that the situation became critical for Orange in late 2003 as the company’s balance sheets showed large debts allegedly due to the access charge and revenue sharing procedures, so that even with continued cash injections or the 49% foreign equity participation clause, Orange would never be in a position of control. Furthermore, the aforementioned concessions to licenses conversion system was further complicated as the revenue-sharing arrangements were replaced by new regulations on excise taxes and interconnection charges.

Realist explanations, in contrast, may instead stress the influence-seeking patterns in Thailand’s and the EU’s foreign policy approaches, although only to a limited extent. For example, that the EU’s investments are inclined to focus on the service sectors is apparently related to a high degree of speciality of the EU that can allow it to sectorally assert its influence, particularly in four leading sub-sectors: (i) financial intermediation, (ii) real estate and business activities, (iii) transport, storage and communication, and (iv) trade and repairs (Delegation of the European Commission to Thailand and Board of Investment of Thailand 2004). It is not very surprising that the EU actively sought to increase the concentration level of EU investments in the Thai service sectors, since it should also be noted that the level thus far has been relatively low compared to that in Southeast Asia (ibid.).

More clearly, the Thai government’s FDI policy can also be considered influence-seeking in its efforts to attract more EU FDI shares in East and Southeast Asia, although thus far the country – notwithstanding ASEAN as a group – has never been the main investment destination for EU FDI flows (Delegation of the European Commission to Thailand and Board of Investment of Thailand 2004). The EU’s major investment destinations have been the US, EFTA, and Latin America (ibid.). In 2002, the US attracted 46% of total EU foreign investments,
EFTA and Latin America each received about 11% each, while East Asia as a whole accounted for 6% (ibid.). However, when it comes to East Asia, the presence of China seems to play an important role in redirecting EU FDI trends within the East Asian region (ibid.). The EU FDI stocks in China increased almost tenfold from 2.3 billion ECUs in 1995 to €20 billion in 2002 while those in ASEAN grew only 2.7-fold from 20 billion ECUs in 1995 to €54 billion (ibid.). Also, in more general terms, China’s growth increased nine-fold from 1995 to 2002 and showed an increase in the proportion of world imported FDI stocks from 6% to 8% between 1995 and 2002 (ibid.). The ASEAN’s collective shares of FDI inward stocks decreased from 8% to 6% during this same period (ibid.). Thailand – despite the China factors – has been able to maintain a constant share of 10% of EU investments in ASEAN, which accounts for 2 billion ECUs in 1995 and about €5.5 billion in 2002 (ibid.).

The constructivist believes that the bilateral investment policy of the EU and the Thai government can be discussed in the promotion of certain international values and norms. For example, there is some evidence to suggest that the EU has encouraged Thailand to strengthen its enforcement of intellectual property rights to improve the country’s investment climate – which is, of course, mostly to the benefit of EU businesses – such as those that took place during the bilateral senior official meetings as well as the frameworks of the EC-ASEAN – later called TREATI – Working Group on Intellectual Property Rights (Delegation of the European Commission to Thailand and Board of Investment of Thailand 2004). Thailand has also already adopted the ‘Optical Media Control Regulation’ to combat piracy and counterfeiting, as well as certain measures to reach a sustainable system of intellectual property rights protection.97 Moreover, in April 2004, the Thai government adopted the ‘Geographical Indication Protection Act’ designed to protect specific goods with qualities and/or reputation due to their geographical origin (Delegation of the European Commission to Thailand 2006a).98 Preparations for this Act meant that the European Commission and Thailand worked together during the 2nd EC-ASEAN Technical Assistance Programme on Intellectual Property Rights (ECAP II) with an available budget of €5 million managed by the European Patent Office in Munich.99 As far as norms and practices are concerned, the introduction of this Act is considered very positive because the Royal Thai Customs not only reacted to the complaints of intellectual property rights owners; they also reported any suspected imported and exported goods directly to the Thai Department of Intellectual Property.100
IV.2.3 The EU and Thailand in the Asian Crisis

On the EU side, the European Commission’s first responses were criticized for underestimating the actual impact of the Asian Crisis on Europe’s economies, for example, as pointed out by Bridges (1999: 458), in January 1998 the then European Commission President Jacques Santer predicted that the crisis would have only a ‘slight’ direct effect and at the same time Commissioner of Monetary Affairs, Yves-Thibault de Silguy, forecasted that it would ‘only [have] a marginal impact on growth in Europe’. However, soon after the crisis developed, its global reach became more widely acknowledged thus underlining more clearly the increased global trade and financial interdependence. The crisis had a global market dampening effect on exports, which was due to the sudden erosion of purchasing power and an inevitable rise in unemployment and poverty incidences in the affected countries as well as an increase in imports because the competitiveness of these countries’ exports was driven up by their currency depreciation (ibid. 459). As a consequence, EU economic activities in the affected Asian countries including Thailand slowed down and its bilateral trade deficits rose – although to varying degrees – across sectors and across countries (Nicolas 2000: 127; Bridges 1999: 459). The resulting import contraction in Asia – as evidenced by governments’ austerity measures and weakening domestic demand – indeed had a trade impact on the EU economies. For instance, German, French and Italian exports decreased by 4%, 10%, and 22% respectively between 1996 and 1998 (Nicolas 2000: 127, 129). Moreover, after the baht’s dramatic devaluation there is evidence to suggest that Thai exports, at least in a short run, had become more competitive and increased significantly, for example, Thai apparel exports to the EU rose by 44% in the first three quarters of 1998 (Bridges 1999: 460). Asian imports to most of the major EU member states increased significantly so that in the first quarter of 1998 Germany, France and Italy experienced an increase of roughly 13%, 13% and 30% respectively (Nicolas 2000: 129).

In power-based arguments, realists are less specific than liberals in their explanations of the differences between the various EU bilateral responses across affected countries. As we mentioned in IV.1.1, while the EU’s contribution to crisis management was modest, it is observable that the EU was less active in Thailand than in some other affected countries like South Korea and, in general, only reluctantly pursued new major assistance initiatives on its own. Compared to the cases of the US and Japan, the impact of the Asian Crisis on the EU was relatively limited, which can in part be explained in terms of (i) a relatively small share of its trade with Asia and (ii) the partially offsetting effect induced by other components of aggregate demand (Nicolas 2000:
However, the view that the European economies were relatively less affected by the Asian Crisis than the US and Japan does not represent the entire story of the EU’s modest role in the various crisis management efforts. Furthermore, there is evidence to suggest that the EU did not allocate the same available resources to crisis management in Thailand as in some other affected countries. Under the Council Regulation (EC) no. 815/2003 of 8 May 2003, for example, the EU managed to introduce a so-called ‘crisis clause’ which was implemented via a GSP regulation amendment to the benefit of three crisis-affected countries: Argentina, Uruguay and Venezuela (Official Journal of the European Union, C 223 E, vol. 46, 19/09/2003). More specifically, the ‘crisis clause’ was designed to be applied to the GSP regulation so that the scheduled removal of tariff preferences would not apply to the beneficiary countries, which had experienced a real gross domestic product decrease of at least 3% (ibid.). As a result, in contrast to the ASEAN countries, the three Latin American countries continued to benefit from low-tariff privileges in the new GSP scheme that would have otherwise been removed in accordance with the criteria of development and specialization indexes.

On the investment front, realists are tempted to regard the post-crisis investment climate as providing the EU with an opportunity to assert its influence and balance Thailand’s FDIs whilst liberals would rather argue that European investors were given an incentive to engage in these trends under profitable market conditions. In the period 1997-1999, the crisis was mostly considered ‘an investment opportunity’ due to the relatively good value of the acquisition of assets (Delegation of the European Commission to Thailand and Board of Investment of Thailand 2004). However, FDI statistics show very modest results. Although it was already possible in 1998 to see a clear increase in the US, EU and Japanese investment inflows and thus an abrupt increase in net FDI flows, it is also true that the EU still lagged behind the US and Japan in the acquisition of distressed Asian firms and financial institutions (ibid.; Nicolas 2000: 131). In 1999, the EU’s investment inflows and net investment flows were ranked first, but the crisis apparently introduced the ‘lagged effect’ on foreign investment trends in 2000 so that Thailand experienced a certain degree of disinvestment from the US and the EU and its net investment figures showed a negative balance – i.e., net investment outflows – by 2002 (Delegation of the European Commission to Thailand and Board of Investment of Thailand 2004). This appears to be a temporary phenomenon caused by repatriation of profits by EU companies exclusively in 2002, so that by the following year (2003) positive net investment flows had resumed with €12.6 million with investment flows of €582 million or 9% of the total inflows of €6,464 million to Thailand (ibid.). Nonetheless, it
should also be mentioned that the EU was aware of Japan’s strong influence in the region and that, at least between 1994 and 2003, the EU continued to consider Thailand an attractive investment destination in Southeast Asia despite the Asian Crisis (ibid.).

The constructivist have a difficult time finding empirical evidence of the EU’s foreign policy achievements in building a collective identity or socializing any particular values due specifically to post-Asian Crisis management. The EU’s role perceptions also seem rather unclear because of Thailand’s relatively small share in trade and investments. The financial sector offered some evidence that European banks were highly involved in the region hardest hit by the crisis. For example, European banks held about 28% of Thailand’s total external commitments in June 1997 and German, British, French and Belgian bank loans to Asia accounted for about 1.8%, 2.3%, 2.5%, and 4.0% of their respective GDPs (Nicolas 2000). Although the EU was aware of the increased economic interdependence between European and Asian countries and the need to promote an active ‘regional role’ for the euro, the view that the euro could be introduced as the main reserve currency in Southeast Asia has yet to become a reality (ibid.).

Let us now turn to Thailand’s side. The Thai response to the Asian Crisis was undoubtedly timely and focused. For most policymakers this was a matter of the country’s economic survival. Knowing that the government had a tradition of maintaining the exchange rate at 25 baht per dollar, it is not surprising that the decision to float the Thai baht on July 2, 1997 led to a sudden change and a series of significant complications in the country’s economic development, notwithstanding – almost immediately – the near depletion of the country’s international reserves (Delegation of the European Commission to Thailand and Board of Investment of Thailand 2004). For Thailand there is no doubt that the government aimed primarily at wanting to resolve the problems of liquidity and restoring markets for exports. Nevertheless, Thailand had to face a number of macroeconomic constraints including the vast depreciation of the baht and, consequently, the high level of inflation, the IMF-prescribed interest rate increase, a series of non-performing loans in the financial sector, the insolvencies of several major corporate and financial institutions, the sudden decrease in asset prices and manufacturing activities as well as the spread of negative social impact (ibid.).

From a realist perspective, the response of a state in a crisis situation is principally driven by national survival and self-interest. Thus, one would expect that Thailand would seek to strengthen its bilateral relations with the major economic powers – particularly, the US, Japan and the EU – as a way to improve its relative positions bilaterally or in regional or multilateral settings elsewhere. The Ministry of Foreign Affairs of Thailand, for example, requested that the EU President consider
measures to help overcome the Asian Crisis in January 1998, which included, first, to ‘consider extending loans to restructure industrial and agricultural production in a medium- or a long-term period’, second, to ‘consider providing development aid for Thailand and the Asian countries in various fields which are important to social and economic developments in these countries’, third, to ‘consider providing technical assistance in the areas of finance and banking’, fourth, to ‘consider, as a special case, increasing funds under the European Communities’ Investment Partner for Thailand and Asia in order to encourage more joint ventures between Thailand, Asia and the EU’, and, fifth, to ‘encourage top executives of large private companies in Europe, which have the potential to invest in Thailand and Asia to expand their investments in Thailand and Asia’ (cited in Bersick 2004: 216-217).

It was in this situation that the Thai government’s strategic attempts to instrumentalize its bilateral dialogues with the EU can be seen as a weak-state version of influence-seeking foreign policy behavior, which is referred to as ‘voicing opportunities seeking’. Even if the EU was determined to contribute to the management of the crisis mainly through the IMF, the bilateral relations with the EU were not negligible because the EU member states together still assume, as previously mentioned, near 30% of total quotas and thus total voting rights, while the US and Japan account for 18.25% and 5.67% respectively (Nicolas 2000: 135). Moreover, it is important to note that there was a subsequent request made by the Thai government, along with its Malaysian counterpart, that the EU consider engaging in the creation of a new fund that promotes EU trade and investments in Asia – in part because the proposal of Asian Monetary Fund had been turned down in 1997 (ibid. 135, 138). This initiative was raised at the ASEM Summit in London in April 1998 and thereafter gave rise to the establishment of the ‘ASEM Trust Fund’, which amounted to $43.8 million in June of that same year (ibid.). It is striking that the European Commission became the largest contributor to the ASEM Trust Fund 1, which in turn was administered by the World Bank East Asia and Pacific Region with the main objectives of facilitating the recovery of the affected countries and providing financial support for necessary reform programs in the two areas of (i) social welfare and safety nets and (ii) financial and corporate restructuring (World Bank 2007a).

In more general terms, although it seems that Thailand relied relatively significantly on regional and intra-ASEAN investments during the early stages of the Asian Crisis, the contributions from other foreign investors including the Europeans was insignificant in several ways. In the background, the Thai approach traditionally holds on to its principles of flexibility and pragmatism and implicitly incorporates the elements of the politics of ‘equidistance’ (Cheow 1986: 747; Rüland
2001a: 1026). It was suggested that the Thai government begin to explore further alternatives in trade policy that would promote closer economic cooperation and guarantee foreign exchange earnings in the longer run via its EU bilateral relations and those it has with other major players (Chirathivat and Mallikamas 2004: 40-41). The Asian Crisis is, in fact, in many ways considered an important driving force behind the Chuan government’s attempts to conclude several market access agreements and later – as will be discussed below – the FTA trends with a group of countries (ibid.; see also Nagai 2003).

The liberal arguments were right to argue that the Thai government may find an incentive to introduce an economic policy that – in the form of inward-looking engagement – could be expected to contribute to the correction of domestic ‘market failures’. For example, an implication of the Asian Crisis can be observed in the new shareholding structures of the EU investment projects in Thailand. In the wake of the crisis, the Board of Investment of Thailand was urged to approve considerably more EU-owned projects in order to solve credit illiquidity by injecting foreign capital into its economy (Delegation of the European Commission to Thailand and Board of Investment of Thailand 2004). This was definitely one of the most radical changes in the Thai investment policy, especially considering the country’s traditional attitudes and regulations, which used to give a clear preference to joint ventures rather than wholly EU-owned investment projects (ibid.). In 1996, there were 15 wholly EU-owned projects versus 62 joint ventures involving at least 10% foreign capital, which were approved by the Thai Board of Investment (ibid.). This proportion inversely became 43 to 42 in 1997 and even 65 to 14 in 2001 (ibid.). Moreover, between 1997 and 2000, more than 50 EU companies pushed through internal re-structuring measures related to equity ownership ratios between Thailand and the EU majority (ibid.). The Board made an official announcement in November 1998 giving permission to foreign investors to hold shares in all of the investment zones including those that had previously been restricted (ibid.).

Moreover, Thailand’s corporate sector became increasingly important because of the potential effect its performance would have on foreign investment decisions. The developments prior to the crisis reveal that a lot of Thai companies are family owned, which often leads to inaccurate accounting practices and a concentration of shareholders and management structures among family members or ‘inside shareholders’ (Jinarat and Quang 2003). As a consequence, poor ‘corporate governance’ was a significant cause of the Asian crisis in 1997 and thereby considered functionally crucial in the subsequent crisis management and recovery attempts (ibid. 22-23; see also Trairatvorakul 1999). Foreign investors including European companies see the need for Thailand to im-
prove its regulations such as creating a new set of accounting standards in line with international best practice and to promote improvements in disclosure standards and practices, as well as a way to decry the lack of transparency and enhance good governance overall (Jinarat and Quang 2003). It is no coincidence that these moves have also been in the interest of Thai businesses, boosting performance and, more importantly, in attracting foreign investments (ibid.). Meanwhile, the Thai government has plans to address the issues of corporate governance on a national agenda, the Stock Exchange of Thailand has initiated a relevant program to improve corporate governance supervision and – together with the Securities Exchange Commission and the Bank of Thailand – has proposed significant reforms in the corporate sector regarding disclosure standards and the structure of the board in particular (ibid.).

The constructivist explanation, in contrast, is only applicable to a limited extent to the Thai government’s approach toward the EU during the Asian crisis. While the EU’s contribution was modest, the Thai response was clearly affected by post-crisis economic recovery efforts. Constructivists may explain their foreign policy behavior in terms of improving mutual awareness and recognition. As mentioned above, the principles of non-intervention seem to have prevailed, thus the EU’s approach remained reserved and there is little evidence to suggest that the EU’s relations with Thailand came to form collective identity in spite of many interaction opportunities.

**IV.2.4 Thailand’s Response to the European Economic Integration**

Thailand is aware of, and concerned with, the transitional dynamics and the consequences of Europe’s integration processes. During the time period of this study, there were at least two major events involving European economic integration, which had a significant impact on the developments of EU-Thailand relations: the Fifth Enlargement and the introduction of the euro. The following subsections will focus on Thailand’s responses to these two events and their implications for bilateralism.

**IV.2.4.1 The Fifth Enlargement**

It is important to note that the fifth enlargement of the EU was very different from the fourth: The accession negotiations concluded by the European Council in Copenhagen in December 2002, and the subsequent Accession Treaty signed in April 2003, gave the green light to membership for ten new countries – Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, the Slovak Republic and Slovenia – which, contrary to those who became members in the fourth round of EU enlargement, were overall less liberalized and had smaller
trade flows and higher import tariffs than the EU average. Together, the EU-25 represents a large single market of more than 450 million citizens and accounts for about 18% of world trade and 25% of the world’s GDP whereby the ten new member countries added a total population of more than 100 million and a gross domestic product of €457 billion, figures that highlight the relative economic significance of the new member states (European Commission 2004c; Wisaweisuan et al. 2005).

Realists might expect that EU enlargement would basically raise the Thai government’s concern about maintaining its relative positions, both politically and economically. The fact that the new member states are economically comparable to Thailand in relation to their exportation patterns and overall economic performance obviously underscores the increased competitiveness involved in exporting to the EU’s markets. More importantly, the Thai government seems to have pursued an influence-seeking foreign policy through its negotiating rights via the WTO provisions on compensatory mechanisms. According to GATT Article XXIV Paragraph 5, the EU is obliged to ensure that the Union’s duties and other trade regulations ‘shall not on the whole be higher or more restrictive’ than those prior to the accession of the ten new member states (European Commission 2004c). Moreover, the negotiations are expected to take place within a limited period of time because GATT Article XXVIII contains a provision that when no agreement can be reached prior to the EU’s withdrawal or modifications of relevant concessions, third countries are allowed to withdraw substantially equivalent concessions no earlier than 30 days and no later than 6 months after the EU’s withdrawal or modifications (ibid.). As mentioned earlier, in practice, there were a few cases in which Thailand was left at a disadvantage after EU enlargement. The EU’s first negotiations with Thailand were initiated in November 2004, in which both sides met to discuss general procedures and approaches. In the case of poultry products, for example, Thailand and Brazil are the main countries with negotiating rights in the EU, and the EU and the Thai administration reached an agreement on quotas for cooked and salted poultry after two days of negotiations. Subsequent negotiations in 2005 and 2006 have dealt with the import regimes of various goods such as poultry, rice, canned tuna, and sardines, all of which have since been finalized. It is also obvious that, apart from the tariff negotiations, some of the import regimes have been modified from an import license system to a first-come-first-served approach (see above).

From the realist perspective, EU enlargement not only presents a broader area of possible cooperation in general but also provides the Thai government with the possibility of exploring new economic relationships with the new member states. The enlargement process has
led to the extension of the EU trade regime to the ten new member states, which refers to a single set of rules, tariff rates, trade regulations and administrative procedures (European Commission 2004c). While the trade liberalizing effect of EU enlargement is unquestionable within the EU itself, enlargement also gave rise to increased opportunities and greater choice in the EU-25 single market and that, for Thailand, this step has been particularly promising because the country, which is partially eligible for the EU’s GSP schemes, may benefit from the extension of the GSP regimes to the new member states.

However, the evidence seems to support the liberal argument of the Thai government’s engagement in response to Thai business interests is accurate. Bilateral trade between the EU-25 and Thailand has decreased slightly in real terms – from €20,789 million in 2001 to €20,590 million in 2005 but this becomes more significant in relative terms as the EU’s shares in Thai imports decreased from 13.11% in 2001 to 9.44% in 2005 and its shares of Thai total exports also decreased from 17.13% to 13.85% during the same period (European Commission 2006f). Moreover, the EU’s message to ‘[make] sure that all [its] trade partners will indeed grant to the new Member States the same treatment they give to the current ones, from the 1st of May and without any disruption’, meaning that the ten new member states need to adopt all of the details of the Common Commercial Policy – particularly EU bilateral trade agreements, multilateral trade commitments and obligations, common external tariffs, and trade defense measures (European Commission 2004c). This situation clearly raised the Thai government’s concerns about the EU’s automatic application of trade defense measures for the new member states. In the European Commission-Thailand Senior Officials’ Meeting in 2004, the engagement of the EU and Thai government saw both parties discuss the impact of EU enlargement in greater detail with regard to different trade defense measures such as antidumping cases and countervailing duties. In response, the EU refers to its formal notification of the application of anti-dumping and anti-subsidy measures in the Official Journal of the EU no. 2004/C 91/02 and gives exporters an opportunity to request a review of these measures in case there are any perceived significant changes. Interestingly, although the EU believes that this approach does not pose any economic problems for Thai exporters, there was a company, Tuntex Ltd., which requested an enlargement review purporting to be affected on their exports of polyester staple fibres to two new member states, Estonia and Poland.

It is apparent in the liberal tradition that Thai authorities are motivated by domestic interests and therefore pay most of their attention to the trade impact of EU enlargement on the performance of their businesses. Despite the argument of simplified market access, traders and
investors from third countries face higher regulatory standards in the ten new member states such as the protection of intellectual property rights, government procurement regulations and the conduct of competition policy (European Commission 2004c). In the Wisaweisuan et al. (2005) study, the implications of EU enlargement have been particularly significant for certain industries including textiles and apparel, automobile and parts, electric and electronic products and food, in which Thai exporters probably have a comparative disadvantage against their counterparts in Poland, Hungary and the Czech Republic. Trade statistics by product type, in fact, reveal that the EU imported less agricultural products and textiles and clothing from Thailand both in real and relative terms since this enlargement, that is, EU imports of Thai agricultural products, decreased from €1,990 million (15.5%) in 2001 to €1,803 million (13.9%) in 2005 while its imports of Thai textiles and clothing also decreased from €1,362 million (10.4%) in 2001 to €1,186 million (9.2%) in 2005 (European Commission 2006f). The Thai government, however, has actively engaged in pinning down cooperation projects in the form of organized seminars and workshops, mostly with the EU itself, through the TREATI programs such as the seminar on food safety rules in May 2004, the workshop on sanitary and phytosanitary issues in the fisheries sector in June 2006 and the workshop on EU standards and technical regulations in the electronic and electrical equipment sector, also in June 2006.

There is very little evidence to suggest that Thai foreign policy is interested in forming a collective identity in relation to EU enlargement. In a study conducted among Thailand’s business elite, it is noted that the perception of their concerns is particularly traceable to the new member states’ relatively low costs of labor and production and, in a way, the prospects that they can become ‘substitute production bases’ at the expense of Thailand (Holland et al. 2005: 12).116 In a sense, the dynamics of the EU single market not only generate an internal shift of trade balance, as realists would argue, but also serve as an important factor affecting changes in the EU’s roles in bilateral trade and investment relations with Thailand (ibid. 12, 13). Nevertheless, the constructivist approach has been relatively promising in explaining mutual recognition mechanisms and the pragmatic aspects of Thailand’s foreign policy toward the EU, as seen in the quick conclusion of the compensatory adjustment agreement on cooked and salted poultry quotas.

IV.2.4.2 The Euro

The Thai government’s response to the introduction of the euro was in line with the country’s traditional principle of preserving political – and, in this case, financial – autonomy. From the realist point of view, the euro has been closely watched in terms of an alternative currency that
can pave the way for a balancing strategy toward the traditional use of US dollar in the region. In statistics from 2004, the comparison between the euro and the dollar illustrates that the euro remains relatively stable while, after the euro’s introduction, the US dollar underwent a period of currency depreciation. The trend of dollar depreciation was also observable against other major currencies such as the Swiss franc, the British pound, the Japanese yen and the Canadian dollar: Between early 2002 and late 2004, the dollar depreciated more than 30% versus the euro, while in depreciation the last quarter of 2004, was approximately 6%. Statistically, from 2002 to mid-2003, the euro appreciated against most currencies while the dollar continued to depreciate, which means that the euro contributed significantly to the correction of a single currency’s undervaluation otherwise, but since then, the euro has not changed dramatically compared to other major currencies except the dollar. For Thailand, the case of its own currency seems to be far from pursuing a hard peg to any foreign currencies. However, Thailand has been viewed for some time as maintaining, if any, a managed float against the dollar rather than the euro, with the Thai baht appreciated from 2002 to 2004 only 10% against the dollar but 38% against the euro.

The Thai government’s engagement, for liberals, primarily serves as a response in support of the Thai business community – e.g. in terms of providing exchange rate flexibility as well as drawing on the stability of the euro compared with the dollar’s developments. Among the major players, it is noted that the EU plays an important role in addressing the issues of external imbalances as a result of the dollar’s depreciation. In the above-mentioned study by Martin et al. (2005: 14), the interviews with members from the business elite demonstrated that the future of the euro economy depends on its economic performance compared to the US dollar.

Here again, there is no direct evidence to support the constructivist argument of Thailand’s identity-building foreign policy, but it does seem that the Thai government became more familiar with the EU’s internal mechanisms on financial management during the various dialogues. For example, in a December 2004 meeting, the EU Finance Ministers, the President of the European Central Bank and the Commissioner for Economic and Monetary Affairs discussed European conditions for enhancing a stable path toward economic recovery and growth as well as ways to guard against exchange rate volatility and cluttering. In an effort to reduce global imbalances, the meeting emphasized the adoption of suitable economic policies and a functioning monitoring system, i.e., in a broader context, the so-called ‘Stability and Growth Pact’ which, more specifically, is a rule-based fiscal framework, which brings the national budgetary disciplines in line in order to en-
hance monetary policy cooperation and monetary and price stability within the EU, and the Exchange Rate Mechanism II, which is designed to provide the standard fluctuation margins of approximately 15% between the euro central rates and the currencies of the participating non-EU countries.\(^{123}\)

### IV.2.5 Developing Private Initiatives

In a theoretical debate, it seems that liberalism has gained a certain degree of credibility in foreseeing the increased role of the private sector. However, we can expect realists and constructivists to also make a significant contribution to explaining the trade policies of both parties: Realists may have difficulty transcending state-centric views, but they undoubtedly provide useful insights on the strategic moves toward influence-seeking and voicing-opportunities-seeking bilateral trade policies. Constructivists seem relatively successful in applying ideational factors to help understand the EU and Thai approaches regarding collective identity formation or rhetorical action.

From a liberal perspective, it is evident that ‘networking’ has become increasingly significant recently as a key concept in the promotion of business-to-business links between the EU and Thailand. The engagement of the European Commission and the Thai government is considered a way of encouraging the active participation of the private sector. For instance, the ‘EU-Thailand Partenariat 2005’, which took place in Bangkok in November 2005, was successfully organized and co-financed by the European Commission and the Royal Thai Government to bring together over 400 European and Thai SMEs and to provide match-making opportunities for them.\(^{124}\) The most important areas of interest for EU SMEs included electronics, ICT and software, fashion and design, energy and alternative energy, and high value-added services such as tourism, healthcare and spas, printing, research and development, and environmental conservation.\(^{125}\) The Commission’s ‘EuropeAid’ Cooperation Office launched a similar region-wide program called ‘Asia Invest’ which provides a platform for face-to-face dialogues between businesspeople in the private sectors in the EU and participating Asian countries and is supposed to lead to strong business links and long-term economic cooperation.\(^{126}\) The EU-Thailand Partenariat is mainly supported by the EU’s ‘Asia Invest II Programme’, which is designed to pursue the objectives of (i) increasing economic cooperation between Asia and the EU, (ii) encouraging investment flows and (iii) fostering mutually beneficial trade relationships and investment between Thai and European companies.\(^{127}\)

Another example can be found in the ‘Asia Invest Forum 2005’, which was held in Bangkok a few days prior to the EU-Thailand Parte-
nariat and was comprised of plenary sessions and workshops on achieving best practice in bilateral trade and investment facilitation (European Commission 2006c). It managed to gather European and Asian business organizations – such as the European and Asian chambers of commerce and business associations and intermediaries in industry, trade, investment and finance – as well as the relevant local authorities, enabling the forum to stimulate the networking opportunities and discussions about the future orientation of EU-Asian economic cooperation and it is hoped that it will increase the active involvement of relevant businesspeople and private actors (ibid.).

The Thai Ministry of Foreign Affairs has also proposed another initiative to promote business impulses for future developments in EU-Thailand relations. During the 8th European Commission-Thailand Senior Officials’ Meeting in Brussels in June 2002, Thailand presented a proposal to launch the ‘Thailand-EU Business Forum’ with the hope of providing a platform for dialogues between industries from both sides. To this purpose, the Joint Standing Committee on Commerce, Industry and Banking was assigned to prepare the forum’s formation, and the Federation of Thai Industries acted as a project coordinator among the European Chambers of Commerce (Joint Standing Committee on Commerce 2006). Four main functions were identified for the Thailand-EU Business Forum: (i) to create a result-oriented forum, (ii) to define policy and guidelines that can be supported on a board basis, (iii) to assist in shaping a sound environment to facilitate trade and investment activities between Thailand and the EU, and (iv) to define areas of cooperation such as technical assistance, capacity building in the implementation of WTO commitments and in the adjustment to EU standards. As things now stand, the Thailand-EU Business Forum meets with the European Chambers of Commerce in Bangkok every four months and is comprised of 12 members, that is, four representatives from the Thai Chamber of Commerce, the Federation of Thai Industries and the Thai Bankers’ Association, whereby the Department of European Affairs, Ministry of Foreign Affairs, and the Board of Investment of Thailand, Ministry of Commerce, also participate in an advisory capacity (ibid.).

Realists believe that the negotiations have led to the establishment of an EU Chamber of Commerce, because the EU’s approach clearly has an influence-seeking goal to strengthen the positions of itself versus its main competitors in Thailand. Thus far, the EU has made serious efforts to establish the EU Chamber of Commerce because, as things stand, in contrast to other ASEAN+3 countries, Thailand is currently the only one with laws that continue to hinder the establishment of the EU Chamber of Commerce. That is, four main legal restrictions under Thailand’s existing laws have hampered the formal establishment
of a European Chamber of Commerce: First, the location of any Chambers of Commerce is restricted to the Bangkok area; second, it is not possible for a Chamber of Commerce to accept members outside the Bangkok area; third, there are restrictions on the occupations of Chamber members; and fourth and most importantly, the Chamber of Commerce Act literally gives the rights to a nation to set up only one Chamber of Commerce that is associated to its own nationality. On this last point, the EU and individual member states appear to demonstrate a difficult case, so that the EU, as an influence-seeking organization, has sought high-level negotiations on the legal revisions with the relevant authorities. The Ministry of Commerce has responded by assigning the Department of Business Development the responsibility for making the revisions to the Chamber of Commerce Act and setting up a committee that works toward that purpose along with the Thai Chamber of Commerce, which takes part in this process on behalf of Thai industry. As things stood in mid-2006, Thai authorities were able to ease the first three restrictions, while the amendment on the last and most important point remains unresolved.

Arguably, here again, the liberal view points out that the establishment of a European Chamber of Commerce can be considered the result of EU engagement that primarily benefits businesspeople. Since the EU and Thai business communities have continued to grow in size and diversity, it is very important to set up a European Chamber of Commerce, which would perform the function of a collective referential and advisory body in order to deliver ‘unbiased’ perceptions of and responses to EU-related issues. More specifically, with reference to its economic and political integration dynamics, the EU, given the diverse interest structures of the member states, also repeatedly emphasizes the argument of enhanced EU-level coordination in dealing with issues that go beyond the competence of the member states’ Chambers of Commerce. In practice, the European industry has shown an interest in actively participating in the consultations with Thai authorities during the process of revising the laws. Furthermore, on the Thai side, the prospects of an EU Chamber of Commerce is also dependent on the Thai government’s engagement politics, which are influenced mainly by business interests. While Thailand’s FTA policy has been open to ad hoc initiatives and the policymakers are likely to respond to the interests of businesspeople rather than long-term national strategies (Sally 2004), a European Chamber of Commerce can be regarded as a key platform for the prospective FTA negotiations insofar as the private sectors on both sides play a crucial role in providing the perspectives of commerce and industry and are thus represented in an equal manner.
The constructivist explanation seems to be helpful with regard to the promotion of certain ideas and norms through private sector dialogues. Between the EU and Thailand, matchmaking events such as the EU-Thailand Partenariat may help enhance mutual understanding and raise one party’s profile in the perception of the other. At the same time, both the EU and Thailand hoped to identify best practices in their bilateral trade and investment relationships. As far as the establishment of the EU Chamber of Commerce is concerned, constructivists prefer to argue that its existence connotes a strategic behavior of state less than a symbolic act of building collective identity and representation on the EU’s side. Moreover, the aim of embedding EU-level industry representation seems to be particularly relevant to the EU’s single position because, of the EU-25 member states, it is remarkable that 14 currently do not have a Chamber of Commerce on their own while the other 11 do in a variety of forms and capacities. However, it is worth noting that, although investment policy seem to play an increasing role in bilateral relations, the areas of trade and investment promotion remain in the hands of the member states because of the question of competence. Furthermore, there is still a great variety of business interest schemes among the member states themselves, insofar as the investments from the UK, the Netherlands and France have mostly focused on electrical and electronic products while those from Germany and Italy prefer metal products and machinery (Delegation of the European Commission to Thailand and Board of Investment of Thailand 2004: 39).

IV.2.6 Future of FTA Strategies

The main questions involve how each theoretical school can adequately explain the underlying dynamics of the EU’s and Thailand’s FTA policy and whether an EU-Thailand FTA will ever become a reality. The EU also has a long tradition that includes a customs union and free trade area initiatives, which can be traced to the formation of the EU itself. In its early stages, the EC’s two important objectives for establishing RTAs used to include (a) preparation for EU membership as in a series of Europe agreements, and (b) development purposes as in the Lomé-Cotonou agreements with the ACP countries and subsequent economic partnership agreements (EPAs). In the 1990s, the EU began to pursue three other objectives: (c) political developments as in the Stabilisation and Association Agreements with the Western Balkans region, (d) security and trade as in the Euro-Mediterranean Association Agreements including the MEDA bilateral funds, and (e) market opening and securing trade as in a number of trade agreements with Mexico, Chile, South Africa, GCC, or Mercosur. In contrast, the Thai government views bilateralism and bilateral FTAs in particular as a new policy tool to broaden its
network of economic partnerships (see also Dent 2006: 120-121). Although Thailand used to give priority to the GATT and WTO negotiations throughout the 1980s and the early 1990s, the Thai government became increasingly interested in exploring the practice of economic bilateralism (ibid.). Still, it was not until the late 1990s that a significant change in its trade policies occurred, as in its proposal for an FTA project between Thailand and the Czech Republic in 1994 and 1995, and discussions about another project between Thailand and Israel in December 1996 (ibid. 121; see also Nagai 2003). Later, the initiation of a series of bilateral FTA negotiations of former Prime Minister Thaksin’s administration was one of its major foreign policy achievements (Na Thalang 2004).

From a theoretical perspective, realists would argue that the EU and Thailand have been sensitive to the new constellation of international trade relations and, although they are both committed to the Doha Development Agenda, it becomes increasingly apparent that the two parties are aware of and seek to explore the possibilities of influence-seeking or voicing-opportunities-seeking through their bilateral channels.

In the EU’s case, the first responses to the new trends were rather reserved because the stakes at the WTO were undoubtedly high, which colored the EU’s commitment to the multilateral institutions, making it reluctant to negotiate new bilateral FTA deals. However, after the disappointing results in Hong Kong, it is clear that the EU became particularly aware of the challenges emerging from a new wave of bilateral FTAs and an overall ever more competitive world. In a speech in Berlin on September 18, 2006, Trade Commissioner, Peter Mandelson, emphasized the need for the EU to ‘go beyond the EU’s existing bilateral free trade agreements, by establishing a case for new free trade agreements designed to deliver more open markets and fairer trade conditions in new areas of growth, particularly in Asia.’143 A Member of European Parliament, Sajjad H. Karim, sharply criticized the EU’s reluctance to reconsider its bilateral approaches and pointed out that it was an opportunity to generate a balance against the US and other major players otherwise:

Meanwhile, US President George W. Bush has joined the pilgrimage to the ‘new India’, walking into the warm embrace of a pro-Washington administration and brokering a quite frankly worrying nuclear deal. Moreover, with the suspension of the Doha round, the EU has stood by and watched whilst other regional organisations, such as the Association of Southeast Asian Nations, have moved quickly to get their houses in order and court the likes of India and China, in case there is a real need for a ‘plan B’.144
The balance-of-power logic motivated strategic policy shifts toward new bilateral economic relations and in principle may also be used in the EU-ASEAN FTA negotiations. The partnership with Thailand will play an important role, in this regard, by providing the EU with access to Southeast Asia and consequently an approach to maintaining the global reach and improving its market shares in the region. Furthermore, realists believe that the EU will assert its economic influence on its partners to achieve specific self-interested goals, which strategically includes certain issues essential to the bilateral FTA negotiations. For instance, since the EU proposes that any progress in agriculture needs to be accompanied by progress in other, non-agricultural areas such as services and the Non-Agricultural Market Access (NAMA) negotiations issues including tariff reduction formulas, sectoral tariffs, non-tariff barriers and environmental goods, thus making it very likely that these issues will be brought up for discussion during the EU’s FTA talks (see also WTO 2007). However, it is still too early to gauge what the results of the FTA will be since both sides have been very careful in submitting details of the various FTA components.

In the Thai case, the realist interpretation must be understood in the context of Thailand’s diplomacy, which is noteworthy because of two important characteristics: (i) the flexibility of ‘bending with the wind’ and (ii) the fundamental ‘patron-client’ relationship (Cheow 1986: 747; Rüland 2001a: 1026). The first one reveals a pragmatic policy orientation – e.g., the politics of equidistance – based on the country’s sensitivity to any change in regional power relations (Rüland 2001a: 1026). The second allows Thailand to seek a strategic partnership with the world’s dominant powers in order to guarantee its own security as well as maintain the overall balance of power in Thailand and the Southeast Asian region (ibid.). While over the last few decades the country’s outward-looking economic policies have played an important role in disseminating its growth strategy and export-oriented development paths, the threatened breakdown of the WTO negotiations and China’s accession to the WTO precipitated a change in Thailand’s FTA policy (Chirathivat and Mallikamas 2004). The selection of Thailand’s FTA partners explains the administration’s attempts in this regard, to build strategic relationships with the core members of other regional organizations, e.g., Brazil, India, South Africa, Czech Republic, Bahrain and the US who are the core members of the Mercosur, the South Asian Association for Regional Co-operation, the South Africa Development Community, Central European Free Trade Agreement, the Gulf Cooperation Council, the NAFTA, respectively – the patterns that support the realist argument of influence-seeking FTA strategy as a way to enhance closer economic links and strong political leadership (ibid.; Dent 2006: 121).
As far as voicing-opportunity foreign policy is concerned, it is possible that the Thai administration may seek a bilateral FTA with the EU to strengthen its own positions in some other regional or international initiatives. For example, between the EU and ASEAN there exists a variety of region-to-region frameworks such as the so-called ‘Trans-Regional EU-ASEAN Trade Initiative’ (TREATI), which focus on dialogues and regulatory cooperation projects in areas such as sanitary and phytosanitary standards in agro-food and fisheries products, industrial product standards and technical barriers to trade in the electronics sector, forestry and wood-based products, trade facilitation and cooperation on investment (European Commission 2007f; see also EU-ASEAN TREATI Regional Workshops on Sanitary and Phyto-Sanitary Issues in Fisheries Products 2006). The Thai government is expected to have an incentive to focus on some of these particular areas of interest. In practice, it has benefited from some cooperation projects between the European Commission and the ASEAN such as ‘ASEAN-EC Intellectual Property Rights Co-operation Programme’, ‘EC-ASEAN Standards, Quality, and Conformity Assessment Co-operation Programme’, and ‘EC-ASEAN Co-gen Programme’ (Delegation of the European Commission to Thailand 2007g).

From a liberal perspective, the FTA strategy can largely be explained by the EU’s and the Thai government’s engagement that is mainly driven by converging interests of relevant players on both sides. While the EU’s economic development can obviously be attributed not only to the growth of domestic demand but also, more significantly, to the continued growth of European exports, the EU’s bilateral FTA negotiations can be seen as an engagement to support external trade relations with particular countries. In its communiqué ‘A New Partnership with South East Asia’, the European Commission (2003c) considers one of the criteria for the EU-ASEAN FTA to be the underlying mutual economic interest between the two business communities. It is hardly surprising that through bilateral dialogues, the EU has occasionally attempted to resolve several issues on trade barriers and regulatory differences facing European companies, in order to promote their business performance record in foreign markets, as mentioned above. Later, as the EU-ASEAN FTA negotiations began to slow down, the EU made its intention clear that it was going to engage a bilateral channel in the interest of EU business communities, as proposed by the European Commission’s Director-General of Trade, Phillipe Meyer: ‘We want to go ahead rapidly with the individual talks, in particular with Thailand, as we see many limitations in region-to-region FTA negotiations. To talk with the whole of ASEAN for 10 years is too long. We need to ensure facilitation for our business sectors and consumers’ (cited in Pratruangkrai 2009a).
Similarly, on the Thai side, while it is clear that FTA initiatives can be seen as the government’s engagement policies to raise the country’s business benefits from broader inter-regional and global trade networks, an agreement with the EU can significantly contribute to providing greater market access for its exports aboard and for meeting the demands for imports of raw materials, intermediate and capital goods in local settings (see also Chirathivat and Mallikamas 2004). For example, because of the slow progress made in the EU-ASEAN FTA negotiations, Thailand’s leading exporter of seafood and canned products, Thai Union Frozen Products, has urged the Thai government to engage in bilateral FTA negotiations with the EU in order to boost the competitiveness of Thai exporters (Pratruangkrai 2009b). Also in the Doha Round, Thailand’s main interest in new bilateral FTAs is likely to remain in the market access negotiations to improve access to the markets of developed countries in particular. With respect to anti-dumping measures, for instance, it is clear that the Thai administration has an interest in tightening the rules on anti-dumping investigations and measures because of several bilateral concerns in fisheries products, which face high subsidies from the EU, Japan and Korea (Sally 2004).

Like realists, the liberals also expect a bilateral FTA to contain certain WTO-plus elements that go beyond the current WTO obligations. Both schools do not reject the possibility that besides the simple removal of tariffs new bilateral FTAs may also include common disciplines for a broad range of regulatory areas such as customs procedures, standards, sanitary questions, competition, services, or government procurement. But while the realists stress the voicing-opportunities-seeking strategy and the strategic moves of a state’s bilateralism, the liberal theorists would consider this widening scope a response to the utility-maximizing problems of all of the state and non-state players involved. Here a bilateral FTA would serve public responses to achieve a deeper integration in terms of further liberalization in goods and services and regulatory harmonization. Interestingly, the question has been raised on the EU’s reserved attitudes toward new bilateralism as the EU itself is obviously aware of the advantages of being the initiator and, in other words, the disadvantages of being a late comer. It should be noted that the European Commission formally needs the negotiating mandate from the European Parliament and the Council. Moreover, the Commission’s reluctance to negotiate new bilateral FTAs can also be explained with the argument that available resources be allocated among the priority areas of multilateral negotiations, specifically the Doha Development Round.

The prospects of building a collective identity as postulated by constructivists are rather unclear and thus less predictable. In their view, a bilateral FTA, while integrating two markets, may give rise to increased interaction and thereby collective identity formation in socioeconomic
and sociological terms. The EU and Thailand also hope to build up trust as well as promote certain values and mutual understanding between their respective business communities. It is very important that in its communiqué ‘New Partnership with South East Asia’, the European Commission (2003c: 3) explicitly states:

New bilateral agreements with countries of the region should all contain the ‘essential element’ clause regarding human rights, while the EU and particular countries in the region may decide to launch Human Rights-specific bilateral dialogues.

Of the two the EU seems to pursue a trade policy of more value-based orientation, which can be seen in the EU’s GSP special incentive arrangements that are supposed to create market incentives for third countries to enhance ecological values and promote the protection of human rights. It is possible that similar conditional proposals may be discussed in the expected FTA negotiations. In practice, the EU has granted additional tariff preferences for the imports of certain products under the general arrangements or temporarily postponed the GSP graduation of a particular sector to the benefit of the countries that incorporate the International Labour Organisation’s eight core labor standards and those that conform to sustainable forest management in general and the standards of the International Tropical Timber Convention, respectively (European Commission 2003b).150

As things stand, an EU-Thailand FTA is rather unlikely in its present form but not impossible as a bilateral complement to the EU-ASEAN FTA.151 Reportedly, the EU does not regard bilateral and multilateral FTAs as competitive but rather as a complementary means for reaching more ambitious goals. The former are aimed at adding value to the latter, specifically the WTO negotiations, thus there is a multilateral framework with a supplement of bilateral negotiations in a way that a bilateral EU-Thailand agreement may be accommodated within the broader EU-ASEAN framework. Indeed, the ASEAN countries are encouraged to support multilateral discipline in various issues such as agricultural subsidies and to consider extending the scope of FTA components, e.g., in trade facilitation, customs regulation, technical barriers to trade, government procurement, or sanitary and phytosanitary measures.152

Consequently, in April 2005, the EU Trade Commissioner and the ASEAN Economic Ministers agreed to launch a so-called ‘Vision Group on ASEAN-EU Economic Partnership’ in order to specifically explore the feasibility of an ASEAN-EU FTA. After five meetings of its mandate, the Vision Group submitted a final report in May 2006 and, in principle, gave three recommendations: (i) that ‘the agreement should be comprehensive, balanced, and consistent with the WTO rules and obli-
gations’, (ii) that ‘special and differential treatment for less developed ASEAN countries should be accorded, and differentiated timeframes for implementation of the agreement should be adopted’, and (iii) that ‘the agreement should constitute a single undertaking, implemented by the parties as an indivisible whole’ (ASEAN-EU Vision Group 2006).

The European Commission (2006g) in general welcomed the report and its proposal of a broad-based, group-to-group approach. The Council (2007) adopted the conclusion on the recommendations to open the FTA negotiations with the ASEAN countries in April 2007, and later, the EU-ASEAN Economic Ministers’ Consultations held in Brunei Darussalam in May 2007 announced the intention to launch the EU-ASEAN FTA negotiations. To date, a series of rounds of negotiations have already taken place since July 2007, but there has not been much progress due mainly to different levels of development, capacity and interest among the individual ASEAN members (Pratruangkrai 2009a; 2009b).

Thailand’s responses to bilateral FTAs used to be relatively positive, in particular during former Prime Minister Thaksin’s administration. However, it should be noted that some criticism was voiced after the conclusion of the Thailand-Australia FTA in 2004 and particularly during the negotiations of the Thailand-US FTA since mid-2004. Evidence suggests that the Thai administration has become more careful about further moves to initiate a bilateral FTA with any major economic powers including the EU. Against this background, it is expected that the government would prefer FTA talks on a region-to-region basis, i.e., preferably in the EU-ASEAN framework, and that Thailand’s bilateral FTAs in the future will probably not take the form of the Thailand-Australia FTA or the US-Singapore FTA because of Thailand’s defensive attitudes toward liberalization in the services sector as well as domestic regulatory reforms (see also Sally 2004). As of September 2006, since Surayud’s administration decided to stop all on-going negotiations as well as all of the negotiated but still unsigned deals. According to the Foreign Minister and the former chief negotiator for the Thailand-US FTA, Nitya Piboonsongkram, any progress in FTA talks will be put on hold until after the country’s next election (Wong-Anan 2006). According to Director-General of the Trade Negotiations Department, Nuntawan Sakuntanaga, Thailand’s policy to pursue bilateral trade talks remains rather unclear, however, so that the responsible authority has to wait for the government’s mandate regarding further negotiations (Pratkrungkrai 2009b).
IV.3 EU-Thailand Development Cooperation

The EU-Thailand development cooperation is changing – and, in many ways, has already changed – from a donor-recipient relationship to that of an economic cooperation and a partnership between donors. The first subsection in this section gives a theoretical explanation to the disappearance of their traditional development projects in order to set the background of development cooperation of this bilateralism and establish the new trends for the later analysis. The second subsection turns to consider the new roles of the Thai government as an emerging donor, following former Prime Minister Thaksin’s official statement in December 2003. As an example, the third subsection focuses on new cooperation schemes in higher education to underscore the thesis of post-development cooperation.

IV.3.1 The Fading of Traditional Development Projects

The aim of this subsection is to deliver a theoretical foreign policy explanation of why conventional development projects faded away. The EU bilateral cooperation relationship with Thailand has undergone significant changes, so that the form it has today is very different from the one it had in the early days in the 1970s. This was at a time when Thailand and the European counterpart – then European Economic Community – were just beginning their first cooperation projects, in which the latter mainly provided assistance to the latter in crop diversification and boosting farmers’ income (Delegation of the European Commission to Thailand 2007a, 2007b). Later, since Thailand began to experience significant economic growth in the 1980s, the EU has increasingly modified its bilateral cooperation programs in order to support the country’s economic and social developments (ibid.). Development cooperation as strictly defined in the most conventional terms was thought to be ‘outdated’ by the late 1990s, so that today’s main areas of cooperation instead include (i) a knowledge society, (ii) health, (iii) environment, (iv) economic cooperation, and (iv) social support and refugees.\footnote{154}

From a realist perspective, the change in EU-Thailand development relations is expected to be the basis of the influence-seeking foreign policy behavior of the two parties involved. Empirically, there is not much evidence to suggest the power-based balancing motivations in this area of bilateral cooperation, however. It was once noted in an interview that the EU was working toward balancing its visibility against other major players in third countries.\footnote{155} In some partner countries such as Cambodia and Vietnam, there is a so-called pledging session in which the donors come together and publicly announce their total development finances for the next budget year – not surprisingly, this
event is very interesting for the partner government. To make a long story short, now that the procedures have been changed to allow the European Commission to submit a ‘joint pledge’ on behalf of the member states, the EU has become the largest donor and suddenly receives more coverage in the media. Although this case does not apply directly to Thailand, it could illustrate the interests of the EU in seeking influence and balancing its positions among other major powers through its new accents on development cooperation projects. However, the extent to which the EU’s visibility may be interpreted in terms of power incentives and power-based politics is very questionable, and much less – if applicable – is the question how the increased visibility can prompt it to assert more influence toward a third country.

Considering Thailand’s approaches toward the EU’s development policy, there is some evidence to suggest that the government is seeking to ‘voice opportunities’ for new initiatives through this bilateral channel at other regional and multilateral levels. For example, as things now stand, EU-Thailand cooperation in science and technology is not only bilateral in form but can also benefit from the EU’s interregional initiatives with ASEAN, ASEM, or Asia as a whole. In practice, it is possible that the Thai government is strategically placing an emphasis on particular areas of interest and that its dialogues with the EU can be instrumentalized in identifying and promoting certain cooperation programs within those regional initiatives. In fact, it is clear that Thailand has benefited from a wide range of EU-ASEAN cooperation projects such as ‘EU-ASEAN COGEN Programme’, ‘EU-ASEAN Standards, Quality and Conformity Assessment Cooperation Programme’, and ‘EU-ASEAN Energy Facility’ as well as the Asia-wide cooperation projects such as ‘Postgraduate Technological Studies Programme’, ‘Asia Information and Communication Technology Programme’, and ‘Asia Pro Eco Programme’ (Delegation of the European Commission to Thailand 2007m, 2007n).

From a liberal perspective, the programmatic departure from the 1970s EU-Thailand development projects can be explained in terms of converging interests of actors on both sides that rationally lead to the corresponding engagement of the EU and the Thai government in the reinforcement of a cooperation partnership. In a way, their domestic interest patterns play an important role in the foreign policy-making processes and in the arrangements of particular decisions on cooperation programs. For example, the EU has proposed the ‘Framework Programmes for Research, Technical Development and Demonstration’, of which – the 6th and 7th Framework Programmes in particular, demonstrate the EU’s efforts to allocate a considerable amount of publicly funded resources to boost research and development cooperation between partners among the member states as well as the third countries
At this point, it is clear that the EU’s interests in promoting a cooperation framework in science and technology as well as a new conception of entrepreneurship and innovation policies in principle coincide with those of Thailand. The Thai government has shown strong interests specifically in the area of information technology – as evidenced by the Thai National Science and Technology Development’s participation in the 6th Framework Programme’s call for proposals process for several projects such as training programs in disaster management, information technology for disabled computer users, or e-safety in road transport (Mission of Thailand to the European Communities 2005). As stated by the Royal Thai Embassy and the Mission of Thailand to European Communities in Brussels as well as the Delegation of the European Commission to Thailand in Bangkok, Thailand should also be able to benefit from further cooperation opportunities in other areas such as nanotechnologies, material sciences or renewable energy (ibid.; Delegation of the European Commission to Thailand 2007f). The extent to which Thailand manages to make use of the 7th Framework Programme launched in January 2007 remains to be seen in the next few years, however.

In this light, demand-driven patterns may also explain the changes in recent cooperation projects. Bilaterally, the European Commission has, for example, launched a project titled ‘EU-Thailand Economic Co-operation Small Projects Facility (SPF)’ for the implementing period of October 2004 to December 2007. This SPF project encourages individual institutions – such as NGOs, local authorities, business associations, universities and think tanks – to apply for EU funds for the projects that are small and of limited duration yet strategic, innovative and highly tangible (Delegation of the European Commission to Thailand 2007c, 2007d). As stated in the National Indicative Programme 2002-2004 (European Commission 2004a), this is designed to be a demand-driven process insofar as the Thai grantees have to go through a ‘call for proposals’ mechanism. In practice, the SPF projects have been managed by the Delegation of the European Commission in Bangkok, which has given rise to about 13 projects per year (European Commission 2004a). There are six main areas, on which the SPF proposals are expected to focus: (i) support to the Thai administration and companies to adapt to the EU legislation underlying bilateral trade and investment, (ii) implementation of the WTO Doha Ministerial Declaration’s commitments, (iii) other relevant issues in the EU trade policy for the Thai audience, (iv) support for mutual market access and facilitation of Thailand’s investment environment; (v) vocational training to improve industrial outputs’ quality; and (vi) promotion between the EU and Thai
R&D organizations within the former’s Framework Programme (Delegation of the European Commission to Thailand 2007d; European Commission 2004a: 4).

Not surprisingly, a general trend reveals that new cooperation programs such as those in science and technology have been oriented to address trade-related issues. In liberal terms, this is not only because of the business interests on both sides but in part because the current trade relations appear to raise some crosscutting concerns in relation to other policy fields. The food safety discussions, for example, illustrate the links between trade and economic cooperation leading to a series of supportive cooperation programs. With the outbreak of Avian Influenza, it was no coincidence that Commissioner for Health and Consumer Protection, Markos Kyprianou, visited Thailand in November 2005 with an agenda to discuss the implications of, and preparations for Avian Influenza and relevant flu pandemics. The converging interests between the EU and the Thai government are evident in the latter’s attempts to maintain bilateral trade in poultry products and the former’s efforts to serve the domestic interests in terms of consumer protection and market stability. As a consequence, the EU affirmed to suspend only temporarily uncooked poultry imports but would continue to allow cooked products (see above). In addition, the EU explicitly invited the Thai side to consider bilateral collaboration in the areas of general hygiene, food and feed control, for which the European Commission later managed to organize a new training facility under the regulation on food and feed controls (Regulation no. 882 and 2004).

In addition, given a number of new EU regulations and directives such as regulations on traceability, residues in food products, and animal drugs, the Integrated Product Policy, the Registration Evaluation and Authorisation of Chemicals (REACH), or the directives of Waste Electrical and Electronic Equipment (WEEE) and Restriction of the use of certain Hazardous Substances in electrical and electronic equipment (RoHS), liberals would expect Thailand’s response to be driven by the interests of the Thai importers who will be – both directly and indirectly – affected in a way to comply with those measures at some point (Delegation of the European Commission to Thailand 2007e). The Integrated Product Policy (IPP) is a good example of this. The IPP is aimed at reducing the products’ environmental impact throughout their life cycle, that is, from cradle to grave (European Commission 2007a; Office of Commercial Affairs 2007b). In several on-going pilot projects, the European Commission is now in the process of identifying product groups with the greatest environmental impact and those that show environmental improvement as well as evaluating certain policy instruments for effective IPP implementation (ibid.). As things now stand, although the EU currently encourages its member states to follow the
IPP’s main ideas and technical procedures on a voluntary basis only, it plans to implement this IPP through specific policies such as greening public procurement, product labeling, eco-design, the environment management system or legislations on waste and chemicals (ibid.). Although the EU is very unlikely to require the same from third-country importers, it can only hope that price mechanisms and the associated psychological effects among consumers can create an incentive for those importers to introduce environmentally friendly products that correspond to the production standards of, and – if applicable – maintain their competitiveness on the EU market (ibid.).

Moreover, it is clear that non-state actors, particularly NGOs, play an increasingly important role in the EU-Thailand cooperation projects. The trends seem to go beyond the realist notion of state-centric political activities, so that a series of initiatives funded by the European Commission are designed and implemented in close cooperation with various private actors and institutions. These trends of EU engagement can be observed especially in the areas of civil society, forestry, environment and human rights (see also Delegation of the European Commission to Thailand 2007a). As we have already mentioned in the above section, the EU’s humanitarian aid projects along the Thai-Burmese borders essentially rely on the local work of NGOs such as Médecins Sans Frontiers, Malteser Hilfsdienst, Action Nord Sud and Thailand Burma Border Consortium. More specifically, the participation of both international and local NGOs is important for the work at the grassroots level such as in the providing of sanitation, basic foodstuffs, cooking fuel and medical services to displaced people from Burma (ibid.).

This organizing scheme that shifts away from the realist state-centric style of cooperation projects is also illustrated by the EU’s attempts to inject new inputs of different experience and skills through the participation of local communities, NGOs, academic institutions or business associations. Another example can be found in the ‘Asia Urbs’ program which, launched in 1998, has been funded by the EU to strengthen cooperation between local authorities of its member states and 15 Asian countries (Delegation of the European Commission to Thailand 2007i). This program will include either two-year development projects or six-month studies that focus on improving living and environmental conditions in urban areas (ibid.). In the case of Thailand, Lamphun Municipality in the North of Thailand was selected for this program in 2004 in partnership with two European municipalities: Sorgue in France and Wettenburg in Germany (EU Today, no. 26, March 2006). Not only does the local authority benefit from the EU’s financial support, it is very crucial that it also includes the exchange of technology, know-how and management skills, for example, in composting household organic waste, raising awareness of waste separation, build-
ing garbage banks in schools and a wastewater treatment plant along the Kuang River (ibid.). The cooperation between the three municipalities fits under the framework of the ‘Integrated Urban Environment Plan’, which is aimed at contributing to several issues of environmental conservation, rehabilitation and management (ibid.).

Another example is the EU’s funding of a two-year ‘Electricity Network Upgrading Programme’ (ENUP) for the purpose of providing its cooperation partners with technology in electricity distribution. A tangible result of this program for Thailand is the installation of a ‘Distribution Dispatching Centre’ in Phuket, which is supported by Siemens AG’s electrical technology. In a speech held at an asset hand-over ceremony in December 2005, HE Friedrich Hamburger, the Ambassador and Head of the Delegation, stressed the possibilities that this project could promote European technology to a third country’s benefit and that it could help strengthen EU-Thailand business cooperation (EU Today, no. 26, March 2006, 13).

The constructivist explanation seems to complement the realist and liberal ones regarding the roles of ideas and values. For constructivists the change in development policy conduct seems inherent to the process of building a collective identity, which represents a dynamic and endogenous process in itself. Between Thailand and the EU, cooperation projects in the area of ‘uprooted people and social support’ demonstrate that Thailand’s assistance has increasingly been discussed in the political context of international values and norms. Similarly, ‘health’ undoubtedly has become one of the key areas in the cooperation programs, so that the traditional conduct of health and humanitarian aid projects has been extended to displaced people along the Thai-Burmese borders and thus begins to touch upon some of the elements of human rights and the rights of ethnic minorities. Another example can be found in the area of environmental cooperation, which has placed an emphasis on the essential dynamics of mutual understanding and raising awareness in the promotion of a sustainable environment. In a bilateral channel between the EU and Thailand, it is clear that pragmatically environmental cooperation goes beyond traditional development projects so that environmental issues begin to be integrated into almost every priority area of the new development programs including trade-related development, regional integration and cooperation, social sector programs, transport, rural development, food security, institutional capacity building, and good governance (European Commission 2001a: 22).

Along this line, constructivists would also be able to explain the fading of traditional cooperation projects by pointing to the creation of mutual knowledge and the so-called ‘joint visibility’ between the EU and Thailand. In the EU’s responses to the tsunami, for example, the estab-
lishment of the Andaman Forum has been widely praised for the EU’s efforts in the coordination of tsunami-related development projects as a part of the EU’s ‘Coastal Habitats and Resources Management’ (CHARM) project in Thailand (United Nations Team in Thailand 2006). In February 2005, the European Commission organized a workshop in Phuket that brought together most of the donors, NGOs, the affected fishing communities, and local authorities in order to conduct a needs assessment and discuss the details of the Andaman Forum (European Commission 2007k). Not only does this new forum help the member states to identify and follow up on the impacts of their projects on the tsunami-affected communities, it may also play a key role in promoting the EU’s visibility in Thailand and, to a certain extent, in supporting the mutual understanding between them.

IV.3.2 Thailand’s New Roles in Trilateral Cooperation

In December 2003, former Prime Minister Thaksin publicly declared Thailand a developed country and refused any further foreign assistance. In the speech, he openly instructed senior officials in the relevant departments to assume a ‘no more begging bowl’ position, which made it clear that Thailand no longer saw itself as needing development assistance – especially financial assistance – from aboard (Bangkok Post, 1/12/2003). His statements, which immediately became a point of discussion for both Thai and foreign audiences, appeared to be unclear regarding, first, the on-going projects which had been agreed upon prior to his speech and, second, his ideas on Thailand’s new roles and the way in which it was to resume future cooperation with foreign partners (ibid.). For better or worse, though, there was no doubt that the situation was about to change significantly. The fact that Thailand is no longer qualified for the ‘recipient’ status according to the Official Development Assistance (ODA) criteria was taken by the then Prime Minister as an argument of Thailand having reached a status of developed country and so a donor in development cooperation. As one of the newly emerging donor countries along with Singapore, Taiwan and some Gulf states, Thailand began to gain the EU’s attention and new prospects for development cooperation between the EU and Thailand were discussed under such keywords as ‘co-donor scheme’ and ‘trilateral cooperation’ in particular. More specifically, the European Commission (2003c) has proposed this modality of external assistance in its communiqué ‘A New Partnership with South East Asia’ as follows:

... we should introduce new forms of cooperation allowing the EC and Member States willing to participate in joining efforts with more developed countries of South-East Asia to assist
poorer ones. This could be achieved, for instance, through parallel financing of jointly defined modular programmes. The Commission will propose involving the richer ASEAN countries at the strategic programming stage of our cooperation and sign Memoranda of Understanding with those prepared to engage in so-called ‘trilateral cooperation’ (20-21).

Between the EU and Thailand, the idea of trilateral cooperation in practice is widely discussed but has yet to become a reality. In the Southeast Asian region, the first European Commission trilateral cooperation project with an ASEAN country was the joint training program on ‘Credit Skills in Retail Banking’ in Vientiane with the Ministry of Foreign Affairs of Singapore (Delegation of the European Commission to Singapore 2007). As the experience of the EU-Singapore cooperation in Laos has shown, it remains difficult to find an area of mutual interest and to lay down implementation modalities of possible trilateral cooperation activities given their specific financial and procedural regulations.168 For Thailand, the discussions focus on the choice of recipient countries as well as the procedural context of trilateral cooperation because while the Thai government may be interested in the EU’s contribution to the existing regional projects such as ‘Ayeyawady, Chao Phraya, Mekong Economic Cooperation Strategy’ (ACMECS), the European Commission is interested in setting up trilateral cooperation initiatives with Thailand specifically in Burma, Laos, Cambodia and Vietnam.169

From a realist viewpoint, the conduct of trilateral cooperation could have significant political implications for strategic foreign policy decisions as well as for the regional and subregional socio-political developments. In the case of Thailand, after its rapid growth and impressive economic performance, both parties seem to agree that the Thai government should be able to initiate development strategies toward other developing countries and assume a regional role step-by-step to bridge the development gaps among the Southeast Asian countries. However, there is little evidence to suggest that the influence-seeking foreign policy behavior of one party has an effect on the other party’s conduct in development policy and projects. Although the Thai government has sought to encourage the EU to participate in the subregional initiative of ACMECS, this first step of project identification does not demonstrate any clear power-based interests in the country’s development strategies. Moreover, the EU’s procedures of ‘open tendering’ does not allow the European Commission to buy services from its co-donor by pooling – or else using its own – financial resources in any trilateral technical assistance initiatives.170 As a consequence, the opportunistic policy of government procurement is less likely to occur here because the two parties are expected to consider ‘parallel co-financing’ as a way
to identify and individually finance particular agreed-upon components of the cooperation projects.\textsuperscript{171} Besides, it is always noted by the European Commission that trilateral cooperation is not an objective in itself but a means toward cooperation objectives, which have been identified in the development strategy of recipient countries or in the European Commission’s Country Strategy Papers and the National Indicative Programmes.\textsuperscript{172}

In contrast, liberals seem more convincing in their argument of the converging interests of relevant actors based on their non-power incentives. For them, the conduct of trilateral cooperation makes it possible to explore more efficient uses of scarce resources as well as donors’ complementarities, to the benefits of the recipient country. Consequently, the commitment of the EU and Thailand may realize the potential of the above-mentioned co-donor scheme and establish new cooperation patterns in the bilateral relations in terms of conducting and financing the training facilities in the region by an ASEAN partner.\textsuperscript{173} The European Commission considers it very important that the donors initially organize an exchange of views on project identification and expected results and that in the subsequent phases each of them is encouraged to maintain its own procedures and implementing modalities.\textsuperscript{174} It is thus mentioned that the EU finds it more reasonable to promote trilateral cooperation in the areas of human resources development, institutional capacity building, or infrastructure development and that because of this specific scope of trilateral cooperation, the engagement trend holds possible the wider participation of actors involved, including front line officers and non-state actors.\textsuperscript{175}

For constructivists, trilateral cooperation may represent more than rational foreign policy behavior and thus may include a decision formed by ideas and identities. That the European Commission and the Thai government can jointly be involved and possibly arrive at an interaction and transfer of knowledge and experience in development projects is likely to contribute to the process of building a collective identity and raising their profiles and images. In support of the latter argument, Thailand is very keen on the concepts of trilateral cooperation as a way to establish its role as a donor country regionally and internationally.\textsuperscript{176} From the EU’s perspective, if trilateral cooperation becomes a reality, it should not only focus on the recipient country in question, but should also significantly benefit Thailand in terms of an exchange of views and experiences as a donor.\textsuperscript{177} In a sense, through that interaction and the possibility of social learning, it is very likely that the Thai government may be familiarized with its new roles as a donor as well as with their identities that are accordingly ‘socially constructed’ in the donor community. For instance, by way of a precaution, the Paris Declaration, which was endorsed by over 100 countries and organizations in March
2005, can serve here as international norms that are organized around five key principles of ownership, alignment, harmonization, managing reassessment and estimate target, and mutual accountability (see, for more details, chapter V.3.3). The European Commission, it was further noted, would prefer to work with Thailand – alongside other major national and international donors – in order to address development issues in a more structured way.\(^\text{178}\)

**IV.3.3 Higher Education: An Example of Post-Development Cooperation**

The thesis of ‘post-development cooperation’ has been raised to discuss a modified and more sophisticated version of development cooperation activities. The later trends show that once a country has reached a certain level of development, the traditional forms of development cooperation obviously become ‘outdated’.\(^\text{179}\) The parties involved evidently seek new specific areas of mutual interest so as to promote sustainable economic and social developments, provided that the donor-recipient relationships have more or less changed to those of partnership. Higher education has been listed on the priority areas of post-development agenda and represents two or more parties’ attempts to promote mutual knowledge and recognition with a new focus on the higher ends of education cooperation. As far as financial resources are concerned, the European Commission in principle follows the National Indicative Programmes for Thailand based on the Council Regulation (1992, no. 443/95) on economic cooperation with the developing countries in Asia and Latin America, the so-called ‘ALA Regulation’. It is important to note that less financial resources are expected to be involved here and that both parties mostly follow a co-financing scheme in case of ad-hoc or additional cooperation activities such as meetings, workshops and other related events.\(^\text{180}\)

In the theoretical discussions, higher education illustrates an important area of cooperation in which the interests of the EU and Thailand seem to go beyond the traditional development agendas. For realists, the Thai government’s support of the cooperation between Thai and European universities can be explained by its interest in bringing the EU into play, with a view to restoring a more balanced number of Thai student flows to other countries than those that had previously had stronger bases like the US, the UK and most English-speaking countries. Likewise, the EU would also have an incentive to strengthen its position in the Thai academic domain.\(^\text{181}\) Several recent efforts of the EU, in line with the Bologna Process, such as the Erasmus Mundus programs, have been designed to strategically promote the competitiveness and attractiveness of the European higher education systems, for
instance, by enhancing organizational transparency and unburdening recognition procedures (European Commission 2006b).

For liberals, more significantly, cooperation in higher education represents an area of mutual interest that, to a considerable extent, gives rise to active engagement on both sides in a variety of cooperation programs. With respect to bilateral university-to-university and individual-to-individual relations, the EU and Thai government’s engagement may be driven by non-power incentives and individual academic interests. In practice, for example, the European Commission has announced the Erasmus Mundus program, which, as a part of the ‘European Programme of Academic Excellence and Worldwide Student Mobility’, was established to provide EU-funded scholarships for potential students from third countries to pursue a two-year Master’s course in at least two universities in different member states (European Commission 2006a). More importantly, the EU has proposed the so-called Thailand Window initiative, which is designed to benefit Thai students in particular, with €3.2 million of the €230 million set aside by the global Erasmus Mundus program to fund about 90 scholarships. The same program also offers funding for Thai scholarly research undertaken in the EU for three-month periods (ibid.). This cooperation in higher education is meant to benefit Thai candidates in general, by offering a wide variety of courses and academic possibilities at various European universities. Meanwhile, for the EU’s part, the active engagement in this kind of bilateral program can be partly understood in a wider context of the EU’s domestic agendas, for example, the targets identified under the so-called ‘Lisbon Agenda’ that will prompt the EU to become a knowledge-based economy that is also as dynamic and competitive as possible by 2010.

Furthermore, in liberal terms, cooperation in higher education opens up a new level of bilateral engagement, which goes beyond the state-to-state relationships to include individuals and scholars at the individual-to-individual and university-to-university levels. In this regard, the EU’s ‘Asia Link Programme’ aims to establish and strengthen networks and cooperation projects at European and Asian higher education institutions, including about 20 Thai institutions. This is a ‘demand-driven process’ in the sense that the participating institutions have to identify and work on projects of mutual interest in areas of human resource development, curriculum development and institution and system development. As things stand, Thailand is still eligible along with seven other ASEAN member states to participate in the ‘Asia Link’ initiative and apparently continues to deliver strong representation, so that as of 2004, the Asian Institute for Technology coordinates at least two projects: on gender and public policy studies and geo-environmental engineering.
Along this line, another element within the Asia Link initiative, the European Higher Education Fair, which has taken place in Bangkok annually since November 2004, has become a great success in raising awareness and attracting the interests of Thai students to a wide range of higher education opportunities in the EU. Based on the Bangkok Delegation’s 2004 fair statistics, 55% and 15% of the students searched specifically for more details on specific Master’s and Ph.D. programs, respectively. The European university representatives, that primarily recruit students and promote their universities, also expressed overall satisfaction because of the high numbers of visitors at the fair and the subsequently established contacts. The fair itself is referred to as ‘a new era of collaboration in higher education’ because its arrangements have brought together European university representatives as well as Thai and regional participants, which provides an opportunity for the latter to gain first-hand information from the former.

For constructivists, it is clear that cooperation in higher education such as demonstrated by the Erasmus Mundus Programme seems very promising for the process of mutual recognition and identity building in Thailand. The prospect is that some of the students who are trained in the EU may return to accept roles as Thailand’s future leaders or key decision makers. It is also possible that the EU may increase its profile and influence through this kind of exchange program. Public events such as the European Higher Education Fair are certainly meant to contribute to the promotion of the EU’s broad coverage and representation in Thailand. In fact, the EU seems to be aware of this point, thus the fair was presided over by both the Ambassador of the EU presidency and the Ambassador and Head of Delegation of the European Commission’s Delegation to Thailand. Empirically, it is still too early to assess the long-term implications that this type of cooperation in higher education may have for the process of building collective identity. However, these cultural and intellectual exchanges have hardly been a two-way process, so that, for example, there have been asymmetrically much fewer European exchange students in Thailand than the other way around.

Chulalongkorn University has introduced a new B.A. and a new M.A. program in European Studies, the latter is the first of its kind in Southeast Asia and consists of a one-year full-time international program that is taught by distinguished European and Asian faculty for graduates with a focus on the EU and European integration (Graduate School of Chulalongkorn University 2007; Wiessala 2002: 139). It is very significant that many of the graduates of these programs have become staff members of international organizations and EU-related institutions such as the Thai Ministry of Foreign Affairs, the Mission of Thailand to the European Communities, the Delegation of the European Commis-
sion to Thailand, and various European embassies (Graduate School of Chulalongkorn University 2007). They have thus already made an important contribution to Thailand’s improvement of EU awareness and inter-comprehension. Moreover, in 1999, the Centre for European Studies was upgraded to accommodate the facilities of the European Documentation Centre and its own publication series including the *Journal of European Studies* (Wiessala 2002: 139). On the EU side, it has provided about €4 million in support and has been used by the Thai European Community Studies Association to promote academic exchange and cooperation between the two parties (ibid.).

Moreover, the latest EU projects are designed to have real practical implications for the process of mutual understanding and, to some extent, identity building. For example, the EU has also funded the ‘Human Resource Development through Problem-based Learning’ project within the framework of the above-mentioned ‘Asia Link’ initiative (*EU Today*, no. 26, March 2006). This project introduces an alternative learning method to traditional memorization, with the concept of ‘problem-based learning’ allegedly providing in-depth knowledge and problem understanding in thorough thinking process (ibid.). One of the pilot projects took place at Walailak University in Thailand’s Southern Province Nakhon Sri Thammarat (ibid.). The university organized a series of workshops and training programs, for example, a training program organized for six Walailak professors at Lund University and Erasmus University who upon their return to Thailand held a workshop to share their experiences with about 50 colleagues in Nakhon Sri Thammarat (ibid.). As University Rector Dr. Supat Poopaka noted, the ‘problem-based learning’ method may be introduced in certain classes in the first stage and then applied to other appropriate areas of study – this seems like an important step in Walailak University’s educational reform (ibid.).

### IV.4 Summary

A state’s motivation for adopting the conduct of new bilateral foreign policies can be explained differently from each of the realist, liberal and constructivist theoretical perspectives. At the unit level, the analysis of EU-Thailand relations can be summarized as follows:

The realist school seems to have re-gained credibility in explaining the policy shift away from the campaigns for multilateralism toward a more explicit use of bilateral power instruments and power politics. Traditional realists have taken a rather skeptical stance on multilateral institutions and multilateralism in general, thus it is not all that surprising that with the emergence of new bilateralism they expect that great
powers will once again exploit their advantages over smaller nations in bilateral negotiations and that all of the parties involved will seek to improve their relative positions in the hierarchical structure of international politics. Thailand has a long tradition of foreign policy and diplomacy. As history has shown, the Thai approach can be described as very skillful and is highly valued in terms of flexibility and pragmatism. In the FTA strategies or in the management of tourism and migratory flows, the EU can meanwhile be regarded as just another major regional player and bilateral relations with the EU mainly contribute to the government’s balancing strategies and influence-seeking policies. In a regional context, several attempts such as the proposed establishment of ‘Southeast Asian Centre of Expertise on Avian Influenza’ in Thailand and the promotion of the ASEM Trust Fund initiative after the Asian crisis serve as examples of voicing-opportunities-seeking foreign policy.

On the EU’s side, the realist explanation may be less applicable because of certain politically sensitive issues such as the situation in the South and recent domestic political developments in Thailand, the EU mostly restricts itself to raising concerns through informal bilateral dialogues. However, some evidence of the EU’s influence-seeking behavior, as expected by realists, can be found in the initiatives on environmental cooperation, the compensation negotiations after the accession of the new member states and partly the informal dialogues on Burma. While the EU has evidently been concerned with its political and economic positions in relation to other major regional powers, the EU’s balancing strategy must be understood in the context of its efforts – particularly in the recent bilateral cooperation projects to improve its visibility and image in the (sub-)region.

Comparatively speaking, the concepts of commercial liberalism, which focus on the market incentives of a new bilateral foreign policy, seem more convincing in the case of EU-Thailand engagement in the trade-related areas of cooperation. Commercial liberal theory, after all, underscores the positive effects of trade and the possibility for states to benefit from world economic growth, its explanation of new bilateralism is relatively optimistic put in the context of converging non-power interests of the two parties involved. Emphasis in EU-Thailand relations is always placed on the fact that an integral part of this bilateralism is bilateral trade which has continued to increase, so that in 2003, the EU became Thailand’s third most important trading partner, after the US and ASEAN, accounting for c. 15% of Thailand’s total trade. Meanwhile, Thailand’s exports to the EU doubled between the mid-1990s and 2003 to some €11 billion (Delegation of the European Commission to Thailand 2005). The EU’s and the Thai government’s engagement covers a wide variety of policy areas. Not only have trade relations with the EU given rise to cooperation projects in several areas of science, technology,
R&D and higher education, they also contribute to the strengthening of bilateral dialogues and relations in general. Moreover, this liberal perspective has been helpful in considering, despite the limited role of the state, the contribution of individual actors and interest groups to the analysis of the foreign policy-making process. It was apparent that the EU and the Thai government became aware during the Asian crisis of the importance of international cooperation and that the relevant authorities should begin to actively accommodate the policy-making interests of non-state actors, particularly in the business world. The EU and the Thai government are increasingly encouraging the participation of non-state actors – not only in economic but also socio-political matters – in the form of business-to-business as well as individual-to-individual networks. This can be seen in, for example, the establishment of Thailand-EU Business Forum, the ‘Asia Invest’ initiatives – including the ‘Asia Invest Forum’ and the ‘EU-Thailand Partenariat’ – and the ‘Asia Link Programme’. Moreover, with regard to the provisions of humanitarian assistance to ethnic minorities and displaced people along the Thai-Burmese borders, there has been a clear increase in participation of non-state actors including individuals, interest groups and NGOs such as ‘Médecins Sans Frontiers’ or the ‘Thailand Burma Border Consortium’.

The contribution of constructivism is mainly to review a state’s foreign policy making process as a social act and thus underscore the roles of identities and interests involved in the intersubjective construction of new bilateral relations and international reality. The fact that the Thai government has produced a series of post-Asian crisis efforts to regain financial credibility and raise its economic profile regionally and internationally can not only be interpreted as a rational response to political pressure and business interests but also as a value-driven approach to the integration of international norms and best practices. In this process, the Thai government has evidently made a series of efforts to regain credibility and to enhance its image both regionally and internationally. The subsequent attempts of the government, it seems, go in line with the country’s development profiles, by which, from a role-theoretical perspective, the Thai government begins to establish its new roles as an emerging donor country and a subregional power. The perception and prescription of these roles in part contributes to the Thai approach toward EU-Thailand relations, for example, in the issues surrounding Burma and the ideas of trilateral cooperation. Furthermore, as far as the process of identity formation is concerned, the constructivist explanation significantly complements the rational schools with the dynamics of complex learning and mutual recognition – as in the ‘Asia Urbs’ initiatives and several cooperation projects in higher education. For the EU, its visibility is not viewed as one of the strongest in Thailand and the EU’s relatively modest contribution during the Asian crisis
has been a point of contention regarding its image in the Southeast Asian region. As things now stand, the EU’s representation – for its own part and that of non-state actors – has been rather underexplored from the process of collective identity formation though combined in several efforts such as the Commission’s negotiations with Thai authorities on the establishment of ‘EU Chamber of Commerce’. Nonetheless, there is some evidence to suggest that the EU in its bilateral relations with Thailand has taken on the roles of promoting human rights, democracy and good governance in Southeast Asia, which was informally discussed in relation to the issues of ethnic minorities and displaced people along the Thai-Burmese borders.

There is an intriguing puzzle of why EU-Thailand relations have not become as strong bilaterally as they could have and thus far been more problem-oriented – as in the trade negotiations on specific commodities such as rice, poultry, shrimps or granite and marble – than long-term policy-oriented. Combining the approaches of the EU and Thailand reveals that while EU engagement is mostly focused on business interests, the Thai government has a subtler, traditional interest in preserving balances of power and promoting regional security. In this view, there seems to be a difference between the political and economic relations with regard to their approaches and programmatic developments. One way to strengthen their bilateral relations is thus that the EU – despite some institutional constraints – might consider assuming politically a more decisive role in Southeast Asia. Yet, as things now stand, the EU and Thailand have been more successful in sharpening their bilateral trade and investment policies rather than deepening the existing political dialogues.
V EU-Thailand Relations in the International Context

This chapter focuses on the roles that EU-Thailand relations play in the international arena, thereby conducting a functional analysis of this bilateralism according to the proposed functions of balancing, institution-building, rationalizing, agenda-setting and identity-building (see also Rüland 2001b). It is organized in three sections, each of which represents a level of interaction that ranges from regional, interregional to global. The examples included in each section are chosen because of their relevance and with a view to reaching the widest possible coverage of EU-Thailand relations.

V.1 EU-Thailand Relations and Regionalism

It has become increasingly apparent that EU-Thailand relations are partly designed to contribute to the development of regionalism in Southeast and East Asia. As an overview, the first section highlights the significance of bilateralism that has been foreseen in the EU’s strategies toward Asia and ASEAN in particular. The second section underlines the roles played by the EU’s bilateral relations with the Thai government in supporting ASEAN’s efforts of regional integration and related developments, as will be discussed in the context of TREATI and trilateral cooperation. The third section discusses the potential implications of new economic bilateralism for the developments of regionalism in Southeast Asia. In a wider context of ASEAN+3, then, the fourth section focuses on the functions performed by bilateralism in response to the ‘China factors’ and the rise of ‘Plus Three’ countries.

V.1.1 Bilateralism in the EU’s Asian Strategies

Formal relations between the EU and ASEAN were first established in 1972. From the European perspective, ASEAN – in spite of its greatly heterogeneous backgrounds of internal political conflicts, religions, population structures, and stages of development – early on adopted a similar orientation of anti-communism and a market economy and thus illustrated a regional organization that was very important strategically
for the political stability of Southeast Asia (Hing 1999; Phatharodom 1999). Having said this, however, it is worth noting that the more crucial impulses toward ever-closer relations between the two regions seem to have emerged from the Asian side. With the accession of the United Kingdom into the European Economic Community (EEC) in 1973, there was evidence that the initial dialogues were mainly pursued by two ASEAN states, Malaysia and Singapore, and that their active engagement can be explained in terms of their postcolonial links to the Commonwealth as well as the fear of losing the benefits associated with them (Dent 1997 and 1998: 502).

To bring EU-Thailand relations into the picture, it was during this time that their relations were predominantly focused on trade relations but it is empirically unclear to what extent the EU and Thailand have functionalized these bilateral relations during the development of ASEAN. The EU and Thailand in the beginning were basically in support of the establishment of the EEC-ASEAN dialogues. In fact, it was the initiative proposed by the German Foreign Minister Hans-Dietrich Genscher and ‘actively’ supported by the Thai government that gave birth to the first EEC-ASEAN Ministerial Meeting in Brussels in 1978 (Genscher 1982: 12; von Stechow 2003: 7). In retrospect, the establishment of the Special Coordinating Committee of ASEAN Nations (SCCAN) in June 1972 established the first informal relations and regular contacts between the EEC and ASEAN. The main task of SCCAN, which was comprised of the Commerce Ministers of the five core ASEAN members, was to discuss and seek market access for their products in the EC’s Common Market and ensure the benefits of the Generalized System of Preferences (Phatharodom 1999: 238). Later, in May 1975, the ASEAN-EEC Joint Study Group (JSG) was formed to look into the possibility of closer cooperation and to promote collaborative efforts between the two regions. But it was only after Thailand, along with some other ASEAN countries, invited the European Community (EC) to attend the first ASEAN Post-Ministerial Conference in 1977 that the EC became a formal dialogue partner and thus ASEAN’s first dialogue partner (Berthier 1998). As mentioned above, the first ASEAN-EEC Ministerial Meeting (AEMM) occurred in Brussels in November 1978. Moreover, in 1979, the EC established the first Delegation of the European Commission in the Far East in Bangkok, through which the relations between the EC and ASEAN were expected to improve in terms of managing coordination and sharing information, and, as a consequence, ASEAN received more attention thereby raising its profile on the EC priority list (Phatharodom 1999: 241). The second AEMM was in Kuala Lumpur in March 1980, during which the two sides agreed to formalize their relations and signed the EC-ASEAN Cooperation Agreement (ibid.).
It was already during the 1980 EC-ASEAN Cooperation Agreement, that it became apparent that the EU considered its bilateral relations with the Southeast Asian countries as significant as a balancing element to establish and strengthen regional institutions. The Agreement explicitly stresses the commitment of the two parties to the efforts ‘to create and to strengthen regional organizations committed to economic growth, social progress and cultural development and aiming to provide an element of balance in international relations.’ On the European side, in particular, it was clear that close cooperation with the Southeast Asian nations was important for the regional economic development of ASEAN. Article 4 Paragraph 1 of the Agreement, for example, notes that the European Community hoped that development cooperation was going to ‘contribute to ASEAN’s efforts in enhancing its self-reliance and economic resilience and social well-being of its people through projects to accelerate the development of the ASEAN countries and of the region as a whole.’

In practice, throughout the 1980s EU-Thailand relations efforts were made to promote crop diversification and improve farmers’ incomes in line with Article 4 Paragraph 3 of the EC-ASEAN Cooperation Agreement, which foresaw the focus of regional development cooperation projects in the areas of food production and supplies, rural development, and education and training facilities (see also Delegation of the European Commission to Thailand 2007a, 2007b). From a Thai perspective, the formalization of EC-ASEAN relations in 1980 did not only promote group-to-group cooperation activities in support of regionalism. It also strategically contributed to the balancing politics of the Southeast Asian region, with another external major power brought into play after a series of subregional political incidents such as the 1975 Communist victory in South Vietnam (Phatharodom 1999: 238-239).

Although indirectly bilateral, EU-Thailand relations, in the context of the 1980 EC-ASEAN Agreement, have supported several elements that are relevant to advancing the institutionalization of EU-ASEAN relations. For example, as stated in Article 5, the ‘Joint Cooperation Committee’, with its own procedures and work programs, would probably promote and review cooperation activities and provide consultations alongside the ministerial- and parliamentary-level meetings (ibid.; Dreis-Lampen 1998: 135ff.). Sub-committees were also organized in specific areas such as ‘Trade, Economic and Industrial Co-operation’, ‘Science & Technology’, and ‘Forests’. By the late 1980s, the EC had established ‘Joint Investment Committees’ in all of ASEAN’s capitals (Dreis-Lampen 1998: 126; Rüland 2001b: 13). As will be discussed later, the Agreement of 1980 also emphasized the adoption of specific arrangements in line with international norms and rules. Article 1 reaffirms the commitment of the two parties to the GATT’s ‘Most Favored
Nation’s treatment, which, in principle, emphasizes the non-preferential character of the cooperation agreement and has established the objectives for economic and development cooperation projects (Berthier 1998; Phatharodom 1999: 242).

Needless to say, the end of the Cold War was a benchmark for the construction of a new world security order. While from the economic perspective, ASEAN has become a very promising group in Southeast Asia, the EU made considerable progress in regional integration via the Maastricht Treaty in 1992. The Commission’s communiqué ‘Towards a New Asia Strategy’ (European Commission 1994) was drafted in this situation. It is not surprising that the ‘new’ priority areas included strengthening the EU’s economic presence in Asia, developing dialogues on regional political and security matters and promoting the framework for trade and investments as well as regulatory cooperation. In a sense, the EU seemed to be very aware of the balancing dynamics of the region at both the bilateral and multilateral levels. As a consequence, EU-Thailand relations are not only propelled by economic interests but aimed at contributing to the development of regionalism, as noted in a communiqué: ‘The main thrust of the present and future policy in Asia is related to economic matters. However, this major component of the Union policy has to be presented in the framework of the political and security balance of power in the region’ (ibid.).

Quantitatively, the EU’s contribution in the Southeast Asian region occurred mainly through the bilateral channels of individual ASEAN states rather than via a regional approach of the ASEAN as a whole. Between 1976 and 1995, the European Community, and later the EU, allocated funds totaling €1.007 billion to the Southeast Asian region, of which €102.065 million (10.13%) went to ASEAN and the rest to the individual ASEAN member states (European Commission 1996). Statistics show that EC funding was distributed among ASEAN member states as follows: Brunei (€0.119 million, 0.01%), Indonesia (€265.916 million, 26.41%), Malaysia (€7.509 million, 0.76%), the Philippines (€269.549 million, 27.15%), Singapore (€2.770 million, 0.28%), Thailand (€223.940 million, 22.56%) and Vietnam (€120.926 million, 12.18%) (ibid.). It is obvious that during this period some ASEAN individual member states received even larger amounts of funding than the ASEAN as a whole did. EC funding to ASEAN can be categorized as economic cooperation (€85.425 million), development cooperation (€12.227 million) and for other areas such as drugs and refugees (€2.776 million and €1.637 million, respectively) (ibid.). Here, economic cooperation mainly covered the improvement of the general cooperation framework (€26.815 million), trade and investment facilitation (€20.309 million), and business-to-business cooperation (€37.534 million). Development cooperation concentrates on the areas of the en-
vironment (€ 0.600 million), rural production (€ 7.027 million) and rural services (€ 4.600 million) (ibid.). In comparison, the distribution of the EC funding to Thailand in three categories was similar to the aforementioned EC funding to the ASEAN as a whole, except for the fact that the former was weighted in favor of particular development areas of cooperation such as forests, irrigation and rural infrastructure (ibid.).

The launch of ASEM in Bangkok in 1996 clearly reveals another aspect of institutionalized relations between the EU and ASEAN, as will be discussed in greater detail below. However, for the ASEAN countries including Thailand, an important question remains as to what the implications of this ASEM process and new institutional settings are for its existing relations with the EU. The fact that negotiations to modify the 1980 EC-ASEAN Cooperation Agreement had been blocked because of human rights issues in East Timor since 1992 and also because of critical remarks about the over-generalized geographical views of Asia as noted in the 1994 communiqué ‘Towards a New Asia Strategy’, the European Commission (1996) responded by drafting a new strategy concept under the communiqué ‘Creating a New Dynamic in EU-ASEAN Relations’ in July 1996. Here again, from the viewpoint of the European Commission, relations between the EU and ASEAN and its member states were expected to bring the balancing dynamics to the region, as noted in the communiqué: ‘ASEAN represents a point of balance in the region and Europe can help strengthen it in this role’ (ibid. 8). The EU was relatively positive about ASEAN’s enlargement efforts, expecting that EC-ASEAN relations would contribute to the integration of the latter’s new members in general and, if applicable, promoting a market economy and democracy norms as well as cooperation in areas of mutual interest such as maritime security, denuclearization, and the fight against drugs (ibid. 10-11). In a way, there is evidence to suggest that EU-ASEAN relations as ‘the core relationship of the ASEM’ were recognized by the European Commission and the individual EU member states (Forster 1999b: 257).

During the years that followed, the European Commission published two comprehensive strategy papers on Asia and Southeast Asia: the 2001 communiqué ‘Europe and Asia: A Strategic Framework for Enhanced Partnership’ (European Commission 2001c) and the 2003 communiqué ‘A New Partnership with South East Asia’ (European Commission 2003c). These two communiqués mainly reveal the efforts to establish an up-to-date approach to enhancing EU-ASEAN relations. More specifically, the 2001 communiqué foresaw six action points for the region as a whole: (i) promoting peace and security, (ii) fostering trade and investment ties, (iii) addressing poverty and social issues, (iv) supporting democracy, good governance, the rule of law, and respect for
human rights, (v) contributing to global partnerships such as the UN and the WTO, and (vi) strengthening the EU’s presence in Asia. Interestingly, this 2001 communiqué emphasized the significance of bilateralism for the developments of Southeast Asian regionalism and vice versa. Under the second point, the Commission suggested that external trade and investment flows be strengthened through ‘further development of bilateral economic relations with Asian partners’ as a way of gaining market access, to promote a favorable climate for trade and investments and to lower technical barriers to trade (16). The communiqué also acknowledged the significance of regional organizations that promoted bilateral trade and investments in order to strengthen its relations with regional groups such as ASEAN, for they are viewed as ‘a force for liberalisation and progress on trade and investment issues’ (ibid.).

The 2003 communiqué concentrated more on Southeast Asia as a region. Both the EU and ASEAN remain committed to regional integration and related shared values and interests in addressing issues that ranged from trade and investments to non-conventional issues such as terrorism, environmental degradation, diseases, and organized crime (European Commission 2003c). It is apparent that the Thai positions can be understood in the context of ASEAN. More importantly, this 2003 communiqué proposes several new instruments – such as TREATI and trilateral cooperation – that were expected to improve the EU’s relations with ASEAN and the individual ASEAN countries and also to promote the regional integration within the framework of the Initiative for ASEAN Integration. Nonetheless, there is no doubt that the EU’s approach to regional integration, diplomatically and academically, is highly regarded by most observers including ASEAN member states. The European Commission also explicitly made plans to discuss the possibility of ‘new bilateral agreements’ with some Southeast Asian countries and to launch the EU’s ‘new visibility strategy’ for reaching out to both governmental and non-governmental audiences in the region. The subsections that follow will focus on the implications of these mechanisms for the development of ASEAN’s regional integration as well as regionalism in East and Southeast Asia.

V.1.2 EU-Thailand Relations and the Initiative for ASEAN Integration

In the words of EU Trade Commission Peter Mandelson, the EU has been ‘a fellow believer, and practitioner, of the benefits of regional integration’ (Delegation of the European Commission to Thailand 2005c). Rüland (2001b: 17) refers to one of the EU’s early roles as ‘an external federator’, who promotes the strengthening of regional cooperation through certain development projects. The aim of this subsection is to
assess the extent to which EU-Thailand relations are instrumentalized in support of ASEAN’s own efforts to achieve further regional integration. Launched by the ASEAN leaders in November 2000, the ‘Initiative for ASEAN Integration’ (IAI) Programme was aimed at bridging the development gap between the ASEAN member states, particularly between the ASEAN-6 countries and the four new members: Cambodia, Laos, Myanmar and Vietnam (CLMV). It is clear that ASEAN as a group has promoted several efforts to stimulate the subregion’s growth and enhance regional solidarity (ASEAN Secretariat 2007a). At the ASEAN Summit in Phnom Penh in November 2002, the ASEAN accordingly endorsed the six-year ‘IAI Work Plan’ comprising 48 projects in four priority areas of infrastructure development, human resources development, information and communication technology and the promotion of regional economic integration in the CLMV countries (ibid.).

The Commission’s communiqué ‘A New Partnership with South East Asia’ revealed the strategic importance of the ASEAN’s regional integration, thereby pointing to the possibilities of its bilateral and regional approaches in support of the integration processes of ASEAN (European Commission 2003c). Moreover, it is interesting to see a certain degree of similarity in the expected areas of cooperation between ASEAN and the EU. In brief, the communiqué contains six areas of strategic priorities: (i) supporting regional stability and the fight against terrorism, (ii) human rights, democratic principles and good governance, (iii) mainstreaming justice and home affairs issues, (iv) injecting a new dynamism into regional trade and investment relations, (v) continuing to support the development of less prosperous countries, and (vi) intensifying dialogues and cooperation in specific priority areas (ibid.). In the EU’s later attempts to support the ASEAN’s IAI projects and the developments of regional integration, two important mechanisms – ‘Trans-Regional EU-ASEAN Trade Initiative’ (TREATI) and trilateral cooperation – are worth further investigation:

V.1.2.1 Trans-Regional EU-ASEAN Trade Initiative (TREATI)
Thailand, as one of the ASEAN countries, is in a position to benefit from the EU’s ‘Trans-Regional EU-ASEAN Trade Initiative’ (TREATI) framework. In principle TREATI – as proposed by the European Commission in the 2003 communiqué ‘A New Partnership with South East Asia’ – is designed to provide a region-to-region cooperation framework for the economic relations between the EU and ASEAN. To reinforce trade-related dialogues and regulatory cooperation, this framework is expected to set down regional activities and workshops on various issues such as sanitary and phytosanitary standards in agro-food and fisheries products, industrial product standards, and forestry and wood-based products as well as crosscutting issues of trade facilitation, market ac-
cess and investments. From the EU’s perspective, not only could the EU strengthen its positions as the third biggest source of imports and the second largest export destination of ASEAN, but the logic of TREATI itself is said to be ‘closely linked to ASEAN’s own drive for economic integration’ (European Commission 2007l).

From a neorealist point of view, EU-Thailand relations in the TREATI are expected to perform a balancing function vis-à-vis relations between the EU and other individual ASEAN countries. However, there is still not much evidence to suggest that notion, with particular regard to several TREATI projects on ASEAN’s regional integration. This is probably because the Thai government has mostly played the same participant role as other fellow ASEAN members while the EU also appears to be driven by business interests, which can result in a series of project activities and workshops (see also Delegation of the European Commission to Thailand 2004c, 2004d). Moreover, under the TREATI framework, the EU’s efforts are allegedly committed to proportionality and mutual reward and the actions to be launched seem to follow the principle of reciprocity beyond the orientation of balancing in the Southeast Asian region.

The attempts of both the EU and Thailand to align TREATI activities with the ASEAN roadmaps reflects the neo-institutionalist interpretation, in which their bilateral relations contribute to the development of regional economic integration. Thus far, the focus of the TREATI framework has focused on ASEAN’s integration efforts in the areas of electronics, agro-foods, fisheries and wood-based products as well as in the cross-sectoral areas of trade facilitation and investments (European Commission 2007l). In his speech ‘The EU-Thailand Partnership – bringing ASEAN and Europe closer together’ in Bangkok in April 2005, EU Trade Commissioner Peter Mandelson pointed out the significance of cooperation between the EU and Thailand for developing the basis for ASEAN’s integration efforts: ‘I see [the TREATI framework] as our offer to ASEAN to develop a partnership for regional integration, establishing greater transparency and understanding between the two regions’ (Delegation of the European Commission to Thailand 2005c). Furthermore, as viewed by the Council, the introduction of TREATI seemed to respond to ASEAN’s dynamic growth in the world economy and thus revealed the interest of the EU in proposing a kind of ‘trade action plan’ to strengthen its trade and investment relations with this region since the 1980 EC-ASEAN Cooperation Agreement (European Commission 2004d). In a further step, the TREATI activities were also expected to help strengthen ASEAN’s regional integration, which can ‘permit serious consideration to be given to entering into a free trade agreement’ (European Commission 2003c).
In addition, the neoliberal theorists would also highlight the importance attached to the European Commission-Thailand Senior Officials’ Meeting as one of the important ‘launching pads’ for identifying and preparing cooperation projects under TREATI. Because of its relative economic strength and various hub functions, the Thai government was expected to play a crucial role in this process, particularly in the areas of cooperation of (i) technical regulations, standards, and conformity assessment procedures, (ii) tourism, and (iii) wood products and sustainable forestry management. Moreover, a series of ‘EU-ASEAN TREATI Regional Workshops’ have been held in Bangkok ever since the TREATI was introduced by the European Commission in 2003, which includes, for example, the introductory seminar ‘TREATI – the Trans-Regional EU-ASEAN Trade Initiative: What It Means for Business’ in March 2004, the seminar on food safety rules in May 2004, the workshop on sanitary and phytosanitary issues in the fisheries sector in June 2006 and the workshop on EU standards and technical regulations in the electronic and electrical equipment sector also in June 2006. The fact that Thailand has hosted a variety of TREATI regional seminars and workshops illustrates the relevance of EU-Thailand relations in its support of the EU initiatives, although they are supposed to focus on and benefit ASEAN in general. The last example of workshops on EU standards and technical regulations in the electronic and electrical equipment sector make it clear that the European Commission came to cooperate and co-host the event with the Department of Foreign Trade of the Thai Ministry of Commerce and the National Metal and Materials Technology Centre of the Thai Ministry of Science and Technology. Furthermore, these seminars and workshops significantly brought together exporters, traders, exporting industry representatives, experts, local authorities as well as inspection bodies from both sides and made it possible for them to cooperate beyond the traditional levels of public institutions (Delegation of the European Commission to Thailand 2004c, 2004d).

A constructivist would emphasize that TREATI was primarily designed to be a regional dialogue mechanism. This includes the relations between the EU and the ASEAN countries that promote mutual understanding through exchanges of experience in bilateral and regional activities and workshops and, in a sense, contribute to defining the roles of the two parties in and commitments to trade-related and regulatory cooperation. The prospects for the identity-building function, however, depend on the extent to which the EU and Thailand can identify the areas of mutual interest and collectively act within the TREATI’s framework. As things now stand, the EU only drafted the TREATI action plan in mid-2006, which is expected to further concretize the framework for EU-ASEAN dialogues on trade-related and regulatory issues (Mission of Thailand to the European Communities 2006a).
V.1.2.2 Trilateral Cooperation

The concept of trilateral cooperation is also present in the above-mentioned communiqué ‘A New Partnership with South East Asia’, in which the EU recognized the considerable difference in the levels of development of ASEAN countries and therefore saw the possibility of cooperating with the more developed ASEAN countries to provide assistance to the less developed nations. In this respect, this idea of cooperating trilaterally not only brings about cooperation between the EU and two ASEAN countries as such but also represents the EU’s contribution to supporting the efforts of ASEAN to narrow the development gap among its member states. More specifically, in practice, the EU proposed the involvement of the donor parties in ‘jointly defined modular programs’ and through a co-financing scheme. The more advanced ASEAN countries that were ready to cooperate were asked to work together with the EU on strategic programming and, formally – if applicable – to sign a corresponding Memorandum of Understanding.4

From a neorealist interpretation, EU-Thailand relations may play an important role in strategically instrumentalizing the possibility of trilateral cooperation and contributing to the balancing dynamics of the Southeast Asian region. As mentioned earlier in chapter IV.3.3, the Thai government has shown an interest in discussing this concept with the EU, however, concrete cooperation programs have yet to be established. As there was a discussion about the EU’s possible contribution to the existing regional projects such as ‘Ayeyawady, Chao Phraya, Mekong Economic Cooperation Strategy’ (ACMECS), the Thai government seemed to be reconsidering the impact of the EU’s involvement in sub-regional stability and the implications for the region in general. Thus far, in Southeast Asia, the EU’s trilateral cooperation projects are only found in the forms of ‘joint technical assistance programmes’ and ‘third country training programmes’ with the Singaporean government.5

While neorealists would expect EU-Thailand relations to perform the balancing function in the development of ASEAN integration, their neoliberal colleagues would argue for the significance of these bilateral relations in terms of their institution-building and rationalizing functions to the benefits of the recipient country and ASEAN as a whole. With respect to the rationalizing function, to draw together two donors in a trilateral cooperation project can be seen as an attempt to explore a more efficient, thus rationalized, use of scarce resources as well as complementarities between the two donors while addressing development-related issues foreseen by the multilateral fora. Because of the available human resources and training facilities in the field, it seems understandable that the EU sees the particular potential of the co-donor scheme in the areas of human resource development, institutional capacity building and infrastructure development. It should be noted that,
although trade-related and economically driven, the EU’s assistance allocated to less advanced ASEAN countries may also serve to support the above-mentioned TREATI and ASEAN’s economic and institutional integration efforts. Although not much has been achieved in terms of institutionalizing via this trilateral channel, it is evident that Thailand and the EU have also taken the first steps through a series of bilateral discussions including the seminal workshop on aid effectiveness that was held in Bangkok in October 2006. This event – as hosted by Thailand International Cooperation Agency of the Ministry of Foreign Affairs and supported by the Delegation of the European Commission to Thailand and the United Nations Development Programme (UNDP) – provides the opportunity for traditional donors, the representatives of institutions involved and other relevant national and international agencies to address the challenges in the implementation of the Paris Declaration.6

A concept that is closely related to trilateral cooperation are the ‘twinning arrangements’, which were also introduced in the 2003 communiqué from the European Commission (2003c). They have provided another channel for the promotion of cooperation – and, in some cases, creating partnerships – between the European and ASEAN public institutions and non-state actors. The Council firmly believes that this initiative may be helpful for the improvement of the delivery of development assistance to the region and encourage the cooperative involvement between national institutions (see also European Commission 2004d). In Southeast Asia, the Thai government has had the opportunity to pioneer the ‘EC-ASEAN Intellectual Property Rights Co-operation Programme (ECAP II) Twinning Initiative’, which – as funded by the EU’s ECAP II – is aimed at creating a practical network of Geographical Indications (GIs) between current and potential producers as well as responsible institutions – both public and private – in the EU and ASEAN countries. This step in EU-Thailand relations may also contribute to the orientation of ASEAN producers, as noted by Jean-Jacques Bouflet, Minister-Counsellor of the Delegation of the European Commission to Thailand: ‘The protection of geographical indications promises to generate potentially significant benefits for local producers, SMEs and indigenous groups and it is clear that many ASEAN products (rice, silk, coffee, textiles, fruits, etc.) stand to gain from the use of GIs in national and international markets’ (cited in Delegation of the European Commission to Thailand 2006a). Moreover, the EC-ASEAN Regional Seminar and Exhibition on the Protection and Promotion of GIs titled ‘Lands of Tradition and Opportunities’ was hosted in Bangkok in June 2006 and organized by the ECAP II and the Department of Intellectual Property Rights, the Thai Ministry of Commerce, and the ASEAN Secretariat (ibid.).7 The twinning initiative may also create a direct partnership for
the protection and promotion of GIs such as the expected collaboration in the matter of Thai silk between the Thai Queen Sirikit Institute and the French Interprofession of Champagne (ibid.).

For constructivists, EU-Thailand relations are regarded as pursuing the value-based orientation of trilateral cooperation, in which the EU and Thailand may form a collective identity of co-donors and promote certain values such as sustainable social and economic development. As discussed in the above unit-level analysis, the Thai government has perceived its new roles as an international donor country, which has led to the introduction of a new set of development programs in the region and subregion. As previously mentioned, the concept of trilateral cooperation is not only meant to benefit a recipient country as such, but, through the interaction and exchange of views, the Thai government becomes familiar with its new roles as an emerging donor and thus help define its social identities in the donor community. While the EU welcomes this development, the concept of trilateral cooperation can also be regarded as a helpful approach for the EU in the Southeast Asian region:

Given the diversity of the countries of the region, the flexibility of the new mechanism is a great strength, enabling it to facilitate progress, rather than being restrictive. An example is the pragmatic approach to determining on what level to proceed with each sectoral issue with each country, rather than dogmatically asserting an exclusively regional or bilateral framework (European Commission 2003c: 28).

This statement suggests that the contribution of the EU-Thailand bilateral relations to the regional cooperation framework is not only crucial for constructing the political and economic interest of trilateral cooperation but also important in terms of pragmatism and a complex learning process. On the EU’s side, the European Commission (2003c) emphasizes the fact that the conduct of trilateral development cooperation in the ASEAN countries remains committed to the priority areas of good governance, human rights, the environment and forestry, trade-related technical assistance and counter-terrorism and that the resulting projects should be arranged in line with the Initiative for ASEAN Integration. In this regard, the Council also ‘confirm[ed] the EU’s essential interest in a stable and democratic South East Asia’ (see also European Commission 2004d).
V.1.3 The EU’s FTA with the ASEAN Countries: Region-Divergent or Region-Convergent?

The distinction between ‘region-divergent’ and ‘region-convergent’ bilateralism, as postulated by Dent (2006), theorizes the implications of new bilateralism for the development of regionalism. The thesis of region-divergent bilateralism refers to the impact that new bilateral relations has in undermining the integratory development of regional organizations or the region as a whole (ibid. 86). From a theoretical viewpoint, this interpretation of new bilateralism rests upon the neorealist notion, in which bilateral relations can strategically become an instrument of power used to retain an institutional balance within a region and, as a consequence, so that the balancing and counter-balancing dynamics do not lead to any deeper cooperation but rather an opportunistic (re-)alignment of two interested parties. Moreover, if the objectives are inconsistently set at the bilateral and regional levels, one can predict that bilateralism will lead to intra-regional rivalries and – in some cases – a gaping development divide (ibid.). In contrast, the thesis of region-convergent bilateralism is based on the views that as long as bilateralism and multilateralism are pursued toward compatible objectives the former will rationally complement the latter and that this rationalization process can subsequently bring about sub-structural patterns of new bilateral ties in support of the development of regionalism (ibid. 84-85).

The ‘lattice regionalism’ phenomenon (ibid.), which metaphorically gives an account of the aforementioned positive dynamics of bilateralism in relation to regionalism, can therefore be understood in the neoliberal institutionalist tradition insofar as the two parties involved are likely to contribute to rationalizing intra- and interregional relations and establishing a broader institutional cooperation framework.

From a neorealist perspective, there is evidence to suggest that, with regard to the EU’s attempts to establish new bilateral agreements, EU-Thailand relations may provide further balancing dynamics within the Southeast Asian region. The Council pointed out that ‘[i]t supports the Commission’s call for rebalancing the overall relationship with South East Asia by offering the possibility of bilateral agreements with interested countries whilst confirming the strong EU commitment to support the process of ASEAN integration’ (cited in European Commission 2004d). As things now stand, the EU and Thailand find themselves in the final stages of negotiating a bilateral Framework Agreement, which is not only expected to provide a comprehensive, far-reaching framework for their bilateral dialogues and cooperation projects but also to give the two parties ‘a stronger, deeper and more structured relationship’ (Delegation of the European Commission to Thailand 2006g). It is noted that as soon as these framework agreements also become the
pre-conditions of the EU-ASEAN FTA proposals, the EU-ASEAN FTA is likely to consist of separate – or supplementary – bilateral agreements with the seven ASEAN countries. Meanwhile, it is hardly surprising that negotiations regarding framework partnerships and cooperation agreements are currently in progress between six ASEAN countries – Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand – and probably Vietnam very soon as well.

The question is whether the EU-Thailand Framework Agreement will play an important role in the developments of the EU’s Southeast Asian strategies. It is noteworthy that Thailand and Singapore were the first two ASEAN member states to confirm their intention to launch negotiations on bilateral ‘Partnership and Cooperation Agreements’ with the EU during the 5th ASEM Summit in October 2004 (European Commission 2004e). ASEAN has recently been criticized for its adoption of ‘ASEAN-x formula, which – as an opt-out clause – is aimed at providing comfort to the ‘slow mover’ fellow member states while allowing those who are ready to cooperate to advance in the integration agendas as planned.9 Alongside this ‘ASEAN-x’ formula, the ‘2+x’ approach, which – as later introduced mainly by Singapore and Thailand – also offers the opportunity for any two ‘fast mover’ countries to work together in specific sectors, yet only increases EU skepticism about whether this formula can be widely used as there may be a certain degree of internal fragmentation among the ASEAN member states in the future.10 At the time, a move toward that concept of ‘ASEAN-3’, which – if this becomes a reality – would leave ASEAN’s three least developed countries out, can be argued not only as a way to avoid premature liberalization but also as an inference drawn to present ‘an elegant way around’ with regard to Burma’s politics (Maes 2007: 15; see also Euractiv 2007).

Institutionalists expect EU-Thailand bilateral relations to contribute to the establishment of institutions or the rationalizing of the EU-ASEAN relations in support of ASEAN’s efforts regarding regional integration. Although it may be too early to assess the institution-building function of EU-Thailand liberalism in the EU-ASEAN FTA negotiations at this time, it is obvious that the EU and the individual ASEAN member states including Thailand are all cautious about the potential benefits of institutions but have been ready to set up some if necessary. In response to the European Commission’s adoption of the mandate for the EU-ASEAN FTA negotiations, for example, the ASEAN countries agreed to establish a ‘Joint Committee’ that will focus on setting up the framework for these negotiations in terms of their programmatic schedule and time frame (Office of Commercial Affairs 2007a).

On the ASEAN side, cooperation within the Sub-Committee on Trade of the ASEAN Brussels Committee is expected to increasingly strengthen over the course of FTA negotiations. With respect to the rationalizing
function, it is evident that the pre-negotiations of the EU-ASEAN FTA rely heavily on the above-mentioned ‘new bilateral framework agreements’ such as the one between the EU and Thailand. In a way, the ongoing negotiations of the bilateral partnership and cooperation agreements (PCAs) with several ASEAN member states, including Thailand, are merely regarded by the Council as a means of intensifying the EU’s relations with ASEAN (Council of the European Union 2007). The Council has also suggested that the conclusion of the EU-ASEAN FTA be subject to the conclusion of these bilateral PCAs with the ASEAN member states and that the resulting FTA and the PCAs be coherent in support of the EU-ASEAN relations (ibid.).

Moreover, there is some evidence to suggest an agenda-setting function insofar as certain issues of bilateral concern to the EU and Thailand are likely to be accommodated in the EU-ASEAN FTA negotiations. At an early stage of negotiation, for instance, the Thai representative was concerned with the ‘rules of origin’ issues in the EU-ASEAN FTA negotiations, for it is likely that a new form of ‘rules of origin’ – as currently being drafted by the European Commission – may introduce the value-added principle and some changes in the new Certificate of Origin (Form A) in order to improve the existing system under the GSP scheme (Office of Commercial Affairs 2007a). Interestingly, as mentioned by Sandra Callagan, Deputy Head of Unit-Coordinator for ASEAN, Singapore, Thailand, Vietnam and Brunei, the EU has indeed designated this aspect of the ‘rules of origin’ as one of the issues that it will concentrate on during the EU-ASEAN FTA negotiations (Mission of Thailand to the European Communities 2007). In October 2008, it became apparent that the EU even expected to see an exchange of offers with Thailand, Singapore and Brunei, which involved initial terms and conditions with a list of products to be included for tariff reduction, as a further step to establishing an agenda for the EU-ASEAN FTA negotiations (Kanoksilp 2008).

As things now stand, it seems that the organizational differences between the EU and ASEAN may lead to a protracted process, as ASEAN Secretary General Ong Keng Yong also observed:

They [the EU] have defined rules and established practices for every sector and product and it will take a long time for us from ASEAN to digest and conclude acceptable arrangements for both sides. It’ll be a long, drawn-out process (Financial Express, May 16, 2007).

In fact, Ong Keng Yong himself believed that the EU-ASEAN FTA is likely to close a deal in as early as 2015 – the year of the ASEAN goal of creating a single market for its 10 member states (ibid.). This 2015 tar-
get date must be understood in the context of ASEAN’s own efforts within the framework of ASEAN Free Trade Area (AFTA). This approach to ASEAN’s regional economic integration seems very promising to outside observers including the EU, although the steps taken thus far are incomparable to that of the European Community some decades before. As far as the path toward a more rules-based and effective organization is concerned, the Bali Concord II as negotiated by the ASEAN leaders in October 2003 and subsequently, the ASEAN Charter, which was formally enacted in December 2008, have become key institutional frameworks that strive for the realization of an ASEAN Community by 2015.

In contrast, constructivists would emphasize the significance of bilateralism in terms of ideas and identities, which the two parties – the EU and Thailand – have associated or have been associated with in a so-called endogenous process of collective identity formation. In a sense, it is possible to see bilateralism from either the region-divergent or region-convergent point of view depending on the actors’ interpretations of social reality and through mutual definition. In this constructivist notion, one would expect that the relations between the major negotiating parties including the EU and Thailand would bring along certain interests and norms and help to define ideas and identities accordingly within the EU-ASEAN FTA negotiations. Although, in practice, there is thus far not much evidence to suggest the identity-building function of bilateralism within the FTA talks, the political situation in Burma stands out regarding the issues of human rights, migration and the promotion of democracy, while, as mentioned above, Thailand’s approach has been very cautious toward its neighbor. Minister-Counsellor of the Trade Section of the Delegation of the European Commission to Thailand, Jean-Jacques Bouflet, for example, points out that the Burma issues are crucial in the proceedings of FTA negotiations and that the EU member states continue to support political reforms in the country (Pratruangkrai 2006). Upon authorizing the European Commission to start negotiating an FTA with ASEAN in April 2007, the European Parliament (2007) clearly ‘urges’ the Council and the Commission to continue their constructive relationship with ASEAN countries and to ensure that the EU-ASEAN free trade negotiations are used as a vehicle to increase pressure on the SPDC to establish a civilian and democratic government’. Later, the European Parliament also adopted the report ‘Trade and economic relations with the countries of South East Asia (ASEAN)’, drafted by a British Member of the European Parliament, Glyn Ford, which once again requires conditions that the resulting FTA must meet with regard to sustainable development, the fight against fraud and respect for human rights, suggesting that Burma should not be allowed to be part of this agreement (European Parliament 2008).
V.1.4 China Factors: EU-Thailand Relations and East Asian Regionalism

In a luncheon speech during his first official visit to Thailand in April 2005, the then EU Trade Commissioner, Peter Mandelson, pointed out the relevance of EU-Thailand relations in relation to the rise of China and the economic developments in the region, as follows:

Thailand’s increasing dynamism and economic growth in recent years has been impressive. Nonetheless, it is clear that Thailand, like the rest of ASEAN, cannot afford to rest on their laurels, especially when faced with the unrelenting competition coming from China. I have been impressed by the dedication and forward-planning demonstrated by the Thai government. The continuing economic health of Thailand is naturally one of its main preoccupations, and it is good to know that its attention is also being given to EU-Thai trade relations (Delegation of the European Commission to Thailand 2005c).

Although China had already come into contact with ASEAN because of some security concerns such as the South China Sea issues by the early 1990s, the increasing role that China plays can to a large extent be explained by looking at the Asian crisis. The fact that China did not deprecate the Yuan and actively participated in international efforts to help the affected countries in Southeast Asia during the Asian crisis is said to have significantly improved its influence and image in ASEAN (Kreft 2000: 27). In the economic sphere, further important steps toward East Asian regionalism can be found in at least three incidents: (i) ASEAN inviting China, Japan and South Korea to the ASEAN+3 meetings and approving their regular participation in this group thereafter, (ii) the materialization of the so-called ‘Chiang Mai Initiative’ and (iii) the recent FTA negotiations between ASEAN and East Asian countries.

To give an overview, as far as the FTA negotiations are concerned, ASEAN and China signed the ‘Framework Agreement on Comprehensive Economic Co-operation between ASEAN and China’ in November 2002.\(^ {15} \) Two years later, during the 10th ASEAN Summit in November 2004, the two parties quickly came to sign two further related agreements, which are the ‘Agreement on Trade in Goods of the Framework Agreement on Comprehensive Economic Co-operation between ASEAN and China’ and the ‘Agreement on Dispute Settlement Mechanism of the Framework Agreement on Comprehensive Economic Co-operation between ASEAN and China’, both of which would then enter in force on January 1, 2005.\(^ {16} \) The other two ‘Plus Three’ countries – Japan and South Korea – have also noticeably been engaged in negotiations with ASEAN. Like China, Japan signed the ‘Framework for Comprehensive
Economic Partnership between ASEAN and Japan in November 2002.\textsuperscript{17} The signing of the ASEAN-China agreements is seen as very important to Japan with regard to how it negotiates with ASEAN, so that, at the same summit, both parties confirmed the schedule that the start of negotiations on trade in goods would begin in April 2005, and conclude two years thereafter and would agree to the establishment of the ASEAN-Japan FTA by 2012.\textsuperscript{18} South Korea, in contrast, had only been in the FTA negotiations with Singapore at the time of the 10th ASEAN Summit. However, it also showed strong interest in participating in the negotiations with ASEAN in early 2005.\textsuperscript{19}

From the neorealist perspective, EU-Thailand relations will produce the balancing dynamics in the development of East Asian regionalism, in particular with regard to the rise of China. The EU and Thailand, as regional players, are obviously responding to the competition that China and the other two East Asian countries have intensified for the ASEAN countries and within the ASEAN+3 grouping in general. As mentioned above, their recent efforts between the EU and Thailand, in response, have been to consider adopting certain measures to improve its investment climate and focus on particular sectors of investment such as services and high value-added, high technology sectors, which include telecom, logistics, health services, regional head offices, and the wholesale and retailing (see chapter IV.2.2). In a sense, their investment relations illustrate that ASEAN has been sensitive to China’s competition in view of the possible diversion of investment flows. Within the region, ASEAN’s share of the EU’s FDI stock – in contrast to that of the +3 countries – has declined from 55% in 1995 to about 50% in 2002.\textsuperscript{20} The rapid growth of EU FDI stock in the +3 countries is also unmistakable, because, in 1995, EU FDI stock was worth about €15 billion while that of ASEAN about €20 billion, but by 2002, both the ASEAN and the +3 countries had EU FDI stock worth some €54 billion each (Delegation of the European Commission to Thailand and Board of Investment of Thailand 2004). Of the +3 countries, China has been seen as the major factor in explaining the growth of EU FDI stock in East Asia (ibid.). Evidently, China’s share of EU FDI outflows increased nearly three-fold from €78.7 million to €2.570 billion between 1995 and 2002 while that of ASEAN countries increased from €1.852 billion to €2.760 billion over the same period (ibid.). In terms of FDI stocks, EU FDI stocks in China have experienced a sharp 900% rise from €2.3 billion in 1995 to €20 billion in 2002 while ASEAN’s EU FDIs stocks also increased but at a slower rate of 270% – from €20 billion in 1995 to €54 billion in 2002 (ibid.). Thailand has remained relatively unaffected by this development, however.\textsuperscript{21} The statistics reveal that within ASEAN, Thailand’s share of EU FDI flows – except during the Asian crisis period – continued to remain steady at roughly €0.6 billion be-
tween 1995 and 2002 (ibid.). Regarding the amount of FDI stocks, Thailand also has seen an increase in its EU FDI stocks at a rate roughly the same as in most ASEAN countries. More specifically, Thailand has experienced an increase in real terms from €2 billion in 1995 to €5.5 billion in 2002, which remained approximately 10% of EU FDI stocks in ASEAN (ibid.).

Moreover, the idea of accommodating China and Japan in the ASEAN+3 framework can be traced to the Malaysian Premier Mahathir’s proposal in 1990, in which he attempted to create a so-called ‘East Asian Economic Group’ as a competing trade bloc to APEC (Rüland 1996: 61). Although the proposal could not resist the strong opposition of the US and had to be modified in the ‘East Asian Economic Caucus’ to that of a consultation function among APEC’s Asian members, it is clear that the ASEAN countries early on were seeking ‘a bargaining-chip’ to be used against the extra-regional powers including the EU and the US in particular (ibid.). In the ASEM and the ARF, as will be discussed in greater details below, it is apparent that the EU and Thailand have been supporting the extension of the region-to-region dialogues to the East Asian countries. The recent efforts by the ASEAN countries to explore the possibility of free trade arrangements with China can be seen as their ‘double-binding’ strategy toward the latter (Kang 2003; Archarya 2003 and 2004: 153, in: Rüland 2005a: 551). The decision of the ASEAN countries including Thailand to grant the ‘Market Economy Status’ to China seems to have softened the EU’s positions to a considerable extent, thus smoothing the way for the EU to advance in the FTA negotiations. It should also be noted that the future of East Asian regionalism depends on the ASEAN relations with China and Japan and that, in support of neorealist arguments, they also establish increased balancing dynamics within the region:

It becomes increasingly evident that the participation of China and Japan in APT [ASEAN Plus Three] is double-edged sword. While it may promote East Asian cooperation where common interests exist, it is also a recipe for inviting rivalries and conflicts into the cooperative forums of the region. With intensifying Sino-Japanese competition, APT is not only becoming increasingly intertwined with Asian regional powers’ geo-political and security interests it is also shifting from an outward-oriented balancing institution to an arena for intraregional balancing games (Rüland 2006a: 162-163).

Beyond the balancing dynamics, there has been a discussion about ‘hedging’, i.e., the attempt of a state to bind a rising, threatening power when the state’s position seems uncertain (Chung 2004). According to
Chung (ibid.), the rise of China in the economic and security spheres is expected to give rise to a certain amount of uncertainty among the ASEAN countries – indeed, is China ‘a threatening military hegemon’ or ‘a friendly economic partner’? – and thus it is very likely that the ASEAN countries may adopt a ‘hedging’ type of foreign policy behavior in an attempt to maximize one’s own economic benefits and reduce security risks. In this respect, China’s role in Southeast Asia makes it obvious that both the EU and Thailand have a clear interest in integrating China into the international system, both politically and economically. This argument can be supported by at least three developments as observed in, first, a recent EU-Thailand project of trying to feed China’s expanding demand for wood pulp and paper industry based on a more integrated, effective and transparent use of natural resources, second, the European Commission’s project with the Thai, Chinese and Vietnamese governments in stimulating prefabricated environmental package systems in the relevant business models and investments in Asia and, third, the recent effort by the European Commission to build up the EU-Asia network of competence enhancement on public private partnerships in infrastructure development with China, Germany, India, Thailand and the UK (Delegation of the European Commission to Thailand 2006).

By contrast, neoliberal institutionalists would expect EU-Thailand relations to perform institution-building, rationalizing or agenda-setting functions in East Asian regionalism. According to Chirathivat (2006: 101), bilateralism has played a significant role in spanning a trend of regionalism to East Asia, with ‘almost without exception’, be it a large or small country. Thus far, evidence suggests that the EU and Thailand both support the regional efforts in the areas of mutual interest and that their bilateral cooperation activities can, under certain circumstances, lead to a positive development in East Asian regionalism. For example, the issues of intellectual property rights enforcement demonstrate that it is possible for the EU and Thailand to bilaterally discuss the issues when necessary and seek cooperation partners within ASEAN. Ironically, the evidence suggests that since China is often the cause of serious concerning intellectual property rights issues in the region, the EU’s recent efforts have been to raise these issues in bilateral and regional dialogues and to build up relevant cooperation activities with the governments of other East and Southeast Asian countries. The EU has recently appointed a new ‘Regional Representative for Taxation and Customs’ within the Delegation of the European Commission to Thailand. The current holder of this post, Pierre Faucherand, has pointed out that his tasks include promoting EU customs policy in third countries and to provide them with necessary assistance – e.g., in developing a more efficient targeting system – based on the EU’s own experience.
Trade in fakes is a serious problem and has expanded quickly. The main source is China but others also cause concern. A main worry is the diversion of goods through other countries. It is therefore important from a customs perspective to try to address the issue in countries surrounding China (ibid.).

It is apparent that from his viewpoint, the regional efforts of the EU in China and the ASEAN countries can be closely linked to the establishment of an effective system that protects intellectual property rights (ibid.). In the ‘IPR Enforcement Survey’ presented by the European Commission in October 2006, China was clearly identified as the EU’s main priority while five ASEAN countries – Indonesia, Malaysia, the Philippines, Thailand, and Vietnam – have ‘high levels of production, transit and/or consumption of IP infringing goods’ (Mission of Thailand to the European Communities 2006b; European Commission 2006h). More specifically, the main issues in Thailand seem to include (i) copyright piracy, (ii) counterfeit of trademarks, (iii) infringement of designs, and (iv) patent infringement, so that, between the EU and Thailand, the former hopes to set up annual dialogues among intellectual property rights experts within the TREATI framework thereby encouraging the Thai government to raise the standards of the intellectual property protection nationally and regionally (ibid.). Thailand has thus far benefited from the EU-funded initiative ‘EC-ASEAN Intellectual Property Rights Cooperation Programme’ (ECAP II), in which the EU mostly provides technical assistance in intellectual property rights-related activities of the ASEAN countries with the aim of improving the latter’s relevant domestic administration and enforcement measures (ibid.; Delegation of the European Commission to Thailand 2006g).23

Another example can be found in attempts by the EU to support the Mekong River Commission, to which the Thai government belongs as one of the founding members. Established with the Agreement on the Cooperation for the Sustainable Development of the Mekong River Basin in 1995, the Mekong River Commission is supposed to help protect the environment and natural resources, to promote the Basin’s ecological balance and aquatic conditions and – together with the Mekong Greater Subregion – to coordinate the development efforts in the subregion (Mekong River Commission 1995, cited in Dosch and Hensengerth 2005: 279). The positions of the EU and its member states regarding the promotion of subregional stability and security have been reaffirmed by both the European Commission and the Council, as noted by the latter: ‘The Council welcomes the stabilising and conflict
preventing function of subregional organisations like the Mekong River Commission. The improvement of regional stability and security is also the best way to address the problem of WMD proliferation as laid down in the EU Strategy against proliferation of weapons of mass destruction’ (European Commission 2004d). In this light, the above-mentioned example of the European Commission’s initiative to establish an EU-Asia network of competence enhancement on public private partnerships in infrastructure development with China, Thailand, Germany, India, and the UK can also understood in the institutionalist tradition, along with the project of the European Commission to develop food and agribusiness training in the Mekong region in Thailand, Vietnam, Cambodia, and China or another project to build up a Euro-Asian network for quality, organic and unique food marketing in China, Thailand, Austria, Italy and the UK (Delegation of the European Commission to Thailand 2006g).

The constructivist explanation, at this point, has relatively less evidence to suggest the identity-building function of EU-Thailand relations in the ASEAN+3 context. Nevertheless, from the above-mentioned example of the prospects of EU-Thailand customs cooperation, it becomes apparent that the EU’s focus in the East and Southeast Asian regions has been increasingly directed at strengthening dialogues with Thailand and other ASEAN countries and, so, promoting communication and mutual understanding between them. Besides, it is clear that the recent trends of economic regionalism in East Asia gradually reveal ASEAN’s emerging perception of its economic future in conjunction with the need to develop relations with China and that the inclusion of China and Japan in the ASEAN+3 framework would provide the opportunity for building up ‘strategic trust’ in the process of mutual definition (Gillon 2006: 222; Haacke 2002: 27).

V.2 EU-Thailand Relations and Interregionalism

The rise of interregionalism in the late-1990s poses a question on the relevance of bilateralism to these new region-to-region relations. It is clear that the EU and the Thai government are two important actors on the European and Asian sides, respectively. The first chapter stresses the importance of bilateralism in the EU’s interregional responses to the Asian crisis, particularly within the frameworks of the ASEM Trust Fund and the European Investment Bank. The next two sections will focus on the functions performed by the EU-Thailand interaction in two interregional institutions, which seem to be the most relevant as well as the best known frameworks in the Europe-Asia relations, namely ASEM and the ARF.
V.2.1 Implications of the Asian Crisis: The Cases of the ASEM Trust Fund and the European Investment Bank

While chapter IV.2.3 provided the analysis of the approaches of the EU and Thailand in response to the Asian crisis individually, this section continues to focus on the contribution of their bilateralism to crisis management at the interregional level. Thailand, one of the most affected countries, was clearly driven by self-interest and national survival. The Thai government—so realists predicted—would certainly seek to instrumentalize its bilateral relations with most of the major regional players including the EU and EU member states. For neorealists, with respect to crisis-driven change in regional power structures, the bilateralism between Thailand and the EU performs an institutional balancing function in their interregional relations in response to the Asian crisis. The relevance of ASEM to post-Asian crisis management is observable insofar as, although modest, the EU’s main contribution was channeled through the ASEM initiatives. Apart from the adoption of the ‘ASEM Trade and Investment Pledge’, which reconfirmed the common positions not to introduce any protectionist measures in the wake of the crisis, the creation of the ‘ASEM Asian Financial crisis Response Trust Fund’ at the London Summit in 1998 seemed to be one of the EU’s most tangible achievements, with the European Commission being the largest contributor together with eight individual EU member states including the UK, France, Italy, the Netherlands, Finland, Sweden, Denmark and Luxembourg (see also European Commission 2007m; World Bank 2003).

Most importantly, it should be noted that the idea of ASEM Trust Fund can be traced back to the proposal of the Thai and Malaysian governments, in which the EU was requested to consider creating a new fund to promote trade and investment relations with Asian countries and to support the recovery efforts of affected countries (Nicolas 2000: 135, 138). It is noteworthy that the earlier proposal by Asian Monetary Fund had been turned down in 1997 (ibid.). In practice, the EU and the ASEAN countries managed to create the ASEM Trust Fund at the second ASEM Summit in London in April 1998 (ibid.). More importantly, the EU is by far the largest contributor to the trust fund in both phases, accounting for about 45% of the total € 84.6 million (EU Today, December 2006: 10). The fund was comprised of two phases, with the second one being established after the completion of the first in March 2001 and coming to end in August 2006.

Furthermore, the bilateral impulse from the EU and the Thai government has played a ‘rationalizing’ role in the identification and implementation of some post-crisis recovery projects under the ASEM trust funds, which are in effect a regional initiative of the ASEM process.
Within the ASEM Trust Fund I, 77 projects were approved and 71 were implemented, totaling $44.20 million in funding. Nine of the projects were executed in Thailand: (i) ‘Revival of Corporate Sector’, (ii) ‘Impact of Financial Crisis on School Attendance’, (iii) ‘Poverty Alleviation & Social Protection Mechanisms’, (iv) ‘Financial Sector Advisory Services’, (v) ‘Empowering Thai Communities to Improve the Environment’, (vi) ‘Rural Development Impacts of the Crisis’, (vii) ‘Developing Government Capability to Monitor, Evaluate & Support Implementation of Externally-Funded Projects during the Crisis’, (viii) ‘Improving Governance & Social Services through Public Administration Reform’, and (ix) ‘The Thailand Institute of Directors’ (World Bank 2003). In a regional comparison, in the ASEM Trust Fund I, Thailand received only the fifth largest allocation (approximately $5.85 million or 13.2%) of the seven beneficiary countries – after Indonesia (16.4%), the Philippines (16.3%), China (13.8%) and Vietnam (13.3%) but ahead of South Korea (11.3%) and Malaysia (4.9%) (ibid.).

In the transition between the first and the second ASEM Trust Fund, it becomes apparent that EU-Thailand relations have gained a rationalizing dynamics insofar as the subsequent fund concentrated on the social sector – with the proportion of implemented projects in the social sector to those in the financial and corporate sector increasing slightly from about 2:1 to 3.6:1 – further emphasizing the internationally accepted importance of social protection and poverty alleviation programs in the country’s post-crisis development (World Bank 2003; World Bank 2006). The 2nd ASEM Trust Fund, as of April 2006, was comprised of 71 projects, totaling some $39.1 million, of which 10 projects worth some $7.3 million were allocated to Thailand (World Bank 2006). In Thailand, the projects into five categories, each consisting of one to four projects: (i) ‘competitiveness’ (4 projects: a. ‘Out-of-Court Meditation Capacity Building’, b. ‘Thailand’s Preparation for Financial Services Liberalization’, c. ‘Strategy and Implementation for a Competitive Financial Sector in Thailand’ and d. ‘Skills and Competitiveness for Poverty Reduction in the Northeast’), (ii) ‘human and social capital’ (3 projects: a. ‘Strengthening Social Protection for the Working Population, the Poor and the Vulnerable in Thailand’, b. ‘Education Reform’ and c. ‘Stimulating Voluntary Counseling and Testing Services and Early Recruitment into Antiretroviral Therapy’), (iii) ‘poverty and inequality’ (1 project: ‘Capacity Building and Strategy for Poverty Reduction’), (iv) ‘natural resources and environment’ (1 project: ‘Participatory Watershed Management for Ping River Basin’) and (v) ‘governance’ (1 project: ‘Strengthening Governance and Social Services through Public Sector’) (Ministry of Finance, Thailand 2006). In the second phase, it should be noted that under the concepts of ‘country development partnerships’, Thailand was also a contributor, providing cash and in-kind contributions to
match the World Bank’s contributions and engaging in the process of identifying objectives, inputs and the expected outcomes of activities (World Bank 2006).

Moreover, EU-Thailand relations, in the context of the ASEM Trust Fund, are not only directed toward the economic recovery as mentioned but the fund itself also ‘forms part of the broader ASEM effort to enhance relations between Europe and East Asia’ (World Bank 2003: iv). As far as the institution-building function is concerned, several projects implemented at the national level may lead to the creation of further administrative or decision-making bodies. The idea of establishing the ‘In-Country Steering Committee’, for instance, which was manifested in the second trust fund and was widely accepted among donor and recipient countries, was the result of the European Commission’s proposal as one of the lessons learned from the ASEM Trust Fund I that there should be more ownership in each recipient country, particularly at the monitoring and programming stages of activities (World Bank 2003: 35).

Furthermore, in the case of Thailand, the projects supported by the ASEM Trust Fund have evidently generated a positive impact on the country’s own recovery efforts, contributing to the rationalization of regional restructuring concepts at the national level, as the Chairman of Thailand’s In-Country Steering Committee (ICSC) observed:

The Chairman of Thailand’s ICSC shares the view of various Thai agencies that the project funding made available by ASEM TF [Trust Fund] has played a significant role in the development of the Thai economy, helping to improve competitiveness and alleviate poverty incidence. Many of the initial studies funded by ASEM TF have been expanded into much larger projects, funded by the Government’s own budget. ... As the ASEM TF draws to an end, Thailand strongly encourages ASEM member countries to continue such cooperation to support sustainable development in the region (World Bank 2007b).

Moreover, based on the Thai experience it was considered very important and fruitful to coordinate the national efforts in partnership with other donors including other governments and non-governmental stakeholders (World Bank 2003: 53). The fact that this committee consists of representatives from the recipient country, the donor countries and the World Bank and is in charge of drafting country strategy notes and program priorities makes it institutionally possible for the Asian partners to monitor operation progress as well as to administer certain grants in the second phases of operation (ibid.).

In comparison, since 1993, the EU has also made it possible for the Southeast Asian countries including Thailand to benefit from the Eur-
opean Investment Bank (EIB)’s grants (Forster 1999b: 258; European Commission 2003c). In retrospect, the access of Thailand and some ASEAN countries to the EIB grants has been discussed since the EU-ASEAN Ministerial Meeting in 1992, as a part of the so-called ‘1992 Program’ (Phatharodom 1999: 244). In fact, the role of EIB as ‘the EU’s investment financing arm in the ALA’ (European Commission 2003c: 51) increasingly attracts the attention of third country governments where, for example, several ASEAN countries have requested the EIB’s support in the Greater Mekong Sub-region Economic Cooperation Programme. The EIB operations have been concentrated in the areas of mutual interest including private sector and EU foreign direct investments, upstream infrastructure investments and other investments with regard to the environment, social conditions and regional integration (ibid.). The statistics show that between 1993 and 2002, the EIB lent €800 million to four countries in Southeast Asia – Indonesia (€300 million), the Philippines (€290 million), Thailand (€155 million) and Vietnam (€55 million) of a of €2.898 million to all of the Asian and Latin American participants (ALA) (ibid.). Sectorally, the EIB loans to the four ASEAN countries can be grouped in six areas of activities: airports (€80 million), industry including telecommunications (€168 million), oil and gas (€230 million), power (€142 million), water and sewerage (€150 million), and global loans to SMEs (€30 million) (ibid.).

While the ASEM trust fund and the EIB are both designed to follow a project-oriented – and, in many ways, rationalizing – approach to funding bilateral and regional activities related to international cooperation in third countries, the latter appears to be more responsive when it comes to the question of bilateral elements and balancing dynamics in the region. In a way, for example, the argument of ‘burden sharing’ can be found in the EIB’s operation scheme in Asia. The EIB increasingly operates under the so-called ‘risk sharing guarantee scheme’, which implies the coverage of commercial risk by the prime rate guarantee and that of political risk – such as non-transferability of currency, expropriation and civil strife – by the EU budgetary guarantee (European Commission 2003c). This scheme illustrates another mechanism of risk management, in which EIB grants include a certain degree of risk coverage for the participating Asian countries (ibid.). It is evident that 55% of the EIB operation in Asia has thus far – despite a 30% level suggested by the Council – followed this scheme and, in the ASEAN context, the political risk coverage is mostly tied to the framework agreements that were signed with four ASEAN countries – namely, Indonesia, the Philippines, Thailand and Vietnam (ibid.). Moreover, during the ALA III mandate for 2000-2007, the EIB restricted its financing contribution to a 50% ceiling of total project costs, although in case of limited resources it might also offer loans below the requested amounts (ibid.).
From a constructivist viewpoint, EU-Thailand relations can be understood within the context of forming a collective identity in an interregional framework such as ASEM. In this sense, the creation of the ASEM Trust Fund not only represents a rational response to the Asian crisis but attaches its relevance to the process of mutual recognition through interaction, as someone once mentioned: ‘The Fund was not viewed as an injection of capital, but rather a vehicle to provide expertise (especially from Europe)’ (World Bank 2003: iv). However, there seems to be less evidence to suggest that the contribution of EU-Thailand relations is specifically aimed toward the process of collective identity formation. As an example, one of the projects made available by ASEM Trust Fund I continues to focus on the establishment of the ‘Thailand Institute of Directors’, which is said to be the first of its kind in East Asia, establishing a ‘train-the-trainer’ program to assist the Thai authorities with corporate education modules (World Bank 2003: 25). At first glance, this project undoubtedly contributes to the institution-building function but upon looking more closely, it suggests that the logics of the project underscore the sharing of experiences and knowledge on corporate governance and that educational programs are expected to play a defining role in the improvement of the performance of executives and board members and the promotion of corporate best practices (ibid.). The institute contributes to the positive development of corporate governance and this is considered very important because once improvements in corporate governance are introduced they are difficult to reverse (ibid.).

V.2.2 EU-Thailand Relations in the ASEM Process

The ASEM process is in fact seen as an important channel, in which the EU and Thailand represent two crucial actors, respectively in Europe and Asia and, as seen in the aftermath of the Asian crisis, their bilateral relations to some extent play an important role in the crisis management and in the development of interregional relations in general. The first ASEM Summit held in Bangkok in March 1996 not only gave a clear signal of the increasing relevance of interregionalism, but with it, one notes that the parties involved had to find a way to accommodate their bilateral relations in this interregional context. The EU’s positions, which seemed very promising in support of all three – political, economic and cultural – pillars of the ASEM process, were determined to promote the ASEM’s function as a ‘political catalyst’ in the interregional dialogues, as follows:

... the ASEM process can not be seen as a substitute for other bilateral and multilateral fora linking Asia and Europe. ASEM
should primarily function as a political catalyst for achieving mutual understanding and enhanced awareness through dialogue (European Commission 1997).

Interestingly, prior to the Asian crisis, the EU saw the four ASEM economic priorities as follows: (i) ‘further dialogues in the Senior Officials Meeting on Trade and Investment (SOMTI) on how Asia and Europe can best promote global trade liberalisation within the WTO’, (ii) ‘implementation of the Trade Facilitation Action Plan (TFAP) and Investment Promotion Action Plan (IPAP)’, (iii) ‘consolidation of the business dialogue, emphasising the central role of the Asia-Europe Business Forum (AEBF)’, and (iv) ‘intensified cooperation in the field of customs’ (ibid.). However, as the Asian Crisis erupted in July 1997, the focus of ASEM’s economic pillar was expanded beyond these four priority areas, for the interregional dialogues have been overshadowed by their attention given to the economic recovery of affected ASEM member countries and other post crisis-related matters. The subsections that follow are organized in accordance with the ASEM’s three-pillar structure: a political, economic and cultural pillar.

V.2.2.1 Political Pillar

While the ASEM as an ‘institution’ has been described – and, in some cases, criticized – as ‘soft’ in terms of structural weaknesses and the ASEM’s relative lack of tangible outcomes or binding commitments, the relevance of bilateral meetings between the heads of government alongside the ASEM process has been widely accepted and, in a way, ironically referred to as another raison d’être for this interregionalism (see also Rüland 2006a; Reiterer 2006). In other words, the logic behind the ASEM process obviously embraces the participants’ attempts to strengthen their bilateral relations in addition to advancing the developments of interregionalism as such. As Reiterer (2006) asserts, the ASEM can be recognized as very crucial for the EU’s relations with the ASEAN member countries because of the possibility of these bilateral meetings, for example, the Commissioner of External Relations Benita Ferrero-Waldner met all of her Asian counterparts within two days of the 7th ASEM Foreign Ministers’ Meeting in Kyoto in May 2005. The importance attached to such bilateral dialogues illustrates their promising functions for the developments of region-to-region relations, in which the ASEM participants including the EU and Thailand remain openly committed to engaging in a very broad set of political issues, ranging from ‘tackling environmental issues’, ‘addressing human rights’, ‘security and anti-terrorism co-operation’ to ‘addressing international and regional developments’, ‘dealing with global threats’ and ‘reinforcing the multilateral system’ (European Commission 2007m).
The neorealist argument focuses on the sensitivity of states to structural changes and suggests their adoption of balancing strategies to improve their relative power positions. As regards the relevance of bilateral relations in the ASEM process, it is to be expected that the bilateralism of the EU and Thailand contributes to the balancing dynamics in the development of interregionalism. For its own part, the EU seems to be well aware of the significance of the ASEM process in the balancing trends in East and Southeast Asia, as mentioned in Commission’s communiqué: ‘The Asia-Europe summit meeting was very much initiated by South-East Asians, highlighting their desire to balance their relation with the United States and to engage East Asia in a proper multilateral dialogue’ (European Commission 2003c: 15). Bilaterally, between the EU and Thailand, it is probably no coincidence that the Thai Foreign Minister recently arranged to meet with his Portuguese counterpart on the sidelines of the ASEM Foreign Ministers’ Meeting in Hamburg in May 2007, not least of which because Portugal was about to assume the EU presidency in the second half of that year (Ministry of Foreign Affairs, Thailand 2007d).

Moreover, EU-Thailand relations have been instrumentalized to achieve a more balanced relationship between the European and Asian ASEM participants. As mentioned above, the Thai side could raise the concerns on double standards about ASEM membership after the ASEAN’s and the EU’s enlargements, as the former spokesman of the Thai Ministry of Foreign Affairs publicly asserted: ‘While the EU insists that its 10 new members have to be admitted into ASEM, they refuse to apply the same standard for the Asian side. They pick and choose our ASEAN new members, not admitting Myanmar’ (Asian Economic News, June 28, 2004). This could be seen as one of the EU’s attempts to bind bilateral issues such as its relations with Burma within the interregional framework. In response, in July 2004, the General Affairs and External Relations Council reaffirmed the EU’s commitment to the ASEM process and its willingness to find an acceptable solution for the ASEM Summit in Hanoi (European Commission 2004d). As a consequence, the appointment of Hans van den Broek as the Special Envoy of the Presidency was expected to spur the process of consultation with other ASEM countries on Burma’s membership.

For institutionalists, bilateralism is regarded as a contributing trend to intra- and interregional cooperation in terms of its institution-building, rationalizing and agenda-setting functions. As regards the rationalizing function, for instance, the EU has been active in the ASEM process to encourage all participating countries including Thailand to adopt the Declaration on Cooperation against International Terrorism and the Cooperation Programme on Fighting International Terrorism at the fourth ASEM Summit and subsequently to ratify and implement all
12 international conventions and protocols on counter-terrorism at the ASEM Foreign Ministers’ Meeting in 2005, in the way to support the UN’s roles in the fight against international terrorism (European Commission 2007m).26

It is also evident that certain Thai government initiatives have been supported by the European Commission and sometimes along with some EU member states – either in the form of expert assistance or both sides being co-supporters of specific initiatives, as in the following examples: First, while Thailand was the main player in the establishment of the ‘Asia-Europe Environment Technology Centre’ (AEETC), the relevance of EU-Thailand relations is clearly observable in that the Thai government received the expert assistance from the European Commission and Japan between October 1996 and March 1997 and could subsequently initiate small-group meetings of experts to discuss the AEETC pre-proposals in Bangkok in May and October 1997 (European Commission 2002d). The Thai government formally received the AEETC mandate at the second ASEM Summit in London in April 1998 and had the official opening along with the second Foreign Ministers’ Meeting in Bangkok in March 1999 (European Commission 2002d). The AEETC follows ‘a pragmatic and modest approach’ aimed at providing policy guidance and research and development coordination – given the priority activities in the areas of megacities and bio-remediation as well as in enhancing public involvement in environmental matters and supporting the anticipation, management and remediation of major natural disasters – in order to promote partnerships and networking, so that these expert meetings were held ten times until 2002 before they became a part of the ‘ASEM Environment Ministers’ Meeting’ (European Commission 2006i). As far as financial and in-kind contributions to the AEETC core operations are concerned, the European Commission has also been very involved since the earliest stages: As of December 2002, the European Commission had allocated a grant of € 3.25 million, of which € 1.0 million went to three large conferences and the other € 2.25 million to the Project Premium Fund, and, it ended up as the largest single contributor to a total budget of some € 5.3 million (ibid.; Transnational Institute 2009). However, it should be noted that most ASEM members had stopped funding the AEETC by 2002 (Gilson 2002). It is also significant that the ASEM process gave birth to the ‘Pilot Phase Guidance Group’, which met twice in 1998 to review the guiding principles for the establishment and operations of the AEETC and to select its director and deputy director and continued to meet seven times after that over this three-year pilot period until October 2002 (ibid.).

Another example that concerns the environment was the attempts by both the EU and Thailand to develop linkages with the science and
technology interests to support the objectives and priorities of the Asia-
Europe Cooperation Framework 2000. As illustrated above, in the EU’s
initiative on ‘Action Plan for Forest Law Enforcement, Governance and
Trade’, it seems that from the EU perspective, Thailand was in a posi-
tion to promote sustainable forestry management in the region. Held in
Chiang Mai in April 2002, the ‘ASEM Workshop on Conservation and
Sustainable Use of Forests’ focused on discussions about establishing
the ‘Project Forum’ that would bring together researchers, government
officials, representatives from the private sector and related institutions
and funding agencies to establish a basis for joint research and develop-
ment activities in ASEM forest cooperation (European Commission
2002e).

Third, in relation to the fight against financial crime, the Thai and
British governments played an important role as the co-sponsors who
presented the ‘Anti-Money-Laundering Initiative’ at the third ASEM
Summit in 2000. The European Commission and the Netherlands
agreed to provide further financial support, so that as of December
2002, contributions totaled some € 1.3 million (European Commission
2002f). Furthermore, the Thai and British governments and the Eu-
erpean Commission signed the Memorandum of Understanding in Sep-
tember 2002 (ibid.). By the second ASEM Summit in 1998 and at the
Finance Ministers’ Meeting in Frankfurt in January 1999, it was already
generally agreed that the ASEM process should contribute to interna-
tional anti-money laundering efforts (ibid.). The initiative not only
aimed to promote anti-money laundering cooperation between Europe
and Asia in general but also strengthen the capacity of existing institu-
tions or develop new ones with sustainable institutional capacity in the
latter region (ibid.). Within the framework of this initiative, the ASEM
process has thus far managed to organize two meetings, the first one
serving as the official launching of the initiative in Bangkok in Septem-
ber 2002 and the second was an ASEM Symposium on ‘Underground
banking and alternative remittance services’ in Berlin in October 2003
(European Commission 2006i). Thailand also chaired a steering group
that was established to oversee the project (ibid.). Subsequently, the lo-
gic for this initiative was explained in part in the recommendations by
the international ‘Financial Action Task Force’ (FATF) on anti-money
laundering measures.27

With regard to the new issue of migration, as the EU and Thailand
become increasingly aware of the fact that a growing portion of the mi-
gration flows from Asia to Europe involved human trafficking, the Thai
government had a clear interest in setting up an interregional initiative
to address the issues of trafficking and the exploitation of women and
children, which, as has already been mentioned in chapter IV.1.4, had
certain affinities with the positions expressed in the European Commis-
sion’s communiqué ‘Integrating Migration Issues in the European Union’s Relations with Third Countries’ (European Commission 2002i). The ASEM ‘Initiative to Combat Trafficking in Women and Children’ was originally proposed by the governments of Sweden, Thailand and the Philippines and adopted at the third ASEM Summit in Seoul in October 2000. These governments also prepared a ‘Progress Report’ to be presented at the ASEM Senior Officials’ Meeting, the Ministerial Conference on the Co-operation for the Management of the Migratory Flows, and the Foreign Ministers’ Meeting, thereby establishing the initiative framework in terms of an action plan and follow-up activities (European Commission 2002f). Within the ASEM framework, the issues of trafficking in women and children have been voiced formally in various official documents and statements by the Chairman, for example, the Asia-Europe Co-operation Framework III 2000 (Paragraph 14), the Chairman’s statements of the second and third Foreign Ministers’ Meetings in Berlin in March 1999 (Paragraph 13) and in Beijing in May 2001 (Paragraph 15), and the third ASEM Summit in Seoul in October 2000 (Paragraph 9) (ibid.). Bangkok hosted the ‘seminar on the gender dimension of trafficking in persons’ in October 2002 and the ‘conference on the rehabilitation, repatriation and reintegration of victims of human trafficking’ in March 2003 (ibid.).

From a constructivist viewpoint, the bilateralism between the EU and Thailand may contribute to the formation of a collective identity in the ASEM process. There is some evidence that the two parties’ were aware of ideas and norms such as democracy, good governance and respect for human rights, however, the ASEM’s political pillar seems to focus on improving mutual understanding and initiating interregional dialogues at almost all levels. In relation to the AEETC framework, the Thai government later came up with a proposal to establish the ‘Asia-Europe City Governors’ Forum’ at the ASEM Senior Officials’ Meeting in London in February 1998 (European Commission 2002e). Endorsed by the subsequent Senior Official’s Meeting in Bangkok in October 1998, this proposal was to establish a network of megacities in the ASEM member countries, so that the participants could exchange views and experiences and provide technical assistance in support of the concepts of sustainable development in the megacities (ibid.). However, the initiative was withdrawn and was scheduled to be discussed within the AEETC framework (ibid.).

For the EU’s own part, the European Commission published a working document in June 1997, in which the ASEM process might contribute to ‘retaining the EU as the European core of ASEM’ (European Commission 1997). The European Commission’s communiqué ‘Toward a New Asia Strategy’, had already noted that, one of the EU’s objectives with regard to relations with Asian countries was to ‘[encourage] decen-
entralised cooperation between the institutions which are the basis of a pluralistic civil society. Such cooperation has in the context of the Union been a powerful force in the shaping of the European identity’ (European Commission 1994). Not surprisingly, in response to human rights and good governance issues, several bilateral and regional initiatives were launched, although the ASEM process, as thematicized elsewhere, did not consider the series of ASEM symposia on human rights and the rule of law to be one of the official ASEM activities (European Commission 2002g). In the run-up to the fifth ‘Informal ASEM Symposium on Human Rights and the Rule of Law’ in May 2003, for example, it is important to note that the Thai government hosted a meeting on the implications of direct foreign investment for human rights and development in February 2003, which was in part supported by the Asia-Europe Foundation (ibid.).

V.2.2.2 Economic Pillar

The Asian crisis produced two important lessons: first, the ASEAN countries are actually economically very vulnerable to external forces and, second, that regional responses only marginally helped further their recovery efforts at the national levels (see also Rüland 2000). The EU is expected to come to grips with its allegedly modest contribution during the crisis and more importantly with new economic challenges arising from the post-crisis economic developments in the East and Southeast Asian region. As far as the ASEM process is concerned, discussions continue to address the crucial question of the ASEM’s value added and, in a way, how to bring together an emerging framework of interregionalism and the continued relevance of bilateralism, as emphasized in the speech by former Trade Commissioner Chris Patten at the European Parliament’s plenary session in September 2002: ‘Selecting issues where there is an "ASEM added value" is key, to avoid overlapping agendas. So, defining what should be dealt with bilaterally, in the regional context or multilaterally is an important task’ (European Commission 2002b). Beyond the area of ‘managing a crisis’, the European Commission (2007m) points to six specific priorities for new economic activities including (i) ‘promoting economic multilateralism’, (ii) ‘promoting trade and investment’, (iii) ‘fostering dialogue on financial issues’, (iv) ‘promoting dialogue with the business sector’, (v) ‘pursuing closer economic partnerships’, and (vi) ‘addressing the social dimension of globalisation’.

From a neorealist perspective, bilateral relations can be seen as part of dynamics that drive an institutional balance in the interregional context. As noted, the EU and Thailand represent two important actors in their respective regions of Europe and Asia in the ASEM process. However, neorealists contend that the two parties primarily pursue a self-
interested approach to improving their own positions and are less likely
to promote any deeper cooperation in the ASEM process. An example
can be found in the Thai government’s proposal for the ‘Asia Bond’ ini-
tiative at the Fourth ASEM Summit in 2002, in which the instrumenta-
lization of the bilateral relations with the EU and the EU member states – so the neorealist might argue – seems to support the balancing and, in a sense, counter-balancing dynamics between the Asian ASEM member countries and their European counterparts. In former Prime Minis-
ter Thaksin’s speech at the East Asian Economic Summit in Kuala Lumper in October 2002, it became apparent that the Thai government was well aware of the gradual shifts in the region’s power structures and aimed at strategically introducing the ‘Asia Bond’ initiative in support of the Asian positions: ‘While the EU seems to offer Eurocurrency and Eurobond to us in Asia, is it an appropriate time for us to offer Asian-
bond to our European partners? Given the strength of Asia in terms of population and foreig[n] reserves, our European partners should have a good reason for optimism of this initiative’ (ASEAN Secretariat 2007b).

In addition, the logic of balancing behind the bilateral relations can well explain the two parties’ opportunistic attempts to improve their relative positions at the interregional level. As Roloff (2006: 26) observed: ‘interregionalism is a defensive strategy. It seeks to balance regionalism and multilateralism. Hence, regionalism is a negative stimulator for interregional cooperation.’ With regard to access to Thai markets, the then Trade Commissioner, Peter Mandelson, delivered ‘The EU-Thailand – bringing ASEAN and Europe closer together’ speech during his first official visit to Bangkok in April 2005 that emphasized the prospects of EU companies improving their competitiveness and subse-
quently entering ASEAN markets:

Thailand is also a member of ASEAN, hence its strategic impor-
tance as a potential point of access to other markets in the re-
gion. Increasingly, EU companies will look to invest in Thailand and indeed other countries in the region, with a longer term, broader perspective, seeking to take advantage of each country’s unique strengths and competitiveness within ASEAN as a whole (Delegation of the European Commission to Thailand 2005c).

It is apparent from this comment that EU-Thailand relations can be un-
derstood in a context of strategically driven interregional order and that, in a sense, this bilateralism is expected to contribute to the EU’s competi-
tiveness in the region.

By contrast, institutionalists seem more optimistic about the possibi-
ity of promoting cooperation through institutions. Within the ASEM process, there have been several bilateral efforts to introduce initiatives
that contribute to the institution-building, rationalizing or agenda-setting functions in interregionalism. It is obvious that in EU-Thailand relations, the Thai government has worked together with the EU in setting the agenda, predominantly with the European Commission and some EU member states in the process of identifying the objectives and activities of the projects and proposing them to official ASEM meetings. The following are three examples of bilateral collaboration in support of ASEM economic initiatives. First, within the ASEM’s Trade Facilitation Action Plan (TFAP), Thailand and the European Commission along with South Korea are the main proponents to bring issues concerning ‘standards’ into the ASEM’s economic agenda and they subsequently established the first corresponding TFAP technical meeting in 1998 (European Commission 2002c). It was an important achievement to organize a series of regular ‘Meetings on Standards and Conformity Assessment’ (SCA): The first one took place in Belgium in September 1998, the fourth one in Thailand in February 2000 and they continue to be held regularly, with the most recent one, the twelfth, taking place in Austria in May 2006 (ibid.). Cooperation between the Thai government and the European Commission also made a crucial contribution to the recent ‘Seminar on Geographical Indications’ in Bangkok in June 2006, within the framework of ‘Working Group on Intellectual Property’. This seminar is the first of its kind to promote the concepts of Geographical Indications in the region and possibly later in a global context.

The third example can be found, although indirectly, in the Thai government’s attempts to develop a forum for addressing public debt management issues, which is in line with the European Commission’s (2007m) views on the ASEM’s priorities to ‘fostering dialogue on financial issues’. Thailand proposed the establishment of the ASEM Public Debt Management Forum, which is expected to provide a channel for experts on the debt management of ASEM member countries to explore issues of common interest and share their views and experiences (Ministry of Foreign Affairs, Denmark 2004). The proposal, which was endorsed by the ASEM Deputy Finance Ministers Meeting in Tokyo in December 2000, stresses the importance of developing public best practices and guidelines in debt management in the aftermath of the Asian crisis. It also foresees the possibility of holding further relevant seminars and workshops as well as study tours and twinning arrangements (Ministry of Finance, Thailand 2000). The Forum has been held four times since its adoption at the third Finance Ministers’ Meeting in Kobe in January 2001, the first occurred in Chiang Mai in November 2001, the second in Copenhagen in September 2002, the third in Seoul in October 2003, and the fourth in London in December 2005 (European Commission 2006i).
Constructivists offer a reflectivist explanation of how bilateral relations support the roles played by ideas and norms in the process of building collective identity at the interregional level. Since the first ASEM Summit in Bangkok in 1996, the ASEM process has always emphasized the importance of the so-called ‘Bangkok spirit’, which consists of three components: (i) informality, (ii) flexibility and (iii) pragmatism (Ministry of Foreign Affairs, Thailand 2007c). The constructivist argues that bilateral contacts in the ASEM process may promote dialogues and to some extent support elements of complex learning. Most of the above-mentioned ASEM workshops and seminars – e.g., the Meetings on Standards and Conformity Assessment, the Seminar on Geographical Indications and the ASEM Public Debt Management Forum – between the EU and Thailand have contributed significantly to mutual awareness and understanding among the parties involved and particularly those who initiated them. Here again, the above-mentioned initiatives contribute to the process of raising mutual awareness and comprehension although the extent to which they can proceed with the process of collective identity formation is empirically rather unclear.

V.2.2.3 Cultural Pillar
Within the ASEM process, the EU and Thailand early on recognized the significance of strengthening interregional cultural links beyond the mere economic and political, as stated in the Chairman’s Statement of the first ASEM Summit in 1996. Cultural, social and intellectual cooperation between Europe and Asia, the so-called third pillar of the ASEM process, focuses on relevant dialogues and people-to-people contacts, which the European Commission explicitly regards as ‘indispensable to the promotion of mutual understanding and avoidance of conflicts’ (European Commission 2007m). In the EU’s views, the recent work of this pillar includes (i) ‘promoting dialogue on cultures and civilisations’, (ii) ‘promoting interfaith dialogue’, (iii) promoting understanding and people-to-people exchanges through ‘the Asia-Europe Foundation (ASEF)’, (iv) ‘developing Asia-Europe education co-operation’, (v) ‘developing cooperation on science and technology’, and (vi) ‘reaching out to civil society and the wider public’ (ibid.). There have also been several extra efforts produced alongside the ASEM process to create further channels for interregional dialogues among civil society groups, parliamentarians and trade unionists, which are known as the Asia-Europe People’s Forum, the Asia-Europe Parliamentary Partnership and the ASEM Trade Union Summit, respectively (ibid.).

Compared to the other two pillars, the ASEM’s cultural work seems to show relatively less evidence that supports the neorealist’s arguments regarding the balancing function of bilateralism. Apparently, EU-Thailand relations have been accommodated within a broader framework of
interregional dialogues and cooperation activities, so that they are to a lesser extent strategically driven beyond the idea of raising the ASEM’s visibility in the region. For institutionalists, it seems more obvious that bilateralism performs rationalizing and institution-building functions that foster coordination in this field of ASEM cultural collaboration. In the Asia-Europe Foundation (ASEF) framework, it is evident that the EU and Thailand have played a supportive role to promote interregional cooperation through several initiatives in the field of culture, intellectual and people-to-people exchanges (European Commission 2007m; see also Ministry of Foreign Affairs, Thailand 2007i). The interaction between the EU and Thailand mainly occurred in a series of culture-related events hosted by the Thai government, which included the third ASEM Youth Camp on August 26th-September 8, 2001, the Asia-Europe Puppet Festival in Bangkok on July 16th-22, 2002, and the Asia-Europe Cultural Policy Seminar also in Bangkok on June 24th-27, 2004 (European Commission 2006i). Moreover, the first ASEF Roundtable Meeting on the topic ‘Finding the Path from Johannesburg’, which was held in Bangkok in September 2003, is another attempt to encourage the engagement of civil society in the implementation of the ‘World Summit on Sustainable Development’ (WSSD) principles (United Nations Environment Programme 2003).

The neoliberals’ argument regarding agenda-setting can point to the ‘Seminar on Information and Telecommunications Technology’ as a clear example in which cooperation between the European Commission and the Thai government has led to a new ASEM initiative and thereby created another platform for interregional relations between Europe and Asia. This initiative can be traced to the proposal of the Thai government on ‘Asia-Europe Information Technology and Telecommunications Programme’, which was presented at the second ASEM Summit in 1998 (European Commission 2006i). The Thai government was then appointed as the chief coordinator at the same Summit (European Commission 2002h). The initiative received further support from the European Commission and was reformulated as the ‘Seminar on Information and Telecommunications Technology’ at the third ASEM Summit in 2000 (Ministry of Foreign Affairs, Thailand 2007e). In practice, this seminar, which was held in Bangkok in May 2001, focused mostly on e-government, e-administration and e-procurement issues (European Commission 2002h).

It later became evident that the ‘Trans-Eurasia Information Network’ (TEIN), which was originally launched as an ASEM initiative in 2001, brought about the idea of linking the research networks between France and South Korea, representing the first important attempts to create and promote a collaboration network between Asia and Europe. In Phase II, 2004 to 2007, the initiative TEIN2 was recognized as South-
east Asia's first large-scale research and education network. It offers a much wider circle of participants including – on the Asia Pacific side – China, Indonesia, Japan, Korea, Malaysia, the Philippines, Singapore, Thailand, Vietnam, Hong Kong and Australia. Not only does the TEIN2 initiative help to connect the research and education networks in the Asia-Pacific region, it is also designed to establish direct interconnections with their European counterparts via two high-speed routes located in Copenhagen and Frankfurt (EU Today, April 2007; Delegation of the European Commission to Thailand 2006f). The links enable an innovative form of conducting scientific experiments and sharing scientific instruments, access to digital libraries and databases, and a series of e-learning activities, and have been of great benefit to researchers and the international research community as a ‘gateway’ to regional and global research collaboration (EU Today, April 2007). The European Commission allocated €10 million, approximately 80% of the TEIN2 total budget, while the TEIN2 project is also supported by Japan, South Korea, Singapore and Australia (ibid.).

Thailand’s two research and education networks – ThaiSarn and UniNet – are currently linked to the pan-European GEANT2, which is the most advanced research and education network (EU Today, April 2007; Delegation of the European Commission to Thailand 2006f). This linking of the Thai networks with TEIN2 was carried out by the Thai Ministry of Information and Communication Technology and operates under the name of ‘ThaiREN’ (Delegation of the European Commission to Thailand 2006f). Erik Habers, Counsellor of the Delegation of the European Commission to Thailand, believes the ThaiREN network is an important member of TEIN2 and the TEIN2 initiative may ‘serve as an influential tool for driving innovative applications as well as promoting regional development and integration’ (cited in ibid.). Thailand has been linked to TEIN2 in June 2006, with connecting speeds of 155 mbps, or 155 times faster than the average high-speed home Internet connection, providing an improved international bandwidth that is necessary for rapid mass data transfers (ibid.). Moreover, in the case of the intra-regional transfer, data connections will also become easier and much faster because it no longer needs to go through the US and back again (EU Today, April 2007). Thailand has greatly benefited from the TEIN2 initiative in the areas of remote learning, mapping services, disaster warning, and telemedicine, which includes such services as live surgery broadcasting (ibid.).

From a constructivist perspective, the process of collective identity formation is expected to proceed in an endogenous manner that embraces the dynamics of mutual definition between bilateralism and interregionalism. This process is a cognitive one, stressing the relevance of ideas and norms and the possibility of complex learning on both
sides. In the field of culture, although the EU and Thailand are evidently involved in a series of ASEM initiatives, some of the initiatives are only less likely to form long-term collective identity in the Southeast Asian region. This was noted in the 2006 ‘Overview Report on ASEM Initiatives – Evaluation and Recommendations for Future Improvements’\textsuperscript{34} that while several new initiatives strengthen the ASEM’s visibility, they tend to be spontaneous in nature and lack regular follow-up activities and are often only of interest to the ASEM member countries that have proposed or co-sponsored the initiative and only to a much lesser extent to those not involved in either way. This seems in part true for some of the above-mentioned initiatives such as the Asia-Europe Puppet Festival in Bangkok in July 2002 and the Asia-Europe Cultural Policy Seminar in Bangkok in June 2004.

With respect to the EU’s attempts to raise its profile in Southeast Asia, some of the new cooperation projects are being planned to promote university-to-university cooperation and intellectual links among academics and experts. In the 1994 communiqué ‘Toward a New Asia Strategy’, the European Commission had already pointed out one of the objectives: to ‘[strengthen] Higher Education and training links with Asia, including University Co-operation schemes targeted into specific technological, policy and management studies and [emphasize] the implementation of joint or mutually recognised post-graduate programmes, joint-research projects and university-industry co-operation activities. These will include, inter alia, support to European and Asian Studies Centres and joint Management and Technical training programmes, implemented whenever possible with the active participation of European and Asian companies’ (European Commission 1994). This relates to the goal of ‘improving European expertise on Asia’, which, in turn, can be seen as another step toward improving mutual awareness and comprehension between Europe and Asia. Within the ASEM framework, the Thai government has in the past joined the ‘ASEM Duo Programme’, initiated by France, Singapore and South Korea, in which fellowship grants were provided to European university students and teachers for their studies and work in Asia and vice versa (European Commission 2007m).

V.2.3 Managing the ARF: The EU and Thailand in Regional Security Dialogues

EU and Thailand membership in the ASEAN Regional Forum (ARF), which signifies that the two parties’ are interested in promoting regional peace and stability, enables them to explore the different functions of their bilateral relations in this interregional forum. Established in 1994, the ARF is said to be the most far-reaching regional security for-
um in Asia, as far as its membership and focus of discussions are concerned. It represents a more inclusive approach to regional security than the ASEM, comprising 10 ASEAN member states, 13 ASEAN dialogue partners – including the EU along with other strategic regional players from Australia, Canada, China, India, Japan, North and South Korea, Mongolia, New Zealand, Pakistan, Russia to the US – and an observer country, Papua New Guinea (see also Forster 1999b). With regard to the ARF’s objectives, the initial efforts were to create a venue for multilateral and bilateral dialogues and cooperation activities and to gradually develop the forum from a stage of confidence building to that of preventive diplomacy or conflict resolution (ASEAN Regional Forum 2007a). Besides, the ARF framework is especially designed to accommodate both ‘track one’ and ‘track two’ diplomacy. The former refers to the annual official Foreign Ministers’ Meetings supported by the ARF Senior Officials’ Meetings and the Intersessional Support Groups (ISG) on Confidence Building Measures, with the latter covering non-official regional security seminars and workshops attended by academics, experts and think-tank members from the ARF member countries (European Commission 2005a).

From a neorealist point of view, EU-Thailand relations are expected to perform a balancing function in their interplay with other ARF members or regional organizations, with a view to a more ‘balanced’ constellation of the existing regional security order. That the Thai government plays a key role on the ASEAN side – e.g. in July 1994 Thailand was the host of three important meetings starting from the ASEAN Ministerial Meeting, the Post Ministrual Meeting between ASEAN and its dialogue partners to the ARF –, has made EU-Thailand relations particularly relevant to the ARF framework (Snitwongse 1995: 199). In retrospect, EU-Thailand relations within the ARF may be understood from the viewpoint of Thailand’s changing strategic orientation toward major regional powers. It is noted that since the relatively strong security ties with the US used to provide a guarantee of regional stability during the Cold War period, there was clearly the need to re-adjust an institutional balance thereby bringing about new patterns of governing interregional relations – including those within the ARF framework (see also Narine 1997; Weatherbee 1993). Upon the launch of ARF in 1994, the Thai government was apparently preoccupied with ‘concerns for domestic politics and regional security’, which became the reason for rejecting the US request to station its pre-position ships in the Gulf of Thailand, in a way to avoid misunderstanding with other ASEAN and ARF members including the EU (Snitwongse 1995: 200).

Later on, the evidence also shows that EU-Thailand relations are greatly driven by Thailand’s concern about ASEAN’s leadership within the ARF – particularly because of the ASEAN enlargement, which raises
certain concerns about increasing internal heterogeneity, and because of the Asian crisis in 1997, which seems to have weakened some of the member states (Harris 2002: 129). To maintain ASEAN’s control and centrality in the ARF, EU-Thailand relations are regarded as helpful in pursuing a co-chairing arrangement between a non-ASEAN member and an ASEAN member in ARF Intersessional Support Groups (ARF ISGs) (Harris 2002: 129; see also Wanandi 1998: 59). As the EU became the co-chair of the 2004-2005 ARF ISGs, the relevance of bilateralism was partly underscored to the extent that the European Commission saw this opportunity as crucial in promoting its own views in the forum and supporting the overall reinforcement of the ARF’s roles (European Commission 2005a).

Meanwhile, institutionalists would argue that bilateral relations are more likely to promote deeper cooperation under the ARF framework through their institution-building, rationalizing and agenda-setting dynamics. The relevance of EU-Thailand relations is evidenced by how the two parties have played a supportive role in the ARF’s interregional cooperation in terms of the ARF agenda and institutions. While Thailand has served as a key player in ASEAN, it is apparent for the EU that bilateral relations are crucial for strengthening and, to some extent, coordinating dialogues within the ARF framework. For instance, the EU has shared the ASEAN idea of creating an ‘ARF Unit’ within the ASEAN Secretariat, which may formally participate in all ARF meetings and serve as a reinforcing body for the coordination of ARF activities (European Commission 2005a). Not only is this development expected to promote continued cooperation among ARF participating countries and the Chair, the ‘ARF Unit’ would also improve the effectiveness of the ARF as a whole (ibid.). This idea, which appeared as part of the concept paper ‘The Enhanced Role of the ARF Chair’, was discussed in greater detail at the 10th ARF Ministers’ Meeting in June 2003 (ibid.).

EU-Thailand relations, it seems, are in an important position to support the ARF Unit’s realization, however, they have to be well coordinated with other relevant multilateral and bilateral forces involved including the EU’s relations with individual ASEAN countries and most importantly in the consensus-building process among the ASEAN countries themselves. As a matter of fact, the significance of the rationalizing function of bilateralism has been explicitly noted by the Council that ‘whilst the EC-ASEAN Co-operation Agreement of 1980 and fora like ASEM, ARF and bilateral relationships currently provide useful opportunities for dialogue and cooperation, the New Partnership strongly recommends that efforts should be made for rationalisation and specialisation of agendas proposed under each forum’ (European Commission 2004d).
Considering the rationalizing function of bilateralism, the evidence also suggests that, in certain areas of interest such as counter-terrorism, the EU has actively participated in the ARF ISG meetings and that the EU’s relations with Asian member countries including Thailand may consequently contribute to the exchanging of views and information as well as cooperation among experts (European Commission 2005a). In addition, with respect to different levels of interaction, the European Commission regards it as very important to coordinate multilateral and bilateral efforts, which have been made through global and regional institutions such as the UN, ASEAN, ASEM or APEC as well as in the EU’s bilateral relations with individual countries in the region (ibid.). An example can be found in the ARF’s efforts to reach a consensus on piracy, which is not only related to the issues of regional security but also shows significant implications for the region’s trading partners including the EU (European Commission 2003c: 45). The ARF meetings, along with the EU-ASEAN Conference on Maritime Security in 2002, have focused on the need to develop regional maritime security strategies and to strengthen multilateral cooperation (ibid.). In this respect, the relevance of EU-Thailand relations is related to the EU’s positions towards ASEAN, so that should this bilateralism assume a more decisive role, it may contribute to improving the exchange of information and – if applicable – to preparing a regional consensus on maritime security measures and related commitments. For, although called upon by the International Maritime Organisation in 2002, the ASEAN countries have yet to reach any cooperation agreement on combating piracy and armed robbery against ships. The EU as one of the main users of the sea lanes has a clear interest in supporting concerned countries through sharing specific expertise – e.g., ship tracking systems, maritime police authorities, and the investigation and prosecution of perpetrators – and providing country needs analysis and training (ibid.). Moreover, Thailand’s status as a ‘Partner of Cooperation’ and a member of the ‘Asian Contact Group’ in the OSCE implies that EU-Thailand relations are in a multi-layered context of security dialogues coordinated with those at the ARF meetings. For example, Thailand and the OSCE managed to co-organize the OSCE-Thailand Conference on the Human Dimension of Security in Bangkok in June 2002 (Ministry of Foreign Affairs, Thailand 2005). To follow up on human trafficking issues, the Thai government organized the conference ‘Sharing of Experiences in Combating Trafficking in Human Beings: Opportunities for Cooperation’ in June 2005 (Virameteekul 2006). Since this conference brought together high-level representatives and experts from the OSCE member countries and partners of cooperation as well as those from ARF member countries, it was an opportunity for the participants to share their views and experiences and to discuss the various measures to combat
human trafficking (ibid.). In 2006, the Thai government again played an important role by co-hosting a subsequent OSCE-Thailand Conference ‘Challenges to Global Security: From Poverty to Pandemic’ (ibid.). The message from this conference concerning the emergence of non-traditional security threats in Southeast Asia and elsewhere also included the importance of ‘root cause’ examinations of global security and the increasing relevance of regional cooperation (ibid.).

There seems to be little evidence to support the constructivist notion of a collective identity-building function of EU-Thailand bilateralism in the ARF. However, with respect to their aforementioned roles as regional actors, the EU and Thailand both participate in the ARF’s interregional dialogues and promote ideas and norms in the process of mutual recognition. As seen regarding the issues concerning Burma’s domestic politics, it is evident that given the above mentioned positions of the EU and Thailand, they seem to agree on the relevance of the situation for regional stability and the need to redress the issue of democratic progress in Burma (European Commission 2005a).

Constructivists stress the relevance of dialogues as communicative acts, noting that one of the ARF’s objectives as stated in the first Chairman’s Statement in 1994 is ‘to foster constructive dialogue and consultation on political and security issues of common interest and concern’ (ASEAN Regional Forum 2007a). From this background, the 10th ARF Ministers’ Meeting in 2003 particularly mentioned ‘the usefulness of the ARF as a venue for multilateral and bilateral dialogue and consultations’ and ‘the cultivation of habits of dialogue and consultation on political and security issues’, both of which had been discussed in terms of the ARF’s achievements (ibid.). In practice, the EU-Thailand interaction can be observed in several ARF meetings and events, which the Thai government played an active role in hosting like the 2nd Inter-sessional Meeting on Disaster Relief in February 1998, the ARF Expert Group Meeting on Disaster Relief in January 1999, the ARF Train the Trainers Seminar ‘Towards Common Approaches to Training in Disaster Relief’ in January 2000, the 2nd ARF Seminar on the Law of Armed Conflict in August 2001, the ARF Workshop on Prevention of Terrorism in April 2002, and the ARF Seminar on Missile Defense in October 2005 (ASEAN Regional Forum 2007b, 2007c).

Moreover, the fact that the ARF framework is designed to accommodate ‘track two’ activities, along with the ‘track one’ official activities, underscores the dynamic of non-state interaction. In a sense, the coexistence of ‘track one’ and ‘track two’ meetings also contributes to the principles of flexibility and pragmatism and, to some extent, the process of complex learning. The EU’s recognition of diversity among Southeast Asian countries offers an account of the attempts to ‘anchor its dialogue and cooperation with the region in a flexible framework’ (European
Commission 2004d). Thailand has hosted several ‘track two’ activities on transnational crime such as the 2nd Council for Security Cooperation in the Asia-Pacific (CSCAP) Study Group Meeting on Transnational Crime in October 1997, CSCAP Seminar on Preventive Diplomacy in February and March 1999, the 5th CSCAP Working Group Meeting on Transnational Crime in May 1999, Law Enforcement Cooperation in the Region Related to Cyber Crime and Trafficking in the Region in October 2000, 12th Meeting of the CSCAP Working Group on Transnational Crime in November 2002, so it was probably no coincidence that the Thai government also arranged to host the Inter-sessional Support Meeting on Counter-Terrorism and Transnational Crimes in April 2005 (ASEAN Regional Forum 2007a, 2007d).

V.3 EU-Thailand Relations and Globalism

In the multiple-level settings of international relations, it is apparent that EU-Thailand relations can also be understood in the context of the interplay between bilateralism and multilateral institutions at the global level. The first section focuses on the roles played by EU-Thailand relations in the UN institutions, as mostly regards political and development-related issues. The next section discusses the implications of this bilateralism for WTO-related matters, which range from some bilateral trade issues such as anti-dumping duties, the compensatory negotiations after EU enlargement to the latest discussions on the EU’s FTA with the ASEAN countries. The third section presents an example of the interaction between the EU and Thailand in the implementation of the 2005 Paris Declaration, thereby highlighting the fact that they are both donors in the international donor community.

V.3.1 EU-Thailand Relations and the UN

EU-Thailand political dialogues have become increasingly important, since although their trade relations remain the chief focus, it is clear that both the EU and Thailand seek to address several political issues of mutual concern and have recognized the bilateral channel of interaction in international fora such as the UN. With regard to Southeast Asia, the EU’s concerns are based on the increasing relevance of new security challenges and the very nature of them that need bilateral or regional attention, as mentioned in the European Commission’s communiqué ‘A New Partnership with South East Asia’:

As a major player on the international scene, the EU supports political stability, economic prosperity and the rule of law. This
encompasses overcoming such challenges as ensuring law enfor-
cement, controlling migratory movements and fighting organised
crime in close cooperation with partner countries and interna-
tional organisations such as the OECD and the United Nations. 
Issues of migration and asylum, trafficking in human beings,
money laundering, piracy and counterfeiting need to be incorpo-
rated systematically into our regional and bilateral dialogues with 
South-East Asia (European Commission 2003c: 18).

Thailand’s regional roles in Southeast Asia are an important factor in
giving further momentum to EU-Thailand relations in the international
system. According to Counsellor of the Delegation of the European
Commission to Thailand, Erik Habers, the EU’s relations with Thailand
and other ASEAN countries have been strengthened thereby accommo-
dating a diverse set of regional and international issues: ‘The part-
nership between the European Union and the countries of Asia is growing
ever closer. It is based on cooperation across a broad range of issues, in-
cluding trade and investment, the promotion of human rights, democ-
racy and good governance, and with a focus on the environment and the
alleviation of poverty. ... As one of the leading nations of ASEAN, Thai-
land is a key partner of the European Union’ (Habers 2003). In the field
of development cooperation, for instance, the traditional bilateral chan-
nel between the EU and Thailand has been extended toward multiple-le-
vel interaction in a much wider context while both parties now increas-
ingly engage in a co-funding scheme of collaboration (ibid.).

From a neorealist perspective, EU-Thailand relations are expected to
assume a balancing dynamic in response to changes in Southeast Asian
regional or international power structures. Although there is not much
evidence to suggest that the EU and Thailand have performed a balan-
cing function against each other or a third party within the UN, an ex-
ample can be found in their responses with regard to the fight against
terrorism. In this light, the Council has already confirmed the EU’s re-
gional strategies in this fight against terrorism:

The Council stresses the EU commitment to supporting and en-
hancing regional co-operation to fight terrorism and to share its
experience in the fight against terrorism. The EU is prepared to
consider support for any willing country in the region in the con-
text of the implementation of UNSC Resolution 1373 and relevant
UN conventions. The EU encourages its partners in South East
Asia to combat terrorism with a comprehensive strategy, includ-
ing on issues of political, socio-economic and financial govern-
ance (in European Commission 2004d).
For the EU, the focus on Southeast Asia has been greatly affected by the Bali attacks in 2002 and the regional security challenges emerging from them. As of mid-2003, the EU’s contribution totaled €21 million for two ASEAN countries, namely Indonesia and the Philippines, to support counter-terrorism measures particularly in border management and capacity building of the judiciary (European Commission 2003c: 12, 16). In the case of Thailand, as mentioned earlier, the EU has been aware of Thailand’s regional roles and was impressed by the fact that General Vinai Pattiyakul was the chief of the UN Transitional Administration for East Timor, but there is not much evidence to suggest other specific measures beyond exchanges of views and information.39 Evidently, the European Commission’s meeting with General Vinai in December 2004 highlighted the EU’s interests in the assessments of the Thai government on East Timor issues, considering that the EU seemed to have a positive feedback ready on his characters from his time as head of the UN force.40

Institutionalists believe that bilateral relations between the EU and Thailand contribute to institution building, rationalizing and agenda-setting in the international system. Several rationalizing efforts in EU-Thailand relations have been made to maintain the UN’s main roles in the fight against international terrorism. For example, at the fourth ASEM Summit, the EU was active in the ASEM process to encourage other ASEM participants to adopt the Declaration on Cooperation against International Terrorism and the Cooperation Programme on Fighting International Terrorism and subsequently ratify and implement all 12 international conventions and protocols on counter-terrorism (European Commission 2007m).41 Along this line, the EU’s attempts to reach a consensus on piracy among the participating countries of the ARF meetings and the parallel EU-ASEAN Conference on Maritime Security in 2002 also demonstrates the relevance of bilateralism in addressing regional security issues such as maritime security and their implications for the international system (European Commission 2003c: 45).42 In fact, the EU has shown a clear interest in bilaterally and multilaterally supporting concerned countries by sharing specific expertise including ship-tracking systems, maritime police authorities, and the investigation and prosecution of perpetrators as well as providing for needs in analysis and training (ibid.).

Similarly, the fact that both the EU and Thailand are participants in the Kimberly Process suggests another channel of bilateral interaction in the implementation of the UN General Assembly Resolutions 55 and 56 on so-called ‘blood diamonds’. The aim is to establish an international control regime for the import and export of rough diamonds in order to ensure that they do not provide revenues to rebel movements, violent conflicts and wars. After the UN General Assembly had first
adopted a resolution in support of the creation of the ‘Kimberley Process Certification Scheme for Rough Diamonds’ on December 1, 2000, the WTO managed to approve a waiver for trade measures taken under that certification scheme from January 1, 2003 to December 31, 2006 (European Commission 2007h; Kimberley Process 2007a). Thailand, as a trade-only participant in the Kimberley Process, maintains the need to comply with the Kimberley Process regulations and relevant UN resolutions, whilst the EU has played a key role in this process as the Chair since January 1, 2007 as well as the Chair of the Kimberley Process Working Group on Monitoring that is responsible for the implementation of the aforementioned certification scheme (ibid.; Kimberley Process 2007b). Although the interaction between the EU and Thailand has not been much documented, it has been noted that the Kimberley Process Certification Scheme has contributed significantly to promoting cooperation between the Thailand’s diamond industry and the responsible government authorities including the Department of Foreign Trade and the Customs Department (Kimberley Process 2007b).

In the area of development cooperation, the importance attached to bilateralism is clearly observable in one of the guiding principles of the EU’s development policy: ‘Most of EC development assistance shall be implemented through bilateral channels, which allow for a real policy dialogue and reform in social sectors’ (European Commission 2003c: 20). With regard to a rationalizing function of bilateralism, the European Commission (ibid.) particularly emphasizes the practical advantages of bilateral development projects in terms of their real impacts on recipient countries. EU-Thailand efforts to protect the environment and natural resources, for instance, seem to emphasize the EU’s priorities in the implementation of the Doha Development Agenda and other related multilateral environment agreements including the Convention on International Trades of Endangered Species, the Kyoto Protocol, the Convention on Biodiversity and the Convention to Combat Desertification (Hamburger 2005). The EU-funded ‘Small Grants Programme for Operations to Promote Tropical Forests (SGP PTF) Thailand’ is based on the United Nations Development Programme’s earlier achievements. Erik Habers, Counsellor of the Delegation of the European Commission to Thailand, in his speech at the launching ceremony and workshop for the first nine grantees in Thailand in December 2003 stated: ‘Looking to the success of the Global Environment Facility (or GEF) Small Grants Programme, managed by the United Nations Development Programme, the European Union and UNDP agreed to co-operate on a similar approach for tropical forests. And so this programme was born’ (Habers 2003). The outcome was the EU-UNDP Grant Agreement (ASI and B7-6201 and 1B and 99-0158) formally signed by the European Commission and the United Nations Development Pro-
gramme (UNDP) in December 2000, according to which, the SGP PTF is funded by the European Commission for a period of five years as of January 2003 and managed by the UNDP through an executing agency at the SEAMEO Regional Centre for Graduate Study and Research in Agriculture (SEARCA) (Small Grants Programme for Operations to Promote Tropical Forests in Southeast Asia 2007a).

It is apparent that, when considering the rationalizing function of bilateralism, the ‘SGP PTF Thailand’ is mainly designed to translate the internationally defined goals of environmental sustainability via development activities at the community level, as the following objectives are specifically formulated for operations in the South and Southeast Asian regions: (i) to ‘act as catalyst to promote and demonstrate community-based management and resource-use in tropical forests’, (ii) to ‘draw lessons from local experience and support the spread of successful community-level strategies and innovations’, and (iii) to ‘build grassroots-level capacity to tackle problems that contribute to forest destruction and degradation through partnerships and networks’ (ibid.). In a local setting, it is very crucial that the ‘SGP PTF Thailand’ differentiates the nature of projects in accordance with their geographical focus. For example, while the projects in the North and the Northeast of Thailand emphasize forest management following community documentation and local wisdom, those in the South are mainly dedicated to the post-tsunami reconstruction efforts to combine livelihoods and manage mangrove forest and beachfront plantations (Small Grants Programme for Operations to Promote Tropical Forests in Southeast Asia 2007b). It is also evident that, when considering the institution-building function, the EU-funded SGP PTF in Thailand managed to create the so-called ‘National Steering Committee’ in early 2003 and that this mechanism has been highly regarded, as Erik Habers (2006) asserted: ‘The most important structure within the programme is the National Steering Committee. This is made up of dedicated professionals who work on a voluntary basis to overview all aspects of the programme, often with very significant inputs of time and effort’.

The European Commission has also promoted the concepts of sustainable consumption as they relate to the environment, following UN guidelines to develop an environmentally friendly production of goods and protect relevant consumer interests in partner countries (Delegation of the European Commission to Thailand 2006g: 76). The project titled ‘Capacity building for implementation of UN guidelines on consumer protection in Asia’, to which the EU contributed €330,000 of the total budget of €440,000 under the Asia Pro Eco Programme framework for the implementation period November 2003-September 2005, is aimed at improving environmental performance and technological partnership in the economic sectors and promoting sustainable invest-
ments in Thailand and 11 other target Asian countries (ibid.). The United Nations Environment Programme (UNEP), as the executing agency, conducted a review of best practices studies in sustainable consumption in six European countries including Denmark, France, Germany, the Netherlands, Spain and Sweden and a matching review of those Asian countries in the implementation of such measures, and then organized a regional seminar for representatives of relevant institutions in all of the target countries, then presented the reviews including the discussions of their applicability to Asian conditions, and concluded the findings in a regional strategy to implement the UN guidelines to be distributed among national stakeholders (ibid.). The Thai government, as one of the beneficiaries of this project in the region, has been offered the UNEP’s support in developing national action plans for the implementation of the UN guidelines (ibid.).

From a constructivist point of view, EU-Thailand relations should underscore the significance of the ideas, interests and norms of the identity-building process in an international system. In its pragmatic aspects, it is evident that the EU and Thailand have concentrated in part on a series of political dialogues in improving mutual awareness and comprehension. For example, in the context of the political situation in Burma, it is apparent that, within various interregional and global frameworks, the EU and the ASEAN countries have touched upon certain norms of good governance, respect for human rights and the rights of ethnic minorities and displaced people. The EU has also emphasized the importance of creating a channel of bilateral interaction and the relevance of bilateralism to the international system regarding human rights issues in Southeast Asia: ‘In order to examine human rights issues in greater depth, the EU and a particular South-East Asian country may also decide to initiate a bilateral dialogue specifically on human rights. This dialogue should be constructed in such a way as to enable the partners to establish confidence and explore possibilities for cooperation, as well to join forces on issues of common concern in international fora, including the United Nations’ (European Commission 2003c: 17). Moreover, as mentioned earlier, the EU’s GSP special incentive arrangements, which encourage participating countries to adopt certain international norms through market incentives that include additional tariff preferences or temporary cancellation of sectoral GSP graduation, must follow the core standards of labor rights of the International Labour Organisation and the standards of environmental sustainability of International Tropical Timber Convention (European Commission 2003b). In practice, the impacts of these measures seem rather modest, however, because Thailand has been very careful when it comes to sensitive political issues and has not submitted an application for any
of the special incentive arrangements thus far (see also Office of Commercial Affairs 2003). Moreover, in the process of norm diffusion, it would be difficult to identify the EU’s contribution compared with that of other players involved at the end of the day.

V.3.2 EU-Thailand Relations and the WTO

Since the importance of the WTO is widely accepted, it is apparent that the EU’s bilateral trade relations with ASEAN are strategically conducted in line with multilateral arrangements, as clearly stated in one of the Council’s Conclusions in January 2004:

The Council stresses that the multilateral system should remain the EU’s number one priority to harness globalisation and to deliver on the EU’s trade policy objectives. It therefore underlines the importance of putting the WTO negotiations back on track and moving the multilateral system forward by further market opening and strengthened multilateral rules. The EU and ASEAN should therefore pool their efforts to effectively make progress on all parts of the Doha Development Agenda in order to ensure that the results of the negotiations are balanced and to the benefit of all members (European Commission 2004d).

Within the WTO framework, the fact that the EU acts as a negotiating party in its own right also implies a certain degree of relevance for its bilateral relations with a third country in multilateral trade rounds. In retrospect, the EU and Thailand as an ASEAN member state already confirmed ‘their willingness to contribute to the expansion of international trade in order to achieve greater economic growth and social progress’ early on in the 1980 EC-ASEAN Cooperation Agreement and, more specifically, Article 3 Paragraph 3(a) emphasizes that the two parties involved ‘shall ... cooperate at the international level and between themselves in the solution of commercial problems of common interest including trade related to commodities.’ Article 1 of the 1980 EC-ASEAN Cooperation Agreement stresses the key element of the bilateral commercial relations insofar as it prescribes the provisions of the GATT’s Most Favoured Nation (MFN) status to particular matters of customs duties and charges, the regulations regarding customs clearance, transshipment and payments, direct and indirect taxes, and other related regulations of the internal markets (see also Phatharodom 1999: 242).

The WTO provisions have been highly relevant to both the EU and the Thai government from their earliest stages, so that – in support of the argument of the rationalizing function of bilateralism – they occa-
sionally address issues of mutual interest at the bilateral level. At the time, the Thai government was particularly concerned about (i) the provisions for trade in goods such as anti-dumping, countervailing duties and safeguard clauses and (ii) – with regard to the EU’s enlargements – the regulations of compensatory adjustments as already mentioned above. Regarding the former issues, it should be noted that while the EU has moved from being a major user to being a target of anti-dumping measures, Thailand appears to have concerns regarding fisheries products that began facing higher competition because of an increase in subsidies from mainly the EU, Japan and Korea. However, in the neorealist view, the fact that Thailand joined the group ‘Friends of Anti-dumping Negotiations’ – along with Brazil, Canada, Japan, South Korea, Taiwan, Singapore, Hong Kong, Mexico, Chile, Costa Rica, Israel, Norway, Switzerland, India and Colombia – in calling for the acceleration of WTO negotiations on anti-dumping rules, with the aim of strengthening the rules in anti-dumping investigations and measures (Sally 2004; Bridges Weekly 2005) can be seen in a wider context of WTO anti-dumping negotiations, thus ultimately balancing out the positions among agriculture-exporting countries.

Concerning the second issue, the EU-Thailand dialogues have intensified in relation to the former’s fifth enlargement. In support of the rationalizing argument, the evidence suggests that the two parties were bilaterally able to reach a mutually satisfactory agreement on compensatory adjustment in accordance with the relevant WTO provisions. More specifically, GATT’s Article XXIV Paragraph 5 obliges the EU to make sure that the Union’s duties and other trade regulations ‘shall not on the whole be higher or more restrictive’ than those prior to the accession of ten new member states (European Commission 2004c). Otherwise, Article XXIV Paragraph 6 includes a provision that a third country will be granted negotiating rights to agree on compensation adjustment (ibid.). The negotiations are expected to occur on a tariff-line-per-tariff-line basis whereby both parties are required to take into account any corresponding duty reductions on the same tariff line in other constituents of the union (ibid.). Moreover, the negotiations will take place for a limited period of time, because GATT Article XXVIII contains a provision that when no agreement is reached before the EU’s withdrawal or modification of relevant concessions, the third countries are allowed to withdraw substantially equivalent concessions no earlier than 30 days and no later than 6 months after that withdrawal or modification (ibid.). The first negotiation session with Thailand was initiated in November 2004, in which both sides met to discuss general procedures and approaches. Thailand and Brazil are the main countries in the poultry sector to have negotiating rights with the EU. The EU reached an agreement with Thailand on quotas for cooked and salted poultry after two
days of negotiations. Subsequent negotiations in 2005 and 2006 have dealt with the import regimes of various items such as poultry, rice, canned tuna, and sardines, most of which have been finalized since.

As an argument of agenda-setting, bilateral cooperation between the EU and the Thai government on ‘Geographical Indications’ (GIs) demonstrates an example, in which bilateral cooperation may promote the protection of intellectual property rights at the international system level. As previously mentioned, in June 2006, the Thai government became one of the pioneers when it hosted the EC-ASEAN Regional Seminar and Exhibition on the Protection and Promotion of GIs titled ‘Lands of Tradition and Opportunities’ and participated in the ‘EC-ASEAN Intellectual Property Rights Co-operation Programme (ECAP II) Twinning Initiative’ (Delegation of the European Commission to Thailand 2006a). Moreover, the fact that the Thai government adopted the ‘Geographical Indication Protection Act’ in April 2004 provides prospects for a workable national legal framework for the protection of specific goods that have qualities or reputations based on their geographical origin (ibid.).

Moving on to the prospects of EU-ASEAN FTA negotiations, it cannot be emphasized enough that the EU was first reluctant to initiate new bilateral FTA negotiations during the Doha Round, considering the WTO to be the main channel of free trade. Against this background, EU Trade Commissioner Peter Mandelson’s speech ‘The EU-Thailand – bringing ASEAN and Europe closer together’, during his first official visit to Thailand in April 2005, is crucial in illustrating the EU’s efforts to re-assess the relevance of bilateral free trade agreements for the international system, as follows:

We recognize the interest of many countries in the region, including Thailand, in negotiating bilateral FTAs. The EU itself is a strong user of FTAs, believing that multilateral and regional processes can be mutually reinforcing. Nonetheless, we remain convinced that the multilateral approach through the WTO will bring the widest benefits to the largest number of countries. It is an approach well worth pursuing. FTAs should be seen as complementary to the WTO and not as an alternative. But with the end of the WTO multilateral round in sight, Asia and in particular ASEAN are high on my radar screen as potential candidates for FTAs (cited in Delegation of the European Commissioner to Thailand 2005c).

The implications of bilateralism and multilateralism for one another are undeniable. From a theoretical perspective, the functions of bilateralism is best explained by the neorealist and neoliberal views on its implica-
tions for the developments of the international trade order, with the former stressing the balancing function and the latter suggesting the institutional-building, rationalizing and agenda-setting functions. In the context of relations between Europe and Asia, while the liberalizing efforts at the regional level are expected to clearly produce economic benefits for the parties involved, the logic of preferential trade arrangements may also eventually lead to discrimination, trade diversion and the fragmentation of the international system (Avila 2003).

In the neorealist view on balancing, the logic of the recent wave of regional liberalization in East Asia and elsewhere can be traced to and thereby underscore the advantages of so-called ‘competitive liberalization’ following the opening up of markets and the easing of regulations within the group – with possible disadvantages for an outsider country (Chirathivat and Mallikamas 2004: 40). As mentioned above, the lack of tangible results at Cancun in 2003 and Hong Kong 2005 has led a series of WTO members to reconsider their external trade strategies and a general drift away from multilateralism. It should be emphasized that some of the ASEAN and ASEAN+3 countries recently evolved from a ‘catching-up-country’ into an ‘endogenous-growth-country’ status and that the EU allegedly ‘has reacted to this shift in world competitiveness towards Asia amongst other things by forming a strategic partnership with members of this region’ (Koubek 2006: 274). In one of its conclusions on the recommendations to open FTA negotiations with ASEAN countries, India and South Korea in April 2007, the Council of the European Union (2007: 1) apparently saw the justification for these new bilateral agreements arguing in favor of their balancing function against its main competitors:

While respecting the priority of the multilateral trade negotiations, Free Trade Agreements with countries of ASEAN, India and the Republic of Korea should be taken forward rapidly to improve the external competitiveness and market access conditions of European industries on these important markets vis-à-vis global competitors.

In this light, the EU’s arguments for creating the recent bilateral FTAs support the description of them as ‘new competitiveness-driven FTAs’ (Transnational Institute 2007; see also Mandelson 2006b). Furthermore, the nature of bilateral agreements also requires a certain degree of reciprocity between the two parties involved. From the European Commission’s perspective, the EU, as EU Trade Commissioner Peter Mandelson once noted, ‘need to support reformers in emerging economies who want to use external trade pressure to maintain positive change in their countries. And we need to do so, frankly, because Eur-
opeans will expect to see our own openness reciprocated by those with whom we trade’ (Mandelson 2006a: 6).

From the institutionalist perspective, the evidence seems to suggest that the institution-building and rationalizing functions of new bilateral-ism are applicable in explaining the FTA talks between the EU and the ASEAN countries while the agenda-setting function is less likely in particular at an early stage of FTA negotiation. Interestingly, the EU and ASEAN had been aware of the mutual benefits that would result from their FTA. According to independent research released by the European Commission in April 2007, the three new FTAs will probably generate additional benefits of some 40% to the Doha Round if successfully concluded. While between the EU and ASEAN, EU exports to ASEAN are expected to increase by 24.2% and ASEAN exports to the EU by 18.5% and that both sides also stand to gain from other components of the negotiated FTA such as the liberalization of non-tariff barriers (European Commission 2007; See also Bangkok Post, dated May 2, and 2007). Adopting the mandate to negotiate FTAs with ASEAN, India and South Korea, the then EU Trade Commissioner Peter Mandelson believed: ‘Combined with a successful conclusion to the Doha Round, these agreements will open new markets to EU businesses and give a valuable boost to global trade’ (cited in Bangkok Post, May 2, 2007). The same study also suggests that – assuming that the ASEAN is already fully liberalized regarding goods except for some sensitive products, and has cut barriers in the service sectors by 50% – the biggest gains for the EU and the ASEAN countries are expected to come from the liberalization of ‘business services’ insofar as the former may experience a 29% increase (about € 7.9 billion) and the latter an 80% increase (about € 14 billion) (European Commission 2007n). The trade diversion effects of the EU’s FTAs with ASEAN countries, India and South Korea will probably remain ‘minimal’, although the one with ASEAN countries may cause a certain degree of trade diversion from China and India (ibid.).

Although their FTA negotiations may not create a new institution in the WTO framework as such, the path leading to it is likely to generate necessary impulses for deeper cooperation, as seen in a variety of bilateral cooperation activities including workshops and seminars. The Delegation of the European Commission to Thailand (2007c) views the key priority in the field of economic cooperation and development the provision of ‘technical and capacity building assistance to help Thailand implement its WTO commitments’. An example can be found in the EU’s willingness to informally support recent attempts by the Thai government to implement its commitments within the frameworks of the WTO Agreement on Sanitary and Phytosanitary matters and the Codex Alimentarius, for example, the EU hoped that it could provide regular
discussion and an exchange of information on legislation, certification and inspection procedures.\textsuperscript{52}

In view of its rationalizing function, the new bilateralism apparently serves as a more efficient channel than the WTO does to address certain globally-oriented issues and is also in a more flexible position to take action through bilateral cooperation activities. The EU-ASEAN FTA will probably generate some ‘pluses’ for the WTO’s Doha Round negotiations, which is emphasized in the Council’s conclusions on its recommendations to open the FTA negotiations with the ASEAN countries: ‘the EU should aim at a new generation of WTO compatible Free Trade Agreements that extend beyond present agreements and build towards future multilateral negotiations, with the intention to strengthen the multilateral trading system. They should be ambitious and comprehensive and comprise far-reaching liberalisation of trade in goods and services, and investment. Special attention will be given to the elimination of non-tariff barriers’ (Council of the European Union 2007).

At the same time, it is apparent that the EU and Thailand may aim to promote trust, mutual awareness and understanding between business communities. For constructivists, it seems obvious that the prospects of bilateral free trade agreements are not primarily limited to economic benefits and institutional developments but can also be combined with the dynamics of value-based interactions and collective identity formation. It is clear that the EU has pursued some trade policies of value-based orientation, for example, in its communiqué ‘A New Partnership with South East Asia’, the European Commission (2003c: 3) noted: ‘New bilateral agreements with countries of the region should all contain the “essential element” clause regarding human rights, while the EU and particular countries in the region may decide to launch Human Rights-specific bilateral dialogues’. Moreover, the EU’s efforts to promote regional integration among and with developing countries can also be seen as pursuing a goal of integrating them into the international trade system (Reiterer 2006: 243). This idea was officially stated in the Council’s conclusions on the recommendations to open FTA negotiations with the ASEAN countries, as follows:

The new WTO-compatible Free Trade Agreements with emerging countries should contribute to improving competitiveness and growth in Europe and globally and support further integration of partner countries into the international trading system (Council of the European Union 2007: 1).

At this stage of the EU-ASEAN FTA negotiations, it seems too early to assess the extent to which normative elements such as those in the GSP’s special incentive arrangements mentioned above may be applied
and to identify the implications that the outcomes may have for the process of identity formation. The EU and Thailand have been active in the negotiations of this prospective FTA. However, their bilateral relations seem to focus *at most* on certain aspects such as labor rights, so that it is doubtful if these relations would eventually contribute to the formation of any long-term collective identity (see also Knottnerus 2007).

### V.3.3 The EU and Thailand in the Donor Community: The Implementation of the Paris Declaration

The European Commission and the Thai government, along with some 90 countries and 40 participating organizations and civil society organizations, adopted the ‘Paris Declaration on Aid Effectiveness’ in March 2005. In brief, the Paris Declaration (2005) is comprised of five concepts: ownership, harmonization, alignment, management for results, and mutual accountability. In the view of Ambassador Dr. Friedrich Hamburger (2006), Head of Delegation of the European Commission to Thailand, EU-Thailand relations seem very promising because the EU is a well established donor and Thailand recently became one and thus may explore the implications of the Paris Declaration for regional cooperation projects and specifically for the international donor community. Thus far, the European Council has welcomed the possibility of trilateral cooperation in EU cooperation activities in Southeast Asia and has declared the EU’s readiness to provide assistance in line with the Initiative for ASEAN Integration (European Commission 2004d). Moreover, as Head of the Operations Section of the Delegation of the European Commission to Thailand Andrew Jacobs (2006: 17) has asserted, the EU donors have reached the so-called ‘European Consensus on Development’ and, with it, have introduced further cooperation measures that include the proposed ‘Road Maps for Aid Effectiveness’, which raises the awareness of and establishes certain guidelines for the EU’s cooperation activities, including those with Thailand and Southeast Asian countries. Jacobs (ibid.) also underlines Thailand’s role as follows: ‘EU donors are particularly keen to work closely with emerging donors such as Thailand, who are major players in Asia, providing considerable support to their less-developed neighbours’.

In an overview, it may be worth reviewing development cooperation engaged in the Thai government. Thailand’s contribution in the form of Official Development Assistance (ODA) amounted to c. $ 167 million in 2003, that is, roughly 0.13% of the country’s gross national income (Thailand International Development Cooperation Agency et al. 2006: 3). While this ODA level is comparable to that of OECD countries and significant for a middle-income country, it is emphasized that the proportion it has allocated to the least developed countries, according to
Thai ODA, is c. 94% of allocations, which is far above the OECD’s average of 26% (ibid.). The recent focus has been on cooperation activities in less developed countries and, with the EU and some other donors, there have been discussions about the rationalizing strategies of trilateral cooperation. As far as modalities are concerned, Thailand’s development cooperation programs are conducted through bilateral, trilateral and regional channels and in the form of South-South cooperation, partnership cooperation with other donors, and North-South-South cooperation (Ministry of Foreign Affairs, Thailand 2006b). The Thai government regards its neighboring countries as priorities in the list of target countries but, at the same time, also provides development assistance to countries in other regions including Africa and South Asia (Thailand International Development Cooperation Agency 2007a; Thailand International Development Cooperation Agency et al. 2006).

Most of the recent and on-going bilateral projects focus on technical cooperation and training courses such as supporting the Mae Fah Luang Foundation under Royal Patronage in its implementation of the sustainable alternative livelihoods development project in Afghanistan, the Thailand-Sri Lanka Technical Cooperation Programme as a contribution to the latter’s rehabilitation process, the Thailand-Bhutan Human Resources Development Programme and the Thailand-Jordan Technical Cooperation Programme in the fields of agriculture, tourism, and trade and investment (Thailand International Development Cooperation Agency 2007a, 2007c). Moreover, there are also training courses on community empowerment for senior- and middle-level officials from Iraq, Jordan and Afghanistan, the development of small scale fishery projects in marine capture and fish processing and a training course on gem-cutting in Madagascar, projects for the improvement of rice production techniques, the development of effective control measures for Malaria and HIV-AIDS and the improvement of existing surveillance and monitoring systems and the development of small scale fisheries and aquaculture in Mozambique (ibid.). Other projects include the development of sustainable agriculture in the Kingdom of Lesotho, training courses on export promotion and fish aquaculture in Egypt, bilateral technical cooperation programs in the fields of agriculture, tourism, and narcotics control in the CIS (Uzbekistan, Kazakhstan, and Tajikistan), training programs in medicine, fisheries, rice production and agriculture in Cuba, and the Thailand-Peru Technical Cooperation Programme in the fields of agriculture, fisheries, and tourism (ibid.).

The main criticism is that only 8% of the Thai ODA is directly allocated to the social sectors compared to a 20% target for OECD countries and that the Thai approach focuses mostly on soft loans rather than on grants and a portion of these is tied to the purchase of goods and services (Thailand International Development Cooperation Agency
<table>
<thead>
<tr>
<th>Country</th>
<th>Thai International Cooperation Program (TICP) FY 2005 (1000 baht)</th>
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<tr>
<td></td>
<td>Bilateral Program</td>
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<td>Southeast Asia</td>
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<tr>
<td>– Cambodia</td>
<td>31,250</td>
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<td>– Lao PDR</td>
<td>43,529</td>
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<td>– Myanmar</td>
<td>4,501</td>
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<td>– Vietnam</td>
<td>24,915</td>
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<td>– Brunei</td>
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<td>– Indonesia</td>
<td>1,709</td>
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<td>– Malaysia</td>
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<td>– Philippines</td>
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<td>– Singapore*</td>
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<td>– Timor Leste</td>
<td>2,696</td>
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<td>East Asia</td>
<td>5,498</td>
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<td>– China</td>
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<td>– Hong Kong</td>
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<td>– Japan</td>
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<td>– Korea, PDR</td>
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<td>– Korea, Rep.</td>
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<td>– Mongolia</td>
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<td>South Asia</td>
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<td>and Middle East</td>
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<td>– Afghanistan</td>
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<td>– Bangladesh</td>
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<td>– Bhutan</td>
<td>1,207</td>
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<td>– India</td>
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<td>– Iran</td>
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<td>– Jordan</td>
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<td>– Maldives</td>
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<td>– Nepal</td>
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<td>– Pakistan</td>
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<td>– Palestine</td>
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<td>– Sri Lanka</td>
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<td>The Pacific</td>
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<td>– Fiji</td>
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<td>– Bukina Faso</td>
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<td>– Djibouti</td>
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<td>– Egypt</td>
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<td>– Ethiopia</td>
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<td>– Kenya</td>
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<td>– Madagascar</td>
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<td>– Mauritius</td>
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<td>– Mozambique</td>
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<td>– Nigeria</td>
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<td>– Senegal</td>
<td>112</td>
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<td>– Sudan</td>
<td>714</td>
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et al. 2006: 3-4). The latter point seems to related to the Paris Declaration principle of ‘alignment’. This will be discussed in greater detail below.

The neorealist explanation focuses on the responses of states to structural changes in the international system, so that one would expect EU-Thailand relations to be strategically driven and, in a sense, focused balancing against other regional and international players. The Thai government considers the relations with traditional donors, including the bilateral ones with the EU, to be crucial for improving its performance in development cooperation at the international system level, as noted by Thailand International Development Cooperation Agency’s Director General Piamsak Millintachinda (2006: 14):

Since we are modestly a very small emerging middle-income donor, partnership cooperation with other developed countries has
been our key modality to extend our shared experiences and knowledge to assist other developing countries.

As a consequence, the concepts of trilateral cooperation seem increasingly attractive to both Thailand and the EU. The Thai government has positioned itself as an emerging donor that used to receive development assistance, which probably highlights the strategic importance of providing technological transfers to recipient countries in the region and, at the same time, benefiting from the expertise of the EU and other traditional donors (see also ibid.). The EU and the Thai government are well aware of their regional roles in Southeast Asia and that, at first glance, bilateralism will probably make a significant contribution to poverty eradication efforts (Millintachinda 2006). The joint activities between the Thai government and the EU will probably lead to improvements in pursuing the development needs and priorities of partner countries, but this bilateralism may also strengthen the former’s relations with other donors in those partner countries (Thailand International Development Cooperation Agency et al. 2006: 2).

Unlike the neorealist views on balancing, institutionalists seem more concerned with the coordinating efforts of the bilateral parties, thus they expect EU-Thailand relations to perform institution-building or rationalizing functions in the international cooperation framework. The European Commission has welcomed Thai efforts to implement the Paris Declaration and to adopt some of the proposed measures for aid effectiveness at the regional and international levels. For example, the above-mentioned criticisms regarding the fact that only 8% of Thai ODA is directly allocated to the social sectors compared to a 20% target for OECD countries and that the Thai approach mostly focuses on soft loans, as noted above, have been raised in the context of the ‘alignment’ principle of the Paris Declaration (Thailand International Development Cooperation Agency et al. 2006: 3-4). The Paris Declaration, as UN Assistant Secretary-General and UNDP Regional Director for Asia and the Pacific Bureau Dr. Hafiz Pasha (2006: 16-17) observed, ‘is an important instrument for increasing the quality of aid. It is the commitment of the donors and developing countries to undertake reforms of aid management, through measuring their success – or failure – at making aid more effective with a set of indicators and targets for 2010. These targets are designed to track and encourage progress at the global level across all aid modalities, which shall be guided by development strategies and priorities established by partner countries themselves.’

The Thai government’s on-going bilateral projects – despite their technical development nature – can also be considered supportive of OECD norms such as human rights, rule of law and good governance. Although it seems too early to assess the EU’s contribution to the Thai
process of internalizing those norms as proposed by the OECD or the Paris Declaration, with respect to the Millennium Declaration and the Millennium Development Goals (MDGs, a global framework for improving the conduct of development cooperation) the EU and its member states and the Thai government have played significant roles in several bilateral and multilateral initiatives, with the latter being particularly active in promoting the ‘MDG 8: Develop a Global Partnership for Development’ (Thailand International Development Cooperation Agency et al. 2006; Parsha 2006). Thailand is one of the middle-income countries that has stressed the relevance of South-South cooperation activities in the achievement of MDGs by 2015. Thailand was also the first non-OECD country to submit a report on its MDG 8 contribution in September 2005 (ibid.). The possibility of the EU cooperating with the Thai government to provide assistance to some of the less developed Southeast Asian countries is regarded as an important step in rationalizing their bilateral relations in accordance with international principles on development cooperation partnership. Yet, insofar as the European Commission does not have any specific criteria for the choice of a recipient country in trilateral cooperation, it can be argued as more reasonable to consider cooperating with countries in the region such as Laos, Cambodia, or Vietnam whilst cooperation with African countries is also possible but may be justified only under certain conditions.56

Furthermore, the institutionalist arguments are supported by the Thai governments attempt to set up a multilateral channel for dialogues on the implementation of the Paris Declaration. More specifically, the Ministry of Foreign Affairs Thailand International Development Cooperation Agency hosted the workshop ‘Aid Effectiveness: From Paris to Bangkok’ in Bangkok on October 5, 2006 (Thailand International Development Cooperation Agency et al. 2006). This event was an initiative of the Thai government and supported by the Delegation of the European Commission to Thailand and the United Nations Development Programme (UNDP), in cooperation with the World Bank (ibid.). It should also be noted that the workshop managed to bring together representatives from government agencies and relevant institutions including – on the Thai side – the Ministry of Foreign Affairs, the Ministry of Finance, the Ministry of Agriculture and Cooperatives, the Ministry of Interior, the Ministry of Public Health, the Ministry of Education, the Office of the National Economic and Social Development Board, and the Neighbouring Countries Economic Development Cooperation Agency, and – from abroad – the European Commission, the United Nations Development Programme, the Asian Development Bank, the World Bank, the Agence Française de Développement, the Canadian International Development Agency, Japan International Cooperation Agency, the U.S. Agency for International Development, and the embas-
sies of the EU member states, Australia, Japan and Vietnam (ibid.). This long list of attendees not only reflects the increasing interests in aid management for regional and international development activities but the significance of Thailand’s new roles and relations among traditional donors including the EU in the international system. As Piamsak Millintachinda (2006: 15) observed in his opening remarks: ‘I am looking forward to materializing the phase ‘From Paris to Bangkok’, not for the benefit of Paris or Bangkok but the global community at large’.

Constructivists would generally underscore the relevance of norms and ideas regarding the formation of identities and interests of the actors involved in the bilateral interactions between the EU and Thailand in a donor community. Thailand, Dr. Hafiz Pasha (2006: 5 noted, has ‘within a generation’ moved from being a recipient country to being an emerging donor, which not only suggests the opportunity to learn from the experiences of established donors such as the EU and its member states but, to go a step further, to share its experiences with other emerging donors including China, India and some Central European countries. The Paris Declaration, which is based on the Rome Declaration on Harmonisation in 2003 and the Marrakech Principles on Managing for Development Results in 2004, illustrates the agreement among donors and partner countries to more effective aid delivery and result-based management and, for the Thai government, also sends an important signal regarding the country’s new role in the international community (Millintachinda 2006). The adoption of the Paris Declaration in 2005 implies the commitments of the European Commission and the Thai government to relevant guiding principles based on a list of development targets and indicators. Against this background, their bilateral relations may contribute to the perception of Thailand’s changing role as a new donor in the international community, by which both sides are likely to face similar challenges in the implementation of the Paris Declaration. Moreover, the events such as the above-mentioned workshop ‘Aid Effectiveness: From Paris to Bangkok’ in October 2006, is not only an institutionalist argument for the creation of a new forum but also serves as one of the important steps in bringing the actors involved together in bilateral and multilateral dialogues, to promote further exchanges of views and experiences.

V.4 Summary

The analysis of EU-Thailand relations at the international system level was conducted using arguments from the three schools of international relations: neorealism, neoliberal institutionalism and constructivism. The study, which has focused on the balancing, institution-building, ratio-
nalizing, agenda-setting and identity-building functions of new bilateralism derived from these three theoretical schools, can be summarized as follows:

The neorealist theory suggests that in response to changes in regional power structures, EU-Thailand relations principally perform a balancing function, which can be pursued not only between each other but also toward a third party – be it a country or a group of countries. At the regional level, the initial EC-ASEAN dialogues began in as early as the 1970s, making it apparent that the then EEC considered its bilateral relations with the Southeast Asian countries including Thailand a significant balancing trick, especially against a background of the prospective accession of the UK in the EEC in 1973, in which Malaysia and Singapore showed active engagement because of the benefits associated with their postcolonial links to the Commonwealth (Dent 1997-98: 502).

Within ASEAN, EU-Thailand relations have to some extent contributed to the maintenance of a balance of this regionalism, as can be observed in part with the conception of trilateral cooperation and later the establishment of the EU FTA with the ASEAN countries. By the way, while the EU-ASEAN FTA discussions show a certain degree of internal fragmentation among ASEAN states themselves, this FTA – if it ever happens – will be seen as the Thai and ASEAN response to the competition of China and the other two East Asian countries and their rising trade figures as ASEAN shares have shown a decline in their EU FDI stocks in East Asia. The EU and Thailand are currently in the final stages of negotiating a bilateral framework agreement which will only provide a comprehensive, far-reaching framework for their bilateral dialogues and cooperation projects but also improve the relative positions of both parties in ‘a stronger, deeper and more structured relationship’ (Delegation of the European Commission to Thailand 2006g).

However, the extent to which EU-Thailand relations perform a balancing function seems to vary greatly depending on the level of interaction. There is slightly less evidence at the interregional level to suggest EU-Thailand relations have a balancing function within the ASEM or the ARF than at the regional level. Their bilateralism has, however, played an important role in advocating Thailand’s access to the European Investment Bank and proposing various projects during the implementation of the ASEM Trust Fund, which, although modest, can be regarded as the EU’s most tangible contribution in the region during the post-financial crisis period. The Thai government’s proposal to introduce an ‘Asia Bond’, for example, was aimed at strengthening the Asian ASEM members’ positions against those of its European counterparts. The fact that the Thai government is a key player on the ASEAN side also makes this bilateralism very relevant for the EU in its promotion of its role in, for example, co-chairing the ARF Intersessional Sup-
port Groups. At the global level, the EU and Thailand perform the balancing function to a lesser against each other through the UN or the WTO, except for certain trade-related issues such as the WTO anti-dumping negotiations that polarize most agricultural countries. Otherwise, their bilateral relations are in line with international efforts, such as the fight against terrorism, whilst the prospective EU’s FTA negotiations with the ASEAN countries is competitiveness-driven to maintain a balance in international trade relations.

Neoliberal institutionalists, meanwhile, can provide more evidence that EU-Thailand relations have contributed to international cooperation thereby performing the functions of institution-building, rationalizing and agenda-setting. Since their earliest relationship in the 1970s, the EU and Thailand have been mentioned as two important actors that helped establish the EEC-ASEAN dialogues. In fact, the first EC-ASEAN Ministerial Meeting held in Brussels in 1978 was proposed by German Foreign Minister Hans-Dietrich Genscher and ‘actively’ supported by the Thai government (Genscher 1982: 12; von Stechow 2003: 7). In the ASEAN context, the Thai government and the EU clearly support ASEAN’s own regional integration efforts, with the former having hosted a series of EU-funded TREATI projects for interested ASEAN countries such as the seminar on food safety rules and the workshops on sanitary and phytosanitary standards in the fisheries sector and on EU standards and technical regulations in the electronic and electrical equipment sectors. More significantly, in the aftermath of the Asian crisis, EU-Thailand relations evidently played a crucial role in proposing the creation of the ASEM Trust Fund in 1998, in which the EU’s contribution – using a project-oriented approach – ranged from the revival of the corporate sector, the reduction of poverty and social inequality to the protection of natural resources. Later, during the ASEM process, bilateral cooperation between the EU and the Thai government has also given a boost to a series of institution-building ASEM initiatives such as the establishment of the ‘Asia-Europe Environment Technology Centre’ and the proposal for the ‘Asia-Europe Information Technology and Telecommunications Programme’, which was later integrated into the ‘Seminar on Information and Telecommunications Technology’.

The EU and Thailand, with regard to the rationalizing function, have always underscored the relevance of bilateralism as an important channel for addressing regional and international concerns – in both the political and economic fields. Their bilateral relations significantly promote WTO-related activities such as the introduction of the Geographical Indication concepts and the formation of the Thailand-EU Business Forum, which not only aims to assist the adjustment of Thailand’s private sectors to EU standards but also to define areas of cooperation including technical assistance and capacity building for the implementa-
tion of the country’s WTO commitments. Likewise, the EU often encourages its bilateral partners to adopt certain international codes of conduct, for example, to ratify the 12 conventions and protocols on counter-terrorism or to reach an agreement on cooperation against piracy and armed robbery against ships. In the field of development policy, several bilateral programs – e.g., the EU-funded SGP PTF Thailand – are designed to pursue internationally defined goals of environmental sustainability through community-level resource-efficient development projects. At this stage, bilateralism’s agenda-setting function is observable only to a lesser extent. The example of the introduction of the Geographical Indications shows not only that EU-Thailand relations actively supported the adoption of these concepts into Thai national legislation in 2004, they have also attempted to promote them at the regional level through the second EC-ASEAN Technical Assistance Programme on Intellectual Property Rights (ECAPII) framework.

From a cognitive approach, constructivists believe that an important function of EU-Thailand relations is to form a collective identity and interests through interactions at the international system level. Although empirically less accurate, the constructivist explanation is very helpful by complementing the rational views with some cognitive aspects. The formal and informal political dialogues between the EU and Thailand could improve mutual awareness and comprehension of the norms of good governance, respect for human rights and the rights of ethnic minorities and displaced people and that given the positions held by the EU and Thailand, they now share a common view regarding the relevance of the situation for regional stability and the need to redress Burma’s democratic progress (European Commission 2005a). Thailand and the EU have with the adoption of the Paris Declaration in 2005, become committed to the same guiding principles based on a list of targets and indicators. This means that EU-Thailand relations can contribute to the integration of the latter into the donor community – as was already discussed in the section on concepts of trilateral cooperation. Furthermore, the constructivist explanation becomes even more credible because of its argument regarding the dynamics of complex learning. Furthermore, the EU-funded TREATI is, at first glance, designed to be a regional dialogue mechanism and the ASEM process also mostly promotes dialogues, which allows the EU and Thailand to establish trust and promote mutual awareness and understanding through the exchange of experience, e.g., in the Meetings on Standards and Conformity Assessment, the Seminar on Geographical Indications and the ASEM Public Debt Management Forum. Moreover, these dialogues and some of the new cooperation projects that promote university-to-university cooperation and intellectual links among academics and experts are helpful for the EU in raising its profile in the region.
VI Conclusion

Towards a New Bilateralism? The Case of EU-Thailand Relations

Following the prefacing arguments about the conceptualization of new bilateralism, this section of the conclusion summarizes the pros and cons of EU-Thailand relations as representative of new bilateralism based on their practical implications and the relevance of them to the international system. It should be possible to conclude from the outset that EU-Thailand relations in principle belong to a recent trend in new bilateralism despite certain limitations regarding their international presence and diverging programmatic approaches.

The first supporting argument lies in the new qualities of the relevant actors in both the EU and Thailand. While economists would not consider the two parties to be ‘natural’ trading partners, the importance of their bilateral relations seems to complement the new arguments on reconstructing hub-spoke bilateralism and accentuating the pre-existing EU-ASEAN relations. Thailand’s efforts – mainly during the Thaksin government – to initiate a number of bilateral free FTA negotiations with countries across regions and the EU’s recent emphasis on certain new strategic bilateral relations, well beyond its conventional arrangements with neighboring countries, regional organizations and close partners such as the US, give a strong signal that an emerging new bilateralism relies less on historical relations and geographical proximity than on converging interests, political background and good personal relations. More importantly, on the EU’s part, EU Trade Commissioner Peter Mandelson’s message in his speech in Berlin in September 2006 and later the Council’s conclusion in the recommendations to open FTA negotiations with the ASEAN countries in April 2007 are clear enough to reflect the strengthening of the EU’s actorness. It also signals a high degree of pragmatism among the relevant actors in the trend of new bilateralism.

Second, the EU and the Thai government have obviously agreed on a much wider range of political and trade-related dialogues and cooperation activities. Here the free choice of relevant issues and how they are combined plays a very important role in introducing new patterns of negotiations across operating sectors and policy fields, as was discussed in
a series of recent bilateral GSP-related negotiations. The economically dominating agendas of bilateralism gradually begin to accommodate more issues that have been impeded under the WTO, or the so-called WTO-plus issues, for example, the EU-Thailand cooperation on intellectual property rights as seen in the introduction on Geographical Indications. Similarly, in the political sphere, their bilateral dialogues have started to take into account sensitive political values, demonstrating a substantial modification regarding security understanding that is no longer limited to the primordial conduct of military resources and thus reveals the increasing importance of non-conventional security issues such as the environment, human security, migration and counter-terrorism. For example, the EU continuously seeks to promote through available channels certain norms such as good governance, respect for human rights and particularly the rights of ethnic minorities and displaced peoples in the case of Burma. In the field of bilateral development cooperation, the gradual disappearance of traditional EU development projects in Thailand has seen the rise of a new generation of cooperation programs including ‘Capacity-Building for Implementation of UN Guidelines on Consumer Protection in Asia’, a long list of trade-related seminars and workshops in the TREATI and ASEM frameworks such as on food safety rules or sanitary and phytosanitary standards in the fisheries sector, as well as a new cooperation scheme in higher education.

Third, the multi-level nature of EU-Thailand relations creates new possibilities for the bilateral parties to interact at a number of parallel levels ranging from individual-to-individual, the EU-ASEAN dialogues, the ASEM summits and ministerial meetings, the ARF’s ‘track-one’ and ‘track-two’ meetings to the global fora including the UN and the WTO. For obvious reasons, this new trend is self-explanatory insofar as bilateral initiatives drive and are being driven very quickly by the recent developments of international relations. The attempt to break down a comprehensive multilateral agenda into several single issues, which Smith and Tsatsas (2002: 29) have termed ‘multiple issue-specific alliances’, has an important advantage for the two parties in that it focuses on a particular issue and at a particular level, on the basis of mutual interest. There are a number of examples in EU-Thailand relations including the ‘Seminar on Information and Telecommunications Technology’ co-supported by the European Commission and the Thai government as an ASEM initiative and the EU-funded ‘Asia Urbs’ initiative in environment conservation and management between Lamphun Municipality and the two European municipalities of Wettenburg (Germany) and Sorgue (France). Likewise, several institutions have been created in support of the principles of flexibility and reciprocity, as in the formation of
the Thailand-EU Business Forum and the EU’s request to establish an ‘EU Chamber of Commerce’ in Thailand.

However, there seem to be at least two reasons that explain the apparently curved path of EU-Thailand relations toward new bilateralism and the view that these bilateral relations might not appear so dynamic as they could become. The first reason can be found in a foreign policy analysis at the unit level and is that – especially in trade-related matters – these bilateral relations have thus far followed a problem-oriented approach rather than certain other strategic policies. While the EU’s engagement is mostly driven by business interests and run through a specific internal division of competence, the Thai government’s main interests have been more subtly intertwined between preserving a balance of power and promoting regional security both in political and trade-related matters. We can thus argue that their diverse preconditions and the differences in their programmatic approaches have to some extent complicated the developments of this bilateralism.

The second argument is that the ‘relevance’ of bilateralism differs greatly across the regional, interregional and global levels, and so does its ‘significance’ and the attractiveness for both parties to explore certain functions ascribed to new bilateralism. Thailand’s crucial regional roles make it very important for the EU to consider Thailand’s positions and to promote corresponding aspects of their bilateral relations in Southeast Asia. The functional analysis illustrates that in interregional fora such as the ASEM and the ARF, the China factors and some of the recent regional security issues have blurred the picture of the interplay between bilateralism and multilateralism to a certain extent. In this connection, the relevance of EU-Thailand bilateralism can only be felt to an even lesser extent at the global level, in international institutions like the UN and the WTO. In most cases, the balancing function of this bilateralism has evidently been outperformed by the rationalizing function. Since the two parties interact in an ever broader and multi-level framework, their efforts are likely to address certain issues of mutual concern and facilitate the implementation of some internationally defined goals and commitments.

New Bilateralism and the Making of Foreign Policy

Realists appear to be more precise in explaining the opportunistic foreign policy behavior of state than their liberal and constructivist colleagues when it comes to the emerging trend of new bilateralism. The realist arguments concerning self-interest, survival and Realpolitik traditionally provide a significant conceptual basis for the rise of new bilateralism and the crisis of multilateralism. However, while the policy
option of new bilateralism will probably allow great powers to exploit their advantages over smaller nations, it is interesting to observe that the latter often eagerly seeks out bilateral negotiations, as witnessed in several bilateral free trade agreements. For this pattern of behavior, liberals – following the same assumption of rationality as realists – offer another explanation that extends the state-centric perspective to an increased role of other players, whose converging interests – as greatly observed in international trade – can prompt the engagement of states. This liberal notion may serve here as a contestant and at the same time complementary approach insofar as it questions the validity of hierarchical patterns in the international system and decidedly accommodates domestic interests and non-state actors in an analysis of foreign policy making. By contrast, while the constructivist explanation seems to be the least accurate as far as the empirical evidence on identity formation and rhetorical action is concerned, this approach interestingly underscores the substantial dynamics of improving mutual recognition and understanding and, more importantly, re-confirms the view that there is a very high degree of pragmatism involved in the new bilateralism trends.

The main findings of our case study suggest that the EU and the Thai government have apparently pursued a foreign policy that reflects a gradual change in domestic interest structures and political motivation and that their bilateral relations increasingly assume qualities in line with the new bilateralism trend. The findings can be summarized in the following five points:

First, the realist school has evidently re-gained much credibility in explaining the policy re-shifting from the campaigns for multilateralism back to a more explicit use of bilateral power instruments, for all of the parties involved clearly seek to improve their relative positions in the hierarchical structures of international politics. In a way, Cheow’s (1986) description of Thailand’s foreign policy as ‘similar in scope but different in content’ is still applicable to part of the country’s foreign policy developments that greatly follow the same traditional principles such as that of ‘equidistance’ and ‘bending with the wind’. Thus, as realists see it, influence-seeking and voicing-opportunities-seeking foreign policies are not unprecedented and have become highly relevant in practice. Thailand’s sensitivity to changes in regional power relations and her long tradition of flexible and pragmatic foreign policy can be observed in her bilateral strategies toward the major players, including the EU, and was especially evident in Thailand’s response to the Asian crisis, the country’s recent FTA policies and the management of tourism and migratory flows. On the EU’s side, however, some of the responses may have been security-oriented with respect to regional security challenges and their potential global impacts. When it comes to cer-
tain politically sensitive issues such as the situation in the South and recent domestic political developments in Thailand, the EU often restricts itself to raising concerns through informal bilateral dialogues and that it only pursues power-based interests in seeking to influence the Thai government or other Southeast Asian states to a lesser extent.

Second, a counter-argument to the realist explanation, the recent trend of bilateralism has been increasingly driven by economic interests in view of an ‘engaging’ strategy of the parties involved. The oft-discussed lack of tangible results at Cancun in 2003 and Hong Kong 2005, which signaled that the Doha Development Agenda was not going to be completed on time, created a significant incentive for a number of WTO members to manage their commercial ties bilaterally, on the sidelines of multilateral negotiations. The basic principles of flexibility and reciprocity can be traced to the long tradition of bilateralism itself, which apparently enables the participating parties to negotiate on an ad hoc case-by-case or product-by-product basis and ensure a high degree of reciprocity (Ruggie 1993: 9). In the proliferation of several new bilateral FTAs and bilateral relations, Thailand’s economic performance clearly explains the resulting market incentives and the growing interests of EU business communities in both areas of trade and investments, so that the argument for ‘engaging’ greatly contributes to understanding the active involvement of states driven by business interests and so the emergence of new economic actors in world economy. Not only do their bilateral relations contribute to the strengthening of business links and networks as such, this bilateralism also gives rise to bilateral cooperation projects in other areas such as science, technology, R&D and higher education. Moreover, the view that the EU plays more an economic than a political actor seems to gain ground, as earlier observed in the increased engagement of relevant EU institutions, particularly the European Commission.

Third, the enthusiastic embrace of bilateralism is partly due to the increased participation of non-state actors in the foreign policy-making process. Provided that this development is actively encouraged by the states themselves, the participation of non-state actors in areas such as trade-related matters or humanitarian assistance not only creates a variety of issue-specific and local tasks but also facilitates policy coordination between the private sector and the responsible government authorities, illustrating the possibility of extending the traditional views of state-to-state relations to include state-firm and firm-firm dimensions of diplomacy (Strange 1992; see also Tavorrmas 2006). During the 1997 Asian crisis, it became obvious that the EU and Thailand’s business communities posed an important challenge to any increased participation of the private sector in commerce and industry as a way to improving regional and international coordination. In this connection, the idea
of establishing a European Chamber of Commerce has been accelerated by the growing size and diversity of business communities, which began to call for a collective referential and advisory body on each side, as also being encouraged in the prospective FTA negotiations. The Thai government and the EU have also openly welcomed the work of non-state actors in other fields of cooperation, in, for example, cross-border issues with a considerable portion of cooperation projects on the treatment of Burmese displaced people having been carried out by transnational NGOs and non-state actors.

Fourth, the day-to-day running and long-term establishment of new bilateral relations – once initiated by the vision of chief executives – very much follows the domestic political tradition to develop in the hands of responsible ministerial bureaucrats. The theory of bureaucratization, which focuses on a process that copes with the issue-specific complexity of social and national benefits, helps to explain the logic behind the work of specialized bureaucratic institutions in terms of efficiency, policy credibility and delegation legitimacy. Accordingly, the study shows that EU-Thailand relations have mainly relied on the interaction between the Ministry of Foreign Affairs of Thailand and the European Commission. Both of these have undergone their own processes of bureaucratization and have reached a certain degree of professionalism. Moreover, these bureaucratic institutions have been successful as coordinating bodies, for example, in the negotiations surrounding lifting the ban on poultry products after the outbreak of Avian Influenza, which required coordination mechanisms that included the Ministries of Foreign Affairs, Commerce and Public Health, on the one hand, and the Directorate-Generals for External Relations, Trade and Health and Consumer Protection, on the other.

Fifth, there is a very high degree of pragmatism involved in the making of foreign policy within the new bilateralism, to which a series of pairs of countries have responded actively and purposefully. The constructivist school is thus promising with regard to its arguments on social learning and mutual recognition. Following these arguments, a process of foreign policy making is expected to develop the dynamics of problem solving, which – through communicative acts – have gone beyond a state’s adaptation to constraints or imitation of successful models, as well as the understandings of non-material incentives such as desire for acceptance, symbolic legitimacy and status (Ruggie 1998; Sedelmeier 2004; Barnett 2005). In EU-Thailand relations, pragmatic elements can be found in Thailand’s foreign policy and, to a lesser extent, the EU’s, e.g., the proliferation of bilateral FTAs are not only driven by the exogenous utility-maximizing interests of the actors involved but partly interpreted as foreign policy in response to social factors including peer pressure. Similarly, in the field of development coopera-
tion, the Thai government has begun to establish its new roles in line with the country’s development profile as an emerging donor country and a subregional power. Therefore, the instances of ‘Asia Urbs’ initiatives, the cooperation projects in higher education and the proposed concepts of trilateral cooperation are all the more significant in terms of familiarizing the Thai government with its new roles in the international community.

New Bilateralism and the International System

While the realist school of foreign policy theory may, in many ways, offer the most convincing explanation of a state’s new bilateral orientation at the unit level, the same conclusion cannot be drawn at the international system level. In the theoretical discourse, the extent to which the balancing function can be performed by new bilateralism depends on the possibility of the two parties to pursue their specific interests and goals at a particular level of interaction – be it regional, interregional or international, while taking into account the corresponding structural and institutional constraints. In comparison, the rationalizing function suggested by neoliberals has become increasingly important with regard to the efficiency-driven orientation of the two parties and their formal commitments to certain multilateral fora. Similarly, like stepping stones, the institution-building and agenda-setting functions of neoliberals are increasingly observed in relation to the bilateral parties’ support for initiatives of mutual interest, although sometimes only spontaneously and euphorically. In contrast, the identity-building function as postulated by constructivists has rather unclear evidence, particularly when it comes to identifying the contribution of bilateral interaction – with all cognitive elements involved – in a process of internalizing ideas and norms. In most cases, however, the flexible and, to some extent, ad hoc nature of new bilateralism seems to inhibit a long-term perspective of identity formation.

The functional analysis of EU-Thailand relations as conducted in chapter V has further illustrated some general trends of new bilateralism, which can be summarized as follows:

First, the neorealist explanation remains relevant as long as the new bilateralism trend does not lead to any deeper stages of international cooperation, proclaiming that the parties involved are ultimately driven by national interests, both in political and economic terms. In retrospect, the lessons from the Asian crisis underlined that while regional responses could hardly further their recovery efforts, the affected ASEAN countries have sought new bilateral solutions to heal their economic vulnerability, with not much evidence to suggest the prospect of estab-
lishing a long-lasting institution regionally or internationally (see also Rüland 2000). In a sense, the 1997 Asian crisis has subsequently been regarded as an important impulse for the parties involved to re-manage their bilateral relations, e.g. when it comes to ASEAN+3, as a by-product of the Asian crisis, in relation to the China factors and the rise of ‘Plus Three’ countries. Similarly, in the EU-ASEAN context, EU-Singapore and EU-Thailand relations, which have been on forefront of accelerating ASEAN liberalization and negotiating bilateral FTAs with extra-regional countries, have not led to a region-wide institutionalizing process yet, although each of them began to negotiate a bilateral partnership and cooperation agreement with the EU, while five other ASEAN countries – Brunei, Indonesia, Malaysia, the Philippines and Vietnam – also queued up for their own similar negotiations. This development illustrates a balancing trend of new bilateralism, resting on the competitive nature of states and their respective pursuit of regional stability in Southeast Asia.

Second, new bilateralism tends to perform a ‘soft’ version of the balancing function, which – as part of the neorealist interpretation – not only paves the way for a balance of power in international relations, but can also maintain it on a short-term basis and transcend otherwise substantial commitments to institution-building. The findings thus support the concepts of ‘soft balancing’ or ‘institutional balancing’, as recently introduced by (2005: 71), Pape (2005: 36) and Rüland (2006a: 50), in which the focus has gone beyond military buildups, war-time alliances and military-related technology transfers to presuming the dominance of non-military – institutional and diplomatic – resources. In reality, on the economic front, EU-Thailand relations have clearly focused on responding to the rise in trade volume by the East Asian countries and the decline in ASEAN’s share of the EU FDI stocks in East Asia. Their efforts demonstrate an example of a security-related, but less military-dominated approach than the traditional conduct of balancing strategy. Likewise, the EU-Thailand Partnership and Cooperation Agreement, once signed, will not only strengthen EU-Thailand relations but will also re-assert an institutional balance among relations between ASEAN countries and the EU.

Third, the neoliberal functions are very promising, particularly the institution-building and rationalizing ones, since new bilateralism allows the two parties to pool their resources, reinforce reciprocity and promote rules and norms in a more flexible manner. Moreover, at higher levels of interaction, the ‘rationalizing’ function may actually outperform the neorealist function of ‘balancing’, given that most international actors, including here the EU and the Thai government, openly recognize the significance of international frameworks such as the UN’s leading roles in the fight against terrorism and the WTO as the
most desirable forum for free trade negotiations. In retrospect, EU-Thailand relations have significantly contributed to a series of regional and international events, ranging from urging Thailand’s access to the European Investment Bank (EIB), defining ASEM Trust Fund projects to promoting the concepts of Geographical Indications and supporting the establishment of the Asia-Europe Environment Technology Centre, the Thailand-EU Business Forum and the ASEM Seminar on Information and Telecommunications Technology. Later in the prospective FTA negotiations, the rationalizing function of EU-Thailand relations is also likely when it comes to specific international issues such as the liberalization of business services that would be in their mutual interest.²

Fourth, the recent proliferation of bilateral and regional FTAs raises doubts about the ‘agenda-setting’ function of the new bilateralism, as in cases of sensitive issues, key players rarely go beyond ‘rationalized’ activities of their mutual interest. During the EU’s pre-negotiations with ASEAN countries, for instance, the EU and Thailand were first in a position to raise issues of mutual concern such as the rules of origin, which had been previously discussed in their bilateral negotiations of the Partnership and Cooperation Agreement. Yet, the developments that followed showed that bilateralism found it difficult to gather momentum at higher levels of interaction and was therefore carried out with less and less agenda-setting implications. Attention is, for example, paid to politically sensitive issues such as human rights, the rights of ethnic minorities and good governance, in particular when it comes to Burma’s political situation. That the ASEM process and later the EU-ASEAN FTA negotiations have considered leaving out ASEAN’s three least developed countries, as called ‘ASEAN Minus Three’, is thus not only expected to avoid premature liberalization but to present rather ‘an elegant way around’ Burma’s politics (Maes 2007: 15).

Fifth, new bilateralism intensifies the use of bilateral dialogues on an ad hoc and reciprocal basis and thereby incorporates the principles of flexibility and pragmatism, at the price of limiting far-reaching commitments. From a constructivist perspective, the prospects of the identity-building function and the dynamics of mutual definition that lead to it depends on the extent to which the actors involved can identify the areas of mutual interest and actually arrive at some interaction. On the one hand, EU-Thailand activities under several other frameworks have significantly developed a dialogue mechanism, which is relevant to improving mutual awareness and understanding both bilaterally and at the regional level. Such activities range from the ASEM meetings on standards and conformity assessment, the seminar on geographical indications, the Asia-Europe cultural policy seminar to the establishment of university-to-university cooperation and intellectual links among academics and experts. One the other hand, a series of proposed initiatives
have been claimed as being spontaneous and ignoring regular follow-up activities. Within the TREATI and ASEM frameworks, for instance, EU-Thailand relations have contributed to issue-based workshops and seminars on such as food safety rules, sanitary and phytosanitary standards in the fisheries sector or the EU standards and technical regulations in the electronic and electrical equipment sectors. In practice, most of these are viewed as short-lived by nature, thus unlikely to provide the long-term dynamics of mutual recognition and complex learning.

**New Bilateralism: The ‘Building Block’-‘Stumbling Block’ Debate**

The proliferation of new bilateral relations – as observed in the great number of new bilateral FTA agreements and the brisk pace at which they have been concluded – seems to pose a structural challenge to the international system. However, the policy drift away from multilateralism toward bilateralism is not unprecedented, for the multilateral order of the international system has always been cautious about any return to bilateralism because of the obvious attractiveness of bilateral instruments and power politics. This final section of the conclusion thus provides a summary of the practical implications of EU-Thailand relations and thus addresses a final question about whether new bilateralism is more of a ‘stumbling block’ or a ‘building block’ in the international system. In brief, the study has shown that EU-Thailand relations only rarely perform a balancing function and can over the long term contribute significantly to regionalism, interregionalism and other related international bodies. Therefore, the description of ‘building block’ seems to be more accurate than that of a ‘stumbling block’, with the pros and cons as follows:

On the one hand, it is obvious that EU-Thailand relations are formally designed to serve as a building block because of specific functions of institution-building, rationalizing and agenda-setting at the systemic level. Examples of EU-Thailand relations’ institution-building function can be found from their early interaction on, to name but a few, both sides have played a crucial role in the formalization of the EEC-ASEAN dialogues in the 1970s or in the creation of the ASEM Trust Fund in April 1998. In addition, both under the TREATI framework and in the ASEM process, the EU and the Thai government have cooperated bilaterally on several activities such as the TREATI seminar on food safety rules, the establishment of Asia-Europe Environment Technology Centre, and the ASEM Seminar on Information and Telecommunications Technology. Seen from a rationalizing function point of view, EU-Thailand relations have obviously been recognized as providing an important channel for the discussion of regional and interna-
tional concerns such as the Thailand-EU Business Forum, which serves as a place for the two parties to address various issues arising from the process of implementing their WTO commitments. Last but not least, there is also evidence to suggest that Thailand and the EU are in a position to perform an agenda-setting function, for instance, as seen in their efforts to actively promote the concepts of Geographical Indications at the regional level in 2006.

It is also apparent at the unit level that both the EU and the Thai government have attached great importance to regional and international cooperation, for which, their commitments to international principles, norms and best practices are clearly in accordance with their memberships in corresponding interregional and international institutions such as the ASEM, the ARF, the UN and the WTO. In this respect, the study has shown that these commitments of EU-Thailand relations can further support their performance of the above neoliberal functions, both in the short and long term and at different levels of interaction. In addition, from a constructivist, role-theoretical viewpoint, the drive toward trilateral cooperation has been prompted by the efforts of the Thai government to establish a new role as an emerging donor and the EU’s response to this new role perception within the donor community. The concepts of trilateral cooperation are thus crucial for the strengthening of EU-Thailand dialogues and integrating the latter into the donor community, as both sides have adopted the Paris Declaration in 2005 and are committed to the same guiding principles of economic and social sustainability, based on resource-efficient targets and specific guiding development indicators.

Moreover, it is important to note that while it performs a rationalizing function, new bilateralism can make significant contributions to promoting exchanges of views and experiences and strengthening interregional networks within the international system. Meanwhile, the EU-Thailand business-to-business and individual-to-individual networks have begun to emerge bilaterally, with domestic market incentives having caused converging interests of actors involved. Examples can be found in the annual EU-Thailand Partenariats and the Thailand-EU Business Forum. In the field of higher education, the university-to-university exchanges have been very promising thus far, for both among students and faculty, as noted in the EU-funded ‘Human Resource Development through Problem-Based Learning’ project between Walailak University in Nakhon Sri Thammarat and two other European universities, while the recent popularity of the Erasmus Mundus scholarship confirms its first success toward this goal.

On the other hand, there are certain obstacles that prevent new bilateralism from functioning properly as a building block, thus it can, in certain ways, also contribute at some point to a stumbling block within
the international system. If the use of the term *stumbling block* to describe new bilateralism can be understood as moving along three successive stages, from ‘decreasing enthusiasm for multilateralism’ to ‘seeking new bilateralism as a safety network’ and ultimately as ‘rejecting multilateralism for bilateralism’, the study shows that the recent trend of new bilateralism is moving but has yet to reach the later stage. After all, the 1997 Asian crisis is often regarded as the birth of new bilateralism, with the affected countries in the Asia-Pacific region increasingly recognizing and exploring the options of new bilateralism. Later on it became clear that the enthusiasm for multilateralism dropped significantly after the disappointing results at Cancun in 2003 and Hong Kong in 2005, hinting that it would be a long road to the Doha Round’s conclusion. Against this background, it is not surprising that bilateralism has attracted more and more attention in international relations. For instance, EU Trade Commissioner, Peter Mandelson, during his speech in Berlin in September 2006, underlined the need for the EU to re-consider its FTA strategies with Asian countries.

Furthermore, neorealists predict that as long as a wave of new bilateralism is not effectively coordinated but pursues opportunistic (re-)alignment of two parties, those bilateral ties are more likely to advance on an institutional balance rather than any deeper cooperation, which could develop a stumbling block in the international system. In the case of EU-Thailand relations, their balancing function is mostly directed toward East and Southeast Asian regionalism, as, for example, in the conception of trilateral cooperation and the establishment of the FTA between the EU and the ASEAN countries. However, the extent to which a balancing function is performed by new bilateralism may vary significantly at different levels of interaction including regional, interregional and global fora. It may also depend chiefly on the two parties’ political and economic relevance at each level of interaction. In this light, it is not surprising that new bilateralism’s balancing act has been observed only to a limited extent in relation to interregionalism and globalism, e.g., the ARF, WTO or UN.

Further explanations can be found at the unit level. The call for strengthening the principles of flexibility and reciprocity are meant not only to improve the positions of great powers to exploit their advantages over smaller nations but also to allow states to more directly respond to changes in regional power relations. In this light, the realist school of International Relations has re-gained much credibility in its disregard of any sustainable form of international cooperation in the long run and thus effectively predicting the current crisis that multilateralism is undergoing.

There is evidence to suggest that the EU and the Thai government have themselves chosen for a problem-oriented approach to new bilater-
alism rather than a strategic policy in support of any specific long-term vision. Thailand’s skillful diplomacy in terms of her flexibility and pragmatism underscores the relevance of bilateral strategies to seeking influence and sensitively maintaining balanced relations among regional powers. At the same time, there is a specific need for the EU to come to grips with its modest contribution during the crisis and, more importantly, with the new economic challenges emerging from post-crisis developments in the East and Southeast Asian region. Moreover, the fact that the EU is recognized as a much stronger economic than political actor seems to explain its prejudice toward a more trade-oriented approach to EU-Thailand relations.

After all, the underexplored potential of EU-Thailand relations makes it relatively difficult to assess what the overall impact of their specific type of bilateralism, and new bilateralism in general, will be on the international system. In reality, some of the bilateral initiatives thus far proposed appear to be only loose arrangements based on a non-binding nature and various declaratory statements, which is sometimes referred to as a ‘proto-regime’ (Rüland 2005a: 558; Aggarwal 1993). This is most easily seen in the development of investment strategies and the management of tourism and migratory flows. The description is not that different from created by scholars like Bhagwati (1995; see also Bhagwati and Panagariya 2003), who – with a focus on bilateral trade and investment relations – have described a ‘spaghetti bowl’ phenomenon, which is comprised of a variety of rules and regulations among single bilateral agreements. For constructivists, it also becomes apparent that the stage of improved mutual awareness and understanding is not always translated to the process of mutual definition and thus it questions the new bilateralism’s function of building up specific long-term collective identity. In the case of the EU, as it faces the internal institutional constraints on its foreign policy competence, there is some evidence to suggest that the EU has mostly restricted itself to raising concerns through informal bilateral dialogues in cases of certain politically sensitive issues.

While the time frame of this study, roughly from 1997 to 2007, was carefully chosen to cover a fruitful period of EU-Thailand relations, it is obvious that the new bilateralism chapter remains unfinished, with some significant developments still ongoing such as the EU-ASEAN FTA negotiations or Thailand’s domestic politics after the coup in September 2006. Further research would have room to accommodate later relevant developments in EU-Thailand relations within the constructed theoretical framework, which would also help to revisit the functional debate if the new bilateralism trend was going to permanently hinder the return to multilateralism. From a theoretical perspective, to broaden the research project’s horizons over a longer period of time does not ne-
cessarily provide us with more comprehensive coverage, but, more importantly, it provides a greater probability for interaction that could lead to a longer-term commitment between the two parties. The normative concept of ‘lattice regionalism’ as introduced by Dent (2003; see also Dent 2006), for instance, attaches great importance to a rationalizing process, which, given the complexity of new bilateral relations, can eventually level those preferential trade arrangements to a new kind of regionalism, thus preparing the ground for further multilateral trade negotiations. For the sake of their bilateral relations, a long-term bilateral dialogue may also contribute to confidence-building efforts and thus improve mutual awareness and comprehension. It may also end up internalizing norms in the long run, for example, by promoting a regular schedule of interaction and follow-up activities as well as dialogues among state and non-state actors, given the emerging challenges from a wave of new bilateral FTAs and an overall more competitive world.
Notes

I  Introduction

1 Dent (2006a: 121) notes that there was a proposal of a FTA project between Thailand and Czech Republic in 1994 and 1995 and that another project between Thailand and Israel was discussed in December 1996.


4 In the study of foreign policy, the bureaucratic politics model has been applied in a series of lengthy works on specific empirical events (Halperin and Kanter 1973; Beard 1976; Bergerson 1980, cited in Welch 1998).

II  Depicting New Bilateralism

1 For this point, I am grateful to Prof. Dr. Jürgen Rüland’s lecture in political economy: ‘The New Free Trade Bilateralism [Der neue Freihandelsbilateralismus]’, held at the University of Freiburg on January 19, 2006.

2 Indeed, in bilateral commercial relations, Pasvolsky (1936: 280) regards the discriminatory character as the major criterion to differentiate agreements that are ‘bilateral in form’ (‘formal bilateralism’) from those that are ‘bilateral in substance’ (‘substantive bilateralism’).

3 Examples given by Ravenhill (2003: 303) of the industries that have been directly affected and later actively engaged in political action are the automobile or fishery industries in Japan.


5 For example, a long list of Canada’s Foreign Investment Promotion and Protection Agreements (FIPAs) can be found under http://www.dfait-maeci.gc.ca/tna-nac/fipa_list-en.asp, accessed on March 18, 2005.
Ruggie (1993: 10) raises this argument while distinguishing multilateralism from bilateralism.

For this point, I am grateful to Prof. Dr. Jürgen Rüland’s seminar: ‘Security Interests between Germany and Asia in the Age of Terrorism’ [Deutsch-asiatische Sicherheitsinteressen im Zeitalter des Terrorismus], held at the University of Freiburg on January 31, 2006.

To this point, it is noted that the new institutions are not designed to replace bilateral alliances but work together with them, although it is possible that the former replace the latter in the long run (Emmers 2004: 8).

Along this line, Umbach (2004: 15) offers a similar characterization of new dimensions of threats caused by international terrorism: (i) an increasing dominance of religiously motivated terrorism, (ii) a geographic shift away from Europe and Latin America to Northern Africa, the Middle East, South Asia and Southeast Asia, (iii) the increasing global nature of international terrorism, (iv) escalating warfare strategies, which might make use even of weapons of mass destruction, (v) inseparability of internal and external security of states being potential targets, (vi) new networks with internationally organised crime and making use of weak and failed states as operational bases, (vii) increasing relevance of non-state actors, and (viii) hybrid terrorist-criminal groups as the result of convergence of terrorist groups and organised crime.

In this regard, the ‘coalition of the willing’ is sometimes mockingly given the name ‘coalition of the billing’ (Singer 2005).

The German development policies toward Indonesia prioritizing among others the latter’s sociopolitical developments with four accents on health, economic reform, transport, and decentralization. For further details, see http://www.auswaertiges-amt.de/www/en/laenderinfos/laender/laender_ausgabe.html?type_id=14&land_id=61, accessed in April 2006.

The EU also has been in regular consultations on human rights issues with other countries such as the US, Canada, Japan, Australia or New Zealand on the semi-annual basis. The consultations are claimed to play an important role in the later human rights meetings at the United Nations. For further details, see also ‘The EU’s Human rights & Democratisation Policy’: http://europa.eu.int/comm/external_relations/human_rights/intro/index.htm#1, accessed in March 2006.

For example, the US’ engagement can be seen as an important external factor in the establishment of the Southeast Asian Treaty Organization (SEATO). Bilaterally, the US and Thailand agreed on the Thanad-Rusk Joint Communiqué in 1962 and the Thai-US Special Logistics Agreement in 1963 to improve Thailand’s transportation system. Later in the 1960s, both parties also signed some memoranda of understanding with regard to security issues in Indochina (Chinwanno 2004).

For further details, see also the GTZ’s website at: www.gtz.de, accessed in March 2006.

The six focus areas of ECOTECH are (i) developing human capital, (ii) developing stable, safe and efficient capital markets, (iii) strengthening economic infrastructure, (iv) harnessing technologies for the future, (v) safeguarding the quality of life through environmentally sound growth, and (vi) developing and strengthening the dynamism of small and medium sized enterprises. For further details, see also http://www.apec.org/apec/news__media/fact_sheets/esc__ecotech.html, accessed in March 2006.

The 33 countries are Argentina, Armenia, Bulgaria, Belarus, Brazil, Chile, China, Croatia, Czech Republic, Egypt, Estonia, the EU, Finland, Hungary, Italy, Japan, Kazakhstan, Korea, Latvia, Lithuania, Macedonia, Mexico, New Zealand, Poland, Romania, Russia, Slovakia, Slovenia, South Africa, Spain, Turkey, Ukraine, and Venezuela.
III The Conceptualization of New Bilateralism

1 In this context, Moul (1973: 496) points out an example of a sociological study conducted by Robinson (1950), which concludes that ecological inferences cannot be substituted for individual correlations, and neither can accurate inferences be made between ecological and individual relationships.

2 The debate assumed a simplified viewpoint on the concept of the 'level of analysis' itself, while some authors suggest focusing on the causality between units of analysis across levels in a wider and more complex scheme (see also Buzan 2005: 211-212).

3 Bretherton and Vogler (1999: 33-34) point out that the links between the two concepts can lead to a so-called ‘process of structuration’. More specifically, the same authors (ibid. 37-38) also propose a set of requirements for actorness including (1) Shared commitment to a set of overarching values and principles; (2) the ability to identify policy priorities and to formulate coherent policies; (3) the ability effectively to negotiate with other actors in international system; (4) the availability of, and capacity to utilize, policy instruments; and (5) domestic legitimation of decision processes, and priorities, relating to external policy. This is based on Sjöstedt’s concept of actorness (1977).

4 ‘Europeanization’ is a multi-faceted term and a contested concept. While it can be helpful in understanding recent developments of the EU, some authors have yet to accept it as an organizing concept (see also Kassim 2000). For an informative survey, see Olson (2002).

5 The principal-agent approach emerges from the study of economic organization, in which a firm may see the need to ‘internalize’ and ‘contractualize’ the relations between the actors within it as a way to manage transaction costs and improve production efficiency (Coase 1937; Moe 1984; see also Kassim and Menon 2002: 1-2).
6 The term ‘neutral arbiter’ appears in Moravcsik (1993) and Hooghe (1993), as cited in Kassim and Menon (2002: 6, 7).

7 It is important to note that the definition and measurement of national power are disputable in the realist discourse, due technically to the multidimensionality of power itself or the lack of a standardized measurement (Baldwin 2002). The intended study does not discuss these matters in detail, however. For a survey on concepts and measurements of power, see Baldwin (2002); Hart (1976).

8 Krasner’s and Gilpin’s state-centric versions of hegemonic stability theory are based on Kinderberger’s work *The World Depression* (1973). While as an economist Kinderberger focuses on the economic incentives of the leading country, i.e., the hegemon, in the management of international financial crisis, Krasner and Gilpin contend that they are primarily the political, security interests that the hegemon pursues (see also Gilpin 2001: 99).

9 The author is indebted to Prof. Dr. Jürgen Rüland for this point, which was raised in the discussions after Prof. Jain’s presentation on ‘The EU and India’ at the University of Freiburg on October 25th, 2006.

10 It is important to note that historically, liberalism borrowed the concept of human reason from the Enlightenment period, and the prospects of technology from the scientific revolution, which took place in the 16th and 17th centuries (see also Zacher and Matthew 1995).

11 For details, see also the surveys in Zacher and Matthew (1995), Nye (1988), or Keohane (1989).

12 However, the Ricardo model is lax on the assumptions of factor endowments and productivity levels. The Heckscher-Ohlin model (Heckscher 1919; Ohlin 1933) delivers insight into the determinants of comparative advantage based on the national differences in relative factor endowments and suggests that nations are better off exporting the goods, of which the production requires intensive use of the relatively abundant factors (see also Deardorff 2006). The Stolper-Samuelson theorem (Stolper and Samuelson 1941), which is a proposition of the Heckscher-Ohlin model, continues to hypothesize that factors used intensively in the production of exported goods face an increase in demand and so the income, or the real wage, earned by these factors increases (see also Gerber 2002: 64-65; Deardorff 2006). For instance, if in relative terms industrial countries are abundantly endowed with skilled, and less endowed with unskilled, labor compared to developing countries, the industrial countries are better off specializing in the production of the goods, that requires relatively intensive use of skilled labor, the demand for skilled labor in these countries will increase, and the wages of skilled labor in the industrial countries are predicted to rise and those of unskilled labor to fall (Gerber 2002: 77-78).

13 The concepts of ‘natural trading blocs’ were first used by Wonnacott, P. and Lutz, M. (1989) and later by Frankel (1997) (see also Deardorff 2006).

14 I would like to thank Assoc. Prof. Panitan Watanayagorn for this point, which was raised during my field research in Bangkok in the summer 2006.

15 Economists classify five categories of market failures based on allocation and distribution conditions which include allocatively: (1) public goods, (2) externalities, (3) natural monopoly, (4) imperfect information, and distributionally (5) social justice (Wellisch 1999).

16 Some authors like Barnett (2005) believe that the attraction of constructivism arose with its new methodological and theoretical insights as early as the end of the Cold War. The term ‘constructivism’ itself, for example, can be traced to the writings of Nicholas Onuf (1989), which later Wendt (1992) greatly supported and followed (see also Ulbert 2003: 400; Barnett 2005).
17 This does not mean that realists completely disregard the roles of social mechanisms. As Morrow (1988: 89) points out, Waltz’s *Theory of International Politics* (1979) recognizes the two mechanisms of ‘competition’ and ‘socialization’ but asserts that they only shape a state’s behavior, not its identity and interests.

18 According to Onuf (1989), there are major differences between regulative and constitutive rules. The former do not change identity while the latter may (ibid.) The study that follows does not go into details; however, it does take into account the constitutive aspects of rules because if aimed at identity building, a state’s foreign policy is more likely to adopt constitutive rules.

19 It is perhaps important to note that the ‘civilian power’ concepts are allegedly premised in part on the liberal views of cooperation. However, the presented classification of the concepts within the constructivist tradition follows their theoretical role application (Tewes 1997). Regarding the exact definition of the terms *purposes*, *goals*, *ends*, *interests*, *values* and *means*, the original German versions are: ‘*Gestaltungswille*’, ‘*nationale Zielsetzungen*’, ‘*internationale Zielsetzungen*’, ‘*verflochtene Interessen und universale Werte*’, ‘*spezifische außenpolitische Handlungsmuster*’, and ‘*außenpolitische Instrumente der Zivilmacht*’ (Kirste and Maull 1996).

20 The Allison and Halperin (1972) article first appeared in a Princeton University Press book that was edited by Raymond Tanter and Richard H. Ullman in 1972. The book was also issued as a supplement to *World Politics*, vol. XXIV, at about the same time in the spring 1972. The page references remain the same in both versions.

21 Allison and Halperin (1972: 49) give an example of the essence of an organization’s activity in that of flying for the Air Force.

22 The spectrum of institutionalized interregional relations, as Hänggi (2006: 41) postulates, consists – from the lower end – of (i) the relations between a regional organization or a regional group and a third country, (ii) those between two regional organizations, (iii) those between a regional organization and a regional group, (iv) those between two regional groups, and (v) those of a group of states from more than two core regions.

23 Van Langenhove (2005), for example, has compiled the characteristics of second generation regional integration as follows: (a) ‘deep economic integration plus political elements’, (b) ‘multi-level governance’, (c) ‘devolution within states’, (d) ‘strong international legal framework’, and (e) ‘cooperation along many dimensions’.


25 As a matter of fact, Waltz (1979, 1986) introduces three definitions for the distinction between *structures* and *units*: (i) the ordering principle of the system, (ii) specification of the functions of formally differentiated units, and (iii) the distribution of capabilities across its units. However, the second definition appears only in domestic structures while the first and third definitions may also be applied to international structures (ibid.).

26 At this point, it should be noted that in the areas of security studies a distinction was made between defensive and offensive alliances. While defensive alliances refer to a situation in which states join military alliances to strengthen their positions against the dominant power, offensive alliances describe the alignments of states that follow the interest of hegemony (see, for details, Emmers 2004).

27 Based on instances where the European allies faced Germany in World War II and the alignments of Western Europe with the US against the USSR after World War II,
Walt (1988: 280) asserts that—despite the relatively weak power configurations of Germany and the USSR in the respective cases—states are more likely to ally themselves with the less threatening power. Therefore, such ‘threat’ capabilities are only one element in the calculation of state along with other conventional determinants including proximity, offensive capability and intentions (ibid. 280-282).

Some criticisms have been raised against the concepts of ‘soft balancing’. Lieber and Alexander (2005), for instance, claim that soft balancing is just normal diplomatic friction, that defining and operationalizing it seems difficult, and that there is a lack of evidence to suggest its emergence or to support the predictions of the concepts.

Pape (2005: 36-37), for example, has identified four common measures that states can use to pursue their soft balancing objectives: (i) ‘territorial denial’, (ii) ‘entangling diplomacy’, (iii) ‘economic strengthening’, and (iv) ‘signaling of resolve to participate in a balancing coalition’.

For constructivists, the term ‘diffusion’ is in fact far-reaching not only because norms but also strategies, beliefs, organizational models and practices can spread throughout the population (see also Barnett 2005).

The concepts of epistemic communities have been applied to a wide range of studies that investigates efforts dealing with environmental protection, the international management of whaling, the international food aid regime, the institutionalization of trade in services or the politics of banking regulation (see, for details, Haas 1992b; Peterson 1992; Hopkins 1992; Drake and Nicolaidis 1992; Kapstein 1992, respectively).

Constructivists provide a deeper meaning for ‘learning’ insofar as in the process of foreign policy making, ‘learning’ not only embodies—as held by conventional theorists—a state’s adaptation to relevant constraints and imitation of successful models, but rather a dynamics of problem solving and communicative acts (Ruggie 1998: 868).

In Ricardo’s model, for example, some assumptions have been relaxed on factor endowments and productivity levels. The Heckscher-Ohlin model (Heckscher 1919; Ohlin 1933) offers insight into the determinants of comparative advantage based on the national differences in relative factor endowments and suggests that nations are better off exporting the goods that require production methods involving intensive use of the relatively abundant factors (see also Deardorff 2006). The Stolper-Samuelson theorem (Stolper and Samuelson 1941), a proposition of the Heckscher-Ohlin model, hypothesizes that since factors used intensively in the production of exported goods face increased demand, the income, or the real wages earned by these factors increases (see also Gerber 2002: 64-65; Deardorff 2006).

Krugman (1989)’s model assumes that all nations and trading blocs are symmetrical and that there are no natural trading blocs. Moreover, the model concentrates on the effect of tariffs on consumption and world welfare, whereby each province (basic unit of analysis) is expected to consume the products of all other provinces equally (ibid.).

This concept has thus far, been at work through the WTO’s Trade Policy Review Mechanism (Frankel 1997).

This—as will be discussed later—does not mean that the Article XXIV is completely flawless, however. Frankel (1997) offers a counter-argument, which states that the EC’s Common Agricultural Policy, has yet to produce significant efficiency gains or positive impacts on world agricultural trade.

Background information, Bangkok, June-August 2006.
IV The EU, Thailand, and New Bilateralism

1 Background information, Bangkok, June-August 2006.

2 In the South Korean crisis of November 1997, it is interesting to see that the four European members of the G-7 economic powers were actually the first to offer help to South Korea, even before the Japanese and the Americans (Bridges 1999: 458).

3 The term ‘sovereignty norm’, as posted by Wendt (1992: 413-415), appears in the context of institutional transformation of states’ understandings of sovereignty and power politics.

4 For example, in relation to post-crisis economic performance, it is generally argued that there is a relationship between political change and macroeconomic politicking (Pongsudhirak 1999). More specifically, the democratization of macroeconomic institutions may lead the politicization of technocratism, which, in a ‘strong state’ scenario, can damage the existing distribution of decision-making authority and political leverage of the relevant agencies to the benefits of parliament, political parties and politicians (ibid.).


6 Background information, Brussels, April-May 2006.

7 Ibid. Background information, Bangkok, June-August 2006.

8 Ibid.

9 Ibid.

10 Ibid.

11 Ibid.

12 Ibid.

13 This statistics is taken from the EU’s ‘Export Helpdesk’ website, http://export-help.cec.eu.int/thdapp/comext/ComextServlet?languageId=EN, accessed in February 2007. Here, the product code for wood, articles of wood and wood charcoal is 44.

14 Background information, Bangkok, June-August 2006.

15 Ibid.

16 For the European Commission's responses in the affected countries of Sri Lanka, India, Indonesia, Maldives and Thailand, see the separate links included in the following web page: http://ec.europa.eu/world/tsunami/1_year_after/best_stories/index.htm, accessed in March 2007.

17 Background information, Bangkok, June-August 2006.


19 Background information, Bangkok, June-August 2006.

20 The subsequent meeting of the ASEAN public health ministers, in fact, confirmed that other ASEAN member countries were only hesitant in reaching an agreement to give the Thai government the corresponding mandate. Background information, Bangkok, June-August 2006.

21 Background information, Bangkok, June-August 2006.

22 Ibid.

23 Ibid.

24 Ibid.

25 According to the ‘Communication on Conflict Prevention’, later adopted by the European Council as ‘EU Programme for the Prevention of Violent Conflict’, the EU’s approach evidently attempted to embed development within security agendas and would then consequently pursue preventive strategies, which brought about a shift from crisis management to conflict prevention within the CFSP structures. Background information, Bangkok, June-August 2006.
The UN General Assembly adopted a resolution in support of the creation of the Kimberley Process’ certification scheme for rough diamonds in December 2000, for which the WTO also approved a waiver in December 2006 (European Commission 2007h).

Historically, Thailand is widely known for its diplomatic skills and efforts to maintain the well-balanced relations between the French and British colonial powers in its immediate neighboring countries during the imperialist period (see also Wiessala 2002: 137).

Background information, Bangkok, June-August 2006. Thailand seems to be very sensitive as far as technical terminology is concerned. The terms ‘uprooted people’ and ‘displaced people’ are used here to avoid ambiguity in the status of these people.

It is to be noted that the EU’s approach itself has been revised several times in response to Burma’s political and economic conditions. The punitive approaches of the EU toward Burma became more nuanced in 2004 and that its restrictive measures were re-selected in consideration of vulnerable population groups (European Commission 2006d). Interestingly, the EU insists on visa bans and an asset freeze only in cases involving senior military personnel, members of the government and their families and it allows EU registered companies to make financial resources available to their Burmese counterparts, except certain state-owned enterprises (ibid.). With regard to bilateral investment, there is evidence to suggest that the EU-level decisions on economic sanctions – unlike those imposed outright by the US – do not have a profound impact on recent developments of European investments of the member states in Burma (Haacke 2006: 79). For example, the French oil company Total, which has been the largest European investor in Burma, remains active in a wide range of projects including the Yadana gas project, the pipeline construction to Thailand, and the offshore joint production with six other foreign countries and the Myanma Oil and Gas Enterprise (ibid.). Interestingly, the EU’s sanctions do not inhibit the activities of multinational companies, either (Hyndman 2001).

It is important to note that during the same period the governments of some EU member states have also made a significant contribution to the TBBC funds, for example, the Swedish government (17%), the Dutch government (8.4%), the Norwegian government (4.9%), the Danish government (4.6%), the UK government (4.2%), the Irish government (0.7%) (TBBC 2006: Table B2).


For example, in 1997 the European Commission mentioned this point in its publication ‘Agenda 2000: For a stronger and wider Europe’ (DOC/97/6).

It should be noted that the EU’s approaches toward Burma and the State Peace and Development Council in particular vary to some extent across the EU institutions themselves, with the European Parliament showing a far more ambitious and critical stance than the European Commission and the European Council (Haacke 2006: 80, 123).

Background information, Tourism Authority of Thailand, Bangkok, August 2006.

Ibid.

Ibid. See also, for example, the Goethe Institute’s website: http://www.goethe.de/uun/enindex.htm, accessed in March 2007.

See also, for more details, the GAATW’s website: http://www.gaatw.net/index.php?option=com_content&task=blogsection&id=2&Itemid=59, accessed in March 2007.

52 At the ASEM 2 Summit in London in March 1998, for example, migration issues were raised during the conference on the ‘Social and Political Dimensions of the Asian Economic Crisis’. Chantavanich (1999) noted that the conference participants presented a set of five policy recommendations for addressing the problematic consequences of migration in the wake of the Asian crisis. It was important for them (i) to stop the forced repatriation of migrant workers and (ii) to make available an adequately enforced safety net for labors such as unemployment insurance, health care, minimum wage legislation, the rights to organize, safe working conditions, and assistance in re-training or locating jobs when unemployed (ibid.). Moreover, (iii) Asian and European countries are encouraged to revise the negative views of workers and, in particular, migrant workers, which follows that (iv) they are to have the opportunity to participate in the formation of policies of their concern (ibid.). The argument, especially during the Asian crisis, was (v) against all measures that put workers savings to bailing out companies or repaying foreign creditors (ibid.).

53 Background information, Bangkok, June-August 2006.

54 Ibid.


56 Background information, Bangkok, June-August 2006.

57 Ibid.

58 Ibid.

More specifically, Thai Airways International planned to order eight Rolls-Royce Trent-powered Airbus of A380s, A340-500, and A340-600 from the European Airbus Industries and six Boeing 777-200 ERs from the US (Airline Industry Information, November 23, 2004; Aviation Daily, on April 14, 2003, August 8 2003).

59 Taking one step back, the EU’s trade policy over the past few decades seem to focus on the promotion and in part protection of the internal market. In the 1994 Commission’s communiqué ‘Toward a New Asia Strategy’ (European Commission 1994: 1-2), it was already being pointed out that active participation by European companies in Asian markets could create more jobs with higher qualifications for European workers. Moreover, it is not surprising to see the deployment of a variety of defensive trade measures. This can be traced back to the introduction of the Common Market under the 1957 ‘European Economic Community’ (EEC) framework. Although the EEC managed to eliminate all quotas and tariffs from goods by the year 1968, a considerable range of non-tariff barriers based on regulatory differences between member states remained and it was evident that future steps were put on hold due to the far-reaching and uncompetitive positions of the national economies until the mid-1980s (European Commission 2003a). It was the adoption of the Single European
Act in 1986 that enacted the majority vote for certain decisions in the Council of Ministers gave a renewed impetus for the opening up of national markets to achieve the single market by adopting 280 critical rules and regulations (ibid.). The single market was launched in 1992 and has thus played an important role in enhancing the economic integration. The European Commission’s Directorate General for Internal Market and Services regularly amends and publishes the Internal Market Strategies, the most recent of which sets out a ten-point plan to support current developments in the EU’s internal market for the years 2003-2006.1 In relation to trade with third counties, this plan is also designed to protect the internal market including the European businesses, the consumers and the environment by means of customs services and several safety measures (ibid.).

61 Background information, Bangkok, June-August 2006.
62 Ibid.
63 Ibid.
64 Ibid.
65 Ibid.
66 Ibid.
67 Ibid.
68 Ibid.
69 Ibid.
70 Ibid.
72 HE Friedrich Hamburger, Ambassador and Head of Delegation to Thailand (cited in Delegation of the European Commission to Thailand 2006c).
73 Background information, Bangkok, June-August 2006.
74 Ibid.
75 Ibid.
76 Ibid.
77 Ibid.
79 Ibid.
80 Informal interview, Delegation of the European Commission to Thailand, Bangkok, July 7 and 27, 2006 (same interviewee).
81 Ibid.
82 Ibid.
83 There is a statistical discrepancy involved here regarding the Bank of Thailand’s definition of services. Although it generally states the largest shares of FDI inflows in the Thai manufacturing sector, this calculation does not take into account FDI shares that flow into the service sub-sectors including in trade, financial institutions, constructions, real estate, investment and holding companies and services in transport and travel (Delegation of the European Commission to Thailand and Board of Investment of Thailand 2004).
84 Background information, Bangkok, June-August 2006.
85 Ibid.
86 Ibid. However, the progress on the Thai side was very slow, because, despite the fact that the Thai cabinet proposed an amendment in May 2002 that was approved by the House in November 2003, the Senate had yet to vote on this issue.
87 Background information, Bangkok, June-August 2006.
88 Ibid.
89 See, for an overview, Greacen and Greacen (2004).
90 Background information, Bangkok, June-August 2006.
The use of the networks was made payable, as they were regarded as the property of CAT or TOT (Background information, Bangkok, June-August 2006).

Background information, Bangkok, June-August 2006.

Ibid.

Ibid.

Ibid.

Ibid.

Ibid.

The first nine items to be registered with geographical details include Petchabun Sweet Tamarind, Nakhonchaisri Pomelo, Trang Roast Pork, Doi Tung Coffee, Phurua Plateau Wine, Khao Tangkwa Pomelo, Surat Thani Oyster, Sri Racha Pineapple, San-gyod Rice, French Champagne, and Peruvian Pisco (Delegation of the European Commission to Thailand 2006a).

Background information, Bangkok, June-August 2006.

Ibid.


In real terms, EU investment inflows to Thailand were € 1.7 billion or roughly 35% of the total of € 4.9 billion in 1999. This was the only year between 1994 and 2003 in which the EU assumed a higher level of investment inflows than Japan.

The statistics are, according to the Bank for International Settlements, presented in Nicolas (2000: 132-133). Interestingly, the international credit agency Standard & Poors forecasted that 30% of the European bank loans to Thailand would end up being non-performing by 1998 and thus it was expected that some of the European banks would adjust certain measures – e.g., in the form of increasing loan provisions – to protect against such future losses (ibid. 135-136).

The exercise can be found in the compensation agreement on rice, canned tuna, and sardines in accordance with Council Regulation (EC) no. 683/2006 dated on February 7, 2006, as already illustrated above.

Background information, Bangkok, June-August 2006.

Ibid.

Ibid.

Ibid.

Ibid.
In response, the EU sent a letter to that company on March 18, 2003 but did not include this company in the enlargement reviews due to the small amount of exports concerned. Background information, Bangkok, June-August 2006.

In the study, the phase ‘substitute production bases’ was referred to an interview with Orapin Banjerdrongkajorn, Woodcraft, Thailand (Holland et al. 2005).

Background information, Bangkok, June-August 2006.

Ibid.

Ibid.

Ibid.

In 2004, the US account deficit was c. 5.7% of GDP, one of the highest rates in US history. In principle, the period of the dollar’s weakness foresees the developments of the US’ sustained current account deficit, e.g., in the form of an overrun of public or private spending over the national income (Background information, Bangkok, June-August 2006).

The Stability and Growth Pact is created within the Economic and Monetary Union in the Maastricht Treaty. The membership of Exchange Rate Mechanism II includes Denmark, Greece, Estonia, Cyprus, Latvia, Lithuania, Malta, Slovakia, and Slovakia (European Commission 2007d). Before the Exchange Rate Mechanism II, the Exchange Rate Mechanism operated in the European Monetary System to provide the central rates, around which the currencies of the participating countries are allowed fluctuate within a margin of the +/- 2.25% (as of 2003 +/- 15%) margins (European Commission 2007c).

Informal interviews, Delegation of the European Commission to Thailand, Bangkok, July 7 and 27, 2006 (same interviewee).

Informal interviews, Delegation of the European Commission to Thailand, July 7 and 27, 2006 (same interviewee).

For instance, the ‘German-Thai Chamber of Commerce’ and the ‘British Chamber of Commerce Thailand’ are by far the largest European chambers of commerce in Thailand, followed by the ‘Franco-Thai Chamber of Commerce’, the ‘Netherlands-Thai Chamber of Commerce’ and the Thai-Italian Chamber of Commerce, which are larger than those from the other EU member states (see, for more details, their respective websites: http://www.gtcc.org (German), http://members.bccthai.com/bcct/asp/ (British), http://www.francothaicc.com/eng/index.htm (French), and http://www.ntccthailand.or.th/ (Dutch), and http://www.thaitch.org/index.html (Italian), accessed in July 2007.

Background information, Bangkok, August 2005, June-August 2006.

Background information, Bangkok, June-August 2006.
NOTES

142 Ibid.
145 The ‘Non-Agricultural Market Access’ (NAMA) negotiations were initiated at Doha to serve as a platform for the further liberalization of trade in non-agricultural goods (WTO 2007). The EU has, for example, proposed the ‘non-linear formula’ for tariff reduction under which high tariffs will be cut more than low tariffs on a line-by-line basis. Considering the current trade regimes of the EU and the Thai government, this proposal, if passed, will considerably benefit the former because of its relatively lower tariffs compared to those of the latter. Background information, Bangkok, June-August 2006.
146 Background information, Bangkok, June-August 2006.
147 Ibid. In the words of the European Commission, the EU-ASEAN FTA should (i) ‘only come after the successful conclusion of the Doha Development Round (DDA)’, (ii) ‘be subject to sufficient progress on regulatory convergence and lead to mutual benefits’, and (iii) ‘be prepared in substance by a region-to-region comprehensive and flexible dialogue mechanism, called the Trans Regional EU-ASEAN Trade Initiative (TREATI)’ (European Commission 2003c).
148 More specifically, the company requested government talks with the EU to increase market access for its sardine and mackerel exports and to lower the current import tariff rates of canned tuna by half, since the export of this product from Thailand is now subject to a 24% tariff rate, while those from African, Caribbean and the Pacific Group of States (ACP) and Andean countries can enter the EU market with a zero tariff rate (Pratruangkrai 2009b).
149 Background information, Bangkok, June-August 2006.
150 More specifically, the 1998 ILO ‘Declaration on Fundamental Rights and Principles at Work’ refers these eight standards to eight different conventions in four main areas including Conventions no. 29 and no. 105 on the elimination of all forms of forced or compulsory labor, no. 87 and no. 98 on the freedom of association and the effective recognition of the right to collective bargaining, no. 100 and no. 111 on the elimination of discrimination with respect to employment and occupation, and no. 138 and no. 182 on the effective abolition of child labor (European Commission 2003b). Thus far, Thailand has ratified four Conventions no. 29, 100, 105 and 182 and is on the way to ratify the other four Conventions no. 87, 98, 111, and 138 (Office of Commercial Affairs 2003a). Although the EU does not require that the requesting countries adopt or ratify all of the corresponding standards and conventions, the latter are expected to show that their domestic laws have incorporated the essential substance of the relevant conventions and that necessary measures are in place for implementation (European Commission 2003b).
151 Informal interview, Delegation of the European Commission to Thailand, Bangkok, July 7 and 27, 2006.
152 Background information, Bangkok, June-August 2006.
153 Informal interviews, Delegation of the European Commission to Thailand, Bangkok, July 7 and 27, 2006 (same interviewee).
154 The word ‘outdated’ came up in an informal interview at the Delegation of the European Commission to Thailand on July 27, 2006. For the details of each cooperation areas, see also the aforementioned website of the Delegation of the European Commission to Thailand (2007a).
While the 6th Framework Programme contains seven thematic priority areas: (i) life sciences, genomics, and biotechnology for health, (ii) information technology society, (iii) nanotechnologies and nanosciences, knowledge-based functional materials, new production processes and devices, (iv) astronautics and space, (v) food quality and safety, (vi) sustainable development, global change and ecosystems, and (vii) citizens and governance in knowledge-based society, the 7th Framework Programme expanded to include financial as well as energy, the environment, security and space as well as the Euratom programs of nuclear fission and protection (European Commission 2002a; Community Research and Development Information Service 2006; see also Mission of Thailand to the European Communities 2005a).

The EU formally requires the participation of at least two local governments in the EU and one in Asia and provides up to 65% of a project's total expenses (Delegation of the European Commission to Thailand 2007i).

Recent EU efforts can be seen in the allocation of €15.5 million in humanitarian aid for vulnerable groups in Burma and the Burmese displaced people along the Thai borders. According to the European Commission, under the responsibility of ECHO, this should benefit circa one million people in Burma and 150,000 along the borders in the form of health, food aid, nutrition, water and sanitation sectors, and the protection of certain threatened groups (Delegation of the European Commission to Thailand 2007j).

See also, for details, the CHARM’s website: http://www.charm-th.com/english/main_e.html, accessed in March 2007.
V EU-Thailand Relations in the International Context

1 The European Parliament and the ASEAN Interparliamentary Organization have met regularly since 1979, in which the topics of discussion are similar to those of the ASEAN-EC Ministerial Meetings (Phatharodom 1999: 244; Dreis-Lampen 1998: 135ff.).

2 Background information, Bangkok, June-August 2006.

3 Ibid.

4 Ibid.

5 In Laos, for instance, the EU and Singapore managed to organize a local joint training program on ‘Credit Skills in Retail Banking’ in October 2004. This program brought together senior staffs and officials from the Laotian Central Bank and state-owned banks and provides them with the skills to be able to analyze credit risks in the SME sector in particular (Delegation of the European Commission to Singapore 2007). Later, the EU also joined Singapore in offering a second training program for participants from Laos and Cambodia in Singapore in June 2005. During their three-day study visit, the participants had a chance to meet with Singaporean staffs and officials from the Ministry of Trade and Industry, the International Trade Institute of Singapore, the Ministry of Foreign Affairs, PSB Corporation, the Ministry of Environment and Water Resources and the Agri-food and Veterinary Authority of Singapore and were briefed on the implementation of ‘Enquiry Points’ to the WTO agreements on technical barriers to trade as well as sanitary and phytosanitary measures (ibid.).

6 The Paris Declaration and its relevance for EU-Thailand relations will be discussed in greater detail below.

7 During the reception, GI registration certificates were also presented to the representatives of the first nine items from Thailand including Petchabun Sweet Tamarind, Nakhonchaisri Pomelo, Trang Roast Pork, Doi Tung Coffee, Phurua Plateau Wine, Khao Tangkwa Pomelo, Surat Thani Oyster, Sri Racha Pineapple and Sangyod Rice as well as some European products such as French Champagne and Peruvian Pisco (Delegation of the European Commission to Thailand 2006a).


9 Background information, Bangkok, June-August 2006.
10 Ibid.

11 This point is mentioned in the Office of Commercial Affairs (2007a), which was written by an officer who, as a representative of Thailand in the Sub-Committee on Trade of the ASEAN Brussels Committee, attended the meeting with the DG Trade officials on May 15, 2007.

12 This initiative can formally be traced back to the ‘Framework Agreement on Enhancing ASEAN Economic Cooperation’ and the ‘Agreement on the Common Preferential Tariff (CEPT) Scheme for the ASEAN Free Trade Area’, which were signed at the 4th ASEAN Summit in Singapore in January 1992 (see also European Commission 1996: Annex 4.1). The former contains the statements that all ASEAN member states agreed to establish an ASEAN FTA within 15 years and that they set down further objectives of reducing tariff and non-tariff barriers to trade as well as exploring further related measures to complement the overall trade liberalization. Moreover, the establishment of a ministerial-level AFTA Council, which is comprised of a nominee from each member state and the ASEAN Secretary-General, creates an institutional arrangement for supervising, coordinating and reviewing the implementation of AFTA (ibid.). The latter Agreement, in greater detail, gives an account of the CEPT scheme that sets time limits for the ASEAN member states to reduce their import tariffs for the flows of specific goods within ASEAN, whereby it also allows them to exclude certain sensitive products for special arrangements.

13 In a direct comparison, it is evident that while the EU’s integration has achieved full liberalization in a wide range of areas of trade in goods and services, capital markets, labor markets and other measures such as competition law and monetary union in its own realm, the ASEAN’s efforts have been only partially enacted in trade in goods and – to a lesser extent – services and capital markets (Ravenhill 2007; see also Lloyd and Smith 2004: table 4.1).

14 The target – as outlined in the Roadmap for the Integration of ASEAN and ASEAN Vision 2020 – is to realize a single market and production base with free flows of goods, services, investment and skilled labor as well as free flows of capital actors of production. The 2004 ASEAN Summit’s introduction of 11 ‘Priority Integration Sectors’ comprising (i) wood-based products, (ii) automotives, (iii) rubber-based products, (iv) textiles and apparel, (v) agro-based products, (vi) fisheries, (vii) electronics, (viii) e-ASEAN, (ix) healthcare, (x) air travel, and (xi) tourism is supposed to inject another major impetus into the dynamics of trade liberalization. Within the underlying ‘Framework Agreement for the Integration of Priority Sectors’, the leaders of the ASEAN countries, including Thailand, also adopted further arrangements in the areas of trade in goods, services, investments, rules of origin, customs procedures, standards, facilitation of travel in ASEAN, movement of business persons and professionals as well as dispute settlement mechanisms – all of which are designed to promote the fast-track integration of selected sectors.

15 Background information, Bangkok, June-August 2006.

16 The former prescribes two tracks to help reduce and/or eliminate tariffs and, more importantly, it covers all of the tariff lines that have thus far not been included in the Framework Agreement’s ‘Early Harvest Programme’. The latter interestingly provides a similar dispute settlement mechanism as that of the WTO with regard to the inclusion of consultations, mediation and the use of arbitral tribunals as well as compensation mechanisms. Background information, Bangkok, June-August 2006.

17 Background information, Bangkok, June-August 2006.

18 Ibid.

19 Ibid.

20 As far as the investment relations with the EU are concerned, compared to North and Latin American countries and the EFTA grouping, the Southeast and East Asian
countries have attracted a relatively small share of EU FDI outflows, however (Delegation of the European Commission to Thailand and Board of Investment of Thailand 2004). The US, for example, accounted for circa 45%-58% of total EU FDI outflows in the late 1990s and has thus been by far largest EU FDI destination, while Latin American and EFTA grouping shares increased significantly from 5.7% in 1995 to 10.1% in 2000 and from 5.4% to 17.2%, respectively, while shares in Southeast and East Asian countries, of EU FDI outflows during this same period remained within the range of about 1% and 4% (ibid.). In addition, in the year right after the Asian Crisis, in 1998, EU disinvestments also took place in the ASEAN member states and the +3 countries (ibid.). From the EU’s outward FDI stock, the US, Latin American counties and the EFTA grouping received respective shares of 46.6%, 10.8% and 10.7% in 2002 while the Southeast and East Asian countries accounted for only 5.7% in that same year, which was slightly above that of the then acceding countries (5.5%) (ibid.). This share of EU stock of outward FDI of Southeast and East Asia was 7.7% in 1995 but has remained at roughly the 6% level since 1998 (ibid.).

In 2002, Thailand ranked third among destinations for EU FDI in Southeast Asia, behind Singapore and Malaysia. Thailand had EU FDI stocks of € 5.5 billion (5.5%) in 2002 while Singapore and Malaysia accounted for EU FDI stocks of € 30 billion (55%) and € 8.1 billion (15%), respectively.

More specifically, because the ASEAN recognizes China’s Market Economy Status in the ASEAN-China FTA deals, the latter is no longer subject to Sections 15 and 16 of its WTO Protocol of Accession. Background information, Bangkok, June-August 2006.

From the EU customs perspective, a schedule is planned to introduce the ‘Authorized Economic Operator’ (AEO) system by June 2008, in which economic operators will be requested to provide information on all stages with a view to conducting a risk analysis of the supply chains (EU Today, April 2007: 19). According to Faucherand, the creation of a system similar to this AEO system can be of interest to the countries in the East Asian region to promote security in international trade flows (ibid.).

The selection of projects follows the EIB’s criteria of the efficient use of resources, technical viability, and financial and environmental sustainability, which are pursued not only to support environmental and health situations in partner countries but also to promote tariff reduction and improvement of services (European Commission 2003c). The last component of the global loans to SMEs can be traced to the recent efforts of the EIB to strengthen the SMEs’ performance, thus it was expected to increase for all ALA countries (ibid.).

Meanwhile, the Thailand Institute of Directors manages to rely on financial self-sufficiency and is highly regarded both nationally and regionally in terms of its sustainability and reproducibility, more than 700 executives, board members of public companies and government officials participated in a number of 5½- or one-day programs in December 2002, and this number continues to grow (World Bank 2003: 25). The institute has conducted an evaluation of corporate governance practices in some Thai companies, using the criteria of (i) rights of stakeholders, (ii) equitable treatment of minority shareholders, (iii) roles of stakeholders, (iv) disclosure transparency, and (v) board responsibilities. The results are not made public, however, one World Bank report stated: ‘It is already apparent that the ASEM grant for the Thailand Institute of Directors has led to improvements in corporate governance in the country that are unlikely to be reversed in the future’ (ibid.).

Background information, Ministry of Finance, Bangkok, July 2006. See also the European Commission’s Communication ‘A New Partnership with South East Asia’ (European Commission 2003c).

Cited in European Commission (2002f): the Chairman’s statement of the second Foreign Ministers’ Meeting, Paragraph 13: ‘Ministers reiterated the importance, which they attached to enhancing the ASEM dialogue on global issues such as ... combating violence against women and children in all its forms, including trafficking in women and children and child prostitution and pornography’; the Asia-Europe Co-operation Framework III 2000, Paragraph 14: ‘ASEM efforts should also address global issues of common concern such as combating transnational crime, including money laundering, the smuggling and exploitation of migrants, the trafficking of persons in particular women and children, international terrorism and piracy, and fighting against illegal drugs’; the Chairman’s Statement of the third ASEM Summit, Paragraph 9: ‘Building on the conclusions of the Bangkok and London Summits and the Asia-Europe Co-operation Framework 2000, Leaders expressed their commitment ... and trafficking in persons, in particular of women and children for the purpose of sexual exploitation’; the Chairman’s Statement of the third Foreign Ministers’ Meeting, Paragraph 15: ‘The Ministers recognized that trafficking in women and children was a growing concern to all and welcomed the UN Convention against Transnational Organised Crime and its Protocols. ASEM Partners would intensify co-operation to combat the heinous crime of trafficking in human beings with a view to ensuring respect and protection of the rights of victims of trafficking, especially women and children. The Ministers welcomed the action plan prepared by the Core Group Expert Meeting on ASEM initiative on Trafficking in Women and Children’.


See also, for more details, TEIN2’s website: www.tein2.net, accessed in May 2007.

TEIN2 may also be applied in other areas such as bio-informatics, climate modeling, radio astronomy, e-learning and e-culture (EU Today, April 2007).


The Terms of Reference for the establishment of the ‘ARF Unit’, as adopted at the ASEAN Senior Officials’ Meeting in June 2004, place an emphasis on the Unit’s four main functions: (i) ‘to support the enhanced role of the ARF Chair, including interaction with other regional and international organizations, defense officials dialogue and Track II organization’, (ii) ‘to function as depository of ARF documents and papers’, (iii) ‘to manage database and registry’, and (iv) ‘to provide secretarial works and administrative support, including serving as the ARF’s institutional memory’ (ASEAN Regional Forum 2004, 2005).

As for the other side of the coin, it is noteworthy that the UN is an international organization that primarily represents nations, for which the EU is not allowed to play the role of a negotiating party as such and that the functioning of the EU’s bilateral relations with third countries must be to a considerable extent understood in terms of the member states’ individual strategies. For example, following the first formal
session of the UN Security Council on Burma in September 2006, the EU expressed its ‘[regrets] that China and Russia, supported by South Africa, vetoed a UN Security Council draft resolution on Burma on 12 January 2007 and calls on the UN Security Council to redouble efforts to obtain unanimous backing for a binding resolution requiring the release of political prisoners, including Daw Aung San Suu Kyi (European Parliament 2007). In this context, it was obvious that the EU had to rely on its member states, particularly those that are permanent or non-permanent members of the UN Security Council, to raise issues on Burma in the UN Security Council’s agenda (see also Haacke 2006: 81).

39 Background information, Bangkok, June-August 2006.
40 Ibid.
41 Informal interview, Delegation of the European Commission to Thailand, Bangkok, July 7, 2006.
42 Although called upon by the International Maritime Organisation in 2002, the ASEAN countries have yet to reach any agreement on cooperation against piracy and armed robbery against ships (European Commission 2003c).
43 Other relevant UN resolutions include the UN General Assembly Resolution 56/263 on March 13th, 2002, the UN General Assembly Resolution 57/302 on April 15th, 2003, the UN General Assembly Resolution 58/290 on April 14, 2004, the UN General Assembly Resolution 59/144 on December 15th, 2004, and the UN Security Council Resolution 1643, on December 15th, 2005, the UN SC Resolution 1459 on January 28th, 2003, the UN Security Council Resolution 1521 on December 22, 2003, and the UN Security Council Resolution 1579 on December 21, 2004 (Kimberley Process 2007a).
44 See chapter IV’s note 150.
45 The WTO managed to revise its anti-dumping code of 1979 in GATT Article VI in 1994, also known as the WTO anti-dumping agreement, while the European Commission responded with its own new of its anti-dumping legislation in January 1995. This legislation left the ASEAN countries feeling that they were being unjustly targeted because of subsequent increases in the number of products that would be subject to anti-dumping measures or under investigation (European Commission 1996, annex 4, 4). The EU explains the anti-dumping cases in terms of business and industry interests, that is, only when an industry submits a complaint with sufficient prima facie evidence is it possible for the European Commission to begin an investigation, whereby the raising trend of anti-dumping cases seems to be understandable given that EU-ASEAN trade relations have increased significantly (ibid.). Background information, Bangkok, June-August 2006.
46 There seem to be significant differences between the moderates and the more extreme camps within the ‘Friends Group’ itself, however, the EU’s efforts have contributed to the anti-dumping negotiations in general, while further encouraging the US to provide active support in reinforcing the moderates’ positions. Background information, Bangkok, June-August 2006.
47 Procedurally, the new member states also had to renounce their own bilateral free trade agreements with third countries as well as amend their international agreements and eliminate any trade or trade-related provisions that were in conflict with EU policies (European Commission 2004c). Also, background information, Bangkok, June-August 2006.
48 Background information, Bangkok, June-August 2006.
49 Ibid.
50 Ibid.
51 As previously mentioned, in preparing this Act, the European Commission and Thailand worked together at the 2nd EC-ASEAN Technical Assistance Programme on In-
tellectual Property Rights (ECAP II) with an available budget of €5 million managed by the European Patent Office in Munich (Delegation of the European Commission to Thailand 2006a). The first nine items to be registered with geographical details include Petchabun Sweet Tamarind, Nakhonchaisri Pomelo, Trang Roast Pork, Doi Tung Coffee, Phurua Plateau Wine, Khao Tangkwa Pomelo, Surat Thani Oyster, Sri Racha Pineapple, Sangyod Rice, French Champagne, and Peruvian Pisco (see above).

52 Background information, Bangkok, June-August 2006.

53 The Paris Declaration (2005) defines the five concepts as follows: (i) Ownership: ‘Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions’; (ii) Harmonisation: ‘Donors’ actions are more harmonized, transparent and collectively effective’; (iii) Alignment: ‘Donors base their overall support on partner countries’ national development strategies, institutions and procedures’; (iv) Managing for results: ‘Managing resources and improving decision-making for results’, and (v) Mutual Accountability: ‘Donors and partners are accountable for development results’.

54 This point is a summary of the third point from the ‘Twelve Policy Messages’ presented at the workshop ‘Aid Effectiveness: From Paris to Bangkok’ in Bangkok on October 5, 2006 (in: Thailand International Development Cooperation Agency et al. 2006: 2).


VI Conclusion


2 As previously mentioned, under the circumstances, EU exports to ASEAN and vice versa can be expected to increase by 24.2% and 18.5%, respectively. However, this research study was conducted under the assumptions that the ASEAN was fully liberalized regarding all goods except some sensitive products and has experienced a 50% cut in the barriers governing the service sectors (European Commission 2007n).
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