



HUMAN DEVELOPMENT FORUM FOUNDATION

HDFH Weekly Thailand Review 19/12 - 25/12

*The HDFH Team wishes all of our reader's season's greetings and happy holidays.
All the best from our family to yours!*

Summary

Real action continues to be made to bring back former Prime Minister Thaksin Shinawatra to Thailand while opposing political leaders act to repress such actions. Prime Minister Yingluck Shinawatra made what experts are calling a historic visit to Myanmar, and several controversial issues have arisen including flood victims suing Thai courts and Thai politicians speaking out against those who reject lese majeste prosecutions. The baht strengthened this week as various forms of international influence positively impacted the Thai economy. Businesses are demanding to receive quicker post flooding reconciliation tools and information regarding long term support. Politicians and bank officials are arguing over economic responsibility to flood victims and how to best stimulate the economy. Multilateral cooperation is supported in both economics and security sectors as Yingluck attends the Greater Mekong Subregion (GMS) Summit 2011 and the U.S. Navy offers sophisticated nuclear technology to Thailand. Thai Defense officials also met with the General Border Committee (GBC) in Cambodia and agreed upon troop withdrawal as mandated by the International Court of Justice while the Southern insurgency continues on a rampage.

Politics

Former Prime Minister Thaksin has received an ordinary Thai passport again, issued on October 26th, despite previously being stripped of passport privileges by the former Democrat-led government. Kasit Piromya, Foreign Minister within the Abhisit government, revoked Thaksin's passport in 2008, citing ministry regulation 23(7), which allows the ministry to recall a passport if that person causes damage to the country. Current Foreign Minister Surapong Tovichakchaikul has used the same regulation to re-issue the passport to Thaksin arguing, "I don't see Thaksin threatening the country, therefore I lifted the passport ban." A legal adviser to Thaksin Shinawatra, Noppadon Pattama, stated in a letter publicized by the Pheu Thai Party that revoking the passport had been originally illegitimate and was influenced by political bias. To bolster his argument, Noppadon cited the cases of Somchai Khunploem and Vatana Asavahame, both fugitives who received longer jail sentences than Thaksin (25 years for murder and 10 years for waste water treatment corruption) but did not have their passports revoked. The Democrat

legal team is looking into suing Surapong. A petition is also being filed with the National Anti-Corruption Commission (NACC) in an attempt to remove both Prime Minister Yingluck Shinawatra and Foreign Minister Surapong Tovichakchaikul from office due to the passport re-issue. Democrat MP Virut Kalayasiri has accused the Department of Special Investigation (DSI) of removing information about a terrorism warrant for Thaksin from its databases, despite DSI chief Tharit Pengdit denial. (Bangkok Post) (The Nation)

Prime Minister Yingluck Shinawatra made an official visit to Myanmar this week with energy policy as a primary focus. PM Yingluck was the first head of state from the region to meet with Aung San Suu Kyi since her release from house arrest. In the half hour meeting, Suu Kyi spoke of her hope to win the next "by-election"; Yingluck offered her support. Yingluck's visit to Myanmar was once again overshadowed by her older brother Thaksin, who confirmed to have visited Myanmar beforehand to pave the way for Yingluck's visit. Critics suspect that future business deals between Thailand and Myanmar could favor Thaksin-related companies. (The Irrawaddy) (Bangkok Post) (The Nation) (Mcot)

As an aftermath to this year's flooding, a mass lawsuit will be brought to court against 11 authorities and officials on ground. The Stop Global Warming Association (SGWA) will represent about 350 flood victims who have decided to take legal action. They considered the 5,000 baht government compensation as insufficient and were hoping for a six-digit amount. (The Nation)

On his three-day visit to Thailand, Chinese Vice-President Xi Jinping signed a 70-billion-yuan (US\$11 billion) currency swap agreement. Thai exporters and their Chinese counterparts can now settle trade deals in their local currency without having to rely on the US dollar. Experts believe this to be the Chinese reaction to the US announced strategic shift towards Asia. Besides other business deals, a MoU was signed to develop a high speed rail link, developed by China, between Bangkok and Chiang Mai, with other routes to be added in the future. (Bangkok Post) (AsiaOne)

Army chief Prayuth Chano-cha and Deputy Prime Minister Chalerm Yubamrung are both urging the public to refrain from the continuous discussions regarding the lese majeste law. Chalerm stated, "Personally, I feel we should not talk about this and I don't want it to go overboard. If people think Thai law is unjust or too harsh, they can go live abroad," "Why change Section 112 since it's good already? Don't they [people who want Section 112 amended] have jobs to go to?" It remains to be seen how national and global actors will respond. (Bangkok Post)

Economics

Although the economy remained comparable to last week, the baht strengthened as international insurance claims came in. The Bank of Thailand Governor Prasarn Trairatvorakul announced \$2 billion USD of inflows from overseas insurance. Ideally, demand for locally currency will continue to increase. Throughout the week, the baht gained 0.2% to 31.23 per

dollar, the strongest level since December 14th. The Asia-Pacific Index of shares also gained 1.5% after U.S. housing increased more than economists forecasted. (Bloomberg)

Foreign firms whose plants have been impacted by flooding are continually asking for the government to make short-term improvements and long-term solutions more clear. Thus far, only two foreign companies have informed The Board of Investment (BoI) that they will relocate out of Thailand. "Short-term remedies such as building a five-meter-high dyke around the industrial estates should be done immediately. This is not so expensive," said Aapico Hitech president and chief executive Yeap Swee Chuan. Aapico also remarked "We are ready to get up and running. Don't hold us back with any unclear [government] strategies." Companies are still calling for the government to extend tax holidays exemptions, specifically to import and replace damaged machinery and provide insurance compensation for business interruption. The BoI will be meeting on December 29th to discuss tax incentives. Despite the fact that Thailand's fiscal budget has doubled over the last decade, government investments have remained unchanged at 240 billion baht.

Government officials continue to urge The Bank of Thailand to cut interest rates. Politicians are arguing that the last cut was ineffective and further rate cuts would help businesses manage the minimum wage rise to 300 baht per day. Economists are responding by suggesting policy-makers be responsible for change and cut populist measures to make post-flood recovery and rehabilitation a priority. Many are arguing that the rice-pledging scheme will support the few rich farmers while the rest suffer as many plantations were destroyed in the floods and most no longer have rice to sell to the government. As economists expect inflationary pressure to decrease, experts predict the BOT would further cut the policy rate next year regardless. Economists also continue to warn that sharp wage hikes could lead to high unemployment, in which case the government's expectation of high consumption will not be reached. Public debt will also be increasing 40% of gross domestic product (GDP) to 60% by 2014. Other suggestions include urging the government to cancel tax breaks for first-time buyers of homes and cars. (Bangkok Post) (Bloomberg) (The Nation)

Prime Minister Yingluck Shinawatra attended the 4th Greater Mekong Subregion (GMS) Summit 2011 in Naypyidaw, Myanmar this week, with a focus on expanding economic cooperation within Mekong Subregion countries. Yingluck emphasized to GMS member countries including China, Cambodia, Laos, Burma, Thailand and Vietnam, that economic development in the region could support growth worldwide and contribute to reaching ASEAN 2015 goals. New economic cooperation can include projects on the Thai-Burmese border such as the deep-sea port project in Kanchanaburi-Dawei (Tavoy), Mae Sot-Myawaddy and also in Nakhon Phanom-Khammouane. Yingluck claimed emphasis will be made on supporting the new 2012-2022 GMS Strategy Framework including the proposed regional cooperation to improve water management and to organize a water summit in the Asia-Pacific region next year. Yingluck also pledged to utilize Burma's exports of gas and oil to Thailand. Regional actors hope to all sign the Joint Declaration of the 4th GMS Summit, a Memorandum of Understanding

(MoU) to further accelerate the establishment of a highly intensive information network and a GMS Freight Transporters Association (FRETA). (The Nation)

Security

The United States and Thai navy are working to build collaboration efforts. Thailand's largest port, Laem Chabang, began using new equipment to detect and prevent the illegal transport of nuclear and radioactive materials. The technology operates by accurately identifying radioactive isotopes. The \$1 million "Spectroscopic Portal Monitor" was given to Thailand through the U.S. Megaports Initiative and 22 sets of primary radiation detection equipment have been installed. Judith B. Cefkin, deputy chief of mission at U.S. embassy in Bangkok stated "This latest advanced technology demonstrates our continued commitment to the safety, security and economic development of Thailand. This partnership is critical for Thailand and the U.S. because it is improving security, economic wellbeing and helping to ensure smooth operation and security in the international maritime shipping system". There are only 41 ports worldwide and five ports in Asia outfitted with the new monitors including Kaohsiung in Taiwan, Colombo in Sri Lanka and Klang and Tanjung Pelepas in Malaysia. The ultimate goal is to prevent the increase of nuclear proliferation and terrorism by equipping 100 seaports with radiation detection systems by 2018. In addition to the monitors, The U.S. Navy has asked Thailand to consider stationing some American warships, specifically to reduce Chinese naval power. The U.S. is actively pursuing redeploying naval forces through the Southeast Asian region to determine joint defense plans against China, if needed. (Strategy Page) (Mainichi)

Despite last week's shooting incident involving Cambodian border patrol and a Thai military helicopter, Thai Defense Minister General Yuthasak Sasiprapha, Army Chief General Prayuth Chan-ocha and other Thai senior defense officials visited Cambodia for the 8th Cambodia-Thailand General Border Committee (GBC) meeting. Cambodian counterpart General Tea Banh chaired the meeting, focusing on general security cooperation along the border and a time frame for both sides' redeployment from the newly defined demilitarized zone. Both Thai and Cambodian military authorities have agreed to withdraw their troops and let Indonesian observers supervise the area. Despite Cambodia's initial request for both sides to comply with the ICJ orders by January 20th, the Thai side proposed creating a joint working group to hash out the details of the troop withdrawal; Cambodia agreed. Immediately following the establishment of the demilitarized zone, more than 1,000 border patrol police of the two countries will replace troops and Indonesian observers will be welcomed. A joint working group will meet in Bangkok next month to specifically determine troop withdrawal, the use of observers and the relocation of Cambodian markets and communities located in the DMZ area. Other issues the Joint Boundary Commission (JBC) and the GBC hope to promote are marine security and elimination of illicit businesses including drug trafficking, the trade of ancient artifacts, vehicle theft, illegal logging and illegal immigration.

In additional Cambodian news, on Friday December 23, 2011, an unexplainable loud “bang”, comparable to an artillery round was heard near a border village in Si Sa Ket province. Metal debris was later found spread over the area including a piece of metal about 1 meter long and half a meter wide at Phumsarol Witthaya School, a school attacked with artillery fire earlier this year. There are suspicions that the debris could be parts of a satellite but that remains unconfirmed until the military further investigates the incident. (Xinhuanet) (Bangkok Post)

Violence continues in the three Southern insurgent provinces. After raiding a house in Narathiwat, a suspected militant was killed and another surrendered to a government force. Thirty officials including combined police and military forces followed a tip that two houses were the hideouts of a number of RKK insurgents. The captured insurgent later revealed the location of a shack in a rubber plantation, where police recovered various types of weapons and ammunition. This included four M16 rifles, one HK33 rifle, one carbine, more than 200 rounds of assorted ammunition, two bullet-proof vests, and 94 firecrackers. The stolen weapons originated from four soldiers who were killed in a clash on September 28th. Additionally, 2 security volunteers were killed and 11 people injured in an epidemic of shooting, grenade and bomb attacks in Pattani and Yala this week.