

# INDIA THAILAND BILATERAL RELATIONS

## THAILAND - HISTORY

A unified Thai kingdom was established in the mid-14th century. Known as Siam until 1939, Thailand is the only Southeast Asian country never to have been colonized by a European power. A bloodless revolution in 1932 led to the establishment of a constitutional monarchy. In alliance with Japan during World War II, Thailand became a US treaty ally in 1954 after sending troops to Korea and later fighting alongside the US in Vietnam. Thailand since 2005 has experienced several rounds of political turmoil including a military coup in 2006 that ousted then Prime Minister THAKSIN Chinnawat, followed by large-scale street protests by competing political factions in 2008, 2009, and 2010. THAKSIN's youngest sister, YINGLAK Chinnawat, in 2011 led the Puea Thai Party to an electoral win and assumed control of the government. A blanket amnesty bill for individuals involved in street protests, altered at the last minute to include all political crimes - including all convictions against THAKSIN - triggered months of large-scale anti-government protests in Bangkok beginning in November 2013.

In early May 2014, YINGLAK was removed from office by the Constitutional Court and in late May 2014 the Royal Thai Army, led by Royal Thai Army Gen. PRAYUT Chan-ocha, staged a coup against the caretaker government. PRAYUT was appointed prime minister in August 2014. The interim military government created several interim institutions to promote reform and draft a new constitution, which was passed in a national referendum in August 2016. Elections are tentatively set for mid-2018. King PHUMIPHON Adunyadet passed away in October 2016 after 70 years on the throne; his only son, WACHIRALONGKON Bodinthepphayawarakun, ascended the throne in December 2016. He signed the new constitution in April 2017. Thailand has also experienced violence associated with the ethno-nationalist insurgency in its southern Malay-Muslim majority provinces. Since January 2004, thousands have been killed and wounded in the insurgency.<sup>1</sup>



## GEOGRAPHICAL PRESENCE

Located in Southeastern Asia, Thailand borders the Andaman Sea and the Gulf of Thailand along the southeast of Myanmar. The country has a total area of **513,120 sq km** with a coastline of **3,219 km**.<sup>2</sup>



## BRIEF BIO - THAILAND

Thailand, with **Bangkok** as its capital has a population size of **68,200,824**. The **Thai Baht** is the official currency and languages such as **Thai [official (90.7%)]** and **Burmese 1.3%** are commonly spoken. On the economic front, main export partners include **US 11.2%, China 11.1%, Japan 9.4%, Hong Kong 5.5%, Malaysia 4.8%, Australia 4.6%, Vietnam 4.2%, Singapore 4.1% (2015)** whereas main import partners are **China 20.3%, Japan 15.4%, US 6.9%, Malaysia 5.9%, UAE 4% (2015)**. A statistical look from the economic stand point is as follows<sup>3</sup>:

GDP INDICATORS	GDP: \$1.161 trillion External Debt: \$131.4 billion
TRADE	Exports: \$215.3 billion Imports: \$194.7 billion
MISCELLANEOUS	Unemployment Rate: 0.9% Inflation Rate: 0.2%

*\*2016 (est)*

## INTRODUCTION – INDIA & THAILAND RELATIONS

India and Thailand, located in each other’s extended neighbourhood, share a maritime boundary in the Andaman Sea. India’s bilateral relations with Thailand are rooted in history, age-old social and cultural interactions and extensive people to people contacts. The shared link of Buddhism is reflected in regular pilgrimages to places of Buddhist interest in India by a large number of Thai people. Hindu elements can be found among those reflected in Thai architecture, arts, sculpture, dance, drama and literature. The Thai language incorporates Pali and Sanskrit influences. A large Indian Diaspora living and working in Thailand is another important bond.



In the past two decades, with regular political exchanges, growing trade and investment, India's ties with Thailand have now evolved into a comprehensive partnership. India's 'Act East' policy has been complemented by Thailand's 'Look West' policy in bringing the two countries closer. Both countries are important regional partners linking South and Southeast Asia. They cooperate closely in the ASEAN, East Asia Summit (EAS) and BIMSTEC groupings as also Mekong Ganga Cooperation (MGC), Asia Cooperation Dialogue (ACD) and Indian Ocean Rim Association (IORA). The India-ASEAN Agreement on Trade in Goods was implemented in January 2010 and the India-ASEAN FTA in Services and Investments was signed in September 2014 and came into force in July 2015.<sup>4</sup>

## INDIAN COMMUNITY IN THAILAND

It is estimated that there are around 250,000 people of Indian origin in Thailand. Many of them have lived here for several generations over the past century. Majority of them hold Thai nationality. The Indian community mainly comprises Sikhs, Punjabis, Gorakhpuris, Tamils and Sindhis. Two persons of Indian origin from Thailand have been awarded the Pravasi Samman in 2006 and 2010.<sup>5</sup>

## INTRODUCTION – INDIA & THAILAND TRADE RELATIONS

The last few years have seen a rapid growth in bilateral trade, which crossed US \$9 billion mark in year 2012-13. The Framework Agreement on India Thailand FTA was signed in Bangkok in October 2003 and the second protocol to amend it was signed during the visit of Thai PM to New Delhi in January 2012.<sup>6</sup>

## INVESTMENT RELATIONS

Investment by Indian and Thai companies into each other's' countries has been growing in the recent times. Approved Indian investment in Thailand during the last few years is as under

Year	Investment (million USD)
2012	196.39
2013	52.75
2014	63.45
2015	37.53

**Investment from Thailand in India** has also increased in the recent years. Thai investments are mainly in infrastructure, real estate, food processing sectors, chemicals, hotel and



hospitality sector. Break-up of yearly FDI from Thailand to India for the last three years and current years is as under:

Year	FDI inflow (million USD)
2012	11.55
2013	60.89
2014	23.72
2015	24.30

Major Indian groups namely **Tata group** (automobiles, steel, software), **Aditya Birla group** (chemicals, textiles), **Indo Rama group** (chemicals), **Lupin** (pharmaceuticals), **Ranbaxy**, **Dabur**, **Bharti Airtel**, **NIIT**, **Punj-Lloyd**, **Kirloskar** and public sector enterprises **Indian Overseas Bank**, **Bank of Baroda**, **Air India**, **New India Assurance** are present in Thailand. Leading Thai companies in the fields of Agro processing, infrastructure, banking, automotive, engineering, housing and hospitality have active and growing business presence in India.

Major Thai companies active in India are - **C P Aquaculture (India) Ltd.**, **Krung Thai Bank Pcl.**, **Ital Thai Development Pcl.**, **Charoen Pokphand (India) Private Limited**, **Stanley Electric Engineering India Pvt. Ltd.**, **Thai Summit Neel Auto Pvt. Ltd.**, **Thai Airways**, and **Precious Shipping (PSL) of Thailand**, **Preuksa Real Estate**, **Dusit** and **Amari group of hotels**.<sup>7</sup>

#### TRADE OVERVIEW (USD BILLIONS)<sup>8</sup>

Details	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017
<b>EXPORT</b>	<b>3.73</b>	<b>3,70</b>	<b>3.46</b>	<b>2.99</b>	<b>3.17</b>
%Growth		-0.8	-6.44	-13.77	6.25
<b>IMPORT</b>	<b>5.35</b>	<b>5.34</b>	<b>5.86</b>	<b>5.51</b>	<b>5.41</b>
%Growth		-0.23	9.84	-6.06	-1.72
<b>TOTAL TRADE</b>	<b>9.08</b>	<b>9.04</b>	<b>9.32</b>	<b>8.50</b>	<b>8.58</b>
%Growth		-0.47	3.18	-8.92	1.08

A closer look at the data shows that even though there has been a rise in the total trade, a dip during 2015-2016 has substantially affected the bilateral trade. During the previous year, the growth rate in exports was much higher compared to the growth rate in imports. The trade has been significantly in favour for Thailand.



## FREE TRADE AGREEMENTS

India and the ASEAN (Association of South East Asian Nations) comprising Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, **Thailand** and Vietnam signed the Trade in Goods Agreement under the broader framework of Comprehensive Economic Cooperation Agreement (CECA) between India and the ASEAN on 13 August, 2009.<sup>9</sup>

## EDUCATIONAL LINKS

An MoU on Cooperation in the field of Education was signed in 2005. During 2014-15 Government of India offered 130 scholarships to Thai students under its ITEC and ICCR sponsored schemes. A large number of Thai students are also studying on self-financing basis. Ministry of Human Resource Development provides for secondment of 8 professors every semester for the Asian Institute of Technology (AIT), Bangkok.

Government of India contributed Rs 1.25 crores (Thai Baht 10 million) in 2008 towards construction of a new building for the Sanskrit Studies Centre at Silpakorn University, Bangkok and has deputed a Sanskrit professor. An India Studies Centre is functioning at the Thammasat University of Bangkok since April 1993. In 2008, the Mahidol University of Bangkok started a Masters of Arts course on Indian studies. A Chair in Chulalongkorn University's India Study Centre was inaugurated by HRH Princess Maha Chakri Sirindhorn on March 6, 2012. Ministry of AYUSH and Rangsit University signed an MOU on establishing a Chair on Ayurveda at Rangsit University on 29 June 2015.<sup>10</sup>

## KEY INITIATIVES BY CII

CII has a number of institutional partners in Thailand, namely:

- The Federation of Thai Industries
  - The Board of Trade of Thailand
  - Board of Investment
  - India-Thai Chamber of Commerce (ITCC)
- CII hosted the First India Thailand Joint Business Forum Meeting and Business meeting coinciding with the visit of Hon'ble Prime Minister of Thailand. A joint meeting on the in honour of the visiting Prime Minister and the accompanying delegation was also held in Delhi from 16-17 June 2016.



- CII Northern Region Coordinated the 4<sup>th</sup> Edition of Thailand Trade Show at Chandigarh from 30 March -3 April 2016
- CII interactive session with Business Delegation from Thailand led by Mr Kriengkrai Thiennukul, Vice Chairman, Federation of Thai Industries on 20 November 27, 2015 at CII Headquarters, New Delhi.
- CII member's participation at Make in India Roadshow from 16-17 November 2015 at Thailand.
- Familiarization visit of Editors and Senior Journalists from Thailand at CII Central Office on 17<sup>th</sup> June 17, 2015 led by Mr Supalak Ganjanakhundee (Regional News Editor of The Nation Newspaper).
- CII Northern Region Coordinated the 3<sup>rd</sup> Edition of Thailand Trade Show at Chandigarh from 1-5 April 2015
- CII met with General Chatchai Sarikulya, Minister of Commerce, Government of Thailand on 26 February 2015 in New Delhi.
- CII Northern Region Coordinated the 2nd Edition of Thailand Trade Show at Chandigarh from 17-21 September 2014
- CII jointly with Board of Investment Thailand organized a Seminar on "Investment Opportunities in Thailand for Indian Automotive Sector" on 21 August 2014 in Chennai
- CII Karnataka Roundtable Seminar on "Business Opportunities in Thailand" on 31 July 2014 in Bangalore.

## REFERENCES

- 
- <sup>1</sup> CIA World Fact Book
  - <sup>2</sup> IBID
  - <sup>3</sup> IBID
  - <sup>4</sup> MEA Foreign Relations Portal
  - <sup>5</sup> IBID
  - <sup>6</sup> Indian Embassy in Thailand - Website
  - <sup>7</sup> IBID
  - <sup>8</sup> EXIM Data – Ministry of Commerce, India - Website
  - <sup>9</sup> Department of Commerce, Ministry of Commerce, India
  - <sup>10</sup> MEA Foreign Relations Portal