



**JAPAN AND THAILAND:  
CELEBRATING A NEW ERA OF  
INTENSIFIED AND SUSTAINABLE PARTNERSHIP**

**An Address by**

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Prime Minister of the Kingdom of Thailand**

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Distinguished Members of the Japan National Press Club, Honoured Guests and Friends,

I wish to express my sincere appreciation for this opportunity to address you at this historic moment in Japan-Thailand relations.

This year, our two nations are celebrating the 120th anniversary of the establishment of formal diplomatic relations, although our historical and cultural ties reach back many more centuries.

Against this historical backdrop, later today, His Excellency Shinzo Abe, Prime Minister of Japan, and I will sign the Japan-Thailand Economic Partnership Agreement, or JTEPA, which will establish the foundations for a new era of intensified and sustainable friendship and partnership between our two peoples.

Given our time limitations today, I do not intend to explore all aspects of the complex, multi-dimensional relationship that exists between our two countries. Rather, I will look at the economic relationship and then outline recent political developments in Thailand and the one-year journey of progressive political development that all 64 million Thai citizens have embarked upon.

For Thailand, our relations with Japan are of the greatest strategic importance and the signing today of JTEPA, which can be described as an “FTA Plus”, underscores the fact that this view is shared by both countries.

Our modern economic relations stretch back nearly 50 years, to the late 50s and early 60s, when Thailand became the first post-war, overseas base of operations for many of Japan’s largest corporations. Since then Japanese foreign direct investment has played a pivotal role in Thailand’s rapid industrialization.

In 2006 Japan-Thailand bilateral trade amounted to nearly 42 billion US dollars with Japan being our second largest export market and our leading source of imports. In the same year Japan was also the largest foreign investor in Thailand. In fact, such is the scale of Japan’s business presence in Thailand that until a few years ago Thailand was host to the largest overseas Japanese Chamber of Commerce in the world.

No sector better illustrates the success of our partnership than the automotive industry. Today, Thailand is the largest vehicle manufacturer in ASEAN and a global production base for most of the world’s major automobile manufacturers. In 2007 we expect to

export some 600,000 vehicles around the world, over 80 percent of which are made by Japanese companies.

It is upon this large-scale foundation of mutually beneficial economic relations that JTEPA seeks to build. But in addition to the liberalization of trade, services and investment between our two countries, JTEPA also includes nine fields of cooperation ranging from education and human resources development to science, technology, energy, the environment and small and medium enterprises. These areas of cooperation add a crucial extra dimension to the Agreement and make it a true partnership for the future.

Now please allow me to address the topic which I'm sure is "top of the mind" for most of you – the recent political developments in Thailand and their expected outcome.

Prior to the peaceful military intervention on 19 September last year, most independent political analysts would have said that Thailand was the most democratically developed country in ASEAN or Southeast Asia. Over the next few minutes I will explain why I believe that by the end of this year, following free and fair elections, Thailand will again emerge with enhanced democratic credentials and with stronger institutional foundations capable of delivering a better, more sustainable future for the majority of its citizens.

But first a little historical perspective will be useful.

The Kingdom of Thailand is a country which is rapidly evolving. It has compressed 150 years of industrialization into 40 years and several lifetimes of democratic development into the last 35 years. Indeed, for the 30 years prior to the economic crisis of 1997, Thailand was one of the three fastest growing economies in the world, averaging over 7 percent annual real GDP growth. And today, Thailand is the 35th largest economy in the world.

Such a rapid rate of change would test the cohesiveness of any society. But Thailand has been remarkably fortunate in that it has deep cultural roots, never violated by colonization. It has existed as a sovereign nation for some 800 years, and for the last 60 years it has had the same remarkable monarch, His Majesty King Bhumibol Adulyadej, who is the world's current longest-reigning monarch. Although these assets do not appear on any balance sheet, recognition of them is essential for an understanding of Thailand's capacity to successfully manage rapid change.

In terms of Thailand's modern democratic development, two watershed moments stand out – October, 1973 and May, 1992. Both times the Kingdom emerged with strengthened democratic credentials, although we did not follow traditional democratic norms.

The events of 1991- 92 led to the promulgation in 1997 of Thailand's most liberal and progressive Constitution, known as the "People's Constitution", which created an elected Upper House, made voting mandatory and established numerous independent agencies as a system of checks and balances against abuse of state power by politicians.

The promulgation of the "Peoples' Constitution" coincided with one of the most traumatic events in Thailand's modern history, the financial crisis of 1997, which cost our country nearly a decade of socio-economic development.

Together, these two coincidental events set the stage for nine years of political and economic developments which culminated in last September's peaceful military intervention.

In a nutshell, the triggers for the military's intervention were the unprecedented consolidation of political and financial power by Mr. Thaksin during his five years as prime minister, his alleged abuse of state power, widespread corruption, curtailment of media freedom and a disastrous human rights record.

For the first nine months of last year Thailand was without an effective government. A general election was boycotted by the opposition, and later ruled invalid by the courts. Bangkok witnessed almost daily demonstrations against Mr. Thaksin. The system of checks and balances had been subverted and we seemed to have exhausted all constitutional means to end the political impasse.

So the military called a "Time Out" of very limited duration with very specific goals. And within 30 days, Thailand had an Interim Constitution and an Interim Government with a clear policy agenda. I believe this intervention was in the public interest and certainly it met with widespread public approval, as indicated by public opinion polls undertaken shortly after the event.

It is now almost six months since my appointment as Prime Minister and I would like to report to you our progress to date.

The Interim Constitution set a very tough timeline for the restoration of democracy, and

so far we have kept to this timeline. The draft Constitution is nearing completion and being subject to broad public scrutiny and debate. Preparations are underway for the National Referendum, which will be held in September, and both the Interim Government and the Council for National Security are absolutely committed to a general election in December, on either the 16th or 23rd, as I announced last week in Bangkok.

In the meantime Thailand's Interim Government has set itself a punishing reform agenda, comprising four major themes, all of which are closely interrelated, and all of which are designed to help Thailand become a more transparent, more efficient, more productive, more equitable and more sustainable society. They are:

- Successful political reform;
- The restoration of national unity;
- Closing the income gap between the rural majority and the urban middle class; and
- Strengthening the rule of law.

The first of these four themes – successful political reform – I have already touched upon. We are determined to maintain the timeline stipulated in the Interim Constitution and hold free and fair elections before the end of this year. But in addition, we are establishing institutions for on-going political reform and democratic development. They will better equip our citizens with an understanding of the rights and responsibilities of citizenship, and provide them with the information and analysis that they need to make more informed choices.

The second theme – the restoration of national unity – relates to healing the political divide and bringing reconciliation and justice to our three deep South provinces which account for some 2.5 percent of Thailand's population.

The on-going violence in the three deep South provinces is deeply troubling to all Thais and I am under no illusions that this issue will be susceptible to quick solutions. If we consider this area's long history of neglect and coercion, exacerbated by today's global geo-political realities which have nurtured a resurgence of fundamentalist religious thinking as a defense against perceived threats against religious beliefs, one begins to understand the difficulties we face. However, following on from my earlier apology to the citizens of this area, I intend to continue to pursue a policy of reconciliation, of increasing economic opportunities and of building ever closer relations with our neighbours, Malaysia and Indonesia.

My Interim Government's third major agenda – closing the income gap between the city and the rural poor – is really at the heart of the political challenges Thailand faces. In spite of the dynamic performance of the Thai economy over the last 40 years, the distribution of wealth has remained very unequal and this is the cause of the political divide. Indeed, it is a measure of Thailand's democratic maturity that this issue is being squarely confronted.

Again, this is not a problem susceptible to quick solutions but it is now at the top of our national agenda.

Our fourth major reform theme is strengthening the rule of law where we are making careful but solid progress.

In a recent interview in Time magazine, Mr. Thaksin told the world that “corruption in Thailand won't go away, it's in the system”. If I thought that was true I wouldn't be here today. Without the rule of law nothing else matters. There can be no justice, no equality and certainly no democracy.

My Interim Government has been criticized for the slow progress being made into the allegations of corruption and abuse of state power by members of the previous government. Some people have urged the use of executive power to short circuit the judicial process. But if we adopt that approach, how will the rule of law ever be strengthened?

Concrete results are being produced from the investigations and I will continue to place my confidence in the integrity of our judicial system. At the same time, we are working hard to overhaul this system as it relates to transparency and good governance in the public sector, and embarking on the most radical reform of the police for many decades.

I have tried to paint a picture of a complex, dynamic society determined to successfully negotiate another watershed moment in its modern history. Nobody underestimates the difficulties involved, but I remain confident that the 64 million citizens of the Kingdom of Thailand will achieve their goals of a more just, more equitable and more sustainable society.

One final word. Many of you will be aware that Thailand's Interim Government has adopted His Majesty the King's “Sufficiency Economy” philosophy as a fundamental principle of national development.

What this means is that we will focus on stable growth, sound macro-economic discipline and the equitable sharing of economic benefits as we compete in the globalised world. Growth with quality means greater concerns for good governance and management of risk. But such concerns do not impact on the market mechanism, nor do they influence the openness of the Thai economy. In fact, the “sufficiency economy philosophy” is a Thai model for sustainability, the importance of which is only now becoming recognized around the world. As an early adopter of a sustainable approach to development, Thailand should, I believe, be praised for it is a path down which every country will have to travel sooner rather than later.

Thank you very much for your kind attention.