



India and Thailand: Open New Horizons of Cooperation

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Abstract

Over the past two decades India's 'Look East' policy has been complemented by Thailand's 'Look West' policy in bringing the two countries closer. India and Thailand would celebrate 65 years of their diplomatic relations in 2012. In recent years, political contacts have intensified as reflected in a series of high level visits by leaders of the two countries. Trade and economic linkages and tourist traffic continue to grow steadily. 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) and Asia Cooperation Dialogue (ACD). The implementation of the India-ASEAN Agreement on Trade in Goods from January 2010 is an important latest milestone of this partnership. India and Thailand have good connectivity in the civil aviation sector with as many as 138 flights operating a week. India is looking at Thailand as an important bridge between South Asia and Southeast Asian hinterland. A trilateral project to construct a highway between India, Myanmar and Thailand is in the works and is likely to be completed by 2016.

Keywords: Bilateral Agreement, Economic Cooperation, Treaties and Agreement, MoUs

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1. A HISTORICAL RELATIONS

India and Thailand have over two millennia old religious, cultural and trade links. In the 1990s New Delhi's 'Look East Policy' and Bangkok's 'Look West Policy' converged to bolster economic and trade links. Since 2003, the relationship has blossomed to cover security and defence cooperation and negotiations are ongoing to ink a free trade area agreement. Some observers term the last two decades as the golden age of India-Thailand friendship.

The first remarkable high level interaction between India and Thailand was started when Indian Prime Minister Rajiv Gandhi paid a visit to Thailand in 1986. His visit was reciprocated by the Thai Prime Minister Gen. Chatichai Choonhavan's visit to India. Prime Minister P V Narasimha Rao also paid an official visit to Thailand in April 1993. This visit further stimulated the process initiated by Rajiv Gandhi. Then, after a gap in time, Thai Prime Minister Thaksin Shinawatra paid a state visit to India in November 2001, followed up by another visit to India in 2002. During his visit, the two countries decided to set up a Joint Working Group (JWG) on security issues. Thereafter, Indian Deputy Prime Minister L K Advani's visit to Thailand in 2003 provided a platform to discuss security issues of mutual concern. During the visit both sides agreed to institutionalize the JWG on security cooperation. Prime Minister Thaksin Shinawatra again paid a working visit to India in 2005. During Prime Minister Atal Bihari Vajpayee's Thailand visit in 2003 five bilateral agreements were concluded. Prime Minister Manmohan Singh paid a visit to Thailand in 2004 to attend the first BIMSTEC summit in Bangkok from 29-31 July. On the sidelines of this summit the Prime Ministers discussed a wide range of bilateral, regional and international issues of common concern. In 2007, the Thai interim Prime Minister, Gen. Surayud Chulanont paid a visit to India that contributed to breaking the deadlock in India-Thailand FTA negotiations. During the visit both countries agreed to accelerate negotiations on pending defence and security-related agreements and MoUs. Two MoUs on renewable energy and cultural cooperation were also signed during his visit.

2. INDIA - THAILAND ECONOMIC RELATIONS

India and Thailand, located in each other's extended neighborhood, share unique civilizational links going back several millennia. 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.

Over the past two decades India's 'Look East' policy has been complemented by Thailand's 'Look West' policy in bringing the two countries closer. India and Thailand would celebrate 65 years of their diplomatic relations in 2012. In recent years, political contacts have intensified as reflected in a series of high level visits by leaders of the two countries. Trade and economic linkages and tourist traffic continue to grow steadily.

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) and Asia Cooperation Dialogue (ACD). The implementation of the India-AESAN Agreement on Trade in Goods from January 2010 is an important latest milestone of this partnership.

3. INDIAN COMPANIES IN THAILAND

The Tata group has growing business interest in Thailand with Tata Motors forming a joint venture (JV) with Thonburi Automotive Assembly Plant Co. to form Tata Motors (Thailand), which has launched a pickup truck in the Thai market in March 2008; Tata Steel having invested in the largest Thai steel manufacturer Millennium Steel to create Tata Steel Thailand; and Tata Consultancy Services having a long presence. The Aditya Birla group, Dabur, Lupin and NIIT are among the other major Indian companies doing business in Thailand and reflecting the diverse sectors of interest. Recently Kirloskar Brothers Ltd opened its office in Bangkok and Punj Lloyd group entered into a JV. BEML has also started supplying heavy earthmoving equipment through a local partner.

Punj Lloyd Group is currently involved in the execution of the two onshore as well as offshore projects from a Thai Company, M/s. PTT Company Limited. One project related to Fourth Transmission Pipeline Project with a value of US\$ 285 million and other is a Platform Compression Facilities Project with a value of US\$ 130 million. Kalpataru Power Transmission Limited, India in consortium with CHC Engineering Co. Ltd., Thailand secured a contract worth US\$ 60 million with Electricity Generating Authority of Thailand, for supply and construction of overhead transmission line. Indian software Company Polaris has set up an office to enter the banking and insurance sectors of Thailand.

4. THAI COMPANIES IN INDIA:

Leading Thai companies in the fields of Agro-processing, construction, automotive, engineering and banking have active and growing business presence in India. Major Thai companies active in India are - C P Aquaculture (India) Ltd., Ital Thai Development Pcl., Krung Thai Bank Pcl., Charoen Pokphand (India) Private Limited, Stanley Electric Engineering India Pvt. Ltd., Thai Summit Neel Auto Pvt. Ltd., Thai Airways International Pcl, Precious Shipping (PSL) of Thailand, Dusit Group (Hotel & Hospitality Industry), Pruksa Real Estate PCL (Real Estate business), Sirithai Superware PCL (Melamine tableware manufacturing) have invested in India.

To promote trade and investment linkages between the North Eastern states of India and Thailand is an important area of cooperation identified by both governments. There have been a number of high level contacts between Thailand and the North Eastern States of India. HRH Princess Maha Chakri Sirindhorn visited the Northeast in February 2009. Minister of Commerce Boonsong inaugurated a seminar on the theme of "ASEAN-India Connectivity: Promoting Business Linkages between ASEAN and India's North-East" in December 2012. The Indian Embassy in Bangkok organized a seminar titled "India-ASEAN: situating Thailand in the growing new economic Opportunities" at Mahidol University in December 2012. A large number of entrepreneurs explored business tie-up in India's North-East, during a seminar organized by Mission in association with ICC, Kolkata on 18 January 2013. Ms. Nalinee Taveesin, Thai Trade Representative visited three North-Eastern states of India in March 2013 at the invitation of ICC, Kolkata to explore business opportunities.

5. SCIENCE AND TECHNOLOGY COOPERATION:

Science and technology (S&T) Cooperation between India and Thailand has gained momentum with the signing of a bilateral agreement on Scientific, Technical and Environmental Cooperation

and Transfer of Technology in 2002. An Indo-Thailand, Program of Cooperation (POC) in Science and Technology has been signed in February 2006. It facilitates bilateral cooperation between scientists and researchers of the two countries through bilateral exploratory visits, joint R&D projects, joint seminars and workshops, training, fellowships, and participation in international conferences.

The Department of Science and Technology under the Ministry of Science and Technology of India and the Ministry of Science and Technology of Thailand are the nodal agencies for implementing the program in India and Thailand respectively. The two countries also signed a POC in Biotechnology in 2003 that provides a kind of institutional arrangement to facilitate developmental cooperative activities in the field of biotechnology through exchange of required information and joint research programs. In the same year, both countries also signed a MoU on Cooperation in the field of Agricultural Science, Technology and Economy identifying the dairy sector as an area for mutually profitable cooperation. In the area of space technology, India and Thailand signed an Agreement on Cooperation in Exploration and Use of Outer Space for Peaceful Purposes in 2002. India has also provided images from the IRS satellite to Thailand on a commercial basis.

The second meeting of the Joint Committee on Cooperation in Science and Technology was held on 8 November 2006 in New Delhi. In this meeting both sides agreed on the need for more collaborative activities in the areas of advance technologies in order to strengthen the India-Thailand cooperation in S&T. The third meeting of the Committee was held in Bangkok in the final quarter of 2007. India is also providing the financial and technical assistance to Thailand for science and technology development as in the case of assistance to set up an electronics design laboratory at Chulalongkorn University in Bangkok Adding a new dimension in bilateral cooperation in S&T India and Thailand have signed a MoU for enhancing cooperation in the area of non-renewable energy in 2007. This MoU envisages joint R&D, information networking and exchange of information in the areas of photovoltaic cells, solar thermal energy, biogas, small hydro and wind energy.

6. INDIA-THAILAND TRADE:

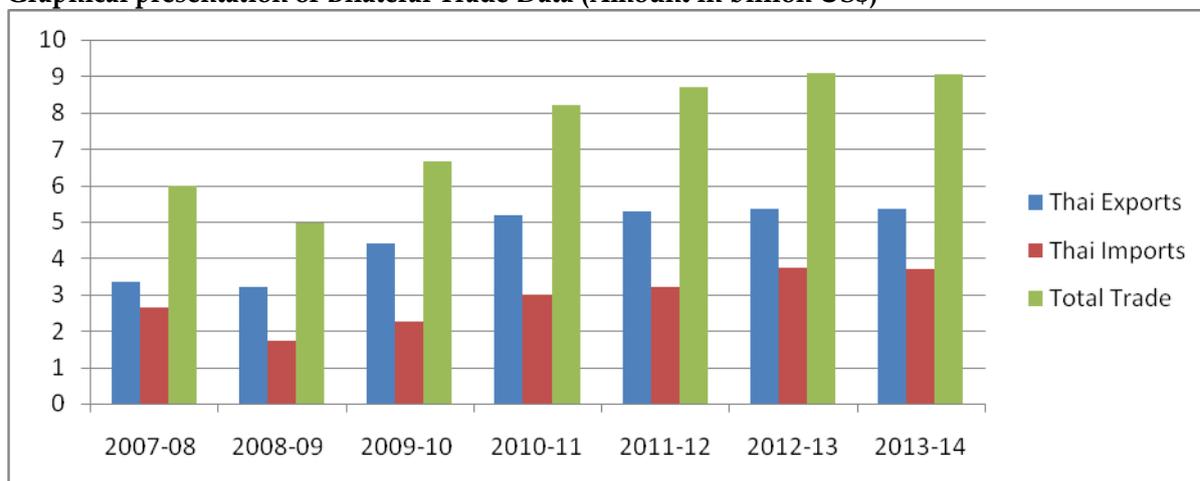
Bilateral Trade has multiplied eight times since 2000 to reach US\$ 8.68 billion in 2012. During the period January-February, 2013, bilateral trade is US\$ 1.68 billion [Export from India US\$ 0.73 billion and Export from Thailand US\$ 0.95 billion].Bilateral trade is expected to touch US\$ 14 billion mark by end of 2014.

Table-1: *Bilateral Trade Data (Amount in billion US\$)*

Description	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Thai Exports	3.34	3.22	4.39	5.18	5.28	5.35	5.36
Thai Imports	2.63	1.73	2.25	3.01	3.20	3.73	3.70
Total Trade	5.97	4.95	6.64	8.19	8.68	9.08	9.06

Source: Ministry of Commerce, Govt. of Thailand

Graphical presentation of Bilateral Trade Data (Amount in billion US\$)



The Indian export basket to Thailand mostly comprises gem and jewellery, metal ores, chemicals, machinery, vegetables, electrical household appliances and pharmaceutical products. Major imports include chemicals, polymers of ethylene, auto components, rubber, iron and steel.

Investments

Indian FDI into Thailand is estimated to be around US\$ 2 billion since 1970s. In 2011, 15 investment proposals from India with a value of US \$ 56 million were approved. During 2012, 25 new investment proposals worth US \$ 200 million were approved. Thailand has invested US\$ 102.44 million in India.

7. TOURISM IN INDIA & THAILAND ON A GROWTH CURVE

India-Thailand relations are rooted in shared historical, cultural and religious ties. There has been a long history of cultural exchange between India and Thailand. Buddhism in Thailand was introduced during the period of the great Indian king Ashoka. Besides, Thai architecture, literature, and culture have also been influenced by Hinduism.

India has many things: cultural heritage and history, regional food, architectural monuments, hospitality and services. These are also some of the realities that have poised Thailand tourism on a growth trajectory. A report by Tourism Authority of Thailand (TAT) says that in 2013 the country has set a target to lure 24.5 million tourists, up from 19.09 million in 2012, and generate tourism-related revenue of 1.1 trillion baht, up from 734.5 billion baht. The big target is for 2015. The Yingluck Shinawatra administration plans to welcome 30 million tourists and earn two trillion baht from tourism.[1] According to a India Brand Equity Foundation (IBEF), tourism is the most vibrant tertiary sectors and has a strong hold on the Indian economy today. It says that the sector contributes 6.23 percent to the national gross domestic product (GDP) and 8.78 percent of the total employment in India. It adds that India stands 42nd in the world rankings in terms of foreign tourist arrivals (FTAs) in the country, according to a report titled Competitiveness of Tourism Sector in India with Selected Other Countries of the World by Ministry of Tourism. The World Travel and Tourism Council (WTTC) named India as one of the fastest growing tourism

Industries for the next 10 to 15 years. Other than culture and heritage quotient, India in recent years has made a prominent place in medical tourism given its advanced and relatively cheap medical technology. IBEF notes that "India has developed as one of the world's most cost-efficient medical tourism destinations, and is anticipated that the Indian medical tourism market will register a compound annual growth rate (CAGR) of 27 percent during 2011-15, as per a RNCOS report titled Booming Medical Tourism India." [2] Wellness tourism is regarded as a sub-segment of medical tourism and it involves the promotion and maintenance of good health and well being. India, with its wide spread use of Ayurveda, Yoga, Siddha and Naturopathy, complemented by its spiritual philosophy, is a well-known wellness destination. [3] The Indian tourism sector includes beside medical and healthcare tourism, adventure tourism, eco-tourism, rural tourism and pilgrimage tourism. Due to its varied topography and distinctive climatic conditions, India is endowed with various forms of flora and fauna, and it has numerous species of birds.

Table-2: Bilateral Treaties Agreements

S.N	Bilateral Treaties Agreements	year
1	Trade Agreement	1968
2	Bilateral Air Services Agreement	1969
3	Maritime Boundary Delimitation Agreement	1969
4	Cultural Agreement	1977
5	Agreement on the Delimitation of Sea Bed Boundary in the Andaman Sea	1978
6	Double Taxation Avoidance Agreement	1985
7	Establishment of Joint Trade Committee	1985
8	Protocol for Scientific & Technical Cooperation between Thailand Institute of Scientific & Technological Research (TISTR) and Centre for Scientific and Industrial Research (CSIR).	1986
9	Agreement between Government of Thailand and the Government of India on the Maritime Boundary in the Andaman Sea from Point 7 to the Trifurcation Point Between Thailand, India and Myanmar, initiated in Bangkok	1989
10	Establishment of Joint Commission	1989
11	MOU between ONGC and Petroleum Authority of Thailand for mutual cooperation in the field of exploration and exploitation of petroleum resources and for training of personnel	1989
12	Agreement on Cooperation between the Federation of Indian Chambers of Commerce & Industry (FICCI) and the Board of Trade of Thailand	1990
13	Cooperation Agreement between the Federation of Thai Industries and the Federation of Indian Chambers of Commerce & Industry (FICCI)	1991
14	MOU between the Indian Council of Agricultural Research (ICAR) and the Asian Institute of Technology (AIT)	1992
15	Agreement on Peaceful Uses of Atomic Energy	2000
16	Bilateral Investment Promotion and Protection Agreement (BIPPA)	2000
17	MOU on Cooperation in Information Technology	2001

18	Agreement on Cooperation in the Exploration and use of Outer Space for Peaceful Purposes	2001
19	Agreement on Scientific, Technical and Environmental Cooperation and Transfer of Technology	2002
20	Agreement for Exemption of Visas for Diplomatic and Official Passports (2003) MOU on Cooperation in the Field of Agricultural Science, Technology and Economy	2003
21	Agreement on Tourism Cooperation	2003
22	Framework Agreement for Establishing a Free Trade Area between Thailand and India	2003
23	Program of Cooperation in Biotechnology	2003
24	Framework Agreement on the BIMSTEC Free Trade Area	2004
25	Mutual Legal Assistance Treaty	2004
26	MOU between the Indian Navy and the Royal Thai Navy on Coordinated Patrol Procedures in the Areas Adjacent to International Maritime Boundary Line and Establishment of Lines of Communication	2005
27	6 MOU on Cooperation in the Field of Education	2005
28	MOU on Air-Services	2006
29	Program of Cooperation (POC) in Science and Technology	2006
30	MOU on Cooperation in the area of Renewable Energy	2007
31	MOU on Cultural Cooperation	2007
32	MOU on Air-Services between India and Thailand. (25-26 March 2008)	2008
33	The Treaty between the Republic of India and the Kingdom of Thailand on the Transfer of Sentenced Persons	2012
34	Programme of Cooperation in the Fields of Science and Technology for the period of 2012-2014	2012
35	Memorandum of Understanding on the establishment of the ICCR chair of Indian studies between the ICCR and the Chulalongkorn University	2012
36	Executive programme of Cultural Exchange Between the government of the Republic of India and the Government of the Kingdom of Thailand for the year 2012-2014	2012
37	Second protocol to amend the framework agreement for establishing free trade area between the Republic of India and the Kingdom of Thailand	2012
38	Memorandum of Understanding on Defence Cooperation between the Government of the Republic of India and Government of the Kingdom of Thailand	2012
39	Extradition Treaty	2013
40	Memorandum of Understanding on the Establishment of the Thailand-India Exchange Programme	2013
41	MoU between Geo-Informatics and Space Technology Development Agency and Survey of India for cooperation in the field of Mapping and Geospatial	2013

	Technology Applications	
42	MoU between Geo-Informatics and Space Technology Development Agency, Thailand and National Atlas and Thematic Mapping Organization, India for cooperation in the field of Mapping and Geospatial Technology Applications.	2013
43	MoU between financial Intelligence Unit, India and Anti Money Laundering Organization, Thailand on Cooperation in the exchange of Financial Intelligence related to Money Laundering and Terrorism Financing.	2013
44	MOU on Establishment of Hindi Chair at Thammasat University	2013

Indian Diaspora in Thailand: It is estimated that there are between 150,000 -200,000 people of Indian origin living in Thailand. Many of them have lived in Thailand for several generations over the past century. Majority of them hold Thai nationality. The Indian community comes from different part of India and 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.

8. CONCLUSION:

The last few years have seen a rapid growth in bilateral trade, which crossed US\$ 8 billion mark. 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. Fortunately, both countries have plenty of such opportunities to cooperate at various multilateral organizations like ASEAN, BIMSTEC, ARF, and Mekong- Ganga Cooperation (MGC), among others. Participation in such organizations provides India and Thailand the opportunity to extend their collaboration in areas where they have not been able to get involved bilaterally.

On reviewing the important aspects of the India-Thailand cooperation, the present level of growth seems satisfactory. However, in order to make the relationship more dynamic there is a need to diversify areas of common interests. Domestic production of gas in both countries does not meet their energy demands and they are dependent on import of gas. However, while bilateral cooperation is limited in this sector due to the lack of complimentary interests, participation in sub-regional groupings like BIMSTEC provides them an opportunity to cooperate in the hydrocarbon energy sector because other members of BIMSTEC such as Bangladesh, Myanmar and Sri Lanka have enough potential to initiate joint ventures in this sector. Therefore, in order to come closer and evolve a deeper relationship, both India and Thailand have to explore new avenues of mutual cooperation.

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