

Thailand Tries Tokyo Fence Mending
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Thailand's lack of preparedness for floods in Bangkok frustrated Japan. But both countries have too much to lose to let ties stay sour.

Earlier this month, Thai Prime Minister Yingluck Shinawatra traveled to Japan with a full delegation, aiming to repair ties with the world's third-largest economy. After the visit, both sides released a joint statement declaring an enhanced strategic partnership in the economic and security realms. Japanese Prime Minister Yoshihiko Noda affirmed that his government views Thailand as a "key country in Southeast Asia," and underlined that its "development and stability are important for Japan's national interests." Thailand, which depends heavily on investment from Tokyo (nearly a third of Thailand's total direct foreign investment comes from Japan) emphasized the importance of bilateral ties.

So why the damage repair exercise? After all, relations between Thailand and Japan have been strong for decades, built upon close economic ties and a historical alliance on security matters. There are also cordial exchanges between the royal families in both countries, with a relationship that had until late last year remained robust since the two families agreed to be allied together during World War II. However, much of this diplomatic capital was eroded when a series of floods left Bangkok paralyzed, destroying a significant amount of property, including that of Japanese manufacturers.

At the time, senior legislators in Japan criticized Thailand's underdeveloped policies for curbing the flooding, raising concerns about the property damage to its considerable investments in the country. The Thai floods represented another significant shock to Japan's supply chain economy, which was already reeling from the Tohoku earthquake and tsunami last March. Thailand houses large facilities for some of Japan's automobile manufacturers, including Toyota, Honda and Isuzu. In the wake of the floods, the Japan External Trade Organization (JETRO) reported that nearly 300 Japanese factories were adversely affected, resulting in a suspension of production. Many of the parts necessary to complete the process of building these automobiles are assembled in the Thai plants, thus disrupting the supply chain of these goods overseas.

Still, despite the economic damage caused by the floods, Japanese companies have mostly remained in Thailand due to the established infrastructure and a lack of affordable alternatives. As the senior representative of JETRO in Thailand noted after the flooding, "(Japanese) investors are struggling with the current situation, but they aren't thinking about relocating to somewhere else yet."

The Federation of Thai Industries released a statement during the crisis underscoring the commercial integration between the two countries, explaining that "most of the (Japanese) car makers here primarily use parts that are made in Thailand. Pickup truck production uses more than 90 percent of Thai-built parts and it's about 60 percent in passenger cars."

Still, Thailand isn't taking anything for granted, and Yingluck's visit to Japan was primarily focused on mending fences and reassuring Japanese investors that Thailand remains a secure and profitable destination for their facilities. Indeed, following the floods, there was significant criticism from the Thai opposition that Yingluck's mismanagement of the situation would lead to the country losing its top investor.

While the trip didn't completely heal ties between Thailand and the Japanese business community, it was certainly successful in bringing the two leaders together in a symbol of unity after two of the continent's most damaging natural disasters in decades occurred in the same year. The result was both sides agreeing to a joint statement on an enhanced "strategic partnership" to deal with disasters in the future, as well as further integration on the economic and security fronts.

Specifically, the statement released emphasizes the common bonds between Tokyo and Bangkok, and affirms that both countries "help to contribute to a prosperous and more stable regional architecture in the Asia-Pacific." Yingluck may have reacted a little slowly in soothing Japan's concerns after the floods, but it seems that she's now making up for lost ground through a charm offensive aimed at solidifying Japanese investors' place in the Thai market. After meeting with Noda, Yingluck addressed the Japanese media and insisted that Thailand remains a "safe place to invest in," and promised that her government will "steadily invest in short term, and long term, flood control measures."

Japan is, of course, well aware of the devastation that natural disasters can wreck. Despite the failure of some preventive measures during last March's earthquake and tsunami, Japan remains one of the leading countries when it comes to disaster prevention and management. With this no doubt in mind, Noda agreed to provide Thailand with significant financial support for reconstructing its flood prevention infrastructure in Bangkok. Specifically, Japan has earmarked 8 billion yen (\$95 million) for joint reconstruction work in the areas that were impacted by the floods. Japan has also offered the use of its satellite technologies in order to achieve an early warning system to help speed up preventive measures.

But this assistance won't come without strings. Japan expects Thailand to also follow through with its own plans to implement extensive improvements to ensure that there's no repeat of last year's crisis.

Ultimately, Japan and Thailand continue to need each other, and both sides should remain committed to ironing out diplomatic wrinkles such as the one last year. Cooperation on disaster management may have been the focal point of the visit, but it's just one of the layers in this bilateral relationship – the two countries also share common interests in managing international security issues, such as the reintegration of Burma into ASEAN, a peaceful resolution of the Preah Vihear border dispute and the denuclearization of the Korean peninsula.

The fact is that there's simply too much binding the two together, and too many shared interests, for them not to try to work out their differences – however wronged one of them might have felt.

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