

BRI in New Normal of COVID-19: The Case of Thailand

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Abstract

Thailand plays an important role in BRI due to its strategic location and infrastructure network in the China-Indo-China Peninsula Economic Corridor, as well as the mutual benefits for Thailand and China built upon the strategic fit between BRI and Thailand 4.0 & EEC. COVID-19 dragged the Thai economy into deep contraction, and surfaced or intensified challenges to BRI, with both negative and positive implications. The positive implications include a sense of connection and unity, opportunities for supply chain integration and capacity cooperation, and opportunities from new behavior of consumer and business. The joint efforts of China and Thailand to contain COVID-19 under the framework of ASEAN+3 manifest the essence of connectivity of BRI and show the relevance of BRI as a guiding principle for a strong, collective, and orchestrated response to the pandemic. In the first half of 2020, BRI in Thailand showed reasonable resilience, demonstrated by the progress of key BRI projects, the momentum of EEC investment, a positive growth of export of Thailand to China and leading position of Chinese FDI in Thailand. However, three uncertainties may change the path and prospects of BRI in Thailand in the near future: deterioration of the China-USA relationship, new waves of COVID-19, and the coming of related sustainable government strategy, as well as reflection and refinement of the future direction of BRI by the Chinese government.

Keywords: Belt and Road Initiative, BRI, COVID-19, Globalization

Introduction

The Belt and Road Initiative (BRI) was conceived on the background of globalization. When “One Belt One Road” (the literal translation in Chinese of BRI) was first coined by President Xi in 2013, the world merchandise trade had an average growth of 5.3% in the previous two decades from 1993 to 2013 (WTO, 2014). “Global FDI also rose by 9% to \$1.45 trillion in 2013 (UNCTAD, 2014)”. The logic of BRI is largely the logic of globalization: infrastructure projects financed by foreign investment would bring prosperities to BRI partners with better connections to global supply chain and international market. The COVID-19 pandemic, which spreads in 220 countries, as of 13 November 2020, more than 52.6 million cases have been confirmed, with more than 1.29 million deaths (WHO, 2020). The COVID-19 pandemic had a heavy blow to international trade and FDI: The world merchandise trade is expected to fall by

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between 13% to 32% in 2020 from 18.89 trillion in 2019 (WTO, 2020). The global FDI flows are forecast to decrease by up to 40% in 2020 from \$1.54 trillion in 2019 (UNCTAD, 2020). The new normal of COVID-19 brings the uncertainty of economic recovery in the years ahead. What is the future of globalization and BRI? This chapter address this issue with the case of Thailand.

1. Challenge and Resilience

At the moment, the *challenge* to globalization comes from two fronts: *Firstly*, when the international borders are closed down, there is a threat to the security the global supply chain and a sharp drop of movement of people. *Secondly*, there is a threat of government policy of major economies to decouple the economic linkage with each other. The deep root behind this populism movement of anti-globalization is the unequal distribution of the benefit of the globalization among different countries, and among different factions of the population within a country.

Therefore the resilience of globalization depends on how each country and the international community respond to these two challenges: 1) How the supply chain in the new normal of COVID-19 may be restored and re-configured, and its impacts on international trade and investment; 2) How the majority of the population in the developed and developing economies may be involved in globalization, through cross border e-commerce of the digital economy, and share the benefits of globalization. BRI in the new normal of COVID-19 could also be better understood in these two perspectives.

2. Case of Thailand

This section starts with a brief overview of the role of Thailand in BRI, followed by a discussion on the challenge of COVID-19 to BRI in Thailand. It concludes with the performance and prospects of Thailand in response to those challenges.

2.1 The Role of Thailand in BRI

The role of Thailand in BRI can be reviewed in terms of 1) “*strategic position*” of Thailand in the geography of BRI and 2) “*strategic fit*” between BRI and the national development strategy of Thailand.

2.1.1 Strategic Position of Thailand

By September 2020, China has signed BRI agreements with 138 countries in the world including Thailand (NDRC, 2020). In recent official documents of BRI of China, the geographic layout of the *Belt* (Silk Road Economic Belt) and *Road* (21st Century Maritime Silk Road) is a system of “Six Economic Corridors, Six Types of Routes, Multiple Countries and Multiple Ports” (六廊六路多国多港)² (Li, 2019). Thailand is strategically positioned in one of the six corridors, namely the China-Indo-China Peninsula Economic Corridor (CICPEC), connecting China with other ASEAN countries, in the Indo-China Peninsula (Figure 1).

²Economic Corridors are: China-Mongolia-Russia Economic Corridor (CMREC); New Eurasian Land Bridge (NELB); China-Central and West Asia Economic Corridor (CCWAEC); China-Indo-China Peninsula Economic Corridor (CICPEC); China-Pakistan Economic Corridor (CPEC); and Bangladesh-China-India-Myanmar Economic Corridor (BCIMEC). Six Types of Routes are railway, highway, waterway, airway, pipeline and information super highway.

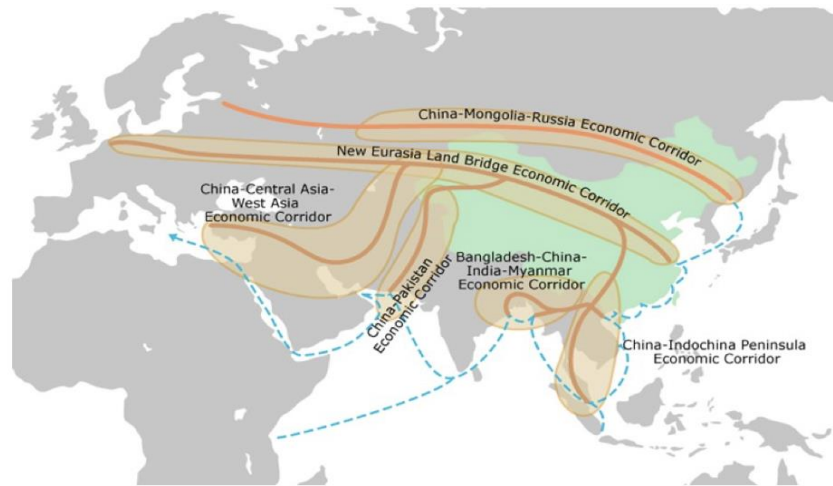


Figure 1 Six Economic Corridors of BRI
Source: HKTDC

CICPEC through Thailand in the near future will consist of the waterway of Mekong River and Kunming (China)- Bangkok (Thailand) Highway, which are already in operation, as well as China-Laos-Thailand railway and infrastructure projects in EEC (East Economic Corridor), which are currently under construction. The China-Laos-Thailand railway links Kunming (China), Vientiane (Laos) and Bangkok (Thailand), alongside the North-South Corridor from Kunming-Mohan (China) to Vientiane (Laos), and Nong Khai-Khon Kaen-EEC (Thailand). As one of the flagship projects of BRI, the railway is planned to be in operation by year 2025 at a speed of 250 km/hour (NDRC, 2020). The EEC infrastructure projects (Table 1) would further enhance the position of Thailand as the regional logistic hub with upgraded U-Tapao International Airport, Laem Chabang Port and Map Ta Phut Industrial Port.

Table 1 Infrastructure Projects of EEC

Project	Detail	Completed
High-Speed Rail	Linking 3 major international airports Don Mueang, Suvarnabhumi, and U-Tapao, at 250 km/hour	2025
Double-Track Railway	Linking Laem Chabang Port, Map Ta Phut Industrial Port, industrial zones and inland container depots.	2023
U-Tapao International Airport	Upgrading to international airport and regional aviation hub with a capacity of 60 million passengers/year	2024
Laem Chabang Port Phase 3	One of the best seaports in the world with a capacity of 18.1 million TEU/year	2025
Map Ta Phut Industrial Port Phase 3	Liquefied Natural Gas (LNG) terminal 20 million tones/year, liquid material terminal 11 million tones/year.	2024
Intercity Motorway	Linking key destinations in EEC	2019

Source: EECO (2019)

In the long term, in the envisioned Lower East-West Corridor, Laem Chabang seaport of EEC in Thailand will link Dawei deep-sea port in Myanmar, Sihanoukville port in Cambodia and Vung Tau port in Vietnam by road and rail, connecting Andaman Sea and Indian Ocean with Gulf of Thailand, South China Sea and Pacific Ocean.

2.1.2 Strategic Fit for Thailand

The important role of Thailand in BRI is not only bolstered by its strategic position in China-Indo-China Peninsula Economic Corridor of BRI, it is also manifested in the strategic fit between BRI and national development strategy of Thailand, namely Thailand 4.0 and EEC.

Thailand 4.0 was put forward in 2016 as a new economic development model which shifts its focus from agriculture (1.0), light industry (2.0), heavy industry (3.0) towards innovative and value-based industry (4.0). It complements the 12th National Economic and Social Development Plan (2017–2021) and the 20-year National Strategy (2018-2037) of Thailand (NESDC, 2019).

Twelve industries are targeted as a “*New Engines of Growth*” of Thailand 4.0. The First S-Curve covers 7 existing core industries which need to be upgraded: “Next-Generation Automotive”, “Smart Electronics”, “Advanced Agriculture and Biotechnology”, “Food for the Future”, “High-value & Medical tourism”, “Defence” and “Education”. The New S-Curve covers 5 industries with strong potential: “Automation & Robotics”, “Medicine & Comprehensive Healthcare”, “Biofuels & Biochemicals”, and “Digital Economy”. The geographic core of Thailand 4.0 is the Special Economic Zone of **EEC**, located in the three provinces of Chachoengsao, Chonburi and Rayong (Phuangketkeow, 2020).

The strategic fit between BRI and Thailand 4.0 & EEC could be viewed from three perspectives: **Firstly**, the ambitious infrastructure and target industries in EEC demand **investment** from China. Dr. Kanit Sangsubhan, Secretary General of the Office of the EEC (EECO), estimated that over five years from 2018 to 2023, EEC may require investment of 300 billion baht or 9.6 billion US dollars per year (Sangsubhan, 2018). On the other hand, EEC offers opportunities for Chinese investment in Thailand following the call of “Going Out” of BRI. **Secondly**, the **China-Laos-Thailand railway**, the flagship BRI project under construction, would link EEC to the vast Chinese market. The demand for railway logistic service of EEC also enhances economic viability of the multi-billion-dollar rail project. **Thirdly**, some target industries of Thailand 4.0 also match the 10 priority sectors of the “Made in China 2025”, a national strategic plan issued in 2015 for manufacturing sectors in China (Tang & Rattana-amornprirom, 2017). The leading Chinese companies have brought into EEC **new technologies** Thailand craves for in areas such as digital economy, robotics, aerospace, new energy, medicine, and agriculture (Table 2). Thailand on the other hand becomes an ideal testing field for the global ventures of the Chinese companies, due to the geographic and cultural proximity of the two countries.

The strategic fit between BRI and Thailand 4.0 & EEC enhances the value of BRI for both countries and strengthens the role of Thailand in BRI. This is revealed by the time line of bilateral relationship between Thailand and China in their plans of cooperation and MoU (memorandum of understanding) adopted since 2013, the year when BRI was first kicked off: The two governments announced a “Long Term Plan for Development of Relationship Between China and Thailand” (中泰关系发展远景规划) in 2013. BRI became more relevant to Thailand when it launched Thailand 4.0 & EEC in 2016. “MoU for Jointly Promotion of One Belt One Road” (共同推进“一带一路”建设谅解备忘录) was signed in 2017, together with a “Joint Action Plan for Strategic Cooperation 2017-2021” (战略性合作共同行动计划 2017-2021). The strategic intension of Thailand was reiterated in the “MoU on Cooperation in Building EEC of Thailand” (关于开展泰国“东部经济走廊”建设合作的谅解备忘录) in 2018. The China-Laos-Thailand railway and EEC were once again the highlights of BRI in the “Joint Press Statement

of the Government of the PRC and the Government of the Kingdom of Thailand” (中华人民共和国政府和泰国政府联合新闻声明) in late 2019 when Premier Li Keqiang of China visited Thailand (Xinhuanet, 2019).

Table 2 Chinese Projects in Target Industries of Thailand 4.0 of EEC

Industry	Projects
Digital Economy	<ul style="list-style-type: none"> • Huawei, Alibaba, Tencent, Kingsoft, JD.com • China Unicom: Digital Park Thailand • CMI: Connectivity Hub • CAC: Data Center/ Submarine Cable • Huawei: 5G
Robotic	<ul style="list-style-type: none"> • Siasun: Robotic and Artificial Intelligence
Aerospace	<ul style="list-style-type: none"> • Wuhan Optic Valley: GNSS and Geomatics • NWIEE: Satellite Ground Station • CNSO and CNSA: Development of space technology • DJI: Unmanned aircraft (drone)
New Energy	<ul style="list-style-type: none"> • Shanghai Motor (MG): EV Battery • Jiangsu Joylong Automobile
Medicine	<ul style="list-style-type: none"> • BGI-Shenzhen: Bioinformatics
Agriculture	<ul style="list-style-type: none"> • Yellow Sea Fisheries Research Institute • Wanyu Foods: Tapioca starch products • Beijing Genomic Institute: Big data for life science

Source: Sangsubhan (2018)

2.2 The Challenge to Thailand

Subsection 2.1 establishes the important role of Thailand in BRI based on its strategic position and infrastructure network in China-Indo-China Peninsula Economic Corridor, as well as the mutual benefits for Thailand and China built upon the strategic fit between BRI and Thailand 4.0 & EEC. Nevertheless, there are challenges to Thailand for fully embracing BRI. The challenges lie in three dimensions: 1) Negative perception on competition or threat from China; 2) Resource constraints of government budget and skilled workforce and 3) Geopolitical pressures to keep balance in relationship with super powers. These challenges are surfaced and intensified during the COVID-19 in 2020. This subsection starts with a review of economic impacts of COVID-19 on Thailand, followed by a discussion on challenges from the negative and positive implications of these impacts on BRI in Thailand.

2.2.1 Impacts of COVID-19

COVID-19 dragged Thai economy into deep contraction. According to Office of The National Economic and Social Development Council (NESDC) of Thailand, the GDP growth in the first half of 2020 of the country is -6.9% (NESDC, 2019). A recent study on ASEAN also estimated Thai economy to grow at -7.0% in 2020, the lowest among the 10 ASEAN members (AMRO, 2020).

The dark shadow shrouded Thai economy long before COVID-19. Thai economic growth was 2.4% in 2019, the second lowest in ASEAN (CEIC, 2020). Without breakthrough in innovative and value-based industries, Thailand gradually lost its competitive edge to CLMV (Cambodia-Laos-Myanmar-Vietnam) which grew at 5%-7% in the same year. Even though Thailand seemed doing well in containing COVID-19 comparing with its ASEAN neighbors, the pandemic left a deep scar on the country:

- Supply chain breakdown is the most pernicious threat to Thai economy. As the country ranks the fourth in the world in participation in global value chains (Krungsri Research, 2020), this disruption had a strong impact on the supply side (see contraction of

industry in first half of 2020 in Figure 2). When international transportation halted because of COVID-19, manufacturers in Thailand could not get their input from abroad or send their intermediate goods to downstream foreign partners.

- From the demand side, lockdown as a measure to contain COVID-19 had its bite on retail, wholesale, transportation and hospitality services etc. Domestic consumption across the board went down further as unemployment rose and purchasing power and consumer confidence weakened (see contraction of service and private consumption in Figure 2).

- International tourist arrivals plunged by 66% in the first half of 2020 under restrictions on inbound travel to Thailand. The foreign tourist arrival is expected to drop from 40 million in 2019 to 7 million in 2020. This devastated the tourism-dependent economy. (MOTS, 2020)

- The biggest contributions to economic contraction on the demand side comes from net exports (Figure 2). Merchandise export in Thailand is about 50% the size of GDP of the country in previous years. *Exports of goods and services* contracted by 17.6% in the first half of 2020, while merchandise exports shrank by 7.0% in the same period (ADB, 2020). The drop of export of service is explained by the plunge of international tourism and transportation. The shrink of merchandise export is attributed to sluggish demand due to world economic recession and supply chain disruption, as well as China-USA trade war when Chinese exports utilizing middle-stream products of Thailand met escalating trade barriers in USA (EIC, 2020).

- The pandemic also brings strain to the *government budget*. Thai government has launched three relief packages with the size of 12% of GDP. To finance the budget deficit with public debt, the government had increased the ratio of public debt to GDP from 41.1% at the end of fiscal year 2019 to 44.8% at the end of June 2020 (ADB, 2020).

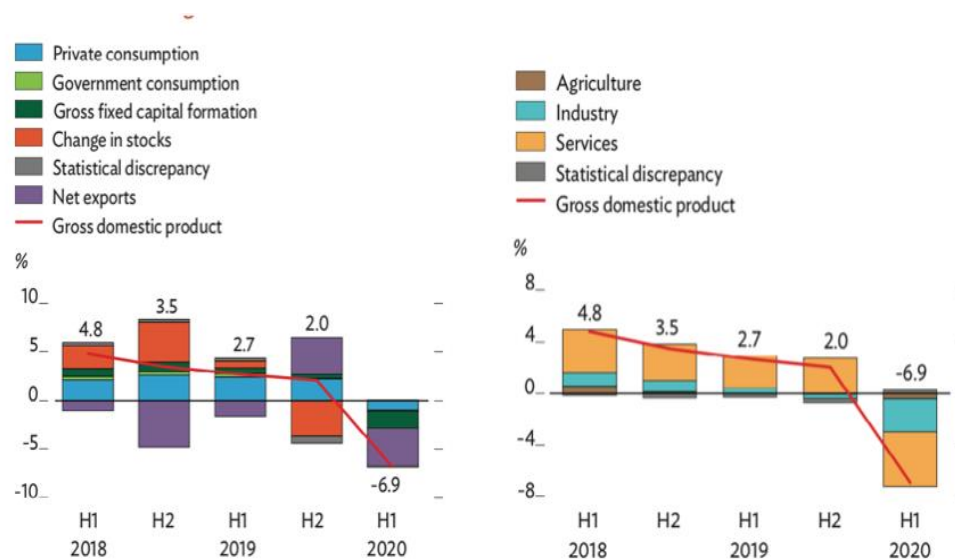


Figure 2 Demand Side & Supply Side Contributions to Growth in Thailand

Source: ADB (2020)

2.2.2 Implications for BRI

What BRI aims to achieve could be described as “connectivity in five areas” (五通) in Chinese official documents on BRI since the early stage. The five areas are: “policy coordination”, “connectivity of infrastructure”, “unimpeded trade”, “financial integration”, and “closer people-to-people ties” (NDRC, 2015) (Table 3). The impacts of COVID-19 on Thailand

reviewed above may have both negative and positive implications for BRI in Thailand in these five areas.

Table 3 Connectivity of BRI in Five Areas

Areas	Details
Policy	Coordination of development strategies and policies
Infrastructure	Transportation, energy, communication infrastructure Facilitation of Transportation, Compatible technical standard
Trade	Trade and investment facilitation, Promoting emerging industries Optimization supply chain integration and capacity cooperation
Finance	Mobilizing financial resources through new funds & banks Currency swap and settlement, Financing RMB investment Cooperation in financial regulation
People	Cultural & academic exchanges Cooperation in tourism, sports, public health and public services Exchanges of government & non-government organizations and medias

Source: Author's compilation based on materials in NDRC (2015)

The *negative implications* for BRI in Thailand originate from economic environment, political pressure and international relations. On the *economic front*, economic contraction and business closure during the period of COVID-19 depress international trade, FDI and business cooperation when market confidence is at its lowest. There is also less resource available from government budget or private capital to carry out new BRI projects. On the *political front*, gloomy economic prospect arises the fear for foreign competition in public sentiment. The political conflicts surfaced during the pandemic may also disintegrate Thai society and shake the government authority for continued implementation of national development strategy, as demonstrated by the recent student movement in September 2020 (Cory, 2020). On the front of *international relations*, COVID-19 intensified the hostility between USA and China. To avoid taking side with either party, Thailand may be more cautious to render its support for BRI.

However, the impacts of COVID-19 may also have *positive implications* for BRI in Thailand in following aspects: *Firstly*, the world wide spread of the pandemic and damage on global scale may form a *sense of connection and unity* in international communities, or in the terminology of BRI, the ideal of “Community of Shared Future for Mankind” (人类命运共同体). The case to the point is the involvement of Chinese tourists in Thai economy. Chinese accounted for about 30% of foreign visitors in Thailand, and spend more than an average foreign tourist. As tourism related sectors provide 1/6 jobs and account for approximately 14% GDP of the country, the plummet in the number of Chinese tourists may transmit the damage of COVID-19 from China to Thailand, even though the border between the two countries is sealed off (Pinchuck, 2020). Such a sense of connection and unity may be conducive for future cooperation between the two countries in BRI connectivity areas of “policy coordination” and “people to people ties” (Row 1 and Row 5 in Table 3).

Secondly, supply chain breakdown during COVID-19 may be an opportunity in disguise for Chinese investment engaged in *supply chain integration and capacity cooperation* (see BRI connectivity areas of “trade” in Row 3 of Table 3). In response to the call for secured supply chains of the country, Chinese companies may participate and assist Thailand to repair the damaged supply chain, build new supply chain for neighboring emerging markets, improve supply chain efficiency with comparative advantage and economy of scale, or create flexible supply chain equipped with industrial IoT (Internet of Things). The USA-China trade war or

conflicts between China and other trade partners such as India may also push more Chinese companies to Thailand for expansion in ASEAN market or bypassing the trade barriers. Thai companies struggling under the clutches of COVID-19 would welcome the capital, technology, and business model brought in by their Chinese partners.

Thirdly, Covid-19 also nurtured *new behavior for consumer and business*. Not only more people are accustomed to shopping on line and adopting digital payment, the pandemic also propels digital transformation of businesses with virtual working environments. These new behavior patterns create opportunities for 5G network, IT & communication equipment, social media, mobile payment, e-commerce, and logistic platform where Chinese companies have competitive advantages and are eager to expand globally. COVID-19 also raised concern for public health and new vaccine & medicines. “Digital Belt & Road” and “Health Silkroad” may become new bright spots of BRI, in its connectivity areas of “communication infrastructure”, “technical standard” and “emerging industries” (Row 2 and Row 3 in Table 3).

2.3 The Response & Prospects of Thailand

Subsection 2.2 lists the impacts of COVID-19 on Thai economy and their negative and positive implications for BRI in Thailand. This subsection describes the response, performance, and prospect of Thailand to tackle the challenges. It starts with the joint efforts of China and Thailand to contain COVID-19 which manifest the essence of connectivity of BRI; followed by the new development of BRI & EEC projects and the performance of BRI indicated by the data of bilateral trade between China and Thailand and Chinese FDI (Foreign Direct Investment) in Thailand in the first half-year of 2020; and concludes with a discussion on uncertainties for the future of BRI in Thailand.

2.3.1 BRI and the Joint Efforts of ASEAN+3 to Contain COVID-19

Thailand and China joined their hands in response to the threat of COVID-19 in the very early stage of the plague under the ASEAN+3 (APT) framework (ASEAN, 2020). The video conference of APT senior officials on health was conducted on February 3, 2020, long before WHO declared COVID-19 as a pandemic on March 11. Video conference of APT Health Ministers was conducted on April 7, leading to the Special APT Summit on COVID-19 on April 17, 2020. The Summit adopted a joint statement with a resolution of 18 points (ASEAN, 2020). In Table 4, the major contents of the 18-point resolutions are arranged in the structure of the “connectivity in five areas” of BRI. It illustrates the relevance of BRI as a guiding principle for a strong, collective, and orchestrated response to the pandemic.

Table 4 Resolutions of ASEAN+3 Summit on COVID-19 in “Five Areas of Connectivity” of BRI

Areas	Details
Policy	Exchange information on the situation of COVID-19 and government measures Support strong, collective and orchestrated response for control and treatment Strengthen joint efforts toward post-pandemic recovery
Infrastructure	Strengthen the resiliency and sustainability of regional supply chains Facilitate essential movement of people, including business travels Setup reserve of essential medical supplies to enable rapid response to emergency
Trade	Commit to keep markets open for trade and investment Boost market confidence, stability and resilience of the regional economy Enhance national and regional capacities in response to pandemics

Table 4 Resolutions of ASEAN+3 Summit on COVID-19 in “Five Areas of Connectivity” of BRI (Cont.)

Areas	Details
Finance	Establish the COVID-19 ASEAN Response Fund for emergencies Be vigilant to the potential risks to regional financial stability Foster closer regional financial cooperation and policy coordination
People	Strengthen scientific cooperation in epidemiological research Train public health workers and provision of scholarships for students Promote effective public communication, reduce stigmatization & discrimination

Source: Author’s compilation based on ASEAN Secretariat (2020) and Five Areas of Connectivity of BRI in Table 3

2.3.2 Performance of BRI in Thailand: First Half Year of 2020

Although private investment in Thailand shrank by 10.2% in the first half of 2020 due to weak domestic and external demand, public-private partnership projects, especially infrastructure projects were little affected (ADB, 2020). These infrastructure projects include China-Laos-Thailand railway and 5G network, both of them have a high stake in the success of BRI in Thailand. The subgrade of the pilot 3.5 km **high speed railway** from Klang Dong-Pang Asok was finally completed in September 2020. The full-length railway of 608 km from Bangkok to Nong Khai through Nakhon Ratchasima may be completed on schedule by 2025. Investment in **5G network** accelerated following a successful auction of 5G licenses in February 2020. The Eastern Special Development Zone Act B.E. 2561 (A.D. 2018) provides a legal shelter for EEC, the strategic pivot for BRI in Thailand, against the lurching political turmoil. According to Board of Investment (BOI), 203 projects worth 101 billion baht were approved for receiving policy benefits in **EEC** in the first half of 2020, representing an increase of 99% in number of projects and 114% increase in value (BOI, 2020).

The resilience of BRI in Thailand under COVID-19 is reflected by the data of bilateral trade between China and Thailand and Chinese FDI in Thailand. In the first half of 2020, Thai **exports** to China increased by 5.8% compared with a negative growth of -7.1% in world market, -16.8% in European Union, -9.3% in Japan, and -9.1% in ASEAN. Thai export to China in the first half of 2020, amounted \$14.4 billion, was led by fruit (HS code 8) and rubber (HS code 40). Thai import from China remained almost at the same level of 2019, led by E&E products (HS code 85) and machinery (HS code 84).

The strong performance of bilateral trade despite the shock of COVID-19 is largely attributed to easing of restrictions and resumption of economic activity in China (ADB, 2020). China’s speedy recovery shows its quality of state governance and the economic potency. It enhances the credibility of BRI as a platform for cooperation led by the country. The other factors for the growth of Thai export to China are: free trade arrangement of ASEAN China Free Trade Area (ACFTA) (Rattana-amornpirom, 2020), and cross border ecommerce. Promoting free trade and e-commerce are objectives of BRI, in the areas of “infrastructure” and “trade” of “five areas of connectivity” (Row 2 and Row 3 in Table 3). The case to the point is durian of Thailand. In the first half of 2020, its value of export to China topped \$1 million, accounted for 73% of the total export of fresh durian in Thailand, at a growth rate of 140%. A large amount of durian export is through the channel of e-commerce, and the fruit enjoys 0% tariff when entering Chinese market thanks to ACFTA.

It is also worth noting the structure of top categories of bilateral trade between China and Thailand. Fruit (HS code 8) and rubber (HS code 40) exported from Thailand have very high value added in the country and enrich the mass of Thai farmers, while import of mobile phone and tablet from China in the category of E&E products (HS code 85) empowers the mass of low income consumers with quality IT equipment at a reasonable price. It shows the

possibility of sustainable globalization and BRI when the majority of population are involved, and share the benefits.

BOI provides information on *FDI* in terms of number and value of projects applying and approved for BOI policy benefits (Table 5). The number and value of projects approved from the world and major economies increased in the first half of 2020, comparing with the same period of 2019. Most projects are located in EEC. China is the top investor in this period with approved projects valued at 35 billion Baht, thanks to large projects such as flat steel and tires for vehicles (BOI, 2020).

Table 5 Number and Value of Projects Applying and Approved for BOI Promotion

Country	BOI Promotion Applying				BOI Promotion Approved			
	20191H		20201H		20191H		20201H	
	Project	Value	Project	Value	Project	Value	Project	Value
World	436	114	459	76	423	114	535	161
China	73	24	95	17	65	37	96	35
Japan	108	41	99	23	108	29	119	34
USA	15	1.4	16	1.5	9	1.8	19	8

Note: Unit for Value: billion Baht

Source: BOI (2020)

As mentioned in subsection 2.1, restoration and re-configuration in the aftermath of supply chain breakdown may be an opportunity in disguise for Chinese investment looking for “supply chain integration and capacity cooperation”, in one of the “five areas of connectivity” of BRI (Row 3 in Table 3). Chinese companies could participate and contribute to the supply chain building process. The case to the point is the Thai Chinese Luo Yong Industrial Park (泰中罗勇工业园). Located in the core area of EEC, it has attracted 150 Chinese companies in the past 15 years. Cloud meeting with enthusiastic investors became a new normal for the management team during the period of COVID-19. A few tire producers in China moved to Thailand to bypass the trade barrier of USA. They brought with them a supply chain of more than 20 firms in the park alone (Zhimin, 2018a).

2.3.3 Future Uncertainties for BRI in Thailand

Three uncertainties may change the path and prospects of BRI in Thailand: *Firstly*, it is the *deterioration of China-USA relationship* and the severity of the political, economic and military conflicts between the two countries. On the Chinese side, it is the test for its leadership to avoid confrontation of ideology, earn trust of the world at large, create, defend and spread the value of globalization. On the American side, it is a test for its patience and ability to reform the international and domestic political system in line with the reality of globalization. In the worst scenario, the conflict between the two countries may completely alter the international order since World War II and change the global context for BRI. *Secondly*, it is the *new waves of COVID-19* and the coming of related sustainable government strategy to cope with the pandemic. It is the possible disruption and transformation of life style and business format which may redefine the boundary and contents of BRI. *Thirdly*, it is the reflection and refinement of future *direction of BRI* by the Chinese government in the new normal of COVID-19 and new pattern of geopolitics, with measures to balance the cost and benefit, benefit and risk, economic benefit and political benefit, as well as short-term benefit and long-term benefit of BRI.

Conclusion

Thailand plays an important role in BRI due to its strategic location and infrastructure network in the China-Indo-China Peninsula Economic Corridor, as well as the mutual benefits for Thailand and China built upon the strategic fit between BRI and Thailand 4.0 & EEC. COVID-19 dragged Thai economy into deep contraction, and surfaced or intensified challenges to BRI, with both negative and positive implications. The positive implications include sense of connection and unity, opportunities of supply chain integration and capacity cooperation, and opportunities from new behavior of consumer and business. The joint efforts of China and Thailand to contain COVID-19 under framework of ASEAN+3 manifest the essence of connectivity of BRI and shows the relevance of BRI as a guiding principle for a strong, collective and orchestrated response to the pandemic. In the first half of 2020, BRI in Thailand showed reasonable resilience, demonstrated by the progress of key BRI projects, the momentum of EEC investment, positive growth of export of Thailand to China and leading position of Chinese FDI in Thailand. However, three uncertainties may change the path and prospects of BRI in Thailand in the near future: deterioration of China-USA relationship, new waves of COVID-19 and the coming of related sustainable government strategy, as well as reflection and refinement of future direction of BRI by the Chinese government.

Back to basic, the success of BRI in Thailand depends the communication to its leadership and general public the essence of “initiative” and the guiding principles of “Plan Together, Build Together and Benefit Together” (共商, 共建, 共享). From China’s point of view, BRI is not a strategy for expansion. It is an *initiative* calling for participation of equal partners. “*Plan Together*” implies the involvement and interaction of the stakeholders when BRI projects are conceived and executed. Even BRI itself is a living and evolving concept. “*Build Together*” involves local contents and technology transfer, “*Benefit Together*” commands the market mechanism for sharing profit and risk (Zhimin, 2018b).

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