



The Making of the Indo-Pacific Economic Framework for Prosperity (IPEF)



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Thailand's Perspectives on the IPEF

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This chapter investigates Thailand's perspective on the Indo-Pacific Economic Framework for Prosperity (IPEF). It introduces different views on the Framework from the Thai government, businesses, and civil society. The negotiation challenges facing the country and some anticipated outcomes of each Pillar are highlighted. Thailand will likely find it difficult to partake in the IPEF in the areas of digital economy, labour standards, environmental cooperation and anti-bribery practices. Yet, some difficulties can be ameliorated by the other IPEF members' capacity building programmes. The domestic political factors stemming from the General Election (GE) in May 2023 and how they will shape the country's implementation of the IPEF are also examined. This chapter ends with the discussion of the prospects of engaging Europe from Thailand's viewpoint. The analysis finds that the state prefers to advance its economic ties with Europe via regular Free Trade Agreements (FTAs) rather than the IPEF.

List of Abbreviations

ACTWG	Anti-Corruption and Transparency Experts' Working Group
APEC	Asia-Pacific Economic Cooperation
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASEAN-PAC	ASEAN Parties Against Corruption
BCG	Bio-Circular-Green
BEPS	Base Erosion and Profit Shifting
BP	Bhumjaithai Party
COP	Conference of the Parties
CPTPP	Comprehensive and Progressive Trans-Pacific Partnership
CSIS	Center of Strategic and International Studies
DEPA	Digital Economic Partnership Agreement
EEC	Eastern Economic Corridor
EFTA	European Free Trade Association
EU	European Union
EVs	Electric Vehicles
FATF	Financial Action Task Force
FDI	Foreign Direct Investment
FTAs	Free-Trade Agreements
GDPR	General Data Protection Regulation
GE	General Election
HS	Harmonised System
ILO	International Labour Organization
IMD	International Institute for Management Development
IPEF	Indo-Pacific Economic Framework
ISEAS	Institute of Southeast Asian Studies
MFP	Move Forward Party
MOU	Memorandum of Understanding
OECD	Organisation for Economic Co-operation and Development
PDPA	Personal Data Protection Act
PM	Prime Minister
PP	Phalang Pracharath Party
PPP	Public-Private Partnership
PTP	Pheu Thai Party

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R&D	Research and Development
RCEP	Regional Comprehensive Economic Partnership
SDGs	Sustainable Development Goals
SEP	Sufficiency Economy Philosophy
UN	United Nations
UNCAC	United Nations Convention against Corruption
US	United States
USMCA	United States-Mexico-Canada Agreement
USTR	United States Trade Representative
UTN	United Thai Nation Party
WTO	World Trade Organization

This paper investigates Thailand's perspectives on the Indo-Pacific Economic Framework for Prosperity (IPEF). It scrutinises how the government, the private sector, civil society and other stakeholders view the Framework. It also reflects on the key challenges facing Thailand during the talks and anticipated negotiation outcomes. The recent changes in Thai politics and how they will affect the implementation of the IPEF are also examined. The paper concludes with views on Thailand's IPEF membership in relation with other global actors and the prospects of the framework's implementation in the next five years.

What the IPEF Means for Thailand

Government Sector

From the government's viewpoint, Thailand does not see the IPEF as a replacement for Free Trade Agreements (FTAs). Yet, it can serve as a scheme that can mint out innovative initiatives against the backdrop of the post-COVID-19 economic recovery and changing geopolitics. The benefits of the IPEF include generating new trade and investment opportunities for the region and Thailand.¹ In other words, the cooperation will improve the business environment, which can attract more foreign direct investment (FDI) and create new jobs.² This will in turn enable Thailand to obtain the objectives outlined in the 13th Nation Economic and Social Development Plan (2023 – 27) including boosting per capita income, narrowing income inequality, and lessening greenhouse gas emissions.³

Bangkok also sees its Eastern Economic Corridor (EEC) gaining from the IPEF. EEC is striving to transform the nation's eastern part into the Indo-Pacific region's production hub of 12 targeted industries: Next-Generation Automotive, Intelligent Electronics, Advanced Agriculture and Biotechnology, Food for the Future, High-Value and Medical Tourism, Robotics, Aviation and Logistics, Medical and Comprehensive Healthcare, Biofuel and Biochemical, Digital, National Defence, and Education and Human Resource Development.⁴ The IPEF could better the business environment and raise investors' confidence, allowing the country to attract more investment in these sectors.

The Thai authorities are aware of the geopolitical underpinnings of this Washington-led initiative. The IPEF is a product of the intensifying United States (US)-China power contestation. In May 2022, US Secretary of State Anthony Blinken labelled China as "the most serious long-term challenge to the international order" and revealed the US' three-pronged strategy – "invest, align, compete".⁵

1 Author's conversation with the Thai government officers, 24 February 2023.

2 "ASEAN Digest", *Bangkok Bank*, June 2022, https://www.bangkokbank.com/-/media/files/international-banking/aec-connect/asean-digest/2022/asean-digest_jun2022.pdf

3 Kavi Chongkittavorn, "Behind the scenes: Thailand's IPEF talks", *Bangkok Post*, 24 May 2022, <https://www.bangkokpost.com/opinion/opinion/2314838/behind-the-scenes-thailands-ipef-talks>;

"Parliament okays NESDC's new development plan for Thailand", *The Nation*, 30 August 2022, <https://www.nationthailand.com/in-focus/national/40019519>

4 "Developing EEC to Support MICE Industry and the Investment of 12 Focused Industries", Thailand Convention and Exhibition Bureau, 2022, <https://www.businesseventsthailand.com/en/support-solution/success-story/detail/631-developing-eeec-to-support-mice-industry-and-the-investment-of-12-focused-industries>

5 "The Administration's Approach to the People's Republic of China", Speech by Anthony Blinken, Secretary of State at George Washington University, Washington D.C., 26 May 2022, <https://www.state.gov/the-administrations-approach-to-the-peoples-republic-of-china/>

Under the 'align' aspect, the Biden Administration intends to promote an alternative vision of the regional order different from Beijing's. The IPEF was cited as a mechanism to revitalise the US rule-making leadership for emerging matters such as "digital economy, supply chains, clean energy, infrastructure, and corruption".⁶ In short, Washington attempts to lean on the IPEF to counterweigh China in the Indo-Pacific economic governance area.

Due to the US-China rivalry, global supply chain calculations will likely be based more on strategic than economic factors as exemplified by the concept of *friendshoring*. Bangkok welcomes this trend as an opportunity for it to attract more investments as other states reconfigure their production networks. This would entail windfall gains for Thailand as it will receive more investments in EEC's key sectors.

Regarding Pillar 1 (Trade), while the IPEF is not a regular FTA, the country's view is that it can be another mechanism that Bangkok can leverage to craft international rules and standards for its own and regional interests. The state must partake in this Framework especially after it suspended its plan to join the Comprehensive and Progressive Trans-Pacific Partnership (CPTPP). Due to the anti-CPTPP domestic backlash, Bangkok postponed its formal application to join the pact.⁷ As a result, the IPEF is regarded a practical pathway that Thailand can utilise to deepen its economic engagement with other regional states. As far as the US-Thailand trade relations are concerned, this initiative has come after the US-Thailand FTA talks stalled.⁸ Thus, the IPEF can be a forum for Bangkok to cooperate economically with Washington, voice its concerns with the latter (for example, US protectionism), and sort out joint solutions.

Thailand's participation in Pillar 2 (Supply Chains) stems from the latter's focus on supply chain resilience, which Bangkok sees as a new area that has not been adequately addressed by other frameworks.⁹ Thailand's comparative advantages in certain sectors can be further exploited if cooperation on Pillar 2 comes into fruition. Thailand's exports to and imports from the other IPEF members in 2018 – 21 accounted for 42.7 per cent and 52 per cent of the country's total exports and imports respectively.¹⁰ Moreover, the nation's outward investment to and inward investment from the other IPEF members in 2018 – 22 amounted to 46.8 per cent and 45.4 per cent of the country's total outward and inward investment respectively.¹¹ The collaboration on Pillar 2 will permit companies in these industries to expand abroad, raise funds for their future investments, and deepen their supply chains in the region. Furthermore, Bangkok aims to foster new and

6 *Ibid.*

7 *op. cit.*

8 The US-Thailand FTA talk commenced in October 2003. Six negotiation rounds took place from October 2003 to January 2006. In February 2006, the negotiation was suspended after the military putsch ousted the democratically-elected Thaksin Shinawatra government.

9 Author's conversation with the Thai government officers, 24 February 2023.

10 "Trade Data", UN Comtrade Database, <https://comtradeplus.un.org/TradeFlow?Frequency=A&Flows=all&CommodityCodes=TOTAL&Partners=764&Reporters=all&period=all&Aggregate-By=none&BreakdownMode=plus>

The top traded goods during this period were: (1) Machinery, boilers, nuclear reactors and mechanical appliances; parts thereof (HS Code 84); (2) Electrical machinery and equipment and parts thereof; sound recorders and reproducers; television image and sound recorders and reproducers, parts and accessories of such articles (HS Code 85); and (3) Vehicles; other than railway or tramway rolling stock, and parts and accessories thereof (HS Code 87).

11 The most invested sectors were: manufacturing, wholesale and retail trade, repair of motor vehicles and motorcycles, financial and insurance, accommodation and food services, and real estate. The information was gathered from the Bank of Thailand database.

emerging supply chains via the EEC. For instance, electrical vehicles (EVs) are under the EEC's Next-Generation Automotive industry, whose growth and expansion the government encourages. The IPEF will raise investments in EVs, allowing the state to maintain and bolster its position as the 'Detroit of Asia.'

Pillar 3 (Clean Economy) is seen as complementary to Thailand's pursuit of a bio-circular-green (BCG) economy.¹² BCG economy is a new model enabling the state to accomplish inclusive and sustainable growth and development. This approach rides the country's strengths in biological diversity and cultural richness, and employs technology and innovation to transform Thailand into a value-based and innovation-driven economy. The model conforms with the United Nations (UN) Sustainable Development Goals (SDGs) and aligns with the Sufficiency Economy Philosophy (SEP), the key principle of Thailand's social and economic development.¹³ The country has been practising this model domestically and advocating it internationally. For instance, as the host of the Asia-Pacific Economic Cooperation (APEC) Summit last year, it played a pivotal role in making the APEC adopt the Bangkok Goals on the BCG Economy at the APEC Economic Leaders' Meeting in November 2022.¹⁴ With its experience and expertise on sustainability, the state intends to make contributions to the cooperation under this Pillar.

Thailand views Pillar 4 (Fair Economy) as important for upgrading the regional economies' anti-corruption and taxation legislations. Also, successful cooperation in Pillar 4, will enhance both transparency and good governance, improving the Indo-Pacific business climate and making the region a more attractive FDI destination. Another reason undergirding Bangkok's engagement in the IPEF pertains to capacity-building. The government believes that the participation will boost its capabilities to better implement international initiatives such as the Paris Agreement, the UN Conventions, and the Organisation for Economic Cooperation and Development (OECD)'s two-pillar solutions.¹⁵

Private Sector

Thailand's private sector generally welcomes the Framework. The business community feels the IPEF will lead to some degree of regional standard upgrading. However, it has difficulty conducting usual cost-benefit analyses because the IPEF is not an FTA. Put differently, this framework's unique nature poses challenges to the Thai firms' abilities to anticipate their potential gains and losses. These stakeholders are uncertain over whether they will emerge as winners or losers from the Framework. As a result, they are unable to plan strategies such as lobbying with the government to refrain from engaging in any arrangements that undercut their interests.¹⁶

The private sector is optimistic about the IPEF yielding tangible and beneficial outcomes. The Upskilling Initiative for Women and Girls launched in September 2022 is a case in point.¹⁷ This programme strives to train 7 million women and girls in the IPEF middle-income and emerging economies by 2032. Fourteen American tech firms such as Apple, Amazon, Cisco, Dell, IBM, and

12 Author's conversation with the Thai government officers, 24 February 2023.

13 "Bio-Circular-Green Economic Model (BCG)", The Royal Thai Embassy, Washington D.C., August 2021, <https://thaiembdc.org/bio-circular-green-bcg/>

14 "2022 Leaders' Declaration", Asia-Pacific Economic Cooperation (APEC), Bangkok, Thailand, 19 November 2022, <https://www.apec.org/meeting-papers/leaders-declarations/2022/2022-leaders-declaration>

15 Author's conversation with the Thai government officers, 24 February 2023.

16 *Ibid.*

17 "FACT SHEET: IPEF Upskilling Initiative", US Department of Commerce, <https://www.commerce.gov/sites/default/files/2022-09/IPEF-Upskilling-Fact-Sheet.pdf>

HP will boost digital skills of at least 500,000 of these individuals during the ten-year period. The Thai female workforce will receive training from this initiative. From the businesses' perspective, this will galvanise their long-term development and competitiveness in the increasingly digitalised world economy. Consequently, businesses hope for additional concrete public-private partnership (PPP) projects like the Upskilling Initiative to come out of the Framework.¹⁸

Civil Society

The Thai civil society actors are either unsure or positive about the impact of the IPEF on the economy and society. There is no obvious domestic backlash. The sentiments manifest in the 2023 survey conducted by the Institute of Southeast Asian Studies (ISEAS) - Yusof Ishak Institute which gathers the opinions of Southeast Asian academic and thinktank scholars, business communities and civil society actors. This study reveals that 46.5 per cent and 41.7 per cent of the Thai respondents said they were unsure, and positive, respectively, about the IPEF's benefits on the country.¹⁹ Among those expressing a positive stance, more than one-third articulated that the IPEF "will complement existing ASEAN [Association of Southeast Asian Nations] initiatives" and signal Washington "to be economically engaged in the region." Among those unsure, the key factors were "[t]here is little information available" and "[i]t depends on what emerges from the negotiations".²⁰

Negotiation Challenges and Anticipated Outcomes

Pillar 1 (Trade)

This analysis foresees two main challenges facing Thailand under Pillar 1. The first one concerns the digital economy. While the country's e-commerce market is the second largest in Southeast Asia and is projected to reach US\$32 billion by 2025,²¹ the progress of fostering transnational digital governance architectures via international arrangements is relatively sluggish when compared to other Indo-Pacific states such as Australia and Singapore. While Bangkok is a signatory to the Regional Comprehensive Economic Partnership (RCEP) that has an e-commerce chapter, it is neither a member of the CPTPP, nor is it pursuing any digital economy agreements. It is also not participating at the WTO (World Trade Organization) talks on the trade-related aspects of e-commerce. The gaps in rulemaking would hinder Thailand's participation under this Pillar.

A possible outcome in digital economy will depend on how the IPEF stakeholders decide to adopt elements from different existing frameworks such as the United States-Mexico-Canada Agreement (USMCA), the CPTPP and other arrangements. The final outcomes might also reflect some influence from the Digital Economic Partnership Agreement (DEPA) signed in June 2020 between Chile, New Zealand, and Singapore. The DEPA has 14 sections and is built on the modular approach.²² Such modality allows states to pick and choose among these modules to construct their own

18 Author's conversation with the Southeast Asian trade consultant, 24 February 2023.

19 "The State of Southeast Asia: 2023 Survey Report", Institute of Southeast Asian Studies (ISEAS) - Yusof Ishak Institute, 9 February 2023, <https://www.iseas.edu.sg/wp-content/uploads/2025/07/The-State-of-SEA-2023-Final-Digital-V4-09-Feb-2023.pdf>

20 *Ibid.*

21 "Thailand's roaring digital economy set to hit THB1.28 trillion this year", *The Nation*, 10 November 2022, <https://www.nationthailand.com/business/tech/40021907>

22 "Digital Economy Partnership Agreement (DEPA)", Ministry of Trade and Industry - Singapore, 2020, <https://www.mti.gov.sg/-/media/MTI/Microsites/DEAs/Digital-Economy-Partnership-Agreement/Text-of-the-DEPA.pdf>

arrangements. This advantage-by-design will facilitate the making of subsequent agreements including the IPEF.

Thai domestic legislations are more restrictive in terms of cross-border data flows. The Personal Data Protection Act (PDPA) of 2019, which has been in effect since June 2022, is a case in point. The Act is largely derived from the EU's General Data Protection Regulation (GDPR). The GDPR is in force since May 2018 and is regarded as *the world's toughest data privacy and security legislation as it offers the most restrictive provisions regarding these matters*.²³ Illustratively, similar to the GDPR, the Thai PDPA's Section 28 puts restrictions on transnational transfers of personal data. The transmissions are permitted only to the destinations that provide an adequate level of protection.²⁴ Such a provision clashes with the CPTPP and the USMCA. The CPTPP's Article 14.11 mandates all CPTPP parties to "allow the cross-border transfer of information by electronic means, including personal information, when this activity is for the conduct of the business."²⁵ Likewise, USMCA's Article 19.11 posits that "[n]o Party shall prohibit or restrict the cross-border transfer of information, including personal information, by electronic means if this activity is for the conduct of the business."²⁶ Hence, the discrepancies among the Thai laws, CPTPP and USMCA (coupled with a high likelihood that Washington will ride on the latter's modality to advance the IPEF talks) may prevent Bangkok from reaching agreeable details pertaining to cross-border data transmission.

But there is room for collaboration. The Digital Upskilling Initiative is welcomed by Bangkok since it lags behind its regional peers in the area of digital workforce. Illustratively, according to the 2022 International Institute for Management Development (IMD)'s World Digital Competitiveness Index, the country ranks 38 among 64 economies, and 10 among 14 Asian economies surveyed.²⁷ Going forward, Thailand will likely call for additional capacity-training programmes especially those catered towards entrepreneurs, which the US and other advanced IPEF nations can offer.

Another negotiation challenge for Thailand in Pillar 1 is labour standards. With the United States Trade Representative (USTR) leading negotiations in Pillar 1, this issue will be contentious, as the USTR has a strong pro-labour position. In June 2021, USTR Katherine Tai clarified the Biden Administration's worker-centred trade policy.²⁸ She contended that it involves "addressing the damage that [US] workers and industries have sustained from competing with trading partners that do not allow workers to exercise their internationally recogni[s]ed labo[u]r rights... We will be more effective if our trading partners also commit to promoting, protecting, and enforcing

23 "What is GDPR, the EU's new data protection law?", The European Union, 2023, <https://gdpr.eu/what-is-gdpr/>

24 Personal Data Protection Act, B.E. 2562 (2019), Section 28, Government of Thailand, 27 May 2019, <https://thainetizen.org/wp-content/uploads/2019/11/thailand-personal-data-protection-act-2019-en.pdf>

25 "Electronic Commerce", Article 14.11, Chapter 14 in CPTPP, <https://www.mfat.govt.nz/assets/Trade-agreements/TPP/Text-ENGLISH/14.-Electronic-Commerce-Chapter.pdf>

26 "Digital Trade", Article 19.11, Chapter 19 in USMCA, <https://ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text/19-Digital-Trade.pdf>

27 "IMD World Competitiveness Yearbook 2022 - Thailand" International Institute for Management Development (IMD), 2022, <https://wwwcontent.imd.org/globalassets/wcc/docs/wco/pdfs/countries-landing-page/TH.pdf>

28 "Remarks of Ambassador Katherine Tai Outlining the Biden-Harris Administration's 'Worker-Centered Trade Policy'", Office of the United States Trade Representatives, 10 June 2021, <https://ustr.gov/about-us/policy-offices/press-office/speeches-and-remarks/2021/june/remarks-ambassador-katherine-tai-outlining-biden-harris-administrations-worker-centered-trade-policy>

internationally recogni[s]ed workers' rights as part of their trade policies".²⁹ On another occasion in June 2021, Tai praised the USMCA as "a better deal for workers and a new model for trade agreements able to secure a broad base of support".³⁰ This stance will likely entail that Washington would press for the USMCA-styled high labour standards at the IPEF talks. This is reflected by the fact that all IPEF Pillars call for the promotion of labour rights under the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work.

Bangkok can face some challenges stemming from the discrepancies between its degree of compliance or conformity, on the one hand; and what is stipulated in the ILO Conventions, and what the IPEF and USMCA cover, on the other. The USMCA's Chapter 23 (Labour) does not require the adoption of the Convention. Nevertheless, it stresses that '[t]he Parties affirm their obligations as members of the ILO, including those stated in the ILO Declaration on Rights at Work and the ILO Declaration on Social Justice for a Fair Globali[s]ation.' A close look at the ILO Declaration on Rights at Work³¹ divulges that the parties are mandated to uphold the labour principles and rights as outlined in the ILO Conventions. According to the text, 'all Members, even if they have not ratified the Conventions in question, have an obligation arising from the very fact of membership in the Organi[s]ation, to respect, to promote and to reali[s]e, in good faith and in accordance with the Constitution, the principles concerning the fundamental rights which are the subject of those Conventions, namely:

- (a) freedom of association and the effective recognition of the right to collective bargaining;
- (b) the elimination of all forms of forced or compulsory labour;
- (c) the effective abolition of child labour;
- (d) the elimination of discrimination in respect of employment and occupation; and
- (e) a safe and healthy working environment.³²

Regarding the ILO Conventions, Bangkok ratified several ILO conventions including minimum age, child labour, and forced labour. The amended Anti-Trafficking Act No 2 of 2015 increases the penalties for human traffickers. The national labour protection laws cover minimum wages, maximum working hours, and entitlement to sick and maternity leaves.³³

However, Bangkok has not ratified the Freedom of Association and Protection of the Right to Organise Convention, 1948 (ILO No. 87) and the Right to Organise and Collective Bargaining Convention, 1949 (ILO No. 98). The government is working to conform with these laws. "[T]he Ministry of Labour is proposing a draft amendment to the Labour Relations Act and the State Enterprise Labour Relations Act. The draft amendments are being examined by the Office of

29 "Remarks of Ambassador Katherine Tai at the 'USMCA at One' Event at the Wilson Center", Office of the United States Trade Representatives, 30 June 2021, <https://ustr.gov/about-us/policy-offices/press-office/speeches-and-remarks/2021/june/remarks-ambassador-katherine-tai-usmca-one-event-hosted-wilson-center>

30 *Ibid.*

31 The full name is the Declaration on Fundamental Principles and Rights at Work and Follow-up to the Declaration

32 "ILO Declaration on Fundamental Principles and Rights at Work", International Labour Organization, 2022, <https://www.ilo.org/declaration/lang--en/index.htm>

33 "Thailand joins the global movement to combat forced labour", Press Release, International Labour Organization, 4 June 2018, https://www.ilo.org/global/standards/information-resources-and-publications/news/WCMS_631435/lang--en/index.htm

the Council of State.”³⁴ At the IPEF talks, if Washington fervently rejects Thailand’s equivalent legislations or demands the latter to upgrade or adjust its domestic laws to be closer to what the US aspires, this could lead to clashes during the negotiation. Without market access offer, it will be difficult for the US to extract buy-ins from Thailand.³⁵

Pillar 2 (Supply Chains)

On 27 May 2023, the members announced the substantial conclusion of negotiation on an IPEF Supply Chain Agreement which is the first multilateral deal striving to galvanise resilience and connectivity of supply chains.³⁶ This proposed deal will establish three mechanisms. First, the IPEF Supply Chain Council is a crisis-prevention entity which will devise sector-specific action plans to bolster the resilience of critical industries and essential goods. The second one is the IPEF Supply Chain Crisis Response Network – a crisis-management body. It will create emergency communication channels to help the parties address supply chain disruptions. Finally, the IPEF Labo[u]r Rights Advisory Board will ensure that supply chain cooperation promotes labour rights.³⁷ At the fourth Negotiation Round in South Korea on 9-15 July 2023, the government “advanced the legal review of the proposed IPEF Supply Chain Agreement”.³⁸

This outcome is unsurprising because of convergence of interest among the Indo-Pacific nations including Thailand. Recent global events, especially the intensifying Sino-American rivalry, the COVID-19 pandemic, and the conflict in Ukraine have taught the regional states the importance of diversifying supply chains for their economic resilience. The stakeholders believe that the Framework would set rules and offer a pathway to obtain such resilience. In other words, this mechanism would further augment their ability to weather future market uncertainties and crises. Another reason stems from the fact that no prior multilateral framework has focused on transnational supply chain collaboration, such as establishing an early warning system. This apparatus would enable the participating economies to collectively identify supply chain bottlenecks and re-configure their production lines to ensure smooth and timely flows of goods. For Thailand, creating such a system at the regional level is significant, as the current cooperation in this regard is bilateral through the Memorandum of Understandings (MOUs). Because supply chains are multilateral in nature, multilateral mechanisms should be more effective than bilaterals for achieving economic diversification and resilience.³⁹

Although this Agreement is a positive development, negotiation challenges remain. The details concerning how these entities will operate are subject to further talks which can cause clashes among the members. For one thing, the IPEF nations may not be able to reach a common ground

34 “Country Baseline under the ILO Declaration Annual Review – Thailand – 2021 (Freedom of Association and the Effective Recognition of the Right to Collective Bargaining)”, International Labour Organization, 2021, https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---normes/documents/genericdocument/wcms_857831.pdf

35 Author’s conversation with the Thai government officers, 24 February 2023.

36 “Press Statement on the Substantial Conclusion of IPEF Supply Chain Agreement Negotiations”, US Department of Commerce, 27 May 2023, <https://www.commerce.gov/news/press-releases/2023/05/press-statement-substantial-conclusion-ipef-supply-chain-agreement>

37 *Ibid.*

38 “Joint USTR and U.S. Department of Commerce Readout of Fourth Indo-Pacific Economic Framework Negotiating Round in South Korea”, The United States Trade Representative, 16 July 2023, <https://ustr.gov/about-us/policy-offices/press-office/press-releases/2023/july/joint-ustr-and-us-department-commerce-readout-fourth-indo-pacific-economic-framework-negotiating>

39 Author’s conversation with the Thai government officers, 24 February 2023.

concerning how the Supply Chain Crisis Response Network handles data. In other words, they may disagree on the modality of sharing and protecting confidential business data. Due to their dissimilar data privacy and protection laws, their ideas about how to store, transfer and safeguard data diverge. Also, issues concerning an enforcement mechanism to monitor and ensure that all participants comply with the Agreement will be contentious. This matter can trigger concerns over sovereignty which some ASEAN members at the IPEF talks dearly guard. Therefore, if the stakeholders cannot arrive at a common approach to share and protect the information, it can hinder the progress of concluding the Agreement.

This analysis anticipates that the actual cooperation under this Agreement will likely begin among more advanced IPEF stakeholders first. It is because they have capacities to collect, store, share and protect the international flows of confidential business data. These IPEF members, such as Australia, New Zealand, Japan, South Korea and Singapore focus on the economic security of the IPEF.⁴⁰ Given the high level of economic advancement of these countries, their collaboration will tend to concentrate on high-technology and knowledge-intensive products such as semiconductors and large capacity batteries.

Pillar 3 (Clean Economy)

The Pillar 3 cooperation highly aligns with Thailand's BCG model which has been rolled out in 2021. As mentioned earlier, the country has been adopting this model and promoting it abroad. It is because the state is suffering from global warming and threatening weather conditions. According to the 2021 Global Climate Risk Index, Thailand ranked ninth in the *extreme risk* list of countries most vulnerable to the effects of climate change in the next three decades.⁴¹ The recent haze incident in the Chiang Mai province leaving 1.7 million people ill further triggered public concerns over the environment.⁴² One of the BCG model's goals is to attract investment into four cluster industries: 1) agriculture and food, 2) wellness and medicine, 3) energy, materials and biochemicals, and 4) tourism and creative economy.⁴³ As this Pillar seeks to mobilise investment and sustainable finance for clean energy and green projects, this will be welcomed by Bangkok.

Regarding the domestic legal landscape, the authorities have adjusted and enacted legislations to steer the country towards green economy. Illustratively, the Ministry of Energy is implementing the *Alternative Energy Development Plan* of 2018 – 37. The Plan promotes the domestic use and production of renewable energy. Moreover, the revised *Building Energy Code* in effect since March 2021 requires all new constructions of commercial and government buildings to reduce greenhouse gas emissions and meet the energy conservation and efficiency targets.

Concerning the aspect of 'Sustainable Land, Water, and Ocean Solutions' under this Pillar, while Thailand is not a signatory to the International Convention for the Prevention of Pollution from Ships, it has domestic rules and regulations addressing this issue. For instance, the Navigation

40 Sang Chul Park, "The Biden Administration and Expectations for IPEF", *Australian Outlook*, Australian Institute of International Affairs, 16 December 2022, <https://www.internationalaffairs.org.au/australianoutlook/the-biden-administration-and-expectations-for-ipef/>

41 "Global Climate Risk Index 2021", *Germanwatch*, 25 January 2021, <https://www.germanwatch.org/en/19777>

42 Kocha Olarn and Heather Chen, "Smoke from forest fires blankets northern Thailand in thick pollution", CNN, 5 April 2023, <https://edition.cnn.com/2023/04/05/asia/chiang-mai-air-pollution-thailand-intl-hnk/index.html>

43 "BCG Concept: Background", National Science and Technology Development Agency, 2021, <https://www.bcg.in.th/eng/background/>

in the Thai Waters Act (No. 14) of 1992 mandates that “[i]f the Thai or foreign vessel or object contains substance that causes or may cause pollution to the environment, the owner or his or her agent shall clean or prevent such pollution within a period specified by the Master of Harbour.”⁴⁴ Also, the 2017 Civil Liability for Oil Pollution Damage Caused by Ships Act further sets up rules governing the oil spill problems in the territorial waters.⁴⁵ The Climate Change Act, which is being drafted, outlines the action plans for greenhouse gas mitigation and adaptation as well as citizens’ rights concerning these matters.⁴⁶

These domestic achievements notwithstanding, Thailand’s international commitments lag behind other Indo-Pacific nations. It has ratified the Montreal Protocol on Substances that Deplete the Ozone Layer, the Convention on Trade in Endangered Species, and the Paris Agreement. Nevertheless, the government’s pledges for the latter, namely, to peak its greenhouse gas emissions in 2030 and reach carbon neutrality by 2065, pale in comparison to the other signatories’ targets. Also, Bangkok did not ink the 2021 United Nations Climate Change Conference (COP 26)’s deal to end deforestation by 2030 and is not part of the Forests and Climate Leaders’ Partnership at the 2022 United Nations Climate Change Conference (COP 27) which will deliver the countries’ pledges at COP 26.⁴⁷

Therefore, the state may face challenges when partaking in Pillar 3 due to differences between its own and other IPEF members’ climate change ambitions and implementation timelines. A close look at Thailand’s moves above reveals that the issue can be attributed to the country’s lack of manpower and financial support that is needed to uphold international commitments. For example, it may not have sufficient research and development (R&D) capacities and technologies to expand clean energy production and storage. As a result, Bangkok may not be able to cooperate on some aspects of this Pillar.

The outcome would partially depend on the technical and financial assistance that developing IPEF nations including Thailand will receive. ASEAN countries and Fiji reportedly expressed their desire for US support in helping them develop clean energy technologies.⁴⁸ Washington is also looking to fund IPEF’s decarbonisation efforts via its entities such as the Export-Import Bank and International Development Finance Corporation.⁴⁹ Such assistance would allow Bangkok and other developing members to foster environment collaboration more effectively under the IPEF.

44 “Navigation in Thai Territorial Waters Act (No. 14), B.E. 2535. (1992)”, Government of the Kingdom of Thailand.

45 “Civil Liability for Oil Pollution Damage Causes by Ships Act, B.E. 2560. (2017)”, Government of the Kingdom of Thailand.

46 Nuanporn Wechsuanarux, Supavadee Sirilerkwipas, and Punika Dasom, “Thailand’s First Climate Change Bill to be Submitted for Approval”, *Chandler MHM*, 1 August 2022, <https://www.chandlermhm.com/content/files/pdf/Newsletter/2022/CMHM%20Newsletter%20-%20Thailand%20First%20Climate%20Change%20Bill%20to%20be%20Submitted%20for%20Approval%201%20August%202022.pdf>

47 “News story: World Leaders Launch Forests and Climate Leaders’ Partnership at COP27”, The Government of the United Kingdom, 8 November 2022, <https://www.gov.uk/government/news/world-leaders-launch-forests-and-climate-leaders-partnership-at-cop27>

48 Du Juan, “Experts: India not alone in difficulties lying ahead for IPEF”, *China Daily*, 21 September 2022, <https://global.chinadaily.com.cn/a/202209/21/WS632a414aa310fd2b29e78c4e.html>

49 Andrew Schwartz, Scott Miller, and William Alan Reinsch, “Nothing is complete without a 301 investigation”, Podcast, Center of Strategic and International Studies (CSIS), The United States of America, 15 September 2022, <https://www.csis.org/podcasts/trade-guys/nothing-complete-without-301-investigation>

Pillar 4 (Fair Economy)

As far as Pillar 4 is concerned, Thailand is a party to or has endorsed some international arrangements outlined under this Pillar. For example, it ratified the United Nations Convention against Corruption (UNCAC) in March 2011. Since then, the government has adjusted domestic legislations to conform with the UNCAC. In 2017, Bangkok endorsed the OECD/G20 Inclusive Framework for Implementing Measures against Base Erosion and Profit Shifting (BEPS). It also agreed to the Two-Pillar Solution to Address the Tax Challenges Arising from digitalisation of the economy. Moreover, the authorities have participated in several anti-corruption groupings such as the Asia-Pacific Economic Cooperation (APEC) Anti-Corruption and Transparency Experts' Working Group (ACTWG) and ASEAN Parties Against Corruption (ASEAN-PAC).

Nonetheless, Bangkok can face some negotiation challenges as it lags behind other IPEF nations in certain areas. For example, Thailand scored 36 out of 100 (100 score indicates 'very clean' while 0 means 'highly corrupt') in the Corruption Perceptions Index of 2022, putting it behind several IPEF peers.⁵⁰ Regarding anti-money laundering, Thailand is not a member of the Financial Action Task Force (FATF). Its revised Anti-Money Laundering Act (No 6) B.E. 2565 (2022) purposed to tackle the funding of illicit activities in Thailand came into effect on 23 December 2022.⁵¹ In addition, Thailand is not a signatory to the Convention on Combating Bribery of Foreign Public Officials in International Business Transactions of the Organisation for Economic Cooperation and Development (OECD Anti-Bribery Convention). The country is attempting to make headway on this front. For example, it signed the inaugural three-year Thailand Country Programme with OECD on 31 May 2018. Sponsored by the Organisation, this scheme's main objective is to enhance Bangkok's structural reform efforts in four aspects: good governance and transparency, business climate and competitiveness, Thailand 4.0, and inclusive growth.⁵² As a result, Thailand may not be able to comply with all obligations mentioned under Pillar 4. The negotiation outcomes will partly depend on how the country bargained for its implementation timelines to espouse the international conventions as well as the capacity training programmes which other members will provide to Bangkok to accelerate its adoption of these treaties.

Implementation Challenges

The General Election (GE) was held on 14 May 2023. All 500 seats in the House of Representatives were up for grabs. However, all 250 seats in the House of Senate were not up for contestation as their term is yet to expire. The implementation of the IPEF's commitments will largely depend on the composition of a coalition government and the choice of the Prime Minister (PM). These outcomes will set the tone and direction of the country's international economic policy going forward, including the IPEF.

Defying all the polls, the opposition parties won most seats in the House of Representatives. Move Forward Party (MFP) gained 151 seats. Pheu Thai Party (PTP) came second with 141 seats. Because it won most seats, MFP was given an opportunity to form the next government. On 18 May 2023,

50 "Corruption Perceptions Index 2022", Transparency International, https://images.transparencycdn.org/images/Report_CPI2022_English.pdf

51 "Thailand Issues a New Anti-Money Laundering Act", *Mahanakorn Partners Group*, 12 January 2023, <https://mahanakornpartners.com/thailand-issues-a-new-anti-money-laundering-act/>

52 "A solid partnership between Thailand and the OECD", Organisation for Economic Co-operation and Development (OECD), 2023, <https://www.oecd.org/southeast-asia/countries/thailand/>

the MFP (together with PTP and other parties) announced an 8-party coalition. This pact possessed 313 out of 500 House seats. It also nominated Mr Pita Limjaroenrat as the PM candidate.⁵³

However, Pita's path to the premiership was blocked by the Senate and Constitutional Court. According to the current Constitution, at least 376 out of the 750 votes from both parliamentary chambers are needed to elect the PM. In short, 250 senators cast their votes along with 500 representatives in the PM selection.

Concerning the senators' decision, military-linked parties, namely the Phalang Pracharath Party (PP) and the United Thai Nation Party (UTN), have influence over this matter. It is because all of these individuals were appointed by the National Council for Peace and Order, which overthrew the democratically-elected government in May 2014.

Thus, the 8-party grouping must get at least 63 votes from the Senate to meet the 376 vote threshold. It turned out that it was unable to secure sufficient votes from the Upper House. On 13 July 2023, most senators either voted down or abstained their votes. As a result, Pita lost his first PM bid.⁵⁴ On 19 July 2023, the Parliament refused his requested second try.⁵⁵ The final blow to his premiership was delivered by the Constitutional Court. On 16 August 2023, the Court dismissed a petition challenging the Parliament's blockade of Pita's second bid, sealing his fate of becoming the PM. Because Pita is the only MFP's PM candidate and his party is not allowed to nominate another candidate after the GE, such verdict in effect prevented MFP from being part of the new government.

The first runner-up PTP then had a chance to form the government. It eventually decided to break away from the 8-party pact and unite with ten other parties including the military-linked ones – PP and UTN – which gained only 40 and 38 seats respectively. Thanks to the senators' linkages to PP and UTN outlined above, this PTP-led coalition received enough votes in the Upper house to pass the 376-vote threshold. On 22 August 2023, the Parliament chose the PTP's candidate Mr Srettha Thavisin – a businessman-turned-politician – as the PM.⁵⁶ On 5 September 2023, he and his cabinet were sworn into office.⁵⁷

This outcome bodes well for the IPEF implementation. PTP is known for its pro-market stance. Its predecessor, Thai Rak Thai Party, was widely praised for its significant role in spearheading Thailand's economic recovery after the Asian Financial Crisis of 1997 - 98. Just a week after he was elected as the PM, Srettha started implementing plans to boost tourism such as easing the visa requirement rules for Chinese and Indian travellers and permitting long-stay for all sojourners in the last quarter of 2023.⁵⁸ With regard to the IPEF, his Administration will likely amend the

53 Tan Hui Yee, "Thailand's Move Forward Party announces 8-party coalition, aims to form government", *The Strait Times*, 18 May 2023, <https://www.straitstimes.com/asia/se-asia/thailand-s-winning-move-forward-party-announces-8-party-coalition-with-eye-on-forming-government>

54 "Pita loses first PM vote", *Bangkok Post*, 13 July 2023, <https://www.bangkokpost.com/thailand/politics/2611078/pita-loses-first-pm-vote>

55 "Thai parliament refuses opposition leader Pita second PM vote", *Le Monde*, 19 July 2023, https://www.lemonde.fr/en/international/article/2023/07/19/thailand-s-opposition-leader-pita-suspended-from-parliament_6058859_4.html

56 "Srettha Thavisin elected Thailand PM as Thaksin returns from exile", *Al Jazeera*, 22 August 2023, <https://www.aljazeera.com/news/2023/8/22/srettha-thavisin-elected-thailand-pm-as-thaksin-returns-from-exile>

57 "Thailand's king swears in new PM and cabinet", *The Straits Times*, 5 September 2023, <https://www.straitstimes.com/asia/thailands-king-swears-in-new-pm-and-cabinet>

58 "Thailand mulls easing visa rules to lure Chinese, Indian tourists", *Bangkok Post*, 30 August 2023, <https://www.bangkokpost.com/business/general/2638495>

domestic rules and regulations to comply with Thailand's commitments and create more feasible conditions for doing business in the country.

Prospects for the Future

Looking ahead, how will Thailand's IPEF membership alter the other FTAs that Bangkok is negotiating especially with countries outside the Framework such as Canada and the EU? Regarding Canada, it applied to join the IPEF and all existing members expressed support for its bid.⁵⁹ However, when Ottawa will officially accede to the Framework remains unclear. From Thailand's point of view, it will continue to negotiate the Thailand-Canada FTA slated to be completed in 2024. The progress will likely be made due to the complementary nature of the bilateral goods trade which reached US\$6.4 billion in 2022 and both sides' desire to diversify.⁶⁰ The Thai government strives to increase its exports of electrical appliances, canned seafood and processed food, steel, and rubber.⁶¹ With such FTA, Ottawa can boost its exports of fertilizers, paper products, grains and cereals, and machinery.⁶²

The EU is Thailand's fourth-biggest trading partner behind China, the US and Japan. The two-way goods trade in 2022 figured at US\$53 billion.⁶³ While the grouping's probability of entering the IPEF is unknown, Bangkok plans to tighten the bilateral ties with the bloc via an FTA. Their FTA talk was recommenced on 15 March 2023 and both sides aim to conclude it by 2025.^{64 65} Bangkok wants to increase its exports of food, raw materials, and electronic products to the EU's market of 447 million people. Yet, the success of this negotiation will partially rely on how both sides reach a deal. On the one hand, it would depend on how much the Thai government can offer to the grouping, namely additional market access for the latter's financial, insurance, and information and communication sectors as well as loosening government procurement requirements. On the other hand, it would rely on whether the EU opens more markets for Bangkok's exports namely agricultural and electronics goods.⁶⁶

59 "U.S.-led Indo-Pacific Economic Framework backs Canada's bid to join", *Kyodo News*, 16 December 2022, <https://english.kyodonews.net/news/2022/12/870e187f6d92-update2-us-led-indo-pacific-economic-framework-backs-canadas-bid-to-join.html>

60 "Canada-Thailand relations", The Government of Canada, 15 August 2023, <https://www.international.gc.ca/country-pays/thailand-thailande/relations.aspx?lang=eng#a2>

61 "ASEAN-Canada Tok kem FTA Rob See Keubna Duay Dee Tang Pao Pid Deal Pee Hokjed" [ASEAN-Canada FTA Progressing, Expected to Conclude in 2025], Press Release, The Department of Trade Negotiation, The Government of Thailand, 29 June 2023, <https://www.dtn.go.th/th/content/category/detail/id/22/iid/12205>

62 Julie Beun, "3 markets to watch: Vietnam, Thailand and the Philippines," *Export Development Canada*, 6 September 2023, <https://www.edc.ca/en/article/markets-to-watch-indo-pacific.html>

63 Francesca Regalado, "Thailand, EU agree to restart trade talks halted by 2014 coup", *Nikkei Asia*, 16 March 2023, <https://asia.nikkei.com/Economy/Trade/Thailand-EU-agree-to-restart-trade-talks-halted-by-2014-coup>

64 The talk originally commenced in 2013 but was suspended after Thailand's coup in May 2014. The negotiation was later restarted after the latter made progress towards democracy. The EU's goal to re-engage Bangkok was mentioned in the 2021 European Commission's Report. See "Joint Communication to the European Parliament and the Council: The EU strategy for Cooperation in the Indo-Pacific", European Commission, 16 September 2021, https://www.eeas.europa.eu/sites/default/files/jointcommunication_2021_24_1_en.pdf

65 "Thailand, EU to resume FTA talks in March", *Vietnam Investment Review*, 27 January 2023, <https://vir.com.vn/thailand-eu-to-resume-fta-talks-in-march-99411.html>

66 Author's conversation with a trade expert involved in the Thailand-EU FTA, 29 March 2023.

As mentioned above, Thailand just has a new government led by the pro-business PTP. However, this 11-party coalition looks less stable. It is mainly because the PTP and the military-linked PP and UTN are long-time rivals which joined hands to specifically prevent the MFP from becoming the government. Their feud will likely exacerbate rifts within the Srettha Administration. This risks entailing a Parliamentary dissolution and another GE within the next five years. If it happens, it could disrupt the country's IPEF implementation going forward.

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