Foreword from the Conference Chair

Welcome to the 1st Thammasat Annual Academic and Post Graduates International Conference (TU CAPS 2016).

This year will be the first time ever for Thailand and Thammasat University to organize an international conference concentrated upon an Area Studies. Area Studies has gained prominence as of late with its multidisciplinary approach and it’s in depth study of a particular Area Study that enabled the highest quality of academics to be produced. At the same time, Area Studies contributions to the academic known to be one of the most innovative as well as the most diverse learning method that helps to give much needed solutions and initiate healthy discussion in piercing issues of our contemporary society today. Therefore, the mission of this conference is exactly as mentioned above, that is, to showcase what Area Studies can offer not limited to the academic circle but the public as well.

I personally hope this conference will set the benchmark for regional academic conference. It is no doubt, with the partnership from local agencies and institutes such as Office of Higher Education, Ministry of Education, Faculty of Political Science, Thammasat University, College of Interdisciplinary Studies (CIS), Thammasat University, Government Savings Bank, together with a strong supports from our esteemed affiliated networks namely Graduate School of Asia Pacific Studies (GSAPS), Waseda University, Meiji University and Copenhagen Business School; I believe the conference will give you a lot of benefits. To that end, I hope you have a good time during the 1st Thammasat Annual Academic and Post Graduates International Conference (TU-CAPS 2016) here at Angsana Laguna Resort, Phuket, Thailand.

Suphat Suphachalasai, PhD.
Conference Chair
Table of Content

Foreword from the Conference Chair ................................................................. 1
Table of Content ................................................................................................. 2
Committee Board ............................................................................................... 3
Lists of Names ................................................................................................... 7
List of Institutions .............................................................................................. 11
Conference Schedule ......................................................................................... 12
Selected Publications

- A Role of Economic Diplomacy in the Handling of Chinese Banana
  Plantation in Lao PDR (Khonsavanh Vongvannaxay) .................................. 19
- The Role of Petroleum Fund for Development in Timore-Leste
  (Nutthawut Naowabutra) .............................................................................. 36
- Corporate Social Responsibilities Engagement in Vietnam State-
  owned Enterprises: A Comparative Analysis between PVEP and VTC
  (Thi Hue Nguyen) ........................................................................................ 58
- Education Reform in Myanmar: the Case of Two Technological
  Universities (Myint Mo Tun) ....................................................................... 76
- Disaster Management in Cambodia: Community-Based Disaster Risk
  Management in the Case of Drought (Nareth Chhoun) ........................... 89
- The Causes and Effects of Korean Pop Culture on Vietnamese
  Consumer Behavior (Thuy Anh Dinh) ........................................................ 106
- Analysis of the Effect of the Trans-Pacific Partnership Free Trade
  Agreement on Vietnam Apparel Industry (Thi Thu Thuy Doan) ........... 122
- Impact Assessment of Export Processing Zone on Thailand’s Gems
  and Jewelry Industry (Prutti Vasikasin) ...................................................... 156
- Attempts at Democracy: Thailand’s 80 Years of Democracy
  (Mohammad Zaidul Anwar Haji Mohamad Kasim) ................................. 177
- The Influence of Government Policies on the Return of Overseas
  Vietnamese in the Information and Communications Technology
  (ICT) Sector (Thi Hang Vu) ....................................................................... 188
Committee Board

Steering Committee

1. Asst. Prof. Suphat Suphachalasai, PhD  Chair of Committee & Editorial Board
   Director
   Thammasat Institute of Area Studies
   Thammasat University

2. Assoc. Prof. Chanin Mephokee, PhD  Committee & Editor
   Advisor to the Director,
   Thammasat Institute of Area Studies
   Thammasat University

3. Dr. Supruet Thavornyutikarn  Committee & Editor
   Director, India Studies Centre
   Thammasat University

4. Asst. Prof. Sitthiphon Kruarattikan  Committee & Editor
   Assistant Dean for Education Quality Assurance
   College of Interdisciplinary Studies,
   Thammasat University

5. Dr. Kosum Omphornuwat  Committee & Editor
   College of Interdisciplinary Studies,
   Thammasat University

6. Dr. Virot Ali  Committee & Editor
   Faculty of Political Science,
   Thammasat University

7. Assistant Professor Takashi Tsukamoto, PhD  Committee & Editor
   Faculty of Political Science,
   Thammasat University
8. Assistant Professor Tavida Kamolvej, PhD  Committee & Editor
    Faculty of Political Science,
    Thammasat University

9. Assistant Professor Wasan Luangprapat, PhD  Committee & Editor
    Faculty of Political Science,
    Thammasat University

10. Assistant Professor Prajak Kongkirati, PhD  Committee & Editor
    Faculty of Political Science,
    Thammasat University

11. Associate Professor Sudharma Yoonaidharma  Committee & Editor
    School of Law,
    University of the Thai Chamber of Commerce

12. Professor Hal Hill  Committee & Editor
    Crawford School of Public Policy
    ANU College of Asia & the Pacific,
    Australian National University

13. Associate Professor Duncan Wigan, PhD  Committee & Editor
    Department of Business and Politics
    Copenhagen Business School

14. Professor Anastasia Nesvetailova, PhD  Committee & Editor
    Director
    City Political Economy Research Centre (CITYPERC)
    Department of International Politics
    City, University of London

15. Professor Ronen Palan, PhD  Committee & Editor
    City Political Economy Research Centre (CITYPERC)
    Department of International Politics
    City, University of London
16. Dr Sandy Hager  
   School of Arts and Social Sciences  
   City, University of London  
   Committee & Editor

17. Professor Yasushi Katsuma, PhD., LL.M  
   Dean, International Studies Program  
   Graduate School of Asia-Pacific Studies (GSAPS)  
   Waseda University  
   Committee & Editor

18. Professor Hitoshi Mitomo, PhD  
   Director, Waseda Institute for Digital Society  
   Graduate School of Asia-Pacific Studies (GSAPS)  
   Waseda University  
   Committee & Editor

19. Professor Kosaku Dairokuno, PhD  
   Vice President for International Collaboration  
   School of Political Science and Economics  
   Meiji University  
   Committee & Editor

20. Ms. Natthakhanya Jarungsri  
    Thammasat Institute of Area Studies  
    Thammasat University  
    Secretary

21. Ms. Thanyawee Chuanchuen  
    Master of Arts in Asia-Pacific Studies Program  
    Thammasat Institute of Area Studies  
    Thammasat University  
    Secretary
Organizing Committee
Chairman: Asst. Prof. Suphat Suphachalasai, PhD
Vice Chairman: Dr. Supruet Thavornyutikarn
First Secretary: Ms. Natthakanya Jarungsri
Second Secretary: Ms. Thanyawee Chuanchuen

Coordinator of Event
1. Asst. Prof. Suphat Suphachalasai, PhD
2. Ms. Thanyawee Chuanchuen

Coordinator of Publication and Documentation
1. Ms. Thanyawee Chuanchuen
2. Mr. Mohammad Zaidul Anwar Haji Mohamad Kasim

Organizing Staff
1. Mr. Wuttipong Chaiyasit
2. Ms. Nuchnard Luengputtarangseii
3. Ms. Kittima Poolpipat
4. Ms. Saranya Nuengkrun
5. Ms. Kornchanok Nushkasaem
6. Mr. Nathan Daniel V. Sison
7. Ms. Yonradee Wangcharoenpaisan
8. Mr. Chaiyapruek Kongchan
9. Mr. Sonya Heng
10. Ms. Merica Chanakitchinchon
Lists of the Name

Keynote Speech

Prof. Hal Hill, H.W. Arndt Professor of Southeast Asian Economies, Crawford School of Public Policy, ANU College of Asia & the Pacific, Australian National University

Chairs

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Designation</th>
<th>Institute</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Prof. Kosaku Dairokuno, PhD</td>
<td>Vice President for International Collaboration, School of Political Science</td>
<td>Meiji University</td>
</tr>
<tr>
<td></td>
<td></td>
<td>and Economics</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Prof. Yasushi Katsuma, PhD</td>
<td>Dean, International Studies Program, Graduate School of Asia-Pacific Studies</td>
<td>Waseda University</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(GSAPS)</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Asst. Prof. Suphat Suphachalasai, PhD</td>
<td>Director, Thammasat Institute of Area Studies</td>
<td>Thammasat University</td>
</tr>
<tr>
<td>4.</td>
<td>Prof. Hitoshi Mitomo, PhD</td>
<td>Professor, Graduate School of Asia-Pacific Studies (GSAPS)</td>
<td>Waseda University</td>
</tr>
<tr>
<td>5.</td>
<td>Assoc.Prof. Sudharma Yoonaidharma</td>
<td>Dean, School of Law,</td>
<td>University of the Thai Chamber of Commerce</td>
</tr>
<tr>
<td>6.</td>
<td>Assoc.Prof. Dr. Duncan Wigan, PhD</td>
<td>Department of Business and Politics</td>
<td>Copenhagen Business School</td>
</tr>
<tr>
<td>7.</td>
<td>Dr. Supruet Thavornyutikarn</td>
<td>Director, India Studies Centre</td>
<td>Thammasat University</td>
</tr>
<tr>
<td>8.</td>
<td>Asst. Prof. Takashi Tsukamoto, PhD</td>
<td>Associate Dean for International Affairs, Faculty of Political Sciences</td>
<td>Thammasat University</td>
</tr>
<tr>
<td>9.</td>
<td>Assoc.Prof. Veerayooth Kanchoochat, PhD</td>
<td>National Graduate Institute for Policy Studies (GRIPS), Japan</td>
<td>GRIPS, Japan</td>
</tr>
<tr>
<td>10.</td>
<td>Asst. Prof. Tavida Kamolvej, PhD</td>
<td>Associate Dean for Academic Affairs Faculty of Political Sciences</td>
<td>Thammasat University</td>
</tr>
<tr>
<td>11.</td>
<td>Asst. Prof. Prajak Kongkirati, PhD</td>
<td>Associate Dean for Research Affairs Faculty of Political Sciences</td>
<td>Thammasat University</td>
</tr>
</tbody>
</table>
### Commentators

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Designation</th>
<th>Institute</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Prof. Hal Hill</td>
<td>H.W. Arndt Professor of Southeast Asian Economies</td>
<td>Australian National University</td>
</tr>
<tr>
<td>2.</td>
<td>Prof. Hitoshi Mitomo, PhD</td>
<td>Professor, Graduate School of Asia-Pacific Studies (GSAPS)</td>
<td>Waseda University</td>
</tr>
<tr>
<td>3.</td>
<td>Assoc.Prof. Sudharma Yoonaidharma</td>
<td>Dean, School of Law,</td>
<td>University of the Thai Chamber of Commerce</td>
</tr>
<tr>
<td>4.</td>
<td>Assoc.Prof. Chanin Mephokee, PhD</td>
<td>Deputy Director Thammasat Institute of Area Studies</td>
<td>Thammasat University</td>
</tr>
<tr>
<td>5.</td>
<td>Dr. Supruet Thavornyutikarn</td>
<td>Director, India Studies Centre</td>
<td>Thammasat University</td>
</tr>
<tr>
<td>6.</td>
<td>Asst. Prof. Takashi Tsukamoto, PhD</td>
<td>Associate Dean for International Affairs, Faculty of Political Sciences</td>
<td>Thammasat University</td>
</tr>
<tr>
<td>7.</td>
<td>Asst. Prof. Pajak Kongkirati, PhD</td>
<td>Associate Dean for Research Affairs, Faculty of Political Sciences</td>
<td>Thammasat University</td>
</tr>
<tr>
<td>8.</td>
<td>Asst. Prof. Wasan Luangprapat, PhD</td>
<td>Faculty of Political Sciences</td>
<td>Thammasat University</td>
</tr>
<tr>
<td>9.</td>
<td>Dr. Virot Ali</td>
<td>Lecturer, Faculty of Political Sciences</td>
<td>Thammasat University</td>
</tr>
<tr>
<td>10.</td>
<td>Assoc.Prof. Duncan Wigan, PhD</td>
<td>Lecturer, Department of Business and Politics</td>
<td>Copenhagen Business School</td>
</tr>
<tr>
<td>11.</td>
<td>Dr Sandy Hager</td>
<td>Lecturer</td>
<td>CityPERC &amp; University of Canada</td>
</tr>
</tbody>
</table>
## Presenters

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Designation</th>
<th>Institute</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Prof. Yasushi Katsuma, PhD</td>
<td>Dean, International Studies Program, Graduate School of Asia-Pacific Studies (GSAPS)</td>
<td>Waseda University (Japan)</td>
</tr>
<tr>
<td>2.</td>
<td>Prof. Hitoshi Mitomo, PhD</td>
<td>Professor, Graduate School of Asia-Pacific Studies (GSAPS)</td>
<td>Waseda University (Japan)</td>
</tr>
<tr>
<td>3.</td>
<td>Assoc.Prof. Sudharma Yoonaidharma</td>
<td>Dean, School of Law,</td>
<td>UTCC (Thailand)</td>
</tr>
<tr>
<td>4.</td>
<td>Assoc.Prof. Chanin Mephokee, PhD</td>
<td>Deputy Director Thammasat Institute of Area Studies</td>
<td>Thammasat University (Thailand)</td>
</tr>
<tr>
<td>5.</td>
<td>Asst. Prof. Tavida Kamolvej, PhD</td>
<td>Associate Dean for Academic Affairs Faculty of Political Sciences</td>
<td>Thammasat University (Thailand)</td>
</tr>
<tr>
<td>6.</td>
<td>Asst. Prof. Pitch Pongsawat, PhD</td>
<td>Lecturer, Department of Government, Faculty of Political Science</td>
<td>Chulalongkorn University (Thailand)</td>
</tr>
<tr>
<td>7.</td>
<td>Dr. Virot Ali</td>
<td>Lecturer, Faculty of Political Sciences</td>
<td>Thammasat University (Thailand)</td>
</tr>
<tr>
<td>8.</td>
<td>Asst. Prof. Wasan Luangprapat, PhD</td>
<td>Lecturer, Faculty of Political Sciences</td>
<td>Thammasat University (Thailand)</td>
</tr>
<tr>
<td>9.</td>
<td>Assoc.Prof. Duncan Wigan, PhD</td>
<td>Lecturer, Department of Business and Politics</td>
<td>Copenhagen Business School (Denmark)</td>
</tr>
<tr>
<td>10.</td>
<td>Dr Sandy Hager</td>
<td>Lecturer</td>
<td>CityPERC &amp; University of Canada (UK)</td>
</tr>
<tr>
<td>11.</td>
<td>Dr. Akihiro Nakamura</td>
<td>Lecturer</td>
<td>Yokohama City University (Japan)</td>
</tr>
<tr>
<td>12.</td>
<td>Dr John W. Cheng</td>
<td>Graduate School of Asia-Pacific Studies (GSAPS)</td>
<td>Waseda University (Japan)</td>
</tr>
<tr>
<td>13.</td>
<td>Asst. Prof. Paz Esperanza T. Poblador</td>
<td>Lecturer, De La Salle University – Ramon V. del Rosario College of Business, Marketing Management Department</td>
<td>De La Salle University (The Philippines)</td>
</tr>
<tr>
<td>14.</td>
<td>Dr. Allain Dumon Fonte</td>
<td>Researcher</td>
<td>University of Cebu, (The Philippines)</td>
</tr>
<tr>
<td>15.</td>
<td>Ms. Tatcha Sudtasan</td>
<td>Graduate School of Asia-Pacific Studies (GSAPS)</td>
<td>Waseda University (Japan)</td>
</tr>
</tbody>
</table>
## Postgraduate Students

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Institute</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Mr. Prutti Vasikasin</td>
<td>MAPS Program, Thammasat University</td>
</tr>
<tr>
<td>2.</td>
<td>Mr. Nutthawut Naowabutra</td>
<td>MAPS Program, Thammasat University</td>
</tr>
<tr>
<td>3.</td>
<td>Mr. Md Zaidul Anwar Hj Md Kasim</td>
<td>MAPS Program, Thammasat University</td>
</tr>
<tr>
<td>4.</td>
<td>Ms. Vu Thi Hang</td>
<td>MAPS Program, Thammasat University</td>
</tr>
<tr>
<td>5.</td>
<td>Ms. Nguyen Thi Hue</td>
<td>MAPS Program, Thammasat University</td>
</tr>
<tr>
<td>6.</td>
<td>Ms. Doan Thi Thu Thuy</td>
<td>MAPS Program, Thammasat University</td>
</tr>
<tr>
<td>7.</td>
<td>Ms. Dinh Thuy Anh</td>
<td>MAPS Program, Thammasat University</td>
</tr>
<tr>
<td>8.</td>
<td>Mr. Myint Mo Tun</td>
<td>MAPS Program, Thammasat University</td>
</tr>
<tr>
<td>9.</td>
<td>Ms. Khonsavanh Vongvannaxay</td>
<td>MAPS Program, Thammasat University</td>
</tr>
<tr>
<td>10.</td>
<td>Ms. Nareth Chhoun</td>
<td>MAPS Program, Thammasat University</td>
</tr>
<tr>
<td>11.</td>
<td>Ms. Young Kyoung Seo</td>
<td>GSAPS, Waseda University</td>
</tr>
<tr>
<td>12.</td>
<td>Ms. Artima Kampkean</td>
<td>GSAPS, Waseda University</td>
</tr>
<tr>
<td>13.</td>
<td>Ms. Yanji Dai</td>
<td>GSAPS, Waseda University</td>
</tr>
<tr>
<td>14.</td>
<td>Ms. Ling Yang</td>
<td>GSAPS, Waseda University</td>
</tr>
<tr>
<td>15.</td>
<td>Mr. Wasin Pongmussaya</td>
<td>GSAPS, Waseda University</td>
</tr>
</tbody>
</table>
List of Institutions

International Institutions

1. Graduate School of Asia-Pacific Studies (GSAPS), Waseda University, Japan
2. Meiji University, Japan
3. Crawford School of Public Policy, ANU College of Asia & the Pacific, Australian National University, Australia
4. CityPERK, City, University of London, United Kingdom
5. Copenhagen Business School, Denmark
6. University of Canada, Canada
7. De La Salle University, the Philippines
8. University of Cebu, the Philippines

Thai Institutions

1. Thammasat Institute of Area-Studies (TIARA), Thammasat University
2. Master of Arts in Asia-Pacific Studies (MAPS) Program, Thammasat University
3. Faculty of Political Science, Thammasat University
4. College of Interdisciplinary Studies, Thammasat University
5. Faculty of Political Science, Chulalongkorn University
6. School of Law, University of the Thai Chamber of Commerce
7. Bank of Thailand
## Conference Schedule

### Wednesday, 7 December 2016

**Venue:** Conference Room #1

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>18.00 - 20.00</td>
<td>Cocktail Reception at Angsana Foyer, Angsana Laguna Phuket Hotel</td>
</tr>
</tbody>
</table>

### Thursday, 8 December 2016

**Venue:** Conference Room #1

<table>
<thead>
<tr>
<th>Time</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>08.30 - 09.00</td>
<td>Registration</td>
</tr>
<tr>
<td>09.00 - 09.10</td>
<td>Report by Asst. Prof. Dr. Suphat Suphachalasai, Director of Thammasat Institute of Area Studies (TIARA) and Master of Arts in Asia-Pacific Studies Program</td>
</tr>
<tr>
<td>09.10 - 09.20</td>
<td>Welcome &amp; Opening Speech by Prof. Dr. Somkit Lertpaithoon, Rector of Thammasat University</td>
</tr>
<tr>
<td>09.20 - 09.30</td>
<td>Opening Speech by Director General of Office of the Higher Education Commission, Ministry of Education</td>
</tr>
<tr>
<td>09.30 - 10.30</td>
<td>Keynote Speech “Southeast Asia in the Global Economy: Great Achievements, Big Challenges” by Prof. Hal Hill, Crawford School of Public Policy, ANU College of Asia &amp; the Pacific, Australian National University</td>
</tr>
<tr>
<td>10.30 - 10.45</td>
<td>Coffee Break</td>
</tr>
<tr>
<td>10.45 - 12.15</td>
<td>Session I: Human Security in the Asia-Pacific</td>
</tr>
<tr>
<td>1</td>
<td>“Rethinking Global Health Governance: Lessons Learned from the Ebola Outbreak in West Africa” by Prof. Yasushi Katsuma, Dean, International Studies Program, Graduate School of Asia-Pacific Studies (GSAPS), Waseda University</td>
</tr>
<tr>
<td>2</td>
<td>“Media Information and Collective Resilience in Disasters” by John W. Cheng and Prof. Hitoshi Mitomo, Graduate School of Asia-Pacific Studies (GSAPS), Waseda University</td>
</tr>
<tr>
<td>3</td>
<td>“Thailand Humanitarian Assistance in Nepal Earthquake” by Asst. Prof. Dr. Tavida Kamolvej, Faculty of Political Science, Thammasat University</td>
</tr>
</tbody>
</table>

**Chair:** Prof. Kosaku Dairokuno, Vice President for International Collaboration, School of Political Science and Economics, Meiji University
<table>
<thead>
<tr>
<th>Time</th>
<th>Parallel Sessions</th>
<th>Lunch</th>
<th>Telecommunication and ICT Development Policy in the Asia-Pacific Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>12.15 - 13.15</td>
<td>Asia-Pacific Studies</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Venue: Conference Room #1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13.15 - 14.45</td>
<td>Session II: Political Economy in the Asia-Pacific</td>
<td></td>
<td>Session I: Digital Society</td>
</tr>
<tr>
<td></td>
<td>(2) “Thailand’s Online Gambling Industry and Global Wealth Chain” by Dr. Virot Ali, Faculty of Political Science, Thammasat University</td>
<td></td>
<td>(2) “Digital Thailand at the Cross Road” by Assoc. Prof. Sudharma Yoonaidharma, Dean, School of Law, University of the Thai Chamber of Commerce</td>
</tr>
<tr>
<td></td>
<td>(3) “Global Wealth Chain” by Assoc. Prof. Dr. Duncan Wigan, Department of Business and Politics, Copenhagen Business School</td>
<td></td>
<td>(3) “Demand Analysis for Real-Time and Time-Shifted Viewing in the Japanese TV Market” by Akihiro Nakamura, Yokohama City University</td>
</tr>
<tr>
<td></td>
<td>(4) “Uncharted Territory” by Dr. Pitch Pongsawat, Faculty of Political Science, Chulalongkorn University</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Chair: Assoc. Prof. Dr. Veerayooth Kanchoochat, National Graduate Institute for Policy Studies (GRIPS)</td>
<td></td>
<td>Chair: Asst. Prof. Dr. Suphat Suphachalasai, Director of Thammasat Institute of Area Studies (TIARA), Thammasat University</td>
</tr>
<tr>
<td>14.45 - 15.00</td>
<td>Coffee Break</td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.00 - 17.00</td>
<td>Session III: Selected Issues in the Asia-Pacific</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(1) “Passenger Perception of Pedicabs as Sustainable Transport In and Around De La Salle University, Taft Avenue-Manila” by</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Asst. Prof. Paz Esperanza T. Poblador, De La Salle University - Ramon V. del Rosario College of Business, Marketing Management Department, the Philippines

(2) The Area-based Collaborative Research Project, Regional Development and Network Governance of Thailand” by Asst.Prof.Dr.Wasan Luangprapat, Faculty of Political Science, Thammasat University

(3) “South Korea - Vietnam Free Trade Agreement: The Implications on Trade and Investment” by Assoc. Prof. Dr. Chanin Mephokee, Faculty of Economics, Thammasat University and Chotipat Klinsukhon, Bank of Thailand

(4) “Human Rights: A Generation of Struggle in Myanmar” by Dr. Allain Dumon Fonte, University of Cebu, the Philippines

Chair: Dr. Takashi Tsukamoto, Faculty of Political Science, Thammasat University

18.45 - 20.30 Conference Dinner Venue: Poolside Garden
## Parallel Sessions

### Session I: Political Economy in Asia-Pacific

1. **"A Role of Economic Diplomacy in the Handling of Chinese Banana Plantation in Lao PDR"** by Khonsavanh Vongvannaxay, MAPS Thammasat University
   - **Commentator:** Dr. Sandy Hager, CityPERC & University of Canada

2. **"The Role of Petroleum Fund for Development in Timor-Leste"** by Nutthawut Naowabutra, MAPS Thammasat University
   - **Commentator:** Assoc. Prof. Dr. Duncan Wigan, Department of Business and Politics, Copenhagen Business School

3. **"Corporate Social Responsibility Engagement in Vietnam State-owned Enterprises: A Comparative Analysis between PVEP and VTC"** by Thi Hue Nguyen, MAPS Thammasat University
   - **Commentator:** Assoc. Prof. Dr. Wasan Luangprapat, Faculty of Economics, Thammasat University

**Chair:** Asst. Prof. Dr. Prajak Kongkirati, Faculty of Political Science, Thammasat University

### Session I: Digital Society

1. **"The Influence of Government Policies on the Return of Overseas Vietnamese in the Information and Communications Technology (ICT) Sector"** by Thi Hang Vu, MAPS Thammasat University
   - **Commentator:** Prof. Hitoshi Mitomo, Graduate School of Asia-Pacific Studies (GSAPS), Waseda University

2. **"A Reconsideration of the Gender Digital Divide: Based on International Comparative Study"** by Young Kyoung Seo, Graduate School of Asia-Pacific Studies (GSAPS), Waseda University
   - **Commentator:** Dr. Supruet Thavornyutikarn, Director of India Studies Centre, Thammasat University

3. **"The Acceptance Factors of Chatbot Communication"** by Artima Kamplean, Graduate School of Asia-Pacific Studies (GSAPS), Waseda University
   - **Commentator:** Assoc. Prof. Sudharma Yoonaidharma, School of Law, University of the Thai Chamber of Commerce

**Chair:** Assoc. Prof. Dr. Chanin Mephokee, Faculty of Economics, Thammasat University

### Time Table

<table>
<thead>
<tr>
<th>Time</th>
<th>Session I: Political Economy in Asia-Pacific</th>
<th>Coffee Break</th>
</tr>
</thead>
<tbody>
<tr>
<td>09.30 - 11.00</td>
<td>Post Graduate Conference on Asia-Pacific Studies</td>
<td>Post Graduate Conference on Telecommunication and ICT Development Policy in the Asia-Pacific Region</td>
</tr>
<tr>
<td>Venue: Conference Room #1</td>
<td>Venue: Conference Room #2</td>
<td></td>
</tr>
</tbody>
</table>
## Parallel Sessions

**Friday, 9 December 2016**

<table>
<thead>
<tr>
<th>Time</th>
<th>Session II: Economics &amp; Development</th>
<th>Session II: Telecommunication and Broadcasting Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>11.15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11.15 - 12.45</td>
<td>“Educational Reform in Myanmar: the Case of Two Technological Universities” by Myint Mo Tun, MAPS Thammasat University</td>
<td>“An Empirical Study of Perceived Credibility of Philanthropy Communication over Social Media in China” by Yanji Dai, GSAPS, Waseda University</td>
</tr>
<tr>
<td></td>
<td>Commentator: Dr. Supruet Thavornyutikarn, Director of India Studies Centre, Thammasat University</td>
<td>Commentator: Assoc. Prof. Dr. Chanin Mephokee, Faculty of Economics, Thammasat University</td>
</tr>
<tr>
<td></td>
<td>“Disaster Management in Cambodia: Community-Based Disaster Risk Management in the Case of Drought” by Nareth Chhoun, MAPS Thammasat University</td>
<td>“What Causes Foreigners in Japan to Switch to the Local Instant Message: Taking LINE as an Example” by Ling Yang, GSAPS, Waseda University</td>
</tr>
<tr>
<td></td>
<td>Commentator: Dr. Takashi Tsukamoto, Faculty of Political Science, Thammasat University</td>
<td>Commentator: Assoc. Prof. Sudharma Yoonaidharma, School of Law, University of the Thai Chamber of Commerce</td>
</tr>
<tr>
<td></td>
<td>“The Causes and Effects of Korean Pop Culture on Vietnamese Consumer Behavior” by Thuy Anh Dinh, MAPS Thammasat University</td>
<td>“The Implementation of the Internet of Things in Japanese Offshore Factories” by Wasin Pongmussaya, Graduate School of Asia-Pacific Studies (GSAPS), Waseda University</td>
</tr>
<tr>
<td></td>
<td>Commentator: Dr. Virot Ali, Faculty of Political Science, Thammasat University</td>
<td>Commentator: Assoc. Prof. Sudharma Yoonaidharma, School of Law, University of the Thai Chamber of Commerce</td>
</tr>
</tbody>
</table>

**Chair:** Prof. Yasushi Katsuma, Dean, International Studies Program, Graduate School of Asia-Pacific Studies (GSAPS), Waseda University

**Chair:** Prof. Hitoshi Mitomo, Graduate School of Asia-Pacific Studies (GSAPS), Waseda University
<table>
<thead>
<tr>
<th><strong>Parallel sessions</strong></th>
<th><strong>Post Graduate Conference on Asia-Pacific Studies</strong></th>
<th><strong>Venue:</strong> Conference Room #1</th>
<th><strong>Post Graduate Conference on Telecommunication and ICT Development Policy in the Asia-Pacific Region</strong></th>
<th><strong>Venue:</strong> Conference Room #2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>12.45 - 13.45</strong></td>
<td><strong>Lunch</strong></td>
<td></td>
<td><strong>Closing the Telecommunication Session by</strong></td>
<td><strong>Prof. Hitoshi Mitomo, Graduate School of Asia-Pacific Studies (GSAPS), Waseda University</strong></td>
</tr>
<tr>
<td><strong>13.45 - 15.45</strong></td>
<td><strong>Session III: Selected Issues in the Asia-Pacific</strong></td>
<td><strong>(1) “Analysis of the Effect of the Trans-Pacific Partnership Free Trade Agreement on Vietnam Apparel Industry” by Thi Thu Thuy Doan, MAPS Thammasat University</strong></td>
<td><strong>(2) “Impact Assessment of Export Processing Zone on Thailand’s Gems and Jewelry Industry” by Prutti Vasikasin, MAPS Thammasat University</strong></td>
<td><strong>(3) “Attempts at Democracy: Thailand’s 80 Years of Democracy” by Mohammad Zaidul Anwar Haji Mohamad Kasim, MAPS Thammasat University</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td><strong>• Commentator: Prof. Hal Hill, Crawford School of Public Policy, ANU College of Asia &amp; the Pacific, Australian National University</strong></td>
<td><strong>• Commentator: Dr. Virot Ali, Faculty of Political Science, Thammasat University</strong></td>
<td><strong>• Commentator: Asst. Prof. Dr. Prajak Kongkirati, Faculty of Political Science, Thammasat University</strong></td>
</tr>
<tr>
<td>Time</td>
<td>Event</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>------------</td>
<td>----------------------------------------------------------------------</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15.45 - 16.00</td>
<td>Closing by Asst. Prof. Dr. Suphat Suphachalasai, Director of Thammasat Institute of Area Studies (TIARA) and Master of Arts in Asia-Pacific Studies Program (MAPS)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Chair: Asst. Prof. Dr. Tavida Kamolvej, Faculty of Political Science, Thammasat University</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Post Graduate Conference on Asia-Pacific Studies</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Venue: Conference Room #1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Post Graduate Conference on Telecommunication and ICT Development Policy in the Asia-Pacific Region</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Venue: Conference Room #2</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Friday, 9 December 2016
A Role of Economic Diplomacy in Handling Chinese Banana Plantation in Lao PDR

Khonsavanh Vongvannaxay
k.vongvannaxay@nuol.edu.la

Abstract

Globalization has made economic diplomacy increasingly important for countries as they open up and connect with each other. Lao PDR has a close engagement with China, in particular, which has helped improve efficiency and productivity in recent decades. This paper investigates the role of economic diplomacy between the Lao and Chinese governments and companies focusing, in particular, on banana plantations in Ton Pheung District, Bokeo Province in Lao PDR. On the surface, this example of economic diplomacy seems to be mutually beneficial, creating a win-win situation for both countries. This study aims to explore the complexities of the plantation developments in more depth. Research was conducted using qualitative methods, including document analysis, interview and observations. The findings indicate that the principle problem is overly-complicated implementation by the Lao government, including the provincial, district and village authorities. Further challenges are opaque bureaucratic processes, with their inevitable legal loopholes, and inefficient government regulations that do not protect rural communities and other socio-economic entities sufficiently. These problems are compounded by lack of enforcement of existing regulations and laws in the approval process; for example, absence of environmental management planning, lack of any regular review of production techniques, or officials who look the other way. Moreover, there is a fundamental lack of consideration for the livelihoods of local people. The overall impact of economic diplomacy on the community is not thought out by officials at every level because they are overly optimistic that the plantations will function in the national interest. As a result, a variety of undesirable effects have resulted: overuse of chemicals, land depletion, employment of local people at minimal wages and unregulated immigration of Chinese workers into the area leading to disputes between immigrants and locals. Lastly, at the root of the plantation
issue are land lease contract. In theory these land leases are not even recognized by Lao land laws despite playing a major role in the process; thus, many problems between contractors and land users have resulted. Most land users overestimate their rents without considering the burdens imposed by the contract. The paper concludes that for any country to engage in economic diplomacy and derive optimal advantage from it, it is necessary to have sufficient internal institutional frameworks to handle it and its consequences – both positive and negative – effectively.

**Keywords:** Economic diplomacy, Laos–China relations and Chinese banana plantation.

1. Introduction

Economic diplomacy is an important tool to advance national interests and liberalize economies. The process also aids economic analysis by identifying differing interests thereby facilitating the formulation of policies. As a result, it is essential for anyone who is involved to understand the effects of changing economic and political currents so they can predict the impact on international economies and relations (Sangsomsak, 2006).

The role of economic diplomacy in both countries, as a part of their negotiations, is essentially a foreign policy making process. Since, it is crucial to economic development in Lao PDR, so Lao PDR’s policy today is going toward China. Not only on political diplomacy, but also economic cooperation. Cooperating with a super power country like China helps the development of Lao PDR in terms of increasing efficiency and productivity of the country, as well as, to gain more benefits, ability to influence economic and social requests on others and economic development to fulfill both countries’ interests. Furthermore, Lao PDR uses economic diplomacy to stabilize and pursue long term her development.

Banana plantation is perceived as a result of reciprocity under economic diplomacy. Chinese government requested Lao to allow the investment of plantation in several places throughout Lao PDR. In regard to the potential benefits for the Lao economy, the national government and Provincial authorities tries to promote the land leases concessions and contract framing to the Chinese investors. One of the most significant cooperation is in Lao’s agricultural sector. Because of Chinese investment, banana plantation becomes the main
source of income for Lao PDR (Vientiane Times, 2013), especially in the northern region. The largest banana plantation in the country is in Tonphueng district, Bokeo province. This province gains benefits enormously from banana plantation particularly money to the government for development and money income for locals which drive the local economy.

With the income and economic expansion, government can build and/or develop basic infrastructure such as road, electricity, water, and buildings. These benefits outweigh socio-economic impacts of the investment made by China. In fact, there are lacks of consideration and solidarity for the people livelihood and the overall impacts of economic diplomacy to the community by officials in every level such as overuse of chemicals, land depletion, employment of local people with minimal wage and immigration of Chinese workers into the area, and disputes between immigrants and locals. Also, there is a legal loophole due to a lack of enforcement of existing regulations in the approval process such as no environmental management plan, no review of production techniques and some case we have the law but the organization that will responsible for enforcing that law does not follow the law strictly. Moreover, the content of the contract is imprecise and will certainly bring problems once conflict arises. All of these issues may lead to a loss of national benefits and hampering economic development. So, this study focuses on the implementation of government on the economic diplomacy to handle of Chinese banana plantation, including the government, province, district and village authority through the land lease for Chinese banana plantation in Ton Phueng District, Bokeo Province, Lao PDR.

In terms of the banana plantation business, land leases are playing an increasingly important role in Bokeo province, Lao PDR. In recent years, there has been a significant increase in land leases and land offered for lease. Lao people make money from their land, government tax revenue increases and associated contracts benefit the agricultural industry. Therefore, the plantations are a key part of the government of Lao’s socio-economic development strategy. However, legal loopholes in the content of land lease contracts which conflict with Lao land law have compromised the sector; thus, many problems between contractors and land users have resulted. Most land users overestimate their rents without considering the burden imposed by the contract.
2. Economic diplomacy and banana plantations

2.1 Economic Diplomacy in Lao PDR

There are many ministries of Lao whose work are directly involved in the negotiation process as well as in the implementation of Economic Diplomacy such as a representative from the Lao’ government and form the local provincial. Hence this is where most Chinese companies aimed to gain benefits from their investment in banana plantations. Most bananas yielded from banana plantation in the province are exported to China and the export volume of banana has been increasing every year by 2015 it was producing more than 400,000 tons of bananas (PAFO, 2016). Currently, a government order prevents the provincial authorities from providing land for lease (Bokeo Authority, 2015) because there have been so many negative impacts on society and environment. However, despite this ban, negotiations are ongoing and land lease agreements are still being signed.

2.2. The implementation of Economic Diplomacy in the Case of Banana Plantations

The implementation of economic diplomacy of Lao PDR in the case of banana plantation involves numerous sectors and actors. Government and administrations operating at national, provincial, district, and village level all play important roles on the policy making and implementation. The government will conduct activities to attract investment, promote foreign policies, facilitate knowledge exchange and technological transfer, and organize capacity-building activities that will help promoting competitiveness of the country. And the authority at the provincial level, in this case refers to Bokeo provincial authority, makes policies that correspond to law and set direction to promote sustainable and attract foreign investment, and also promotes the investment on Cavendish banana plantation from China. As a result, it was can see legal loophole because of lack of enforcement of existing regulations in the approval process and some case we have the law but its implementation does not align with its purposes and objectives. Being subsequently delegated from the top, the negotiation process usually ended at the head of village level. Whiles the rest found out as their loophole on the contract was not cleared on law and lost the benefit. From the interview with the local people in Bokeo Province most people do not understand how to
conduct proper agricultural business. Furthermore, they have no knowledge in the basic of law.

Figure 1. The process of the implementation

Source: Based on the Author’s analysis

2.3 Banana plantations

The Chinese banana industry in Bokeo only began in 2009, in general, Chinese investors plantations on land rented for 3 to 6 years in the easily accessible with some small plantings of Cavendish hybrid bananas in Ton Pheung district adjacent to the Mekong River and have grown rapidly over the past few years over 11,000 hectares, commercial production of banana is a good strategy with the potential to generate income for Lao people in rural areas (PAFO, 2015).

2.4 Lao Law related to Banana Plantation

For the case of land lease for Chinese banana plantation was conduct with particularity the important Lao law as bellow:
1). Decree on Land Lease or Concession of Lao PDR No. 135/PM VCC, Date 25/05/2009;

“Land Lease refers to the process of giving authorization to organizations, individuals or juridical entities to have rights to utilize state land based on the conditions and time period specified legally in the terms of the contract” (Article 2) Definition. And before determining the area for lease or concession of construction land, agricultural land, forest land, water area land, industrial land, cultural and communication land, there is the need to do a land survey, prepare a land map and land use plan based on land zoning and land classification specified in Article 5 of this Decree. After that the lease or concession shall be approved by specifying land use objectives in detail.

2). Law on the contract and tort No. 01/NA, 8 December 2008, article 16 the content of contract.

“A contract may consist of the following main contents: Name, Family and addresses of the contracting parties; Purpose, price, execution term, payment, delivery; Scope, quantity and quality of the objective; Place of contract execution and obligation to notify each other; Form and dispute resolution body; Conditions of modification and termination of the contract before term”.

3). Land Law No.04/NA 21 October 2003 defines that

“Land of the Lao PDR is under the ownership of the national community as prescribed in Article 17 of the Constitution in which the State is charged with the centralized and uniform management [of land] throughout the country and with the allocation [of land] to individuals, families and economic organizations for use', lease or concession, [the allocation] to army units, State organizations, political organizations, the Lao Front for National Construction, [and] mass organizations for use[, and the allocation] to aliens, apatrids", foreign individuals and organizations of such persons for lease or concession (article 3 the Land Ownership).
3. Analysis of Land Leases

3.1 Contract

In order to do agribusiness in Lao PDR, Chinese investors must land lease from local people. In this regard, there are contracts, processes, and procedures that Chinese investors need to do and to follow as stated in Lao law. In this part, analysis the content of the contract of land lease for banana plantation between Chinese investor and land user in 16 June 2015 at Sri Mueng Ngram village, Ton Phueng district, Bokeo province1.

1) According with the Decree on Land Lease or Concession of Lao PDR No. 135/PM VCC, Date 25/05/2009, Article 64. The Lease or Concession of Land to 38 Aliens, Apatrids and Foreign Individuals; defined that: Aliens, aapatrids and their organizations wishing to lease developed land from Lao citizens must get prior approval from the provincial or city administrations where the land is located.

In the case where foreign individuals and their organizations wish to lease developed land from Lao citizens, they must get approval from the national land management authority based on the recommendation of the provincial or city administration where the land is located. so, this contract make conflict because that lack of enforcement of existing regulations on the approval process and the contract usually ends at the head of village level and the government cannot control it.

2) Article 1 of contract should normally state purpose of contract and details that enter into a contract. In practice, there are many details missing. For the land ownership, name and surname are not clearly stated. Other information is not included contact number, Lao identification number, house registration document, and residential address. For Chinese investors, the information on business license, office location, contact number, and other important information representing the company including name of company’s

---

1 Translate to English from the original one of the Land leases contract in Lao language on the 16 June 2015 at Sri Meung Ngram village, Lao PDR
representative, logo or seal of the company, name and/or surname of the person who signed contract on behalf of the company are missing from the contract.

This information are important in terms of entering into a contract because when conflicts arise, these people or company will be the very first parties that would be contacted or responsible for what happen. Furthermore, when these information are missing or omitted, the contract would not be completed and may be voidable. Other missing details involve payment method. It was not clear in the contract how and when the lease would be paid, who would pay for it, and method of payment by cash, check, or bank transfer. So, this article was conflict with the Law on the contract and Tort, No.01/NA, 8 December 2008, Article 16 (Amended) Content of Contract.

3) Article 3 and 4 in contract concern right and duties of land ownership. The right and duties of land ownership stated in this contract appear to be vague. The right was identified but responsibilities are not included especially on tax.

3.1 It is indicated that the land owner is obligated to facilitate to Chinese company for setting up the electricity, water supply, making drainage ditches, take care of banana trees such as prevent from the people to do damages, animals and natural disaster, and protect this land area. However, there was no statement mentioning who would be responsible for the expenses that may incur.

3.2 In terms of preventing banana trees from being destroy by animal, it is not clear in the contract which methods are required – fencing or just monitoring- and who would be responsible for expenses that may incur from all activities.

3.3 In the contract, the statement on how to take care of banana is ambiguous such as who would pay for equipment and chemical products. The land lease was so there is no word on safety measurement concerning the use of agrochemical and their toxic. Therefore, a variety of undesirable effects have resulted: both of the land lease and employment don’t put in the contract or do for free. This is also in conflict the Law on the contract and Tort, No.01/NA, 8 December 2008, Chapter 2 on Land concession for cash crop plantation, forest rejuvenation, reforestation, industrial tree and economic tree plantation, must follow conditions specified in Article 74 of the Law on Forestry (version 2007)
4) Article 5 deals with mechanism to solve the conflict. So article 5 in this contract is not completed. There appears no mechanism to solve conflicts and/or problems in this contract in the following cases.

   4.1 In case the Chinese refused to pay for the lease in the next 2 years.
   4.2 In case the Chinese terminated the contract before ending period.
   4.3 In case land that was leased were badly damaged by agrochemical substances.
   4.4 The responsibility for environmental impacts that may result from the plantation.

This article conflict with the Decree on Land Lease or Concession of Lao PDR No. 135/PM VCC, Date 25/05/2009 that concerning the settlement of conflicts with contract on state land lease or concession, firstly the mediation should be done by the National Land Management Authority and the conflict parties. If the mediation is not successful, the conflict party can submit the request to the Economic Arbitration Authority for mediation or to transfer the case to the people’s court for justice process.

5) There is no information on mechanism to solve problems that may come from disasters such as flood, fluctuating weather conditions, and drought. These issues be related to Article 3 that the land leaser must take care and keep the banana trees healthy which is contradictory to the general rule of land lease agreement where the usage of land must be transferred to the lessee. This seems to put more burden on the leaser as if (s)he is employed by the lessee.

In summary, there are three outstanding points of this contract. First of all, this contract is drafted and proposed by Chinese investors; therefore, all benefits go to the Chinese side. Secondly, all responsibilities fall upon the land users who are the lesser of this agreement. Finally, the content of the contract is imprecise and will certainly bring problems once conflict arises. So, national benefits come with significant costs and there are more adverse effect to economic development.
3.2 Interview

In our interview, the research has interviewed six informants and focus on the land leases for Chinese banana plantation in Ton Phueng district. All interviews took place in a formal setting with the presence of the respective government agent. Time taken for each interview was between 1 and 1.5 hours.

Based on the researcher’s interview and observation, in term of banana plantation business, we can see a significant increase in land leases and land for lease. Lao people make money from their land and tax revenue increases for the government. From the examination of land lease contract described earlier, it was found that the content of contract is vague and weak. There are plenty of loopholes in the contract that could bring trouble to the land owner when problems or conflicts arise. All interviewees were not aware of this. Most people, moreover, do not understand how to conduct proper agricultural business. Furthermore, they have no knowledge in the basic knowledge on law of the country. They negotiate and work according to their level of understanding. When they saw the amount of money that the Chinese investors offered, they quickly took the offer and lease their land without calculating the risks and losses as well as plausible difficulties that may occur. Therefore, the production of banana is deemed to be a good strategy with a potential to gain income for Lao people in rural areas. It seems to be they can get a lot of benefits; but, finally, they have to bear its unintended and undesirable consequence because the content of the contract is unclear, leaving some rooms for the developers to cheat the desperate farmers and land users. So far, up to the time that the interview has been conducted, there has been no problem with the contract but conflicts and problems are expected to happen anytime.

4. Discussion and Conclusion

As mentioned above, it was found that the role of the economic diplomacy on the surface seems to be mutually benefitted; creating a win-win situation for both countries, because the economic diplomacy does provide some instruments to promote the coordination of policies and gain national benefit, but it may not be an all propose solution. So, the
The researcher would like to look for the possible solution to reduce the impact on the economic diplomacy such as social-economic development, environment pollution, and legal loopholes. For instance, the Lao government should be careful on the systematic coordination mechanism between the difference levels (Central-Province-District linkage) for the approval monitoring system and post approval process evaluation on the impact. At the moment, economic development is more important than environment protection for Laos and relevant sectors; so the real cost of plantation is overlooked. The government should build capacity for provincial investment committees, who would be considered as the technical secretariat for the provincial governor in the investment approval process in order to screen the banana plantations and block those creates environmental and social impacts, and at the same time promotes and recognize good practices.

In summary, Bokeo province is still a small and least developed area. Therefore, the Chinese investment comes to the Province fostering the national economic interest because it benefits to the locals as well as stimulate Laos’ economic expansion. Thus, it has received the highest priority. But the implementation of economic diplomacy in the case of banana plantations involves various levels to implementation, so they still have legal loophole and insufficient government institutions that concern and protect the national interest and the socio-economic development. We found that economic diplomacy is look like negotiation as a game of strategies and particular within the foreign policy analysis.

The implementation of these activities reflects the reality of economic diplomacy in the handling of Chinese banana plantations. The plantations must be considered in terms of the gain to national interest and economic relations of both parties. Therefore, the payoff from economic diplomacy for Lao PDR is social and economic development through the increase of government revenue. Chinese banana investment in Lao PDR provides a suitable lens to examine the implementation of economic diplomacy. The study demonstrates considerable economic benefits of the plantations, which must be balanced by the negative consequences which arise from the imbalanced economic diplomacy between both

---

2 Foreign policy is of great importance for the state because foreign policies are governments strategies use to guide their actions toward other states. Cutting from teaching document of Prof. Songsak Saicheua Director General Department of American and South Pacific Ministry of Foreign Affairs in Thailand. 2015
countries. In order to create a win-win situation, especially for the host country, Laos has to improve many aspects of its implementation so that the country can distribute the social and economic benefits while minimizing the impact on local communities and the environment.
Bibliography

Journal Article


Book


Author’s Profile

Name  
Khonsavanh Vongvannaxay

Date of Birth  
June 17, 1987

Educational Attainment

- **August 2015 - Present**: Master of Arts in Asia Pacific Studies, College of Interdisciplinary Studies, Thammasat University, Thailand. Sponsored by TICA.

- **2004 - 2009**: Bachelor of Arts in International Relations, Faculty of Law and Political Science, National University of Laos. GPA: 3.35/4.00

- **2005 – 2009**  
Diploma of English at Special English Course, National University of Laos.

Publications


Work Experiences

• 2009 – Present
  Law lecturer at Faculty of Law and Political Science and responsible for the Department of International Relations, National University of Laos.

• 2009 - Present
  Working for Human Rights group at Faculty of Law and Political Science, National University of Laos.

• 2010 - 2015
  Coordinator between Faculty of Law and Political Science, National University of Laos and Ministry of Foreign Affairs in Lao PDR, such as hold the workshop, invite for special lecture, or participate in the international conference.

• 2013 – 2015
  Assistant for coordinator between National University of Laos and The International Committee of the Red Cross (ICRC) in Lao PDR.

• 2014 - 2015
  Program Assessment Committees on writing the report in Quality assurance of International Relation Department for ASEAN University Network (AUN) and writing the report in Quality assurance of Faculty of Law and Political Science for Ministry of Education and Sport in Lao PDR.

• 2013 - 2015
  Team coach for International Humanitarian Law Competition in Hong Kong.
Abstract

This article explores the role of Timor-Leste Petroleum Fund as the Sovereign Wealth Fund to the development dimension of country mainly focused from 2005 to 2015. Since the fund has established in 2005, it has become a crucial source of money and highly has influences to development and change in Timor-Leste, politically, economically and socially. In particularly, two questions are answered in this study: What are the characteristics of Petroleum Sovereign Wealth Funds management for development within county? How does the Petroleum Fund in Timor-Leste learn and adapt for better development within the country.

Keywords: Sovereign Wealth Fund, Petroleum, Development, Timor-Leste

1. Introduction

Timor-Leste, officially the Democratic Republic of Timor-Leste, is a sovereign State in Southeast Asia, located in Timor Island between Australia and Indonesia. It became the newest sovereign state in Southeast Asia and the world’s first nation which was born in twenty-first century (Smith & Dee, 2006, p. 390). Its land has abundance of natural resources, especially sandalwood which was mainly surplus product of the island in the past. It attracted European explorers, Portuguese and Dutch, to the island and they started conquered Timor in the early 16th century. However, boundary disputes between these two nations in the island were more aggressive. Consequently, the superpowers negotiated and

---

3 Timor-Leste became formally independent on 20 May 2002 and it is the world’s 192th nation recognized by the United Nations on 27th September 2002.
signed Treaty of Lisbon in 1859 to divide frontier, western and eastern parts to the Netherland and Portugal respectively (Krieger & Rauschning, 1997, p. 16).

After 1945 Timor-Leste still belonged to Portugal, even though many countries in the world had been decolonized becoming independent. Timor-Leste was under Portugal until 1975 as a result of peaceful revolution in Portugal known as ‘Carnation Revolution’ (Revolução dos Cravos) on 25 April 1974. The colonies of Portugal in Africa started proclaiming for independence and extended to Timor-Leste (Hicks, 2015). Nevertheless, on their roads to independence, Timor-Leste did not have preparation process in development before the independence proclamation. This decolonization is different from other countries in Southeast Asia because Portugal did not provide a system to administrate and develop the country while the country was still poor. The problems in using its own natural resources effectively, to trade and to accumulate wealth of nation itself, according with sovereign right issue during colonization era, its nation building inclined problematic.

The lack of development is one of reasons that Indonesia use to annex Timor-Leste in late 1975 and declared the accession of Timor-Leste on 17 July 1976 as 27th province of Indonesia during President Suharto, and changed its official name to Timor Timur⁴. In addition, benefits of petroleum were more found in Timor Gap and Indonesia signed agreement with Australia on Joint Development Area for petroleum concession. During that time, Timor Timur had no sovereign right to its territory. Indonesia had authorities to accumulate the benefit and to manage natural resources of Timor Timur after integration.

Independent movement, which had moved in Timor-Leste since 1974, had tried re-liberating in re-colonization (Hicks, 2015). Many people in Timor-Leste resisted annexation therefore Indonesia reacted to terrorize and send troops, Operasi Komodo, to Timor Timur. It became more interested domestically and internationally again after massacre in Santa Cruz Church on 12th November 1991. The recording video in the incident was broadcasted to worldwide. Crime against Humanity issue in Timor-Leste was raised up among world community to against this annexation and support self-determination (Taylor, 1999) and also more over 90

---

⁴ Timur is Indonesian language which can be translated as east, therefore meanings of Timor-Leste and Timor Timur are same.
per cent of Timorese were explicitly self-proclaimed to be Christians to differentiate from Indonesian (Silva, 2007, p. 234).

Until President Suharto resigned in 1998, Habibi\textsuperscript{5} took responsibility as new President of Indonesia. The policy to Timor-Leste was changed and self-determination in Timor-Leste talk started by Timorese in a referendum to be part of Indonesia (Matthew, 1999) or independent through referendum under pressure of world community (Ian, 2001). However, Militia, a troop set by Indonesian military still terrorized Timorese who were against to Indonesia. The United Nations set the United Nations Mission in East Timor (UNAMET) to analyze situation during transition period and to promote ballot on time before 30\textsuperscript{th} October 1999 which in this referendum people voted for independence over 94 per cent (Ian, 2001). Without regard to referendum was successful, Militia troop did not stop harassment, to threatened people and destroyed many infrastructures.

Therefore, The United Nations established the United Nations Transitional Administration in East Timor (UNTAET) to provide an interim civil administration and a peacekeeping mission in the territory of Timor-Leste. UNTAET also had role to draft constitution, development plan, social welfare and cultural management to Timor-Leste for practicing after transition period (United Nations, 2002).

Convincingly, Timor-Leste has fully its sovereignty on 20\textsuperscript{th} May 2002. However, many infrastructures within country were destroyed and affected the development of country. Timor-Leste was considered as one of the poorest countries in the world and this issue keeps continuing even nowadays. In building a new nation, Timor-Leste needs to escape painful memories to make peace and management of natural resources in the country for moving forwards. (Hill and Salsanha, 2001).

Managing natural resource for development must come along with awareness in “resource curse” or “Dutch Disease” if it is exploited without effective strategy because the resulting revenue does not redistribute to the economy growth. However, many countries such as

\textsuperscript{5} Bacharuddin Jusuf Habibie, commonly known Habibi, is a civilian President who succeeded the dictatorship regime in Indonesia. He ruled the country during transition period of democratization from 1998-1999.
Australia, Canada and the United States have managed to avoid resource curse, while some counties also have argued that countries like Malaysia, Indonesia, Botswana, and Chile have manage their natural resource wealth well (Drysdale, 2007). Dutch disease can make a country turn to oil-dependent and a lack of “industrial diversification” which can obstruct sustainable development. As Drysdale (2007) mentions on lack of good management there will create three effects which are no growth of saving, less revenue to spend and difficulty of adaptation.

However, the success of Norwegian Pension Fund since it was established in 1997 and while trying to keep transparency become the inspiration to Timor-Leste resource management. This is “to save the oil and gas wealth for future generations” as other SWFs and another reason is to avoid using all this oil income now. (Kjaer, 2007) which now become the world’s biggest SWF.

Under the Constitution of Timor-Leste in Section 139 on Natural Resources to recognize resource-based sovereign wealth fund (USAID, 2013). The Petroleum Fund has been announced the inception in August 2005 under the Ministry of Planning and Finance with the Bank and Payment Authority.

Petroleum’s benefit in Timor-Leste is a major source of national income from export. In 2009 Timor-Leste is the most oil-dependent economy in the world and petroleum income accounted for about 95 per cent of total government revenue and almost 80 per cent of gross national income (GNI) (IMF, 2011). Hence, Petroleum Fund in Timor-Leste is a crucial source of money and has highly influence to development and change to Timor-Leste, politically, economically and socially.

2. Characteristics of the Fund

The Timor-Leste Petroleum Fund (PF) or Fundo Petrolífero de Timor-Leste is a sovereign wealth fund of the surplus wealth produced by East Timor petroleum and gas income deposited by the Timorese Government. The Petroleum Fund of Timor-Leste was established under the provisions of the Petroleum Fund Law No. 9/2005 which was
promulgated on 3 August 2005\(^6\) (Investopedia, 2016). The biggest oil fund is the inspiration for Timor-Leste fund management, like Norway are accruing large number of foreign assets in SWFs, the risk in the sovereign wealth has been concentrated in emerging market (Ang, 2014). The significant key of management is to save the oil and gas wealth for future generations as the sustainability concepts. The significant key of management that has learnt from sovereign wealth fund of Norway is also transparency that Timor-Leste is one of the most transparent in Asia and to make it accountable to the disclosure of information to help build public support for wise management of petroleum revenues and to reduce the risk of bad governance. With assistances from Norwegian Pension Fund which is not only a normally pension fund, it uses for future of state expenditure. It was started about US$8 billion in the first year of saving and it now becomes the world’s biggest SWF managed by the central bank and belonged to their own people. In the policy of management that have been adopted from the Norwegian Pension Fund, Petroleum Fund of Timor-Leste has evaluated the bank using independent consultants and reports to Parliament, mainly through the national budget documents, on the bank’s management of the fund. There are also using the contracts to the companies run in year by years and that give a pressure to perform in management well to achieve excess return (Kjaer, 2007).

The petroleum fund is established to contribute to the management of its petroleum resources for the benefit of its current and future generations started from 205 million US dollars to 16 billion (thousand million) US dollars currently. The developing of markets has rapidly become much richer owing to the surge of oil price which has more risen. Timor-Leste the country that still needs more development and the natural resource that they have is oil. Oil creates Timor-Leste trying to save some of this commodity revenue in SWFs (Ang, 2014) to put some of surplus of their corresponding trade to SWFs.

For managing the fund, the Ministry of Finance is responsible for overall management of the Petroleum Fund and as the authority of Timorese people. As for operational management, it is look after by the Central Bank of Timor-Leste, for investing with guideline founded by the Ministry of Finance and mandates developed by the Investment Advisory Board. The Petroleum Fund has begun for investment firstly in the first year of establishment. The

---

Institute that has responsible for the operational management of the Fund is the Banking and Payments Authority of Timor-Leste (BPA which become Central Bank of Timor-Leste), in accordance with a Management Agreement between the Ministry of Finance (Ministry of Finance, 2008).

There is the Petroleum Fund Law Petroleum Fund Investment that have regulate on petroleum revenues for transferring to the Fund and investing in financial assets but the Fund will go back to the central government budget of each year through the approval of parliament. Since 2005 the entire portfolio was managed by the Central Bank of Timor-Leste (formerly the BPA) and was invested in US Government bonds only that has related to the currency until 2009. In 2008, the East Timor government was considering changing a law that requires 90% of the Petroleum Fund’s assets to be invested in U.S. Treasuries, on concerns over the growing U.S. deficit and weakening U.S. dollar and Bank for International Settlements (BIS) was appointed as the Fund’s first external manager to manage 20 per cent of the total Petroleum Fund and invested in a broader range of Government and Supranational bonds. (Ministry of Finance, 2016). Therefore, in 2010 Schroder Investment Management as the first equity manager of the Fund manage the fund by investing global equity mandate amounting to 4 per cent of the total Petroleum Fund. (Ministry of Finance, 2016).

Petroleum Fund is the important fund for development in Timor-Leste concordantly because it is the largest pools of assets under management with the represent of the largest number of the underlying in term of citizen belonging (Ang, 2004). Even the fund is smaller than Pension Fund of Norway sixty time but it is considered as giant base on list element over GDP for ten times. It is also a part of sovereign reserves which including central bank reserves, commodity saving and governmental owing company.

The Timor-Leste Petroleum Fund (McKechnie, 2013) identified that the Timor-Leste Petroleum Fund has started from a not strong institutional base in term of how to manage the resources and distribute revenue transparently. The success of Petroleum Fund is also from a strong leadership and democracy which one party does not monopolize power.
3. Effects in Economy

Timor-Leste became the first new nation of the 21st century. Timor needs to cross and ignore to bad situation to make country's stable. By assistances of the UN, the main problem of Timor-Leste should resolve to rapidly is poverty (Hill and Salsantha, 2001).

**Figure 1 Market Value of the Petroleum Fund**

![Market Value of the Petroleum Fund](image)

Source: Ministry of Finance

Explanation how PF has potential to reduce poverty as mentioned above and make progression of economy, firstly it must be based on the percentage of economic share between each product. Over 80 percent of the national income has received from taxation and revenue from oil activities which means that the economy is under oil conditions. The growth of Petroleum Fund therefore it reflects growth of country in other hand for country using to invest. As the market value of the Petroleum Fund (figure 1) presents the growth of Fund itself has rose significantly from 371 million US dollars to 16,539 million US dollars in 2014.

Obviously, the country has more reserves and government expenditures to foster it economy. The profit from oil reduces using loan from outside which the country must pay more interest such as IMF. Hence, the petroleum revenues make the country can run the economy by themselves and can have secure in economy during the crisis both before 2002
and the riot in 2006 which makes the Petroleum Fund are the instrument to build the nation. The most impact of the fund is shifting the economy as the Development Plan that want to move the country to upper middle income by 2030 based on petroleum revenues, the revenues become the Government expenditure budget for each year to run the policy and mostly have pay for infrastructure building by less borrowing money from outside.

The part of fund that invests to the international assets for more will make the size of fund grow and can use in other sector by investing to the Petroleum fund. The infrastructure that has been built road, electricity, connectivity infrastructures, school, hospital and healthcare management. Those are the essential factor to move the countries sustainably. However, during the building of those infrastructures, there are the short-term effects as well because when the country need to build them, the employment is increased and people can have more income during the labor-intensive needs. Even though, the PF are mange to have return well, oil price decreasingly in 2005 effect amount of fund while country need to use more monte on standardize infrastructure system and capacity of human and capital. Saving money can be used as national budget each year as figure 1 that presents reducing of market value of Petroleum Fund.

Looking at GDP Growth (figure 2) after the fund is established the economy in the country have better off, except the year 2006 which there was the political incident and make the country have minus rate at 3.2. Nevertheless, the economy of country recued stunningly at 11.6.
The revenue from the sector invests in education and health services for families and in helping farmers to increase their productivity so that our agriculture sector becomes a leading driver of private sector jobs. The revenue help to fund the infrastructure necessary to build a diversified economy.

Interestingly, after the UN mission left the country the country at the end of 2013, the GDP growth rate are still considered at the positive rate of 2.3, 5.5, and 4.3 respectively which are considered as good number of growth rate.

4. Challenges of Timor-Leste Petroleum Fund

Although Timor-Leste is a small country, the development is considered crucially to drive a country to survive. Timor-Leste tries to develop itself in many ways to keep up with all nations, even in a slow pace and tries to build relationships with the outside world for promotion of investment. This is because Timor-Leste has not enough potential to do numerous of self-investment to pump level of growth. The important trade partner of Timor-Leste is ASEAN, US, EU and Japan. Since independence in 2002, economy of Timor-Leste has developed continuously. (Caixa Geral de Desitos, 2003) However, Timor-Leste needs to improve legal system and open the opportunity of foreigners coming to invest. The educational development policy for better accession to knowledge and everyone can read
is as primary issues that the government must do for develop human resource, in the past many schools were burned. Other basic structures are still required to build a nation sustainably.

As the Sustainable Development Goals which has been focused on economic development \(^7\) as the world development policy suggested by UN which the National Development Plan 2011-203, the Fund and policy of development also follows these goals. In this paper, will discuss on Sustainable Development Goal 8 which is on promoting sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all to promote the new generation for working effectively. Timor-Leste have practiced this guideline to achieve economic development and should be discuss more in SDG 8.10 which targets to “strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all” (UN, 2016) and SDG 8.6 that discuss about labor market accessibility of Timor-Leste in training, educating, and proportion employment of young people which this country is lacking.

Furthermore, the demographic graph (figure 2) shows that the new generation will be the most of population of the country which can discuss into 2 part, firstly spending fund to train and create atmosphere for them to working in the country, new country and developing country has huge growth of birth and youths. After 2002 Timor-Leste have sovereignty and more peace within a country, the economic has been increased with birth of population. Over half of the population is under the age of 19. While this creates “challenges”, it also provides enormous opportunities for our emerging nation. The government (2012) also described that over the next decades the expectation of young generation will become the greater part of the workforce and will respond to new opportunities with dynamism, creativity and enthusiasm for driving economic growth and development.

There is government spending that go to the sector to promote economic growth, good education also put to promote the knowledge and improving human capital for future. However, education doesn’t mean all thing even the lack of labor market.

---

\(^7\) See more Sustainable Development Platform in https://sustainabledevelopment.un.org/sdgs
How the government promote the growth of economy in the country we can see less of the industry build for the future. That means that in the future, Timor-Leste will need more budget to use as the government expenditures to provide more infrastructures and basic needs for next generation.

Secondly, Timor-Leste is still lack of intention to transform the economy and what way that Timor-Leste would like to move forward? From this we can see that Timor-Leste has policy to shift the economy to depend less in oil and gas but lack of money that will go to promote those policies directly, and there are 3 way to reach the economic growth from economic transformation of oil-dependency over 80% of National income, to promote agriculture which is the fundamental base of economic development and Timor-Leste is still lack of it. Many of products in Timor-Leste are still import from outside, therefore secondly is to promote some industrialization which the key idea after the WWII that many country in Southeast Asia also move from that part to have economy growth rapidly, and to promote creative economy. The last way which Timor-Leste is lack of resource and technology which is the problem of development that the PF should promote those to the development in the country.

Into get the rapid success the biggest financial institute such as the PF also manage by the foreigner which mean the money that have been use for outsource to get the benefit for
the Fund. To reduce this cost Timor-Leste should force new human resource insert to the economic management into learn and help to develop the economy.

There are few companies have invested in the country or even the foreign Direct Investment that Timor-Leste still has reserve or Protection in many sectors but the movement from inside or local company as not be support much from the government. Therefore, the state can only bring the situation of the employment in Timor-Leste to promote job seeker that but cannot or less help to promote job provider to let the private sector run more role in the economy.

Using the Petroleum Fund to build the necessary infrastructures of the country, from this, the quality of life of people in a country will be better off and also being the motivation of moving economy in non-oil investment. (Fabi, 2015) However, there are the problem based on place of gas which is Sunrise gas field that is in dispute area between Australia and Timor-Leste even it bases in the joint development area. The problem needs to be resolved for better way of development and bringing the nation from undeveloped country to developing country soon. Maritime dispute in Joint Partnership Agreement with Australia in natural resources distribution are also gigantic problems affected development process within country to move forward country from undeveloped country to developing country of Timor-Leste in the future. With current proven reserves, Timor-Leste does not have enough oil and gas to sustain the country for very long. Oil revenues peaked in 2012, and the country has already received more than two-thirds of the expected income from its only two producing oil and gas fields. If the non-oil economy does not develop significantly before the last well runs dry in less than 10 years from now, the current high economic “growth” rates would revert to negative figures. This would mean recession, cuts to public finance, and serious reductions in government services and programs that may cause more people to join those currently living under the poverty line. (Triwibowo and Miranda, 2016) Moreover, oil price that have been decreasing since 2009 and aggressively drop in 2015 in world oil market reflecting to the revenues that the country expected to have for development but country still need money to run the rule the country Timor-Leste must find the way to avoid Dutch disease in the future because the GDP and income mainly based on petroleum activity to move country out from too much of oil-dependency.
In addition, the issue of transparency of PF is the problem that the government have to improve more and monitor capacity to deal with foreign investors in the way of making development efficiently even the fund was rated in good level of transparency somehow the transparency of the process of allocation of “public transfer” expenditure considered as particularly low, and less of information added in detail of budget purposing to the parliament (Transparency International, 2015).

5. Conclusion

Over the decade that the Timor-Leste Petroleum Fund has been found as the Sovereign Wealth Fund for strengthening the national economy and lifting quality of Timorese life. PF becomes the crucial part of development to provide money in using of government budget, reserve, and further investments for expanding size of the fund. The mains objective is to reduce poverty and redistribute wealth in long-term by building tangible and intangible infrastructures which are high cost spending in national budget while education is the most important of human resource that will help to develop in the future. With strong objective and policy of management, the PF has grown effectively to reduce poverty and redistribute wealth in short and long-term for the country, in building tangible and intangible infrastructures which has high cost spending in national budget.

The Fund assists to build road and other facilities for transportation which are still lacking together with building human recourse capacity for develop the country or even the Fund. One of the most key point of management is on transparency the Fund had been successful more than other countries. This is because the external outsource for managing even investment that the fund has been invest outside the country make the fund reaches the benchmark of returning point. Moreover, money that invests can be put in local economy not only the infrastructure that should be in develop but the point could be that the Fund may not achieve the benchmark because it may create only low profit but that would be the opportunity to make Timorese can be more sustain their life than waiting the employment of infrastructure building or working as the governmental sector.

The sustainability questions if the oil will go out in the future and the Government recently emphasize to promote non-oil economy but it is still not successful because of lacking
infrastructure that should help people to develop by themselves. Moreover, the price of oil that has been decrease has effect to budget of the country and make a country.

Most of the area that can get benefits still stuck at the urban area such as Dili and Petroleum Fund must come to help in more distribution. Road, transportation system, electricity and building are built by government and to attract foreigners come to invest while education are the most important of human resource that will help to develop in the future. The sustainability questions if the oil will go out in the future and the Government recently emphasize to promote non-oil economy but it is still not successful because of lacking infrastructure that should help people to develop by themselves. Moreover, the price of oil that has been decrease has effect to budget of the country and make a country may not move from undeveloped country to developing country before 2030 as in National Development Plan.
Bibliography


**Electronic Media**


Author’s Profile

Name        Mr. Nutthawut Naowabutra
Date of Birth February 19, 1992

Educational Attainment

- August 2015- Present: Master of Arts, Master of Arts in Asia-Pacific Studies, College of Interdisciplinary Studies, Thammasat University, Bangkok, Thailand. Sponsored by Government Savings Bank (GSB)

- 18 July – 5 August 2016: 30th Portuguese Language and Culture Summer Course, Department of Portuguese, Faculty of Arts and Humanities, University of Macau, Macau.

- 2 February – 30 July 2014: Bachelor Exchange (1 semester) in Portuguese and Lusophone Studies, Faculty of Arts, University of Porto, Porto, Portugal. Granted by Erasmus Mundus Scholarship – Action 2: Lotus III Project

- 2010 – 2015: Bachelor of Arts in Southeast Asian Studies, Faculty of Liberal Arts, Thammasat University, Bangkok, Thailand. GPA: 3.52/4.00

Work Experiences

- 1 November – Present: Cultural Officer, ASEAN Cultural Center (Ministry of Culture), Bangkok, Thailand.

- 31 March – 4 April 2016: Special Lecturer on Portuguese in Malacca during field trip in Malacca, Bachelor of Arts in ASEAN-China International Program, Faculty of Liberal Arts, Thammasat University, Bangkok, Thailand.

- 25 April 2015 – 31 August 2015: Personal Assistant to Ambassador of Portugal, Embassy of the Republic of Portugal, Bangkok, Thailand.
• January 2014: Dictation Computer Typist to James Elliot., Senior Lecturer of University of Queensland, Australia.

• 2011 – 2012: Contributor for 500 Years of Commemoration of Relationship between Thailand and Portugal, Embassy of the Republic of Portugal, Bangkok, Thailand.

Corporate Social Responsibility Engagement in Vietnam State-owned Enterprises: A Comparative Analysis between PVEP and VTC

Thi Hue Nguyen
nguyenthihue122@yahoo.com

Abstract

Due to the limited research on Corporate Social Responsibility (CSR) in State-owned enterprises (SOEs), this paper investigates and makes a comparative analysis of CSR practices of two large Vietnamese SOEs: PetroVietnam Exploration Production Corporation (PVEP) and Vietnam Multimedia Corporation (or Vietnam Television Corporation – VTC). The input data is based on descriptive information collected from existing literature, corporations’ official websites, published reports, and primary data from interviews with managers of the two companies. The analysis indicates that PVEP and VTC share similar views on the concept of CSR and in line with definition of standard ISO 26000. It identifies the focal points of these corporations on CSR themes which are Environment, Labor and Community Involvement for PVEP and Labor, Fair Operating Practices, Consumer Issues and Community Involvement for VTC. Institutional Theory has been adopted to examine the main drivers of CSR. This study has determined that the external and internal institutional drivers effect on responsible behaviors of the two corporations at different extent.

Key words: CSR, sustainable development, SOEs, drivers, ISO 26000, Vietnam

1. Introduction

Since the Doi Moi reforms of 1986, Vietnam has experienced rapid economic growth in the range of 6% to 8% GDP annually. This economic opening has deepened the nation’s exposure to the positive (and negative) impacts of globalization. On the one hand, the country has seen many social and environmental consequences as a result of prioritizing GDP growth. These issues demand that economic stakeholders, including enterprises, have a responsibility to contribute to solving the problems which are caused partly by them. On
the other hand, on the road to economic integration, the requirements for implementation of good Corporate Social Responsibility towards Sustainable Development have become one of the non-tariff barriers challenging developing countries like Vietnam (Hamn, 2012). From the perspective of the enterprises, Vietnamese companies started to be more aware of the importance of respecting social and environmental standards in enhancing their reputation and increasing competitiveness. (Pham, 2011). Due to the increased interest, there are more and more studies conducted on CSR practices covering various perspective and objects. Among many components of Vietnam’s economy, State-owned Enterprise have been playing unique and critical roles (Collins, Sitalaksmi, & Lansbury, 2013).

As the result of renovation, the number of SOEs has been decreasing, as have been the shares in those kinds of companies held by the government. However, SOEs have continued to be leaders of Vietnam’s economic growth, as they still contributes for 32% of GDP (Nhipcaudautu, 2014) In the list of V1000 published in 2016, SOEs contributed nearly 60% of the total Corporate Income Tax detailed in the whole list (Vietnam Report, 2016). At the current moment, Vietnam’s economy still displays the presence of SOEs in main economic sectors, from agriculture to industry and services. SOEs even still hold monopoly in some sectors. State-owned enterprise is an effective instrument of government not only to improve efficiency economically, but also to lend active support to the government for ensuring the social security. CSR activities practiced by SOEs have been widely recognized by the investors, governments and community. In the context of present-day Vietnam, it is interesting to explore how SOEs understand and implement CSR as well as the motivation behind their responsible behaviors. It is significant for the expansion of Vietnam’s economy, and its development as a whole if these enterprises perform well in their Corporate Social Responsibility activities. This study, as a comparative analysis of two large SOEs which are PetroVietnam Exploration Production Corporation (PVEP) and Vietnam Multimedia Corporation or Vietnam Television Corporation (VTC), would be an initial step which aims to create a wider view on CSR in SOEs than the single case studies conducted before.

---

8 V1000 is the List of Top 1000 Corporations that pay the highest income tax in Vietnam. The list is published based on the results collected, investigated, processed and verification of independent data of the V1000 organizer, in combination with the feedback data of enterprise from the survey of Vietnam Report as well as credible analysis and evaluation in the media; including a review of compliance with policies and legislation on corporate tax.
This study aims at examining the current situation concerning CSR practices in Vietnam SOEs by comparing PVEP and VTC, as two large state-owned enterprises, and to some extent their motivations to engage in CSR-related activities. It fills the gaps in the literature, namely that Vietnam State-owned Enterprises have never been addressed as independent category, and in conjuction with other components of Vietnam economy.

2. Methodology

The data for this study were collected from both primary and secondary sources. Secondary data were collected from articles and information available on the Internet and the university library. This information was used to construct and develop a theoretical framework for analysis. Besides primary data, secondary data was collected for the empirical investigation mostly from official website of PVEP and VTC where they published about their practices via reports and news. Also important for this empirical part, data were extracted from previous articles which studied some aspects of PVEP and VTC was. The primary data were collected through semi-structured, in-depth interviews with middle managers employed with PVEP and VTC. The interviewees were selected based on their position in the companies which is expected to have comprehensive understanding of the companies’ operations, as well as for their availability and willingness to take part in interview process.

3. Company Profiles

PetroVietnam Exploration Production Corporation (PVEP) is a one member limited liability corporation, 100% held by a state-owned enterprise, PetroVietnam Groups. PVEP was established in order to be a core unit of PetroVietnam Groups, a leading enterprise in the field of oil and gas exploration and production. In terms of working on CSR, PVEP noted

9 By the end of 2015, total assets of PVEP have increased 5 times, estimated at nearly 155 trillion VND, with the annual average financial index as follows: turnover of about 45 trillion VND, pre tax profit of about 22 trillion VND, submit the state budget at 15 trillion VND. It has been in top 10 of V1000 for 7 consecutive years.

that an enterprise cannot just focus on seeking profit objectives but also must perform their responsibilities and obligations to the community. These responsibilities require enterprises to build a model where it develops in harmony with the environment, society and the population (PVEP Vision and Mission Statements)\textsuperscript{10}. For PVEP, environmental aspects, and responsibilities to the community and employees are emphasized. While PVEP has not published any separate reports for CSR, on the official website of the corporation, there is a separate item named “social responsibility” which includes two sub-sections: Health, Safety and Environment, and Social and Community Activities. The content of Human Resources and labor are presented as other, separate items. From the distribution of items in PVEP’s official website can help us to see that in PVEP’s perspective, labor practice is not integrated into CSR.

As PVEP is a giant in the manufacturing sector, in the service field, Vietnam Multimedia Corporation (VTC) is a pioneer enterprise which is leading in research and applying the Digital Television technology successfully in Vietnam. It is the first company that provided digital media solutions, transferring technologies to all TV stations in Vietnam, including post production, transmission and broadcast. VTC is a 100% SOE performing independent accounting under the Ministry of Information and Communications of Vietnam. From the vision, mission statements and core values of the VTC\textsuperscript{11}, it can be seen that among the themes related to the concept of CSR, the Corporation puts more focus on labor practices,

\textsuperscript{10} Vision and strategy of PVEP is presented specifically as follows:

\textbf{Vision}

“To build PetroVietnam Exploration Production Corporation into a strong entity capable of managing and participating in various local and overseas petroleum projects with regional and global competitiveness, reputable in international cooperation, so as to increasingly develop its capital and profit, maximize income for the Government and the Viet Nam Oil and Gas Group, and contribute to ensuring energy security for the national development.”

\textbf{Mission Statements}

“PVEP will produce oil and gas in an efficient and environmentally safe manner, substantially benefiting the community and all employees”

\textsuperscript{11} Visions and Mission statement of VTC

Visions: “To be the leading provider in multimedia services with information and entertainment focused. TO expand business both domestically and internationally.”

Mission statements:

- To satisfy VTC’s customers with high-end quality, premium technology, competitive price.
- To be profoundly engaged in early making Vietnam a country strong in information and communication technologies
- To develop highly skilled, wealthy and socially responsible human resources.
customer relations, and community involvement. So far, VTC has not published a CSR report. The amount of information related to CSR on the official website of the Corporation is sparse. This reveals that the Corporation hasn’t considered CSR as an important strategy which potentially bring the profit and other benefits for the Corporation.

4. Theoretical Framework

This study has adopted the CSR definition of the Standard ISO 26000 for the analysis and evaluation of CSR practices and institutional theory for analysis of CSR drivers in PVEP and VTC. According to ISO 26000, the concept of CSR is defined as:

“[...] responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that contributes to sustainable development, including health and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behavior; and is integrated throughout the organization and practiced in its relationships (ISO, 2010, pp. 3-4)”.


By reviewing the literature regarding motivations for corporations to engage CSR-related activities, the author proposed an integrative framework for analyzing the motivation for Vietnam SOEs to engage in CSR.
5. Findings and Discussion

5.1 CSR understanding

The findings indicate that the way PVEP and VTC understand the concept of CSR shares similarities with the definition offered by ISO 26000: 2010. These two corporations agree that CSR has close ties to sustainable development. The corporations see themselves as parts of society, and are aware of responsibility to contribute and share their benefits with the community and society, and to together develop the environment within which the corporations exist. It is noticeable that CSR definition of ISO 26000 does not mention profit-making aspects of CSR explicitly. The ISO 26000 standard, however, recognizes the
interdependence of financial success, sustainable environment and social development, stating that:

(...)an organization’s performance in relation to the society in which it operates and to its impact on the environment has become a critical part of measuring its overall performance and its ability to continue operating effectively (ISO 26000, 2010: vi).

Similarly, both PVEP and VTC also set aside the profit-making goal in their CSR activities, and gaining profit is only considered to be the unintended results of CSR-related activities. However, the core subjects who are under CSR spectrum understood by PVEP are more diversified and more competent with the definition. PVEP instead shows special attention to environment and local area where it is embedded. Therefore, the corporation takes serious consideration on how its operations impact on the environment and locality, and deals with them proactively. The “stakeholders” whose expectations are taken into account are broader as compared to VTC. With VTC, on the other hand, there is a limitation in the consideration of stakeholders regarding CSR concepts. They believe that their CSR is all about how benefits are distributed among the whole society, and then about how to support and assist society whenever the situation permits. Accordingly, among the six themes specified, VTC believed that the CSR concept only embraces community involvement, and how their activities incline to charity, donation and philanthropy activities. VTC’s understanding of the concept actually is similar to the greater number of enterprises in Vietnam (Hamm, 2012). Perhaps it is that the translation of the term "corporate social responsibility" into Vietnamese creates misunderstandings when it refers to “society” and “responsibility” alone, without understanding the complexity of the CSR concept that covers many aspects and themes. A reason that may explain this difference is that PVEP is working with foreign partners and expanding its business into overseas markets. Therefore, they exposed to more developed approaches to CSR. Meanwhile VTC’s operation is limited within the border of domestic market.

5.2 CSR implementation

Regardless of limited understanding of both corporations, regarding the core subjects which CSR concept covers (specified in ISO 26000), the practical behaviours of PVEP and VTC are
beyond that. As a large, branded enterprise whose partners and customers are mainly foreigners, PVEP has fully and seriously implemented national and international standards on environment (PVEP, 2015). PVEP also builds its long-term strategy to implement more fully social responsibilities on environmental protection, human resources development and support, and community development. Meanwhile, from the position of a state-owned enterprise, VTC always believes that being an ethical enterprise is their mission.

For PVEP, the impact of CSR activities towards the environment is obviously more comprehensive than those of VTC. PVEP not only adhere to the basic regulations of domestic law, as well as to international standards, but also pays serious attention to investing in continued research and development in order to better improve the impact of their business activities on the environment (Le, 2015). PVEP is not only looking outward. It is also focusing on the issues of savings and the efficient use of energy. PVEP considers these to be more than a means to sustain the environment, but also as solutions for crisis management (PVEP- Thương hiệu xanh, 2016). Meanwhile, the VTC environmental activities primarily embrace the workplace (Ha, 2013) and then a limited number of fragmented activities related to environmental issues in the theme of Community Involvement as well.

Regarding consumer issues, VTC notes that the corporation takes them very seriously. We easily traced this from their vision, mission statements, and their public announcements. Their communications with consumers also reveal this. On the other hand, during the interview with PVEP, the interviewee did not stress on that and, in fact, there is no source we can find on the internet about who their clients are and how PVEP treats them.

PVEP and VTC share a common perception that, once they are profitable, they should fulfil their responsibility to their local communities by making charitable donations (e.g., to earthquake and flood victims), supporting and contributing to local and community projects, and to common causes such as supporting the education of children. Both companies discussed social responsibility as being embedded in their corporate activities (e.g., an implicit form of CSR as argued by Matten and Moon, 2008, p. 418) and alluded heavily to how they looked after their employees and their welfare (e.g., raising wages, employees’ welfare and determining the investment in energy conservation projects); and that they maintained doing so by communicating with them on a regular basis (through employee congress, reports,
surveys etc.). Both corporations put special focus on the role of the laborers to the survival and development of enterprises. Thus the activities related to guaranteed-labor practices are well implemented, comprehensive and uniform. For PVEP as well as VTC, concerns related to human rights are mainly limited to the workplace; ensuring issues such as workers’ rights and gender equality. On the other hand, other issues are rarely discussed, especially political rights, since the state-owned enterprises are controlled by the Party and Socio-political organizations such as trade unions. Because trade unions within SOEs are closely tied to Vietnam Communist Party, there are shortcomings in the protection of power of labors, especially political rights. As an example, companies hardly referred to any external channels of communication (eg, NGOs) when discussing with their employees.

Corporate Governance concerning both PVEP and VTC is noticeable given that they are both 100% State-owned enterprises. The state has a great deal of control over their operations and decision-making processes. Therefore, there is not much difference between PVEP and VTC in this regard. ISO 26000 standard states that a corporation would maintain good corporate governance if it incorporates CSR principles. One of the common problems of SOEs in general, and of PVEP and VTC specifically, is the principle of transparency. Their performance in this principle is relatively weak. It is almost impossible for the public to track how and what the decisions related to CSR are being made. Of all decision that were made, only a few of them are published publicly. This top down approach causes Vietnamese firms to conceptualize CSR as a compliance issue, without regarding how CSR can strategically drive better performance (Twose & Rao 2003). Thus, while VTC is depicted as a passive CSR performer, PVEP appears as a more proactive one who integrates CSR activities better into operation and strategy.

5.3 CSR Drivers

This study has conducted an empirical study to test the influence of both internal and external institutional factors on CSR practices. Looking at external institutional drivers, the effects of regulatory pressures and cultural norms are confirmed. The findings showed that the way regulatory pressures affect CSR implementation of PVEP and VTC appears to be consistent with much previous research (Ramon V. del Rosario, 2011). The regulation shapes behaviors of the corporations in most aspects from organizational governance,
environmental practices, human rights and consumer issues. For the SOEs specifically, they are owned by the state, thereby it is obligatory to follow the government’s and the Vietnam Communist Party’s guidelines and directions in corporate development (Lan, 2016). Besides the regulatory pressure, the findings indicate strong support for cultural norms in explaining firms’ responsible behaviors. Despite the mix of unique cultures, Vietnamese culture can be referred to as high power distance, high collectivism, moderate uncertainty avoidance, and high context. Vietnamese people prefer group activity. They usually consider themselves as a part of a group and make decisions that benefit the group instead of personal goals (Truong, 2016). Moreover, Many of Buddhism’s teachings have become core values of Vietnamese tradition. Therefore, although the religious belief is crossed out from the drivers by interviewee, it should be understood from the perspective of cultural norms. This is relevant to the research findings of Herrera et.al. (2011) and Visser (2008) which stated that philanthropy (charity) and doing no harm to society are primary teachings of Buddhism and, therefore, could provide a solid foundation for supporting CSR values among Southeast Asian countries.

In contrast, the pressure for civil society groups is proved to be the least effective factor on CSR implementation for both corporations. This result is in line with previous findings related to the civil society groups in Vietnamese society in general and to CSR practices that are weak in particular (Dang & Pham, 2013). The low level of civil society development in Vietnam limits its work on human rights issues, including labor and environmental rights, because the state does not fully recognize the role of CSOs as servants of the public interest. Instead it limits their roles to community work and philanthropic activities. Partnerships between business and civil society are yet to be fully established. There are fears of conflicts and thus negative impacts on business. Moreover, a legal framework has not been created to protect human rights even within the public and private spheres. Vietnamese civil society remains dominated by organizations that maintain close ties to the state. The most influential civil society group in enterprises is trade unions, however, which have close ties with the Vietnam Communist Party. Therefore, it is explainable why both these SOEs representatives assessed that the pressure from civil society groups on forcing companies to practice CSR is not large.
Regarding the internal institutional drivers, the commitment of top management and ethical corporate culture proves to have strong influence on the responsible behavior of the corporations. This finding was supported by Campbell (2007), Hieu (2011). Under a planned economic system (before Doi Moi), state-owned enterprises (SOEs) were considered the only legitimate economic form (Nguyen, 2011). Under such a system, being ethical was presumably equivalent to being in compliance and obeying instructions from hierarchically higher authorities. These characteristics have remained in the current PVEP and VTC, which are both 100% SOEs. The senior managers of these two corporations are all party members and their positions in the companies depend heavily on their loyalty to the State and Party. Accordingly, being loyal and following the State policies and Party’s guidelines are instinctive. The corporate culture is also found to have positive effects on the CSR decision-making of PVEP and VTC. The corporate culture of PVEP as well as VTC is constructed first on traditional Vietnamese values. Then the nature of enterprise as state ownership is taken into account. The SOEs are categorized as a socialist public owned sector, which according to the socialism’s principles is owned and shared by all people. Therefore, serving the people with qualified products, supporting the people from poor areas, and helping people recover from disasters become critical components of their corporate culture. PVEP and VTC are not exceptional.

6 Conclusion

This paper has achieved its objectives and answered the two research questions. It has concluded that the understanding of CSR concepts by PVEP and VTC is consistent with the definition given by ISO 26000. Both of them agreed on the close relationship between CSR-related activities and sustainable development and that the existence of the corporation is attached to the development of surrounding environment and society. However, PVEP has a more comprehensive view of subjects that CSR covers. This partly explained why PVEP has practiced CSR more effectively than VTC. Regarding the second question, it was found that the factors which have influence on responsible behavior of PVEP and VTC--top management and corporate culture as internal institutional factors as well as regulatory pressure, market competition and cultural norms--are key drivers. The role of civil society groups have not been strengthened to appropriate level.
This study still faces several limitations. Due to limited study time and ability to access the interviewees, the interview questions are not comprehensive enough, and the sample size is still small. When evaluating the performance of the company's CSR, only the internal aspect is considered (yielding almost one-sided information from the persons interviewed and the documents provided from the official announcement of the business). The paper has not considered the views of other stakeholders such as customers, suppliers, partners, social organizations and has not estimated the impact of the implementation of CSR on the company performance. Therefore, it leaves the gap for future research to design more detailed questions, survey clients and stakeholders and estimating the impact of CSR on corporate performance by methods other methodology.
Bibliography


Author’s Profile

Name: Ms. Nguyễn Thị Hue
Date of Birth: February 2nd, 1993

Educational Attainment

- **August 2015 – Present**: Master of Arts, Master of Arts in Asia Pacific Studies, College of Interdisciplinary Studies, Thammasat University, Bangkok, Thailand. Sponsored by Thammasat University
- **2010-2014**: Bachelor of Arts, Oriental Studies, University of Social Sciences and Humanities, Vietnam National University, Hanoi, Vietnam, GPA: 3.61/4
- **January 2014 – May 2014**: TF LEaRN Programme @ NUS National University of Singapore, Singapore. Sponsored by Temasek Foundation

Work Experience

- **15 December 2016**: Interpreter at Workshop on Training for High-Ranking Public Officials in Thailand at Thammasat University, Thailand
- **August 2014 – August 2015**: Secretary at South Glory Investment Consultant Company Limited
- **October 2014 – July 2015**: English teacher at Thăng Long English Club
Educational Reform in Myanmar: 
the Case of Two Technological Universities

Myint Mo Tun
myintmotun@gmail.com

Abstract

Myanmar has been a democratic country since 2011 under President Thein Sein’s government. During this period, reforms in social, economic and political sectors have been initiated by the civilian government. Education reform, which includes the development of human capital, is one of the fundamental reforms in Myanmar democratization process. During the fifty years of military rule, education in Myanmar fell far behind international standards, reducing the capacity of the students and teachers to contribute to the development of the human capital.

The purpose of this study is to investigate factors relating to student learning processes in the Information Departments of the Technological University of Mandalay and the Technological University of Kyaukse. The study will analyze key factors of these programs, including the curriculum, pedagogy and infrastructure of these two technological universities. Data was collected by documentary research and in-depth interviews. The documentary research data was taken from journals, scholarly articles and online databases in Thammasat University Library. The researcher conducted interviews with students and teachers in both technological universities. The results show that the curriculum, pedagogy and infrastructure of technological universities are in need of improvement and development in order to produce qualified graduates who can apply their skills and knowledge in the economic sectors as well as to contribute the development of human capital in Myanmar. The outcomes of this research can be helpful not only for the improvement of technological universities, but also for the whole education system of Myanmar.
Keywords: curriculum, pedagogy, infrastructure, teaching aids, learning resources, skills, knowledge, qualified, graduates, students, teachers, and Information Technology

1. Introduction

After fifty years of military regimes, Myanmar has now begun a democratic transition since 2011, in which President Thein Sein’s government has introduced various political, economic, educational and social reforms. Among them, the ongoing education reform is most important and essential for the country because the quality of education has gradually declined since 1962. After the military coup in 1962, students started protesting to express their dissatisfaction with the military regime but were eventually suppressed in 1988. After that, the military regime separated all of the students and scattered all over the country according to the University Law 1973.

Most of the universities are administered by the Ministry of Education, but some are administered by various other ministries. According to Ministry of Education (2005), there are 163 universities in Myanmar. Among the universities, the number of the technological university is higher than other types of universities that provide specialty programs such as medicine, arts, science and foreign languages. There are 56 institutions under the Ministry of Science and Technology in 2015 including the technological universities, the computer universities and the government technical institutions. Of these, thirty three are technological universities.

According to the University Law 1973, universities are to be outside of urban areas and must be scattered all over the country. Some of the technological universities remained located in the cities while the others were placed in rural areas, however most of universities were situated outside of towns. The expenditure for the education declined after the military coup and so did the quality of the pedagogy and the curriculum. The capacity of the students, the teaching staff, the teaching methodology and the resources were limited in the universities since (Hays, 2013). Although the number of universities has increased, the national expenditure for the education sector was only 1.3 percent of national budget. This is a small percentage of a small account, given that Myanmar has been in the list of the Least Development Countries since 1980 after the military coup and it was described as the
poorest country in the world (WorldBank, 2015). The budget allocation and the technical support for the technological universities and the institutions are limited, however quality of technology and the teaching skill of the teachers in the technical universities still should be upgraded especially in Yangon and Mandalay (Was, 2012).

When universities cannot produce skilled-labors into market, it will certainly affect the economic development of the country. The Government cannot provide for the adequate infrastructure for the students such as libraries, workshops, computer rooms and laboratories in the universities. Furthermore, the government cannot support capacity building for university teachers to strengthen the quality of education in the country. There is no interactive learning system in all universities. So students critical, practical and creative skills after they graduate. The quality of higher education has failed due to the government policies and inactivity. Getting the opportunities having brighter future for the young generation is slimmer and slimmer. So the reform of the education system of Myanmar should be in prior to any reform (Ennew, 2014).

2. Problem Statements

There are three main problems facing Information Technology (IT) students in Myanmar. Firstly, Myanmar students have poor skills and knowledge of IT. The major cause of it is that the technological universities have inadequate computer rooms, libraries and the workshops and very poor to internet service as well. Students cannot practice their skills in these computer rooms and workshops and cannot afford to buy their own desktop computers or laptop. Students learn computer programing without a chance to run a programs on an actual computer. On top of that, students are week in critical and logical thinking because there is no interactive teaching methodology in the classrooms.

Secondly, the government provides insufficient support and opportunities for students. Due to insufficient government budgets provide the students with adequate teaching staff and sufficient technical support in the universities. The government also has neglected to provide opportunities for the students to work in the government sector and private sectors as well as to provide students scholarship opportunity to further their studies (Martin Hayden, 2013). These limitations make it almost impossible for graduates to find good jobs fields related to their studies.
Lastly, higher education sector normally produces 180,000 graduates every year, with the number of the graduates is increasing each year. However most of them were poorly trained and had no relevant skills. Approximately 73% of the graduate students are working in different workplaces rather than working in the relevant field. Unemployment rate is rising gradually each year. Employers are facing the labor shortage and having to hire staff without skills and capacity. There is no link between the private sectors and the universities as well as the ministry of labor (Guerrero, 2014).

For the above three cases, this study will provide remedies for the failing technological education sector within universities in Myanmar. This research should be seen as a foundation to reform not only IT department but also other departments and universities as well as the whole education system in Myanmar.

2.1 RESEARCH OBJECTIVES

The purpose of the research is going to explore what may have caused the low skills in the graduates from the Technological Universities in Myanmar. The objectives of the research are:

1) To identify the key factors of the education system in Technological Universities.
2) To review pedagogy, curriculum and infrastructures which are implemented in the IT programs of technological universities.
3) To report the policy recommendations for technological universities in Myanmar.

2.2 RESEARCH QUESTIONS

1) What are the main problems that affect the quality of education system in IT department of Technological Universities?
2) What factors are affecting the learning process of IT students in Myanmar?
3) What should the government provide to improve the skills and knowledge of IT students in Technological University in Myanmar?
This research addresses how developing capacity among students is essential because the students are from the younger generation who will have to undertake the responsibilities of the nation in the future. They are also in integral sector Myanmar’s human capital resource base. However, the greatest challenge is that the students cannot find a job easily after they are graduated because they were lack of skills and inadequate qualifications to find employment. The government and stakeholders should provide infrastructure such as libraries, good internet service and computer rooms and changes in pedagogy of technological universities in order to better develop student capacities.

3. Literature Review

3.1 Higher Education System in Myanmar

The higher education system is managed by the Ministry of Education whose responsibilities for management redefined into Upper and Lower Myanmar administrative areas. The institutions and universities are separated by University Education Law 1973. The Administration and management of the universities are under related ministries. There are 163 universities and institutions in Myanmar. Sixty four universities are managed by the Ministry of Education and the rest are supervised by eleven ministries such as the Ministry of Health, the Ministry of Science and Technology and the Ministry of Culture. These institutions and universities conduct variety subjects such as engineering, maritime studies, defense, forestry, education, foreign languages, veterinary science, computer science and culture and fine arts. Programs range from undergraduate to doctorate programs under the related ministries.

All curricula, syllabi and textbooks to be used in all the institutions and universities are designed and selected by the respective ministries. To prevent the uprising of students, the government scattered the student forces by building all the universities in rural areas outside different cities (Guerrero, 2014).

The allocation of budget to the education is not sufficient for higher education in Myanmar. According to budget allocation, the Ministry of Education was allocated up to 47%: the Ministry of Defense 2.7%, the Ministry of Science and Technology and the Ministry of Health
9% and 2.6% respectively in year 2014. Most of the budget allocated were spent to construct new universities in rural areas and other regions. The number of the institutions and universities are improved from 32 to 163 from 1988 to 2012. The significant problem is that there is inadequacy of skillful teachers, staffs and teaching resources in all universities and institutions. The spending on the construction of new universities was 32.8% of the whole budget of the national education (Guerrero, 2014).

Compared to other ASEAN countries, the expenditure on Myanmar Education Sector is the lowest in the region. Budget spending on the education was 0.7% of the GDP and it was 3.5% of the total government expenditures in year 2008. The 20% of government expenditure of Thailand and Vietnam on Education is the highest while 11% on education sector in Myanmar is the lowest in year 2012. In order to improve the education system of Myanmar, the government needs to invest more money in education system so that the people can learn better and higher education and become skillful as in human resource for the economic system in the country in the future. According to UNICE Myanmar’s report, budget allocation should be equal in various ministries of Myanmar Education System (UNICEF, 2013).

Figure 1. Education Spending in Myanmar – ASEAN Regional Comparison

Source: Myanmar MoFR (2012) and ESCAP Statistical Yearbook 2011
Note: Myanmar figures are for 2012-2012, all other figures are for 2008, except Cambodia which is for 2007.
6. Methodology

This research was designed in quantitative method, which was conducted through an approach in documentary research method and the data collected by in-depth interview in two technological universities in Mandalay and Kyaukse, Myanmar. The students who participated in these interviews were selected from each academic year including first year to final year in technological universities. The heads of the department of Information Technology and teachers from both universities were also interviewed. Finally, the researcher conducted interview with Dean of Curriculum Development Committee of IT in Thanlyin Technological Universities at Yangon, Myanmar.

7. Findings and Results

7.1 Mandalay Technological University

The Government Technical Institute was established in 1995 and was upgraded to a full university in January of 2007 as Mandalay Technological University. Mandalay Technological University received ISO certificate 9001:2008, on 7 April, 2016 and offers Bachelors of Engineering in Civil Engineering, Electronic Engineering, Electrical Power Engineering, Mechanical Engineering, Information Technology, Mechatronic Engineering, Chemical Engineering, Mining Engineering and Architecture.

7.2 Kyaukse Technological University

Kyaukse Technological University had been as a Government Technical Institute since 1988. Later it was upgrade it to Technological University in 2007 and received its ISO certificate 9001:2008 in 2016..It is located in Kyaukse District, a remote area of Mandalay Region and 40.45km from Mandalay city. Kyaukse Technological University offers bachelor degrees in Civil Engineering, Electrical Power Engineering, Electronic Engineering, Mechanical Engineering, Information Technology, Mechatronic Engineering, Metallurgy Engineering, Bio Technology and Nuclear Engineering.
7.3 Analysing Curriculum

The curriculum and courses are centralized under management of Academic Board in Information Technology Department. This body had decided that all technological universities should offer the same courses, with the same syllabi and use the same textbooks everywhere. The curriculum of IT department is based on three fundamental courses. It takes six years to complete a Bachelor Degree of Engineering. There are Programming, Networking and Computer Architecture. Every academic year is based on these three courses. Students are learned upgrading subjects in their academic year from first year to final year that are based on these three curriculums.

The Academic Board is responsible for designing curriculum and courses for each academic year of classes. There are sixteen technological universities that offer IT subjects in Myanmar. Therefore an academic board was organized of thirty lecturers from these technological universities. Two lectures from each university have responsible for respective subject to review and update in review meeting. The academic reviewers meet at least twice before the academic year is started and after the mid-year to review with the assessment of students and requirements of business sector every year. The Academic Board adapts the curricula based on the Programming, Networking and Computer Architecture in every academic year of IT department and develops the curricula and courses in order to fulfill the requirements of IT industries and business sector. Finally, the courses and syllabus are adapted after discussion with stakeholders and agreement of academic board.

Although the academic curriculums are published by Information Technology Academic Board, the academic board does not have policy and regulation system to view the implementation of the curriculum. There has not been any particular review system and standardized test to analyze how to conduct the curriculum in the technological universities as well as higher education institutions. Lack of a particular curriculum review system interferes not only pedagogical system in learning environment. This is one of the failures of the education system in technological universities.
7.4 Analysing Pedagogy

Pedagogy is one of the elements that need to be studied to explore the education system of technological universities. The teaching methodology is the connection between students and teachers in academic places that create learning processes. The learning system is currently based on the rote learning system in the technological universities. The teaching system is not interactive between students and teacher because a student approach learning system is not applied in the classroom. Teachers have to teach according to curriculum which is designated by the Academic Board.

Teachers cannot apply student approach teaching in the classroom because of the scarcity of teaching aids. Also, there are no student discussions, presentations and group works in the academic year. Students are required to submit the term paper for the projects at the end of the year after the final examination. Therefore students emphasize to pass the examination using rote learning method.

Developing the capacities of teaching staff is crucial to pedagogy as well. To develop the capacity of teaching staff, teacher trainings must be provided in the education system. These teacher trainings are rare in the technological university, there is no particular teacher training program available in the internal department of education system. The students are also lack of group work discussion and trying to find about the lessons in other sources such as academic journal, articles and online information. As a result, there is no interactive learning system in technological universities.

7.5 Analysing Infrastructure

Infrastructure is a basic requirement of an education system. Infrastructure helps students to practice their knowledge and skills which they have learned in the class. The facilities, computer rooms, libraries and workshops are limited in the IT universities. Students have only one day per week for practicing with computer. There are insufficient numbers of computers for students to practice programming lessons and networking subjects. The ratio of number of computers and students is 1:5- preventing students practicing IT lessons in the computer lab rooms. Moreover, there are no teaching aids such as projector and internet are
not provided in the class rooms. There is one projector per faculty, and some faculties have to borrow from other faculties. Buildings require renovations in order to be safe. And furthermore there is no dormitory for students on campus. Students have to stay private dormitories.

Library resources are very scare. Student cannot get the books what they would like to borrow. Books in libraries are very limited and accessing them is very difficult as some books are kept in locked showcases and not available for circulation. There are not enough text books for all students and they cannot borrow the books they need.

Because library resources are so restricted, universities cannot provide support for conducting research by students and teachers. Conducting research is one of necessary component of universities in order to produce the qualified graduates. Therefore such an infrastructure is a basic requirement for supporting the learning environment of universities and institutions. Scarce resources for infrastructures disturb the accumulation of practical skills and capacity development of students.

8. Conclusions

The main objectives of this study have been to explore the weakness of curriculum, pedagogy and infrastructure of the IT departments in technological universities, Mandalay and Kyaukse. Many things that are needed to develop curriculum, pedagogy and infrastructures of the technological university, however ISO certificates were awarded in both universities nonetheless. Still, there are many challenges in curriculum, pedagogy and infrastructure in the technological universities.

The Information Technology Academic Board is required to have particular curriculum review system in the technological universities. The review board should have greater authority to reviewing curricula that should meet the standard of an international education system. The curriculum should be based on demand of IT markets and emphasize on overseas education system. It also should emphasizes the capacity of teaching staff and learning aids when updating curricula.
The pedagogy of education system in technological universities needs to implement interactive learning systems between students and teachers. Students need to have group discussions, presentations for lessons, extra readings and assignments in order to develop student capacity as well as fulfill the demand of IT markets and the human capital of the nation. Developing new curricula and conducting teacher trainings are necessary to improve the capacity of teaching staff. The capacity of teachers is important to produce qualified graduates.

Finally, providing adequate infrastructure such as teaching material and learning aids help to improve the practical skills of students. Libraries need to have sufficient books for students for their extra reading and research. Library also should be user friendly for every student. Furthermore, engagement with business sectors and international universities with technological universities are necessary for capacity development of students and academic staff in technological universities.

Some suggestions have been provided for improving the knowledge and skills of the students in technological universities, some suggestions were provided. The curriculum should be standardized for academic board for every academic year in Information Departments. The teaching staff should apply interactive teaching that is based on the student–centered approach to improve student’s participations in the class. The universities need to provide adequate infrastructures such as library, learning aids and teaching materials for every student. Therefore curriculum, pedagogy and infrastructures are essential to reform in technological universities and other universities in order to produce qualified students that are support to human resource development of Myanmar.
Bibliography


Author’s Profile

Name: Mr. Myint Mo Tun
Date of Birth: May 26, 1987

Educational Attainment

- August 2015- Present: Master of Arts, Master of Arts in Asia Pacific Studies, College of Interdisciplinary Studies, Thammasat University, Bangkok,

Work Experiences

- Assistant Project Manager (15th August, 2012 to 16th August, 2013)
- UNICEF Project, Ratana Metta Organization, Yangon.
- Training Manager (1st January, 2011 to 31st March, 2012), Myanmar Egress Capacity Development Center
- Invigilator – Part time job (May, 2011 to April, 2014), British Council, Myanmar.
Disaster Management in Cambodia: Community-Based Disaster Risk Management in the Case of Drought

Nareth Chhoun
narethrupp@yahoo.com

Abstract

This article seeks to examine whether the existing Community Based Disaster Risk Management (CBDRM) in Cambodia helps the community to cope with drought in Aroal district, Kampong Speu province. It also discusses the challenges and possibility to improve CBDRM in order to minimize the impact of natural disasters in terms of the loss of property, livelihoods and lives. The Cambodian government considers CBDRM as an integral part of its rural development program to alleviate poverty.

This paper focuses on five important elements that can contribute to strengthening the CBDRM, these elements are decision making, local participation, local resources, stakeholders’ involvement and knowledge/capacity building. The research findings revealed that the CBDRM to a certain extent, helps people mitigate risks to disasters in the case of droughts and floods. Based on the empirical data from two case studies in Cambodia, the CBDRM complements the efforts of existing institutions such as the local authorities, NGOs and community-based organizations in helping people cope with drought. However, there are some key points for improvement. To be more effective, there should be additional budget allocation from the national level specifically for disaster management. At the same time, the government should develop a long-term strategy, especially for the case of drought, such as building irrigation systems, etc.

Keywords: Cambodia / CBDRM/ Oral District/ Drought / NCDM, CCDM
1. Introduction

Disaster is the global and regional concern which damage the poor and vulnerable the most (WB website). There is no country that is immune from disaster, though vulnerability to disaster varies which is governments as well as international organization around the world are putting disaster risk management into their policies and implementation.

One of the most costly natural disasters, drought is identified as a disaster and could be a recurrent phenomenon. It is expected to become more frequent and severe, with increasing water demand due to population growth, as well as limited and uncertain water supplies due to climate change and variability (Fontaine and Steinemann, 2009). Reducing disaster losses has been a primary concern of governments and organizations all over the world. The International Strategy for Disaster Reduction (ISDR) was adopted in 2000 by the United Nations in order to guide and coordinate global partners committed to the task of building resilient communities to achieve sustainable development (UNISDR, 2011).

The Royal Government of Cambodia considers disaster management as a key component of its social and economic planning. Floods and droughts have caused serious damage and loss to Cambodia, and threaten the Royal Government’s efforts to enhance the economy and well-being of Cambodian society. Cambodia’s resources have to be shared across a wide range while it very limited of development programs such as roads and bridges, and relief for affected communities. It is clear that natural disasters have worsened poverty in Cambodia and thus effective disaster management would be an important contribution to poverty reduction. Since majority of the people are living in rural areas which accountable 80% of population and those people are the most vulnerable is compare to urban. Government of Cambodia see community based disaster risk management is the good approach to minimize the loss of life, property which engaged people in the decision making process.

Drought had been classified as natural disaster and it impact to agriculture heavily. The increasing temperature is making this year 2015/2016 is worst in 50years (ACAPS note 2016). Keo Vy, the spokesman of the National Committee for Disaster Management (NCDM), told the press that around 18 the 25 provinces in Cambodia were severely affected by drought
and about 2.5 million people were affected across the country as estimated by the NCDM (Cambodia Daily, April 2016).

In Cambodia, the government considers CBDRM as an integral part of its rural development program to alleviate poverty (ActionAid International, 2006). CBDRM is seen as the way forward in minimizing enormous loss of life, property and livelihood. The government of Cambodia implement community based disaster risk management as the strategy that builds upon existing capacities and coping strategy of communities to collectively design and implement appropriate and doable long-term risk reduction.

1.1. Objective and Research Questions

This research aims to examine whether the existing CBDRM helps vulnerable communities cope with drought and discusses the possibility of improving the CBDRM. In order to achieve this objective, the paper poses three research questions as follows:

1. To what extent does the CBDRM mechanism help communities cope with drought?
2. What are the capacities and limitations, challenges and opportunities that need to be addressed at the community level?

2. Methodology and Study area

This research employed a qualitative approach using primary and secondary data. 31 In-depth interviews, four focus group discussions (FGD) and observations were the primary research methods along with the use of documents such as national and international journals as secondary sources.

Aoral district, Kampong Speu was selected for this research because they are known as drought-prone and about 95-99% of population in those areas depend primarily on agriculture for their livelihoods (Oral district report 2013). Importantly, these area have long operated CBDRM and so local authorities have experiences as well as represent of local NGOs whom are working on that areas are actively working to promote CBDRM in that areas. Aoral district is one of the eight districts in Kampong Speu province which is consists of five communes and it’s located in the northwest of the province which is 53 kilometers from the
city hall. Ta Sal commune consists of 17 villages which is divided into two part including upstream which is account to 8 villages and downstream contain of 9 villages but the upstream is the most affected area by drought and following by flood and typhoon. Reaskmey Samaki is the new commune that had been established in Aoral district which is consists of eight villages and it’s about 20 kilometers from district office. Because the security concern, people are moving out from this commune after 1979 and they come together again in 1996 when the stability is announced.

2.1 CBDRM concept and process

The concept of Community-based Disaster Risk Management (CBDRM) has emerged during the past two decades in South East Asian countries. The promoters these concept included NGOs, citizen’s organizations, humanitarian agencies and government departments in different countries in the region.

In 2001, there is the first phase of Partnerships for Disaster Reduction-South East Asia Partnerships for Disaster Reduction-South East Asia has been working with governments, civil societies and communities to promote (CBDRM) in Southeast Asia for extend Cambodia, Thailand, Philippine and Vietnam. Community based disaster risk management implies not only the involvement of communities and local people in the decision-making and implementation of the total disaster management principles (from risk assessment, mitigation, preparedness, response and rehabilitation), but also in the application and adaptation of local indigenous risk-coping wisdom and knowledge into risk reduction. It is proposed to provide the communities and the people with the primary responsibility and sense of ownership of their overall protection and resiliency from natural disasters.

In the CBDRM Process, a thorough assessment of the community’s hazard exposure and analysis of their vulnerabilities as well as capacities is the basis for activities, projects and programs to reduce disaster risks along with relevant stakeholders as well as committee disaster members. Normally, the community are involved in the process of assessment, planning and implementation. This approach will guarantee that the community’s real needs and resources are considered. There is more likelihood that problems will be addressed with appropriate interventions, through this process.
The CBDRM process has seven sequential stages, which can be executed before the occurrence of a disaster, or after one has happened, to reduce future risks. Each stage grows out of the preceding stage and leads to further action. Together, the sequence can build up a planning and implementation system, which can become a powerful disaster risk management tool.

2.2 CBDRM in Cambodia

In Cambodia, Community based disaster risk management (CBDRM) name differently is depend on organization and community based organization of their projects implementation. For extent, Oxfam America calls it as “Community Risk Reduction Program”. The program of the Cambodian Red Cross (CRC) is “Community-based Disaster Preparedness” or CBDP. While the Lutheran World Federation Cambodia implements the “Community-based Disaster Preparedness and Mitigation Project”. The disaster management institutions call it differently but they all accept it as community-based disaster risk management or CDBRM program.

Moreover, the various exchange of information among the countries enabled the sharing of common experiences in CBDRM among governments. There is unanimous agreement that implementing the CBDRM approach has advantages. Perhaps, the most important is that it increases people’s ownership of the program. According to Oxfam, the participants themselves identify the risks, and then their options to reduce those risks and finally the inputs available to them. This way, as Cambodian Red Cross found out, the community understands better their CBDP program. The big difference noted is that people before see disaster-related programs on need-basis or when there is disaster. With CBDRM, the program has been integrated in the community development plans. Here is some of the NGOs and CBOs that implement CBDRM activities which is includes: Cambodian Red Cross (CRC) Oxfam (GB), ZOA, Dan Church Aid, Prasac, JICA, UNICEF, UNDP, WFP, MRD, MOWRM, MOAF, MRC, AAH, LWF/CWS, CARE International, Seila, Cambodian Social Funds. (Community-based disaster risk management for local authorities: ADAP 2006).

Currently, there is a sub-decree on Farmer Water User Communities (FWUCs) will provide the CBDRM-FWUC with a firm basis upon which we can build some new groups (and
strengthen existing ones) at District, Commune, and Village levels. This is the two year project 2016-2017 of CBDRM as the role model to other provinces within Cambodia. The project call “The Community-based Disaster Risk Management (CBDRM) and Farmer Water Users Community (FWUC)” Support (henceforth the CBDRM-FWUC) is a consulting assignment corresponding to Component 3 of the Greater Mekong Subregion: Flood and Drought Risk Management and Mitigation Project (GMS-FDRMMP). The intention is to ensure the management and use of the irrigation systems in an effective and sustainable manner in Pursat province and later to be followed as best practiced model in Cambodia.

2.3 National Committee for Disaster Management in Cambodia

The National Committee for Disaster Management (NCDM) is Cambodia’s leading authority for disaster management and response in 25 provinces. It is divided into national and sub-national levels. At the national level, it consists of 22 members from different ministries, the Cambodian armed forces, the Civil Aviation Authority and the Cambodian Red Cross. The sub-national level is comprised of the provincial, district, communal and village levels. The members consist of provincial governors and councilors, district governors and councilors, commune chiefs and commune councilors.

At the national level, the NCDM mainly work on policy and regulations related to emergency preparedness, relief, and coordination, while various government ministries and the sub-national level, especially the commune level, as well as other international organizations such as the Cambodian Red Cross (CRC), are responsible for implementation.

This is very important for Cambodia to adopt the Law in regards with disaster management in order to rearrange the structure, role and responsibility of NCDM. Having strong laws in place provides a basic on which to undertake all aspects of disaster risk management, and to strengthen the resilience of vulnerable and disaster-affected communities. Moreover, His Excellency Mr. Ros Sovann, National Committee for Disaster Management and Chair of the ASEAN Committee for Disaster Management (ACDM) for 2015 also highlight the significant of having disaster management law to implement within the region as well as country. As the result the law of disaster management is adopted in 2015.
3. Framework:

The paper is going to discuss five elements including local capacity/knowledge, decision making, local resource, stakeholders involvement, and local participations as the key aspects to help and improve the process of Community-Based Disaster Risk Management. The framework of the study is derived from the concept of CBDRM, decentralisation, and deconcentration and local participation.

- Local Capacity/Knowledge
- Decision Making
- Local Resource
- Stakeholders Involvement
- Local Participants

4. Discussion and Findings

In Cambodia, the government considers Community-Based Disaster Risk Management (CBDRM) as the strategy to reduce vulnerability at the sub-national level, especially at commune and village levels. CBDRM is mainly operated by NGOs and CBOs while the exiting of commune committee disaster management creates a channel for relevant stakeholders such as local organizations, the private sector, and local participants to work closely with committees for disaster management at the community level in order to reduce the vulnerability of the local people. The CBDRM aims to increase the sharing of information and the interaction among participants by providing various training from relevant stakeholders including the national level of the NCDM, line ministries, and local NGOs. The goal is to make the villagers as well as the local authorities aware of preparedness, resilience, and vulnerability such as coping strategies, choosing the right crop during drought.
Currently, only Life with Dignity (LWD) is working on disaster management such as preparedness (early warning system) and resilience. Within the two communes, Life With Dignity (LWD) is a local NGO who have been present in those areas since 1997 with a broader focus than disaster risk management. They venture out to focus on Disaster Risk Reduction since 2002 with specific programmes and trainings to community by working closely with local authority such as commune chief, councillor and village in order to identify the communes or villages mainly affected by drought.

In this section, researcher will discuss on the process of CBDRM had been implemented by LWD and the significant of these five elements contribute to the improvement of CBDRM based on the conceptual framework including local knowledge and capacity, decision making, local resource, people participation and relevant stakeholders by discussing the case of drought in two communes and villages, last but not least we will see how the present of CBDRM could help community to cope with drought. In the end of discussion and finding, research will reflect and answer the research questions and the objective of the study.

4.1 Local capacity and knowledge:

As the literature states, capacity and knowledge are tools that can be used to cope with disasters, especially with respect to CBDRM implementation. Transfer of knowledge, increasing capacity, and sharing information are crucial for preparedness, emergency response and recovery and this knowledge is expected to help reduce vulnerability (MPBI: 2011). In this sense, local capacity and knowledge refer to coping abilities as well as human knowledge, skills and capabilities.

In the two communities, local people receive trainings from community-based organizations, local authorities, line ministries and the national level. The training primarily focuses on coping strategies, specifically what is needed to prepare before drought hits and choosing the right crop during a drought. Moreover, people also receive training on how to share information with the appropriate parties before and during a crisis.
4.2 Decision making

In the concept of CBDRM, one of the principle points is placing people at the heart of the decision-making process and the implementation of disaster risk management activities. In this stage, the knowledge and capacities of the community committee for disaster management, which includes the commune chief, police officers, health officers, elders and monks, are used in the decision-making process to ensure the participation of many people. In this concept, the people, especially the most venerable ones, are encouraged to participate in decision making; however, in reality, the decisions are made by those possessing the financial resources while the budget allocation is not exit.

In the CBDRM structure, local people are the ones who make decisions, especially at the village or community level. Meanwhile, the local people and village chiefs are the ones who gather the information related to disaster such as the households who impact by disaster such as flood, drought and storm. Invariably, the decisions are made on the basis of the money available from the government (for instance, every year commune chiefs propose building irrigation canals in order to reduce vulnerability of agriculture productivities, household impact, yet the funding must be approved at the national level).

4.3 Stakeholder’s involvement

Stakeholder’s involvement is seen as crucial for the success of CBDRM, which is a complex operation involving resources beyond the local capacity. Community-based disaster risk management has been acknowledged and used successfully in many regions around the world. However, the participation of stakeholders and civil society in decision-making integrate into policy, planning and implementation is rarely been seen. Stakeholder involvement is a time-consuming, resource-intensive exercise and requires strong skills. More importantly is cooperation with local authority.

Successful programs have taken all stakeholders on board, understood local peoples’ needs and requirements, and had strong consultation and social mobilization (expert comment; Qazi 2010: 132).
It is very difficult to achieve an effective CBDRM during a crisis without involvement from the various stakeholders, especially local organizations, yet they also plays important role in preparedness and recovery. The case study suggests that people see local NGOs as the primary source of funding for disaster management activities. During disasters, the local people contact local NGOs such as LWD directly because they can get support in a timely manner; they also request aid at the community and national levels, but this process is more time-consuming. While bureaucracy system is taking long time to ask for emergency respond, social media become the best channel for local people to interact directly to the top management by shorter time. For example there is a case in this areas that prominent monk in a local community used Facebook to call for intervention from Prime Minister Hun Sen. On the following morning, the provincial level authorities immediately took action. (Facebook in Cambodia is become a crucial channel for local people or vulnerable people interact or express their opinion to receive quicker help, not even disaster issue since the Prime Minister host his page).

4.4 Local participation:

Local participation is argued to be important for CBDRM. Participation can allow the citizens to take part in the governance process by communicating their need for development, ideas on how to give the solution to local problems could be provided thus giving a better sense of involvement and ownership. People in the communities are expected to be actively engaged in the identification, analysis, monitoring and evaluation of disaster risks in order to reduce their vulnerabilities and enhance their capacities.

In focus group discussions (FGDs), participants revealed that people in the villages engage in community disaster management to some extent, such as sharing information, making phone calls to local authorities, and participating in volunteer groups that take immediate action.

Local people in the two villages in the Reaskmey Samaki commune seem to be more active than those in Ta Sal in terms of engaging, contributing ideas, and participation. They work closely with a local NGO (Life With Dignity) and the village chief in order to share information about their areas. In the two villages, people migrating from other parts of the province...
received compensation to stay in these areas. There were some differences with regard to the knowledge of commune chiefs and village chiefs between these two communes and their leadership played an important role in fostering the level of local participation within the community; for example, while one commune chief is very old, he cannot hear properly and he study less than grade 7. In this commune, the two villages that I had interviewed one villages was drunk which I can not talk a lot with him. Another commune is very active, he finish grade 12, and he know how to communicate with local NGOs and meeting with the local people.

4.5 Local resources

The literature on decentralization suggests that resource availability is as important as capacity and decision making power for effective local governance, including the CBDRM. Local resources here refer to financial support and local labor contributions. Without resources, the activities and implementation cannot happen.

Thus far, there has been no budget allocated for community disaster risk management to implement activities in the CBDRM, especially emergency response. For this reason, the Cambodian Red Cross plays an important role in the case of flood, drought and storm.

Commune chiefs and other members of the community including commune councillors, village chief are members of the Cambodian Red Cross. They are responsible for contributing 40,000 riel annually, which equates to 13 U.S. dollars. This amount of contribution will be for emergency response when needed. Furthermore, the local authorities ask business people within the community to donate as much equipment and financial resource as they can.

5. Conclusion

In Cambodia, the government considers CBDRM as an integral part of its rural development program to alleviate poverty. CBDRM is seen as the way forward in minimizing enormous loss of life, property and livelihood. In disaster risk management at the sub-national level, Community-based disaster risk management (CBDRM) is a process in which at-risk
communities are actively engaged in the identification, analysis, treatment, monitoring and evaluation of disaster risks in order to reduce their vulnerabilities and enhance their capacities.

There are however, no commonly adopted procedures and standards related to the practice of CBDRM with each organization using their own methodologies and strategies although the Joint Action Group (JAG) has been advocating for this with the NCDM and several initiatives has been started (NCDM report 2013). CBDRM in Cambodia name differently is depend from one to another organization but mainly they work at the grassroots level such as communes and villages by having a principle of identified communes, selected focal group, assessment and training.

With the present of Community-based disaster risk management, research finding revealed that to a certain extent it helps people to reduce their vulnerability to disaster in the case of drought by creating the space for external stakeholder including NGOs, CBOs involving in the community such as providing the training to local people as well as local authorities.

Based on the empirical data from the case study in Aroal district, Kampong Speu province in Cambodia, CBDRM complement the effort of existing institution such as local authorities which is call commune committee for disaster management, NGOs, and community based organization (CBO) in helping in the community. Moreover, With the presence of CBDRM in the community, the increasing number of people participation in sharing information and interaction is significant noted, with the training from relevant stakeholders including national level of NCDM, line ministries, and local NGOs; people as well as local authorities are aware of coping strategies such as what to choose the right crop during drought. The present of NGOs and CBOs is to active the structure and system of CBDRM that exit at the crass root, yet the role of CCDMs and VDMG is to contentious activities which created by NGOs and CBOs.

In order to strengthen CBDRM in this case, budget allocation should be in place specifically in the case of disaster. CBDRM should be put as priority in commune committee for disaster management (CCDM), since it is implemented under this framework. Long term solution should be taken by building water canal within the communes to ensure transfer of water
from nearby river or main canal in times of drought. To increase level of youth participation, more training should be conducted in order to make people understand their ownership to deal with the problem within their community as well as knowledge and leadership of leader.

The existing of law on disaster management in Cambodia is the possibilities for CBDRM improvement and the suitability of it as the law state clearly about the role, responsibilities, budget allocation, relevant stakeholders and capacity building. Yet, it is in the early stage for implement of this law since it was adopted last year 2015. Moreover, the law itself could help CBDRM sustainability while the NGOs or CBOs face out from that areas while the system and structure is there which the committee such as commune and villages could play a role as continues the activities.
Bibliography

ACAPS Briefing note (3 May 2016), Crisis overview; Cambodia drought, Phnom Penh.
Cambodia.


Jerome Casals (2013), Institutional Review and Capacity Assessment of the national committee for disaster management Royal Government of Cambodia: Ministry of Economic and Finance; Phnom Penh, Cambodia.


Key websites

Caritas Cambodia organization: Ending Poverty Promoting Justice Restore Dignity

Food and Agriculture organization of United Nations-Cambodia UNISDR
The World Bank: an overview on disaster risk management

Author’s Profile

Name:  Ms. Chhoun Nareth

Date of Birth: December 06, 1987

Educational Attainment

- August 2015- Present: Master of Arts, Master of Arts in Asia Pacific Studies, College of Interdisciplinary Studies. Thammasat University, Bangkok, Thailand. Sponsored by TICA

Publications

Heng Seiha, Vong Mun and Chheat Sreang with assistance of Chhoun Nareth (2014) “The Enduring Gap: Decentralisation Reform and Youth Participation in Local Rural Governance”


Kim Sedara & Joakim Öjendal with assistance from Chhoun Nareth (January 2014) ‘Gatekeepers in Local Politics: Political Parties in Cambodia and their Gender Policy’ (CDRI working paper Series No.87).

Kim Sedara & Joakim Öjendal with assistance from Chhoun Nareth (December 2012)’A Gendered Analysis of the Decentralisation Reform in Cambodia’ (ICLD: Sweden)

CHHEAT Sreang, LUN Pide, KIM Sedara, HENG Seiha, SOK Sethea and CHHOUN Nareth

Work Experiences

2011- 2015: Programme and research Assistant: Democratic Governance and Public Sector Reform Programme (DGPSR)-Cambodia’s Leading Independent Development Policy Research Institute

2008- 2009: Assistant to Director of Research (CDRI)+Cambodia’s Leading Independent Development Policy Research Institute


2007: Administrative officer: Alcatel-Lucent

2004 - 2006 Call Centre Operator; Indochina Research Co., Ltd (IRL)

2003 – 2004 Dealer Hotline Camshin Company
The Causes and Effects of Korean Pop Culture on Vietnamese Consumer Behavior

Dinh Thuy Anh
dinh.thuyanh93.ftu@gmail.com

Abstract

This study aims to explain the influence of Korean Wave on Vietnamese consumer behavior, as well as demonstrate the role of Korean government to help promote and make this phenomenon popular worldwide. The scope of the study is limited to two aspects of Korean Wave, which are dramas and music, and to consuming behavior of Korean cosmetic and language courses. It would like to examine the difference of expenditure on these products among various groups of consumer.

By applying the theoretical framework of Pop Culture and Consumer Behavior, the research will analyze the spending patterns among students of two universities through a questionnaire that was conducted July 2016 in Hanoi – the capital of Vietnam. The major findings of the study indicated that, overall, different groups of respondents, such as age, gender, major in university, time of living in Hanoi, and time of exposure to Korean Wave, will spend differently on Korean cosmetic. In addition to survey, interviews also were organized with two lecturers majoring in Korean Studies to give opinions about Korean government policies and its impact in Vietnam. Other sources are secondary data.

This study has 5 chapters. Chapter 1 is introduction including statement of problem, scope and objectives. Chapter 2 reviews the theoretical framework and literature on previous studies on this topic, the development of Korean Wave in Vietnam as well as Korean promotion policies. Chapter 3, which is methodology part, describes the process of giving questionnaires and interviews. Findings and analysis are presented in chapter 4 and everything is concluded in chapter 5.
To sum up, this paper concluded that Korean governments’ policy is one of the most important factors that make the Korean Wave popular not only in the region but also worldwide. Survey showed that students of different groups such as age, gender, universities, family conditions or experience of the Korean Wave will have different expenditure on Korean cosmetic; and the desire to study Korean language will not affect much to their spending on this product.

**Keywords:** Korean Wave, consumer behavior, culture, Vietnam, cosmetic, policy.

**Introduction**

After the financial crisis in 1997, Korea needed to find a safe method to help improve its economy, as well as mark its own identity in order to gain notice. Thus, the government decided to pay more attention to exporting Korean pop culture with the goals of enhancing international political and diplomatic power; and enlarging Korean footprint in the region and in the world. So far, Korean pop culture, as known as Korean Wave or *Hallyu*, has become famous not only in Asia but also worldwide. Everything Korean, from food, to fashion and make-up style, is welcomed in many regional countries and has created huge demand.

Vietnam, as a country in the Asia – Pacific region who has always looked up to Korea because of the successful recovery, has found it easy to get to know their Eastern neighbor. Under similar Confucian influences, both countries have common traditions and customs. Also, both have experienced years of colonization, thus, Vietnamese society could easily accept the flow of culture from Korea. Thanks to the motivation of media exchange developed by the Innovation process of the Vietnamese government since the early 2000s, the Korean Wave has successfully accessed Vietnam through movies, dramas and music. Through these media, Korean life style began to have an impact on the Vietnamese population, thus they try to do like Korean such as listening to K-pop song, eating foods with Korean brands, following Korean fashion and so on.

This study would like to explain the impact of Korean Wave on Vietnamese consumer behaviour, particularly Vietnamese expenditure on cosmetics and study Korean language.
1. Literature Review

1.1. Consumer behaviour theory

Consumer behavior theory can be listed as four categories: (1) economic theories, (2) psychological theories, (3) psycho-analytical theories and (4) socio-cultural theories (Ushadevi, 2013). All of these behaviors are grounded in a basic rule of consumption, which is that income affects the buying decision making. This means that excluding savings, when your income increases, you tend to purchase more. By looking into these theories, we can know what are factors affecting consumer behavior.

Consumer decision-making models are useful for specifying the causes and effects relating to consumer behavior (Walters, 1978, 43). In the 1960s, many researchers introduced the earliest theories of decision-making of consumer behavior, the “grand models”, and nowadays they are still be used widely to explain the process of purchasing products and services. Grand models are based on a theory which illustrates consumer decision-making as a multi-staged and complex process involves five main stages: (1) problem recognition, (2) information search, (3) alternative evaluation and selection, (4) outlet selection and purchase, and (5) post-purchase processes (Mohammadi & Mohamed, 2011). Consumer choices are influenced by socio-psychological factors like attitudes, motives, values, personal characteristics and also non-psychological factors like product design, price and advertising (Sirakayaa and Woodsideb, 2005).
1.2. Pop culture theory

Pop culture is generally acknowledged as people’s culture that dominates the society at a point of time, because it involves all aspects of social life, and is determined by the interactions among people’s daily activities: styles of dress, the use of slang, greeting rituals and the foods they consume (Brummett, 2004). Thus, it reflects all standards and beliefs that influence our life. Moreover, is liable to change rapidly, especially in a high-tech world, due to the influence of mass media.

The Southeast Asia region has experienced a huge wave of cultural exchange thanks to the rapid growth of its economies and booming urbanization. Consumerism has become common with great awareness given to purchasing goods and services to fulfill one’s living conditions. This paves the way for massive circulation of pop culture products, such as movies, pop music, fashion magazines and so on. Particularly, the most powerful sources of pop culture from China, Japan and South Korea have not only intensified in recent decades, crossing different national and linguistic boundaries, but also have substantially decentralized regional culture market. As a result, we can find imported popular cultural products in every big city in Southeast Asia, which are regularly hybridized and consumed.

2. Research Methodology

With the purpose of examining the effect of Korean Wave on younger Vietnamese students in terms of their expenditure on Korean cosmetics and studying Korean language, the study conducted a sociological survey among students from two universities, Hanoi Foreign Trade University and Hanoi Banking Academy. The survey asked the respondents about their exposure to Korean dramas and music, as well as their spending on cosmetics and study Korean language. Responses were summarized by graphs, diagrams with percentages, and tables.
3. Results

3.1. Characteristics of respondents

Findings have been summarized from survey results, and the characteristics of respondents including age, their period of residence in Hanoi, as well as duration of exposure to Korean Wave will be described below.

3.1.1. Age

The respondents of the survey are at the age of 18 to 22, who are first-year to fourth-year students of two universities. They are divided into three groups according to their year of education.

![Figure 4.1: Age of respondents](image)

Source: from the author’s findings

Nearly a half of respondents take interest in the Korean Wave is seniors (49%). They are enthusiastic about experiencing new things, and their hobbies are not completely fixed, so they can be influenced by their friends. Thus these groups of students tend to be keen on the popularity of Korean

3.1.2. Period of residence in Hanoi

Not all the students surveyed were born in Hanoi, many of them come from outside the city, and the rural areas. Since normally public universities are located in big cities, the
extramural students have to move to the capital for their studies, resulting in another way of dividing the respondents, with 28% of them living in Hanoi less than or equal to 5 years and 72% having stayed more than that.

Figure 4.2: Years of experience of urban lifestyle

Source: from the author’s findings

3.1.3 Duration of exposure to Korean Wave

In response to the question: How long have you been interested in Korean Wave? 39% of the respondents said that more than 5 years some of them have nearly 10 years of exposure, having started to watch Korean dramas from secondary school.

Figure 4.3: Years of experience of K-Wave

Source: from the author’s findings
Meanwhile 61% of responses replied that they had less than or equal to 5 years, which means Korean Wave is quite new to them. This might be in accordance with the time they have been living in Hanoi. Being a college student and staying in big city brings more opportunity to access to modern life through the internet, thus they can explore new things including foreign culture like Korean showbiz. The survey also pointed out that 52% of respondents first exposed to Korean Wave through Internet and Social network, which proves the power of online network in spreading news.

1.1. Consumer Behaviour on Korean Cosmetics

1.1.1. Frequency of Exposure to Korean Wave

Dramas and music seem to be the major factors that brought Korean Wave to young Vietnamese students. For more than fifteen years, the Korean film industry has been continuously strengthening its position in Vietnamese viewers’ hearts with many unforgettable dramas such as Winter Sonata, Autumn in my Heart, Boys Over Flower and so on. After that, the music industry, or K-pop, quickly became well accepted and Korean idols gradually attracted Vietnamese fans.

Korean dramas and music can expose more students to Korean Wave and influence them to purchase more Korean Wave related products. Thus, this survey examined the frequency of students watching K-dramas and listening to K-music, as well as the reasons why these two components are so popular among them.

Firstly, the question regarding the frequency of viewing Korean dramas shows that 58% of the respondents watch once or twice a week, those watching every day make up 16%. Korean dramas are showed frequently on TV at “golden” time frame such as after lunch or dinner. Currently Vietnam has 65 television stations and broadcast over 20 Korean dramas on average every day.¹²

¹² Assoc. Professor, Dr. Le Dinh Chinh, Oriental Study.
The reasons Vietnamese students like K-drama varies widely, but most of them were watched because of good-looking actors/actresses (34% of responses). The unpredictable scripts are also considered a main factor by 28% of respondents. Moreover, 21% of respondents think the strength of Korean dramas is in the acting skills. Last but not least, 17% of respondents like K-dramas because of their sophisticated cinematography. These are considered differences from domestic films, and help Korean dramas attract many Vietnamese viewers.

Secondly, dramas contain original soundtracks, paving the way for Korean music industry to attract drama viewers. Most of the respondents know but do not listen much. Average 30% of them listen to K-pop 1-2 hours per day.
There are also many reasons for the popularity of K-pop, mainly due to catchy melodies (32%). Korean music has many different types but they focus on the so called “popular music” based on market orientation, with the most well-known kind being EDM (Electronic Dance Music). In addition, the most special feature of K-pop is uniform dances moves, thus many people find the perfection of these moves very enticing (26%). Those being attracted by singers’ appearances and fancy music videos account for 25% and 17% respectively.

The frequency of exposing to Korea dramas and music affects the expenditure of Vietnamese consumers on Korean cosmetics.

Table 4.1: Monthly expenditure on cosmetics between different frequency of exposing to Korean Wave

<table>
<thead>
<tr>
<th>Group</th>
<th>Monthly average expenditure on cosmetics (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequency of watching Korean drama</td>
<td></td>
</tr>
<tr>
<td>1-2 times/week</td>
<td>15.14</td>
</tr>
<tr>
<td>More than 3 times/week</td>
<td>21.36</td>
</tr>
<tr>
<td>Everyday</td>
<td>34.6</td>
</tr>
<tr>
<td>Frequency of listening to Korean music</td>
<td></td>
</tr>
<tr>
<td>Less than 1 hour/day</td>
<td>13.75</td>
</tr>
<tr>
<td>1-2 hours/day</td>
<td>15.57</td>
</tr>
<tr>
<td>More than 2 hours/day</td>
<td>37.21</td>
</tr>
</tbody>
</table>

Source: from the author’s findings

The findings showed that there is a high correlation between the amount of time Vietnamese people spend watching Korea dramas or listening to K-pop music. Those who only watch dramas one to two times per week spend around USD 15 to buy cosmetics, this amount doubled for those who watch every day, reaching to more than USD 34. Similarly, people listening to Korean music less than 1 hour per day only spend average about USD 14 on cosmetics, but those K-pop fan who listen more than two hours per day are willing to pay above USD 37 for cosmetics. Thus we can see that the more you expose to Korean Wave, the bigger amount you would like to spend on Korean cosmetics.
1.1.2. Groups of respondents

According to the survey, respondents are exposed pretty regularly to Korean music and dramas, and the desire to use the same products as their idols encourage these people to use Korean products particularly cosmetics. Korean cosmetics are famous among with 70% of respondents. The main channels bringing information about Korean cosmetics to them are TV and Internet (accounting for more than 50%); other respondents followed friends’ suggestions.

This study focuses on the expenditure of respondents on Korean cosmetics among different groups including age, gender, major in university, time living in Hanoi and years of experience of Korean Wave. Some have quite big difference while others are only slightly diverse.

<table>
<thead>
<tr>
<th>Group</th>
<th>Monthly Expenditure on cosmetics (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>6.9</td>
</tr>
<tr>
<td>Female</td>
<td>26.7</td>
</tr>
<tr>
<td>Age</td>
<td></td>
</tr>
<tr>
<td>18-19</td>
<td>10.2</td>
</tr>
<tr>
<td>20-21</td>
<td>14.4</td>
</tr>
<tr>
<td>More than 21</td>
<td>27.3</td>
</tr>
<tr>
<td>Years living in Hanoi</td>
<td></td>
</tr>
<tr>
<td>Less than or equal to 5 years</td>
<td>17</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>20</td>
</tr>
<tr>
<td>Years of experience with Korean Wave</td>
<td></td>
</tr>
<tr>
<td>Less than or equal to 4 years</td>
<td>11.5</td>
</tr>
<tr>
<td>More than 4 years</td>
<td>27.4</td>
</tr>
<tr>
<td>Duration of studying Korean language</td>
<td></td>
</tr>
<tr>
<td>Less than or equal to 6 months</td>
<td>19.7</td>
</tr>
<tr>
<td>More than 6 months</td>
<td>20.2</td>
</tr>
</tbody>
</table>

Source: from the author’s findings

There is a huge gap (almost USD 20) between expenditure on cosmetics by male and female students. This is actually understandable since female students should have higher demand on cosmetics. It cannot be denied that Korean Wave, which brought along trending
fashion and fancy looks, have a strong impact and encourage girls to buy more cosmetics. Meanwhile, male customers have less need.

The group aged 18-19 spend only USD 10.2 each month to buy cosmetics, this number increases among groups and reaches USD 27.3 for those who are older than 21. This big gap might be due to their monthly income, since most of the first year students only receive allowance from their parents, while senior students could get additional wages from part-time job or internship. Hence, the demand and capability to spend on cosmetics are different between these groups; older students tend to buy more cosmetics than younger ones.

From the survey findings, cross-tab results can also be used to see the difference expenditure on cosmetics according to years of experience with Korean Wave, among different groups: for example, age, gender, and years of living in Hanoi.

Table 4.3: Monthly expenditure of different groups according to experience with Korean Wave

<table>
<thead>
<tr>
<th>Groups</th>
<th>Years of experience of Korean Wave</th>
<th>Monthly expenditure on cosmetics (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>18-19</td>
<td>Less than or equal to 4 years</td>
<td>12.87</td>
</tr>
<tr>
<td></td>
<td>More than 4 years</td>
<td>23.4</td>
</tr>
<tr>
<td>20-21</td>
<td>Less than or equal to 4 years</td>
<td>7.44</td>
</tr>
<tr>
<td></td>
<td>More than 4 years</td>
<td>26.85</td>
</tr>
<tr>
<td>&gt;21</td>
<td>Less than or equal to 4 years</td>
<td>10.98</td>
</tr>
<tr>
<td></td>
<td>More than 4 years</td>
<td>30.09</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>Less than or equal to 4 years</td>
<td>5.39</td>
</tr>
<tr>
<td></td>
<td>More than 4 years</td>
<td>10.42</td>
</tr>
</tbody>
</table>
Students living in Hanoi for more than 5 years pay around USD 20 monthly on cosmetics compared with USD 17 of those just have come to city in the last 5 years. Staying in the capital of Vietnam with rapid economic growth and dynamic routines will provide students the access to modern lifestyle. Extramural students now have more chances to learn about new things, including beauty products to develop their new social relationships, so that we can say the exposure to Korean pop culture have positive influence on their decision to buy cosmetics.

To explain the influence of Korean Wave exposure, there are some reasons. According to one principle of behavioral economics indicating that people’s self-expectations influence how they behave (Dawny & Shah, 2005), the fans who want to use the same products and expect to be as beautiful as their idols, will try to purchase more. Those respondents who were influenced by Korean dramas account for totally 38%, others decide to use Korean cosmetics because of its quality, nice designs and reasonable prices. In general the satisfaction of customers is high, most of them are willing to introduce these products to their friends.

4.3 Consumer Behaviour on studying Korean language

Being interested in foreign culture is not only includes consuming it, the desire to put effort into learning its language takes hobby to higher level. Thus the study would like to examine the expenditure on study Korean language.
Table 4.4: Monthly expenditure on studying Korean language among different groups according to experience of Korean Wave

<table>
<thead>
<tr>
<th>Groups</th>
<th>Years of experience of Korean Wave</th>
<th>Monthly expenditure on Korean language (USD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>Less than or equal to 4 years</td>
<td>94.15</td>
</tr>
<tr>
<td></td>
<td>More than 4 years</td>
<td>116.29</td>
</tr>
<tr>
<td>Female</td>
<td>Less than or equal to 4 years</td>
<td>73.43</td>
</tr>
<tr>
<td></td>
<td>More than 4 years</td>
<td>100.79</td>
</tr>
<tr>
<td>Years of living in Hanoi</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than or equal to 5 years</td>
<td>Less than or equal to 4 years</td>
<td>78.78</td>
</tr>
<tr>
<td></td>
<td>More than 4 years</td>
<td>81.81</td>
</tr>
<tr>
<td>More than 5 years</td>
<td>Less than or equal to 4 years</td>
<td>84.52</td>
</tr>
<tr>
<td></td>
<td>More than 4 years</td>
<td>112.15</td>
</tr>
</tbody>
</table>

The time of experience of Korean Wave also affects the desire to study Korean language. In general, male students spend more on this than female ones, no matter how long they have been exposing to K-pop. And over time, the more money they pay for Korean language courses. The time living in Hanoi also reveals the same trend, in which in fee paid increased according to longer time of staying in urban area. Good conditions and facilities in big city enabled these students to fulfill their dreams of studying new language.

5. Conclusion

The findings of the study show the difference of expenditure on Korean cosmetics among groups of respondents. Vietnamese students’ behavior Korean cosmetics differ among age, gender, the time they have lived in Hanoi, and the length of exposure to Korean Wave. The findings show that obviously female students will buy more cosmetics, but male demands are increasing. Senior students tend to purchase more. The time they have lived in Hanoi
and taken interest in Korean Wave also has influence, as longer residence yields higher expenditure.

At first, the study suggested that the duration of studying Korean language would have positive impact over the expenditure on Korean cosmetics. However according to table 4.2, there is not much difference between the group studying Korean less than or equal to 3 months, and the rest. Thus the duration of studying language might not be the main reason to determine the amount of expenditure on Korean cosmetics.

Moreover, the study also pointed out that the length of exposure to Korean Wave will have positive effects to consumer behavior on Korean cosmetics and studying Korean language. The more they have known about Korean Wave, the more they are willing to purchase related product.
Bibliography


Author’s Profile

Name                          Ms. Dihn Thuy Anh
Date of Birth                 February 12, 1993

Educational Attainment

- August 2015- Present: Master of Arts, Master of Arts in Asia Pacific Studies, College of Interdisciplinary Studies
  Thammasat University, Bangkok, Thailand. Sponsored by Thammasat University
- 2011 - 2015, Bachelor of International Finance & Banking, Hanoi Foreign Trade University, Vietnam.

Scholarship

Analysis of the Effect of the Trans-Pacific Partnership Free Trade Agreement on Vietnam Apparel Industry

Thi Thu Thuy Doan
doanthuy.2807@gmail.com

Abstract

The Trans-Pacific Partnership Agreement (TPP) was signed by twelve countries, namely Chile, New Zealand, Brunei, Singapore, the United States, Peru, Malaysia, Canada, Australia, Japan, Mexico and Vietnam. It is the first comprehensive “new generation” free trade agreement of the 21st century, covering various fields such as trade in goods and services, intellectual property rights, technical barriers, government procurement, rules of origin, standards on environment labor and state owned enterprises, etc. The Rules of origin is a very complicated issue under the framework of TPP agreement, but one that is integral to the textile and apparel industry. Therefore, this study aims to analyze if the Vietnamese apparel industry can capitalize under the Trans Pacific Partnership (TPP) agreement. In this study, findings were based on published information as well as qualitative interviews with apparel firms in Vietnam. The Vietnamese apparel industry, with great dependence of imported materials (yarns and fabrics) from Republic of Korea and China, faces many potential challenges in complying with the rules of origin in the TPP agreement. Furthermore, if it is narrowed down to the level of firms, state-owned enterprises and foreign-owned companies would be the main beneficiaries from the agreements, whereas small and medium locally owned companies would be unlikely to capitalize on the export opportunities offered. Additionally, most of the products that are in major export categories would not be under free trade from year ten on.

Keywords: Trans-Pacific Partnership Agreement, TPP agreement, rules of origin, Vietnam apparel industry
1. Overview of the Trans Pacific Partnership Agreement

The Trans Pacific Strategic Economic Partnership Agreement (TPP) was firstly signed by four countries namely Chile, New Zealand, Brunei and Singapore in 2005. The TPP agreement, nevertheless, was extended in 2008 with the participation of eight more countries, The United States of America, Peru, Malaysia, Canada, Australia, Japan, Mexico and Vietnam. As a result, the total number of countries joining in the TPP negotiations has increased to twelve since then. This agreement will have a market of 790 million consumers, accounting for nearly 40% of global GDP and approximately one third of global trade. The TPP agreement was officially started its negotiations in 2010. After seven years of bilateral and multilateral negotiations, it was finally signed on the 4th of February 2016 in Auckland, New Zealand. It, however, is currently still waiting to be ratified before it can be enforced.

The TPP agreement is the first comprehensive “new generation” free trade agreement of the 21st century, covering various fields such as trade in goods and services, intellectual property rights, technical barriers, government procurement, rule of origin, standards on environment labor and state owned enterprises, etc. In addition, TPP is a regional agreement, in which state members must be unanimous in uniform tariffs as well as general rules of origin. Enterprises, therefore, can easily make the most of this agreement. This regional approach will promote the whole regional trade network, improve competitiveness, and encourage the use of material inputs from TPP member states.

Under the TPP agreement, commercial regulations emerged throughout the establishment of the TPP framework agreement and must be coherent with environmental policies of each country. This agreement helps to increase the state member’s competitiveness and create favorable conditions for businesses amongst themselves as well as committing to solve the difficulties of small and medium enterprises so that they can take full advantage of this free trade agreement.

Furthermore, TPP agreement implements an open mechanism which helps interested countries participate in accession negotiations in the future in order to form a free trade zone in the Pacific region. Openness of the TPP can also help a member country to have other FTAs with many countries at the same time.
2. The Structure of the Vietnamese Apparel Industry

As shown in Table 1, in total there were 7599 textile and apparel firms in Vietnam in 2013. Most firms in the industry are small-to-medium scale. Classified by capitals, there are about 89.2% enterprises under US$2.24 billion dollars and the firms with capitals over US$2.24 billion dollars accounting for a low proportion. At the small scale, firms will have difficulty in finding large orders and establishing modern machines as well as retaining their employees. It is one of reasons explain why Vietnamese enterprises have lower competitiveness than FDI firms.

Table 1. Size of the Vietnamese textile and apparel industry

<table>
<thead>
<tr>
<th>Index</th>
<th>Textiles</th>
<th>Apparel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of enterprise (2013)</td>
<td>2,432</td>
<td>5,167</td>
</tr>
<tr>
<td>By capitals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 2.24 million dollars</td>
<td>2,078</td>
<td>4,699</td>
</tr>
<tr>
<td>From 2.24 to 8.96 million</td>
<td>231</td>
<td>346</td>
</tr>
<tr>
<td>From 8.96 to 22.4 million</td>
<td>69</td>
<td>93</td>
</tr>
<tr>
<td>From 22.4 million and over</td>
<td>54</td>
<td>40</td>
</tr>
<tr>
<td>By employee</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 50</td>
<td>1,831</td>
<td>3,269</td>
</tr>
<tr>
<td>From 51 to 299</td>
<td>472</td>
<td>1,114</td>
</tr>
<tr>
<td>From 300 to 499</td>
<td>51</td>
<td>233</td>
</tr>
<tr>
<td>From 500</td>
<td>78</td>
<td>551</td>
</tr>
<tr>
<td>Number of employees (2013)</td>
<td>202,330</td>
<td>1,130,819</td>
</tr>
</tbody>
</table>

Source: General Statistic Office

If classified by category, garment enterprises account for 70% of total number of firms in the sector, spinning is only 6%, weaving is 17%, dying is 4% and ancillary industry is 3%. The state own enterprises only made up 1% of the overall number, foreign direct invested firms are 15% and the largest proportion is the private sector with 84%. This company structure has been so far contributed to foster the industry itself. Since with the state-own enterprises, the decision making processes are often very slow due to their large size and complex hierarchies. In contrast, the private sector has the faster decision making process.
thanks to their decentralization and comparatively flatter hierarchy. Numbers of foreign direct invested (FDI) firms are projected to grow up in coming years because of proliferation of FTAS. The FDI firms account for 60 percent of Vietnam’s total garment and textile export revenue (Vietnam Briefing, 2014).

Currently, garment firms export products mainly based on the Cut-Make-Trim (CMT) method (85%). In fact, the garment producers have to use imported inputs and machinery. Angie (2012) has conducted interviews with the 16 textile and garments and representatives from Vietnam Textile and Apparel Association (VITAS). It was found that most Vietnam producers are mainly subcontractors and dependent on imported inputs delivered by brand holders and suppliers. In addition, the low value-added garment assembly for export still dominated exports from Vietnam. With this engagement, the garment manufacturers can use less skilled workers without large capital for establishment. However, the value added income from assembled products is very low.

About 15% of apparel firms with export products employ the FOB (Free on Board) method mostly at level 1 with only 2% using the ODM (Original Design Manufacturing) method. The FOB firms in Vietnam are at an early development stage so that the values added are not significant. The reason why export products with FOB or ODM and OBM (Original Brand Manufacturing) are still very low due to that Vietnam textile and apparel industry is not active in terms of searching sourcing inputs, poor management and low capital.

3. The Competitiveness of Vietnam Apparel Industry

The textile and apparel industry has become one of the pivot sectors in the Vietnam’s economic development strategy. The export value of textile and apparel products in the last two decades has seen annual growth of 15% and has become one of the leading export industries of Vietnam. The industry has become a major source of foreign exchange and contribute approximately 10% to 15% of Vietnam’s GDP annually (Vu, 2014). According to the Vietnam Custom Offices, export turnover of Vietnam textile and apparel industry was estimated to have reached US$ 20.9 billion in 2014, representing about 13.6% of the total exports. Vietnam now is one of the fastest growing countries in textile and apparel export with the global market share of about 4%-5%. Vietnam is also a second largest apparel
exporter to the United States of America, with an export share of 48.6% compared to the turnover export of apparel. In addition, the European Union, Republic of Korea, and Japan are also the main clothing importers of Vietnam, accounting for 16.4%, 10%, and 12.9% of the total apparel’s import of country, respectively.

Figure 1. Export Turnover of Ten Main Commodities in Vietnam in 2014

On the other hand, with the nature of the industry is labor intensive, it plays an essential role in job creation. The apparel industry has been so far attracted the largest number of employments among manufacturing industries. According to Ministry of Labor, every US$1 billion of apparel export could create jobs for 150-200 thousand employees, of which there are 100 thousand labors in the apparel businesses. According to General Statistics Office of Vietnam, there are 1,333,149 employees officially registered in the textile and apparel industry. In the period between 2009 and 2013, the total number of employees in the Textile and Apparel Industry was continuously increasing from only 953,793 to 1,333,149 people.

Furthermore, Vietnam still have a lower labor cost than other countries in the area. As of Jan 2014, the minimum wages in Vietnam range from US$ 90 to US$ 128 depending on each region. Compared to countries in Asia-Pacific region, this rate is relatively higher than
Cambodia, however, much lower than Indonesia (US$ 74-219), Kingdom of Thailand (US$237), People’s Republic of China (US$156-266) and Malaysia (US$244-275) (ILO, 2014). Although Vietnam has competitive salary for workers, the labor productivity is quite low in the region. In a study in 2013, International Labor Organization (ILO) pointed out that the productivity in Vietnam was lower than 15 times, 11 times and 10 times in Singapore, Japan, Republic of Korean, respectively. Compared with other medium income ASEAN countries, the rate is only one fifth and two fifth of the rate in in Malaysia and Kingdom of Thailand, respectively. One of the main reasons for low productivity, according to the result of author’s fieldwork, is that the labors cannot meet fully jobs’ requirements, which also leads to the lack of skilled workers in the field of dying and weaving. Therefore, the labor productivity is considered as the biggest weakness of the textile and apparel industry in particular and the labor-intensive manufacturing industries of Vietnam in general. In ILO experts’ opinion, Vietnam should develop policies to boost its labor productive. This will help Vietnam enhance its competitiveness based on high productive rather than on low labor cost.

According to the General Statistic Office of Vietnam, exports value of foreign direct investment (FDI) enterprises has a higher turnover than that of domestic enterprises. In 2005, export of apparel of FDI enterprises reached only US$2.14 billion, accounting for 44% of the total apparel export in the country. Export of this product group of FDI enterprises continuously increase and have exceeded export of domestic enterprises since 2007. In 2013, export turnover of FDI enterprises reached US$10.7 billion, an increase by 18.5% compared with the same period and accounting for 59.4% of total apparel export turnover. The export value of domestic enterprises stood at US$7.3 billion; US$3.4 billion lower than that of FDI enterprises.

From VISTA’s report in 2014, the export value of yarn and fibers and fabric without weaving increased from US$ 2,149 million, US$ 400 million in 2013 to US$ 2,543 million and US$ 456 million in 2014. However, the export value of both these products lightly dropped to US$ 2,524 million and US$ 440 million in 2015, a decrease of 0.75% and 3.51% compared with 2014. The export value of fabrics and auxiliary material are US$ 987 million and US$ 1,427million, increasing by 23.08% and 91.8 % compared with 2014. Besides, People’s
Republic of China is the largest imported yarn and fibers from Vietnam, then Turkey and Republic of Korea are the second and third country imported raw input in Vietnam.

### Table 2. Export of Textile Product in Vietnam, 2013-2015

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014</th>
<th>Compare with 2013 (%)</th>
<th>2015*</th>
<th>Compare with 2014 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fabrics</td>
<td>710</td>
<td>800</td>
<td>12.68</td>
<td>987</td>
<td>23.08</td>
</tr>
<tr>
<td>Yarn and Fiber</td>
<td>2,149</td>
<td>2,543</td>
<td>18.33</td>
<td>2,524</td>
<td>-0.75</td>
</tr>
<tr>
<td>Fabrics without weaving</td>
<td>400</td>
<td>456</td>
<td>14.00</td>
<td>440</td>
<td>-3.51</td>
</tr>
<tr>
<td>Auxiliary Textile</td>
<td>596</td>
<td>744</td>
<td>24.83</td>
<td>1,427</td>
<td>91.80</td>
</tr>
</tbody>
</table>

*: Estimate Source: VISTA

The United States of America, European Union, Japan and Republic of Korea are four biggest partners of Vietnam in apparel export. In 2014, total apparel export turnover to these four markets reached US$23.6 billion, accounting for 85.5% of total apparel export value. Major exported products are Jacket, T-shirt, Trousers, Skirts, Children Clothes, Dress shirt, etc. In particular, exports to the U.S. market have continuously increased over the years, accounting for 48.6% of total apparel export value of Vietnam in 2014. Following is European with 16.4%, Japan with 12.9% and Republic of Korea with 10%.

At present, Vietnam is the second largest garment supplier to the United States of America after People’s Republic of China, with exports turnover in 2013 accounted for 48% of total export value of the textile and apparel industry. According to statistics from OTEXA, compared to 2012, the imported apparel products to The United States of America from Vietnam in 2013 had a dramatic increase by 14.59 in value and 13.74 in volume. In particular, Vietnamese export products to the United States of America market reached US$8.77 billion, accounting for 8.38 % market share in the US. Meanwhile, the growth rate of market share of other suppliers in US market is much lower than that of Vietnam. Compared to 2012, market share of Chinese apparel in 2013 was 39.79%, increased by 2.69% of the export value. Similarly, Indonesia's garment market share (4.99%), Cambodia (2.47%) rose by 0.63% and 0.72%.
The price of the apparel products imported from Vietnam to the United States of America is always same or higher than other competitive suppliers such as People’s Republic of China and Bangladesh. However, the growth rate of Vietnamese apparel production in US market is the highest amongst 10 largest suppliers in this market in 2013.

Additionally, TPP agreement was signed and entered into force, the position of Vietnamese apparel production is expected to be enhanced. The export turnover from Vietnam to The United States of America is also projected to increase significantly. Nevertheless, Vietnam garment production will also have to face strict requirements on technical barriers, trade-related social responsibility, ecological labeling, and environmental protection and so on.

4. Rules of Origin for the Textile and Apparel Sector under the TPP Agreement

Textile and apparel sector has its own regulations as stated in Chapter 4 of the TPP. Typically, according to the WTO rules and other free trade agreements, rules of origin are based on the tariff shift rules. It means that a garment product is considered as an originating good if it was sewed completely or partly in a FTA member country. While the fabrics and auxiliaries can be imported from a non-member country. This rule of origin is called the “cutting and sewing” regulation. The rule of origin under TPP agreement, conversely, is stricter than the current mechanism of WTO. It forces member states have to stiffen the control mechanism on originating issues of imported goods.

The main rule of origin for textile and apparel products under this agreement is the “yarn forward” or “three stages” rule. In other words, all the apparel products granted the preferential tax must use originating yarn and fabrics and be assembled by member states of the agreement. It means the process of yarn spinning, weaving-dyeing and finishing and sewing must be managed in the territory of one or more parties. The textile and apparel product specific rules of origin for textile and apparel products are stipulated at the Annex 4A of TPP agreement. The apparel products in Chapter 61 through chapter 63 of the Harmonized System of Tariffs are originating products if they are produced entirely in one or more TPP member states using material goods of heading 51.06 through 51.13, 52.04 through 52.12 or 54.01 through 54.02, subheading 5403.33 through 5403.39 or 5403.42
through 5403.49, or Heading 54.04 through 54.08, 55.08 through 55.16, 56.06 or 60.01 through 60.06.

On the other hand, Chapter IV of the TPP agreement also provides some exceptions to yarn forward rule for textile and apparel products. The first is the “cutting and sewing” rule is applied for three groups of apparel products including luggage, handbags, women’s bras and children’s clothing baby made from synthetic fibers. The second is the de minimis rule for non-originating textile and apparel products in Annex 4-A, classified outside Chapters 61 through 63, will be regarded as originating goods if the total weight of all such materials is not more than ten percent of the total weight of the goods. In addition, textile and apparel products of Chapter 61 through 63 in Annex 4-A are not originating goods because fibers or yarns used in the production of the component of the products cannot meet the tariff shift rules, can still be regarded as an originating good if the total weight of all such fibers or yarns is not more than ten per cent of the total weight of that component. Third is the short supply list of products classified in the Appendix 1 of Annex 4-A. In this list, there are 194 inputs (yarns, fibers and fabrics) can be imported from non TPP member countries, of which 186 items will be applied permanently and 8 items will temporarily applied for 5 years. Four is the exchange mechanism is imposed to Vietnamese firms exporting bottoms made from cotton fabrics to the United States of America under an Earned Import Allowance Program (EIAP). In this program, Vietnamese exporting firms would receive the duty free treatment immediately for using non-TPP cotton fabrics as the same amount as they purchase US originating cotton fabric in order to assemble bottoms. The exchange ratios under EIAP between US originating fabrics and non US fabrics are 0.75- for-1 for women’s bottoms and 1.3- for-1 for men’s bottoms.

Besides the matter of rules of origin, Chapter IV also stipulates the rules of textile and apparel-specific safeguard mechanisms. According to Article 4.3 to Article 4.9 in Chapter 4 in the TPP agreement, import countries are allowed to apply textile and apparel-specific safeguard mechanisms, through which TPP member state can re-impose the MFN tariffs if increased imports of products under TPP preferential tax cause serious damage or threaten severe loss to the TPP domestic industry. However, if any importing country wants to apply this safeguard mechanism, it must pay compensation for the economic damage which exporters have to suffer when they cannot enjoy preferential tariffs under the TPP.
agreement. In fact, the possibility of this mechanism for Vietnam is not high because Vietnam and The United States of America have different priorities for export products.

5. The Impact of the TPP Agreement on the Vietnamese Textile and Apparel Industry

The TPP agreement would be able to bring a significant opportunity for Vietnam’s textile and apparel exporting products to TPP member markets, especially The United States of America. Vietnam, at present, has been the second largest exporter of apparel to the U.S after the People’s Republic of China. Nevertheless, it is questionable whether the country can take advantage of the TPP agreement to foster its economy, particularly for the textile and apparel industry.

According to the TPP agreement, the tariff lines for textile and apparel products will be reduced to nearly 0%, either when this agreement comes into force, or following the tariff elimination schedule. For instance, The United States of America has imposed the tariff schedule on Vietnam for 1,605 tariff lines of textile and apparel products as below:

- A Basket: 1,161 tariff lines (72.3%) in staging category of EIF will be eliminated immediately after the agreement comes into force.
- B Basket: More than 134 tariff lines in the staging category of B5 will be removed after the year 5;
- X basket: 145 tariff lines classified at US6, US8 and US10 will be eliminated from the year 11, plus the rest of 165 tariff lines in the category of US7, US9 and US11 will be 0% from the year 13, and this time is also an end of the tariff elimination for textile and apparel products to Vietnam.

Details of each staging category is stated in the Annex 2-D of the Tariff Schedule of The United States of America under the TPP agreement. Table 2 describes the quantities of tariff lines in the Tariff Schedule of U.S to Vietnam.
Table 3: Detail of the tariff lines in the tariff schedule of U.S to Vietnam

<table>
<thead>
<tr>
<th>Staging category</th>
<th>Tariff elimination schedule</th>
<th>Quantity of tariff lines</th>
<th>Share of tariff line in total</th>
</tr>
</thead>
<tbody>
<tr>
<td>EIF</td>
<td>The custom duty will be eliminated entirely on the date of entry into force of TPP agreement.</td>
<td>1,161</td>
<td>72.3%</td>
</tr>
<tr>
<td>B5</td>
<td>Customs duties shall be eliminated in five annual stages, and will be 0% from January 1 of year 5.</td>
<td>134</td>
<td>8.3%</td>
</tr>
<tr>
<td>US6</td>
<td>Tariff shall be reduced by 35% of the base rate on the date of entry into force of TPP Agreement and shall remain at the resulting rates until December 31 of year 10. These goods shall be duty-free effective January 1 of year 11;</td>
<td>19</td>
<td>1.2%</td>
</tr>
<tr>
<td>US7</td>
<td>Tariff shall be reduced by 35% of the base rate on the date of entry into force of TPP Agreement and shall remain at the resulting rates until December 31 of year 12. It shall be 0% from January 1 of year 13;</td>
<td>11</td>
<td>0.70%</td>
</tr>
<tr>
<td>US8</td>
<td>Tariff shall be reduced by 35% per cent of the base rate on the date of entry into force of this Agreement and shall remain at the resulting rates until December 31 of year 5. On January 1 of year 6, these duties shall be reduced by an additional 15% of the base rate, and they shall remain at the resulting rates until December 31 of year 10. Tariff shall be removed absolutely by January 1 of year 11;</td>
<td>14</td>
<td>0.9%</td>
</tr>
<tr>
<td>US9</td>
<td>Customs duties shall be reduced by 35% of</td>
<td>112</td>
<td>7.00%</td>
</tr>
<tr>
<td>Staging category</td>
<td>Tariff elimination schedule</td>
<td>Quantity of tariff lines</td>
<td>Share of tariff line in total</td>
</tr>
<tr>
<td>------------------</td>
<td>---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------</td>
<td>-----------------------------</td>
</tr>
<tr>
<td></td>
<td>the base rate on the date of entry into force of this Agreement and shall remain at the resulting rates until December 31 of year 6. On January 1 of year 7, these duties shall be reduced by an additional 15 % of the base rate, and they shall remain at the resulting rates until December 31 of year 12. These goods shall be duty-free effective January 1 of year 13;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>US10</td>
<td>customs duties shall be reduced by 50 % of the base rate on the date of entry into force of this Agreement for the United States and shall remain at the resulting rates until December 31 of year 10. These goods shall be duty-free effective January 1 of year 11;</td>
<td>140</td>
<td>8.70%</td>
</tr>
<tr>
<td>US11</td>
<td>customs duties shall be reduced by 50 % of the base rate on the date of entry into force of this Agreement and shall remain at the resulting rates until December 31 of year 12. These goods shall be duty-free effective January 1 of year 13;</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>1,605</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Annex 2-D Tariff Commitments (TPP agreement)

Even though more than 70% of tariff lines will be eliminated when TPP comes into force, the total products of this category only account for 40% of the total value of Vietnam’s apparel exports to the United States recently (according to USITC). The reason is that Vietnam is still restricted from exporting many products of EIF category to United States, but at the same time Vietnam’s most valuable and productive textile and apparel products
exported to United Stated are classified in “the most sensitive” basket and will not be granted duty-free treatment during ten or twelve years since TPP takes effect. The table 3 presents the most competitive Vietnamese products exported to United States.

<table>
<thead>
<tr>
<th>Description</th>
<th>Value of exports</th>
<th>Share in Vietnam apparel exports to US</th>
<th>Share in Vietnam apparel exports to word</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total value of Vietnam apparel exports to US (*)</td>
<td>9,208,700</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total value of Vietnam apparel exports to World (**)</td>
<td>19,699,178</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total value of Top 30 Vietnam apparel exports to US</td>
<td>6,787,579</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Share of Top 30 Vietnam apparel exports to US in the turnover of Vietnam apparel exports to US</td>
<td></td>
<td>73%</td>
<td></td>
</tr>
<tr>
<td>Share of Top 30 Vietnam apparel exports to US in the turnover of Vietnam apparel exports to World</td>
<td></td>
<td></td>
<td>34%</td>
</tr>
<tr>
<td>A basket products of Top 30</td>
<td>3,356,373</td>
<td>36.45%</td>
<td>17.04%</td>
</tr>
<tr>
<td>B Basket products (no product) of Top 30</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>X basket of Top 30</td>
<td>3,431,207</td>
<td>37.26%</td>
<td>17%</td>
</tr>
</tbody>
</table>

Source: Author’s calculation statistics from United State International Trade Commission (USITC), International Trade Centre (ITC)

(*) (**: Total apparel exports in Chapter 61 and Chapter 62
A Basket: Least sensitive products selected for immediate duty free treatment
B Basket: Moderately sensitive products will be removed after the year 5
X basket: Most sensitive products eliminated from the year 11 (US6, US8 and US10) and US7, US9 and US11 will be 0% from the year 13
The top 30 Vietnam apparel products accounted for 73.71% of total turnover in Vietnam’s apparel exports to the United States and 34% of total value of Vietnam’s apparel exports to the world in 2014. Of these top 30 products, 13 tariff lines are listed in the A basket which will be granted duty free treatment when TPP agreement comes into force. These products in this basket were making up of 36.45% of total US imports from Vietnam and 17.04% of total Vietnam’s apparel exports to the world in 2014. There is not any product of top 30 in B basket. Nevertheless, there are 27 tariff lines in X baskets which will have the liberalization of tariff schedule from year 11 and year 13 on ward. These tariff lines, in 2014, were accounting for 37.26% of total Vietnam apparel exports to The United States of America and 17% of total Vietnam apparel exports to the world.

Nevertheless, in order to get tariff granted under TPP agreement, Vietnam apparel products must meet the rules of origin requirements. Appendix 1 of Annex 4-A (Chapter 4, TPP agreement) lists all the 194 short supply list of textile and apparel products. There are 186 items will be applied permanently and 8 items will temporarily applied for 5 years. Nevertheless, each short supply item has its own end use requirement. Even though Vietnam can use temporary short supply lists for 5 years, it is still difficult to take advantage of them for exporting to The United States of America’ market. With a reason, the temporary 8 items are mostly woven and polyester fabric products which are restricted to have end use for woven bottoms of heading 6203 and 6204; or men’s trousers excluding water resistant products of subheading 6203.43; or men’s and women’s water resistant clothing of chapter 61; or women’s and girls’ water resister overcoat of subheading 6202.13 or 6202.93; or clothing and accessories of chapter 61 except baby socks and booties of heading 6111 and legging of heading 6115; or woven swimming suit of subheading 6211.11 and 6211.12. Most of these end use products are not listed in the A basket, while B and X baskets have tariff reduction schedule from year 5 or year 11 on ward. In the permanent short supply list, there is only woven fabric item applied for men’s and boys’ dress shirts of subheading 6205.20 and women’s and girls’ blouses of subheading 6206.30, which will be valuable a lot for Vietnam apparel export industry. For instance, HS 6205.20.20-men’s or boys’ shirts to The United States of America is one of top 30 Vietnam apparel export to The United States of America, which was US$ 251,857.90 thousand dollars in 2014 and listed in the A basket that will be eliminated at the first day of TPP agreement’s enforcement.
In terms of the Earned Import Allowance Program be in Appendix E of Annex 2-D (Chapter 2, TPP agreement), Vietnam can exchange one credit of US cotton fabrics with one credit of non-TPP cotton fabrics for the men’s and women’s bottom products. However, Vietnamese main imports from United States of America are only cotton products. US fabrics, in general, are expensive. Therefore, Vietnam actually get little benefit from this program since Vietnam still imports more than 70% fabrics from the Republic of Korea and the People’s Republic of China (non-TPP members).

In general, the Vietnamese apparel export industry might have difficulty in complying with the rules of origin in the TPP agreement. Even though the US liberalization tariff reduction schedule will immediately help the US imports of apparel product from Vietnam increase more than 36.45%, Vietnam still cannot take advantage of the temporary short list products for its thirty leading apparel export products. The only item in the short supply list Vietnam can make use of is cotton fabrics for men’s and boys’ dress shirts of subheading 6205.20 and women’s and girls’ blouses of subheading 6206.30, which also have the tariff line of top 30 products granted immediate duty-free treatment.

6. TPP Impact on Enterprises in Vietnam

This section of analysis will divided into two categories, namely foreign-owned companies and domestic enterprises. State-owned enterprises only made up of 1% of overall number, foreign direct invested firms are 15% and the largest proportion is the private sector with 84%. It is seen that Vietnam generally has to overcome many challenges in order to meet the requirement of TPP free trade agreement. However, if it is narrow down to firm scales, in author’s point of view, the state owned enterprises and the FDI will be the most beneficiaries while small and medium companies might face up with many difficulties after the TPP comes into force. Below will be the explanations.

6.1. Foreign Direct Investment Enterprises in Vietnam (FDI firms)

The export turnover of FDI enterprises achieved US$10.7 billion in 2013, an increase of 18.5% compared with the same period of 2012 and making up for approximately 59.4% of total apparel export turnover. Up to 2015, the total capital of FDI flows into textile and
The apparel industry has reached US$ 10 billion and it keeps increasing. According to statistics from the Foreign Investment Department of Ministry of Planning and Investment, most of the FDI big projects during the first six month of 2015 are for textile and apparel sector. The Republic of Korea, Japan, and the People’s Republic of China are the leading countries investing in the Vietnamese textile and apparel industry.

A conclusion can be withdrawn from author’s fieldwork is that FDI firms have an opportunity to utilize the TPP agreement. This is because they are usually large firms with strong capacities of big capital investment and well-management. Additionally, they are vertically integrated firms including both upstream and downstream of the industry. FDI firms’ export products are mainly to The United States of America, European countries, Japan and the People’s Republic of China. Each FDI firms all it takes to capitalize on the agreement once it comes into enforce. According to fieldwork interview, these companies have been researched about how to capitalize the agreement. By establishing a research unit to study carefully all the provisions of TPP agreement as well as searches the strategic partnerships and coordination among their factory branches for the supply of product inputs.

In short, FDI companies will be one of the beneficiaries of the TPP agreement. First, they are acknowledge of TPP agreement and well-prepared for it. Second, they can control the whole supply chain of textile and apparel industry. Third, their apparel products have high value added and competitive goods due to their developed R&D sections as well as technology secrets. Last, large capital investment and well-management, FDI firms can invest to both upstream and downstream in order to control the whole supply chain of textile and apparel industry. Besides, they can attract enough quantity of labors for their factories and meet the labor standards requirements.

FDI companies often have closed cycle production from step of yarn spinning to the step of assembling as well as the research and marketing department. The example can be drawn from an interview with a foreign company which has the factories in Myanmar, the People’s Republic of China, and Indonesia and in Vietnam. Since 1993, this company has vertically integrated factories of spinning, weaving and dyeing and apparel production. It employs about 10,000 works. The R&D center of the company is quite developed with the logical process from identifying buyer needs to design collection. Therefore, company does not need to get the product orders through vendors. Most of the export of the company has
been destined to The United States of America and the rest for European Union, Japan and Republic of Korea. Furthermore, the company has strategic division that in charge of developing the plan and strategy for TPP agreement. This division is leaded by the sales planning team who is in charge of analysis all the information about TPP and then preparing plans for it. These are the trade teams for researching and analysis the effect of TPP; buying and planning team for studying all the suppliers in TPP area as well as establishment the strong partnerships with strategic partners; production team for examining the capacities as well as foster the Vietnamese factories’ capacities or finding more sub-contractors; sub-sales team for finding the sales trends in TPP.

6.2. Domestic Firms in Vietnam

Domestic firms, divided into state own enterprises and locally private firms account for 85% of the total number of enterprises in the textile and apparel industry. Furthermore, garment enterprises account for 70% of total number of firms in the sector, spinning is only 6%, weaving is 17%, dying are 4% and ancillary industry is 3%. It implies that Vietnam is still at the early stage of the labor-intensive end for apparel products. For instance, according to the General Statistic Office of Vietnam, the country produced about 1.5 million ton of yarn in 2014 but exported 858.3 thousand tons which was nearly 60% of yarn it produced. Meanwhile, Vietnam also imported 739.9 thousand tons of yarn, while approximately 86.2 thousand tons were exported. In addition, the fabric production increased from 560.8 million square meters to 1,323.7 million square meters between 2005 and 2014. The capacity of dyeing and finishing in Vietnam can only produce about 0.8 billion square meters of fabric per year. Hence, approximately 40% of coarse fabrics produced are exported to the Republic of Korea and the People’s Republic of China. After dying and finishing, they are imported back by Vietnam.

<table>
<thead>
<tr>
<th>Table 5. Import and export of yarn and fabric in Vietnam in 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2014</strong></td>
</tr>
<tr>
<td>Yarn Production from cotton and polyester/rayon (Unit: million tons)</td>
</tr>
<tr>
<td>Yarns Exports (Unit: Thousand ton)</td>
</tr>
<tr>
<td>Yarns Imports (Unit: Thousand ton)</td>
</tr>
<tr>
<td>Fabric Production ( million m2)</td>
</tr>
</tbody>
</table>
Total value of fabrics import (billion USD) | 2014
---|---
9.4 | 

Source: General Statistics Office Vietnam (GSO)

6.2.1. State-owned Enterprise in Vietnam

Although, state owned enterprises only account for 1% of total number apparel companies, they are large apparel firms. Conversely, the other 84% are private firms at medium and small scales. According to the fieldwork interviews, state owned firms normally have large and vertically integrated enterprises including numbers of textile factories and apparel corporations and companies; however, not all of them are efficient. Although the firms have invested both upstream and downstream of the textile and apparel industry, they still had to import 99.5% of the cotton fabrics mainly from People’s Republic of China or Republic of Korea. All the state owned companies has been equitizing. The export turnover of the largest apparel firm contributed approximately about 14.2% total national export value in 2013. Some of big firms have already managed promoted fashion designs with high value added products with foreign buyers. The state owned enterprises are very acknowledged of TPP agreements. With the financial supports from government, they tried to utilize TPP agreement by cooperating with FDI firms. For instance, one state owned company has launched its joint project with a Japanese company with a total capital investment of US$ 714 million dollars with the aim to set up a production based supply chain in order to capitalize on the TPP agreement.

6.2.2. Small Private Enterprise in Vietnam

Small private enterprises which are making up of 84% of total number enterprises in the country are sub-contractors. The major apparel export markets of domestic enterprises are developed countries such as the European Union, the United States of America, Japan, Hong Kong, the Republic of Korea, and Republic of China. Since almost private companies are only sub-contractors, therefore their capacities in general are weak and restricted. Private firms can hardly find their buyers by themselves. They are quite depending on the vendors for the product orders. Input materials are either bought by buyers or vendors. Thus, they are only able to earn little profit from the textile and apparel value chain. An example was
drawn from fieldwork interview is that although an apparel product was assumed to sell in the market with the price of US$100; its labor cost was around US$2.

These small enterprises usually import mainly inputs from the People’s Republic of China which is not a TPP member, the rest are from the rest are Japan, Malaysia, the Republic of Korea, Thailand, etc. In addition, most of enterprises are still producing for low end of apparel products. Furthermore, most of firms are not enthusiasm with TPP agreement, even some of them did not either know or unacknowledged about TPP. This is because they are just subcontracting for the CMT method and cannot capitalize for higher added value products in the textile and apparel value chain.

7. Conclusion

Although the TPP agreement was agreed upon by all the twelve participating countries, it is still on the process of ratification by each member. Especially, with the new elected president of the United States of America, TPP even might have been had premature death. If the TPP agreement officially comes into force, it will open many challenges and opportunities to member countries, particularly, for the developing countries as Vietnam. Joining TPP agreement, Vietnam will gain market access to one of its largest export markets for apparel, The United States of America, with the preferential tariff treatments. Nevertheless, the rule of origin as “Yarn forward” in TPP agreement might be an obstacle for Vietnam to foster its apparel products. For instance, Vietnam cannot take advantage of the temporary short list products for its 30 leading apparel export products to the United States of America. Since the industry has heavily dependent on imported raw materials from non TPP members, such the People’s Republic of China or Republic of Korea, Vietnam might have might have difficulty in complying with the rules of origin requirements of the TPP agreement. Even though the US liberalization tariff reduction schedule will immediately help to increase the US imports of apparel product from Vietnam, there are only half of Vietnam’s top 30 competitive apparel export products to US which would be liberalized tariffs for the first 10 years of the TPP. Thus, even if TPP would not have been ratified by the United States of America, Vietnam apparel industry would not have been lost that much. In this case, RCEP would not be a substitution for TPP. With a reason that, People’s Republic of
China is just only Vietnamese main input supplier but not one of the leading export markets for Vietnamese apparel products.

However, if it is narrow to the firm scales, only 16 percent of total apparel firms such as state-owned companies and FDI firms are expected to gain benefits from TPP agreement, whereas other 84 percent of locally owned medium and small companies might be left out. Since the state-owned companies and FDI enterprises are large firms with sufficient capacities, therefore, they are ready for the TPP. Nevertheless, there might an opportunity for domestic subcontractors to meet the requirements of rules of origin in the TPP agreement. International vendors, especially from The United States of America, might seeks the ways of utilizing TPP agreement’s advantages and help the domestic subcontractors deal the problems of local or regional containment. These vendors might be able to control the whole supply chain of the apparel industry, for instance the input materials as US fabrics, or making used of the exchange mechanisms between the United States of America and Vietnam. It also would help Vietnam increase its foreign exchange earnings in the apparel export industry.
APPENDIX 1

Rules of origin in the TPP agreement

A good defined as “originating” will be entitled to the preferential tariff treatment. Conversely, a good which is produced by a non-TPP member is not considered as “originating” in TPP. According to Article 3.2 of this agreement, a commodity is considered to be originating if it is:

a) wholly obtained or produced entirely in the territory of one or more of the Parties as established in Article 3.3 (Wholly Obtained or Produced Goods);

b) produced entirely in the territory of one or more of the Parties, exclusively from originating materials; or

c) Produced entirely in the territory of one or more of the Parties using non-originating materials provided the good satisfies all applicable requirements of Annex 3-D (Product-Specific Rules of Origin), and the good satisfies all other applicable requirements of this Chapter.

According to that, an originating good is considered to be "made in TPP" if it meet one of these requirements. The first is the case of a good produced, grown or harvested entirely in the territory of one or many member states. This good is granted the preferential tariff treatment under the TPP free trade agreement when being exported to member’s markets. This rule is referred as WO- wholly obtained, which is stated specifically under the Article 3.3 of the TPP agreement as follow:

a) a plant or plant good, grown, cultivated, harvested, picked or gathered there;

b) a live animal born and raised there;

c) a good obtained from a live animal there;

d) an animal obtained by hunting, trapping, fishing, gathering or capturing there;

e) a good obtained from aquaculture there;

f) a mineral or other naturally occurring substance, not included in subparagraphs (a) through (e), extracted or taken from there;

g) fish, shellfish and other marine life taken from the sea, seabed or subsoil outside the territories of the Parties and, in accordance with international law,
outside the territorial sea of non-Parties by vessels that are registered, listed or recorded with a Party and entitled to fly the flag of that Party;

h) a good produced from goods referred to in subparagraph (g) on board a factory ship that is registered, listed or recorded with a Party and entitled to fly the flag of that Party;

i) a good other than fish, shellfish and other marine life taken by a Party or a person of a Party from the seabed or subsoil outside the territories of the Parties, and beyond areas over which non-Parties exercise jurisdiction provided that Party or person of that Party has the right to exploit that seabed or subsoil in accordance with international law;

j) a good that is:
   (i) waste or scrap derived from production there; or
   (ii) waste or scrap derived from used goods collected there, provided that those goods are fit only for the recovery of raw materials; and

Nothing in this Chapter shall prejudice the positions of the Parties with respect to matters relating to the law of the sea.

In generally, this “wholly obtained” rule is strictly regulated that there is any unidentified component of product; this good will lose its nature as a “whole obtained” product.

The second is the case of a good produced in one and more member states using the material from non-TPP members, can still be considered as an originating good if it meets either the rule of tariff shifts or the rule of regional value content, or both of those regulations, or other rules of origin in TPP agreement.

The rule of tariff shift is based on the digits of Harmonized System of Tariff Classification (HTS). The HTS uses from six to ten-digit in order to identify the goods. The tariff shift rule applies to chapters (2-digit HTS) as Change to chapter (CTC or CC for short), headings (4-digit HTS) as Change to heading (CTH for short), of subheadings (6-digit HTS) as Change to subheading (CTSH for short). The tariff rule commonly applies for the four HTS categories. The Change to Chapter is the most restrictive while Change to subheading is the least restrictive. For instance, in Annex 3D- Product- Specific Rules of Origin under TPP agreement,
one of the tariff shift rule is that “A change to heading 19.02 through 19.05 from any other chapter”. With this rule, a product has HS classification from 19.02 to 19.05 is considered as a “originating” product if it is produced from raw materials with HS code outside of Chapter 19. The first assumption is that biscuits exported to U.S are produced in Vietnam with flour from China (HS code of flour is at Chapter 11), the rest of ingredients of those biscuits origin from Vietnam. Thus, when those biscuits are exported to U.S, they will be regarded as “originating” products and granted preferential tariff treatment under the TPP agreement. The reason is that if the tariff shift rule applies to HS 19.05, all the products under HS 19.05 are considered as “originating” and entitled to preferential tariff treatment under the TPP agreement, all non-originating raw materials must be in other HS chapter. The second assumption is that biscuits exported to U.S are produced in Vietnam with mixed dough from China (the HS of mixed dough is 1901.20), the remaining ingredients origin from Vietnam. Therefore, when those biscuits are exported to U.S, they will be considered as “non-originating” products and cannot be granted the preferential tariff treatment under the TPP agreement. The reason is that the raw material as mixed dough is from China (non TPP member) and its HS is in Chapter 19 as in the same HS chapter with biscuits.

In addition, the TPP agreement also provides the rule of regional value content (RVC for short). An “originating” product produced in one or more Parties can meet the requirement of RCV of this product. This rule is rarely applied in particular but rather combined with tariff shift rule. The calculation of RVC is stated at Article 3.5 under Chapter 3 of TPP agreement. There are two methods to identify the RVC of a product. Build-up method, a direct calculation, is based on value of originating materials. Its formulation is RVC= VOM/AVx100%. Build-down method, an indirect calculation, is based on value of non-originating materials. Its formulation is RVC= (AV-VNM)/AVx100%. In those two formulations, RVC is the regional value content of a good, expressed as a percentage VNM is the value of non-originating materials, including materials of undetermined origin, used in the production of the good; AV is the value of good. The RVC of a good in TPP agreement is from 30% to 55% depends on each specific products listed in Annex 3D of this agreement.

Besides the tariff shift rule and the RVC, the TPP agreement also provides other rules of origin in order to ensure the origin of a product, such as de minimis or manufactured goods as well as the custom procedures of originating products.
APPENDIX 2

Table 6: Detail of export categories of apparel for Vietnam under TPP

<table>
<thead>
<tr>
<th>Category</th>
<th>Description of Vietnam apparel exports to U.S</th>
<th>Value of exports</th>
<th>Share in Vietnam apparel exports to US (*)</th>
<th>Share in Vietnam apparel exports to world (**)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EIF</td>
<td>EIF A Basket: Least sensitive products selected for immediate duty free treatment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EIF</td>
<td>HS 6110.20.20-sweaters, pullovers and similar articles, knitted or crocheted, of cotton, nesoi</td>
<td>1,106,570</td>
<td>12%</td>
<td>5.62%</td>
</tr>
<tr>
<td>EIF</td>
<td>HS 6110.30.30-sweaters, pullovers and similar articles, knitted or crocheted, of manmade fibers, nesoi</td>
<td>698,641</td>
<td>7.59%</td>
<td>3.55%</td>
</tr>
<tr>
<td>EIF</td>
<td>HS 6205.20.20-men's or boys' shirts, not knitted or crocheted, of cotton, nesoi</td>
<td>251,858</td>
<td>2.73%</td>
<td>1.28%</td>
</tr>
<tr>
<td>EIF</td>
<td>HS 6104.43.20-women's or girls' dresses, knitted or crocheted, of synthetic fibers, nesoi</td>
<td>226,310</td>
<td>2.46%</td>
<td>1.15%</td>
</tr>
<tr>
<td>EIF</td>
<td>HS 6201.93.30-men's or boys' anoraks, windbreakers and similar articles, not knitted or crocheted, of manmade fibers, nesoi, water resistant</td>
<td>217,368</td>
<td>2.36%</td>
<td>1.10%</td>
</tr>
<tr>
<td>Category</td>
<td>Description of Vietnam apparel exports to U.S</td>
<td>Value of exports</td>
<td>Share in Vietnam apparel exports to US (*)</td>
<td>Share in Vietnam apparel exports to world (**)</td>
</tr>
<tr>
<td>----------</td>
<td>-----------------------------------------------</td>
<td>------------------</td>
<td>------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>EIF</td>
<td>EIF HS 6210.40.50-men's or boys' garm, nesoi, of fab of 5903/5906/5907, of mmf, other than w/outer sur. impreg/coated/etc. w/rub/plast, n k/c</td>
<td>138,060</td>
<td>1.50%</td>
<td>0.70%</td>
</tr>
<tr>
<td>EIF</td>
<td>EIF HS 6204.43.40-women's or girls' dresses, not knitted or crocheted, of synthetic fibers, nesoi</td>
<td>133,373</td>
<td>1.45%</td>
<td>0.68%</td>
</tr>
<tr>
<td>EIF</td>
<td>EIF HS 6202.93.45-women's/girls' anoraks, windbreakers, etc, nt knit/crochet, mm fibers, cont. 36% or more wool or fine animal hair, nesoi, o/than rec perf outwear</td>
<td>129,044</td>
<td>1.40%</td>
<td>0.66%</td>
</tr>
<tr>
<td>EIF</td>
<td>EIF HS 6210.50.50-women's or girls' garm, nesoi, of fab of 5903/5906/5907, of mmf, other than w/outer sur. impreg/etc. w/rub/plast, n k/c</td>
<td>97,582</td>
<td>1.06%</td>
<td>0.50%</td>
</tr>
<tr>
<td>EIF</td>
<td>EIF HS 6106.20.20-women's or girls' blouses and shirts, knitted or crocheted, of manmade fibers, nesoi</td>
<td>94,725</td>
<td>1.03%</td>
<td>0.48%</td>
</tr>
<tr>
<td>EIF</td>
<td>EIF HS 6104.44.20-women's or</td>
<td>83,083</td>
<td>0.90%</td>
<td>0.42%</td>
</tr>
<tr>
<td>Category</td>
<td>Description of Vietnam apparel exports to U.S</td>
<td>Value of exports</td>
<td>Share in Vietnam apparel exports to US (*)</td>
<td>Share in Vietnam apparel exports to world (**)</td>
</tr>
<tr>
<td>----------</td>
<td>------------------------------------------------</td>
<td>------------------</td>
<td>------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td></td>
<td>girls’ dresses, knitted or crocheted, of artificial fibers, nesoi</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EIF</td>
<td>HS 6108.31.00-women’s or girls’ nightdresses and pajamas, knitted or crocheted, of cotton</td>
<td>82,559</td>
<td>0.90%</td>
<td>0.42%</td>
</tr>
<tr>
<td>EIF</td>
<td>HS 6104.42.00- women’s or girls’ dresses, knitted or crocheted, of cotton</td>
<td>97,201</td>
<td>1.06%</td>
<td>0.49%</td>
</tr>
<tr>
<td></td>
<td><strong>Total A basket products</strong></td>
<td><strong>3,356,373</strong></td>
<td><strong>36.45%</strong></td>
<td><strong>17.04%</strong></td>
</tr>
<tr>
<td></td>
<td><strong>B Basket products</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>No Products</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>X Basket products</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US10</td>
<td>HS 6104.62.20-women’s or girls’ trousers, breeches and shorts, knitted or crocheted, of cotton</td>
<td>320,004</td>
<td>3.48%</td>
<td>2%</td>
</tr>
<tr>
<td>US10</td>
<td>HS 6106.10.00-women’s or girls’ blouses and shirts, knitted or crocheted, of cotton</td>
<td>109,530</td>
<td>1.19%</td>
<td>1%</td>
</tr>
<tr>
<td>US11</td>
<td>HS 6211.43.00-women’s or girls’ track suits or other garments nesoi, not knitted or crocheted, of manmade fibers</td>
<td>125,527</td>
<td>1.36%</td>
<td>1%</td>
</tr>
<tr>
<td>US11</td>
<td>HS 6206.40.30-women’s or</td>
<td>124,099</td>
<td>1.35%</td>
<td>1%</td>
</tr>
<tr>
<td>Category</td>
<td>Description of Vietnam apparel exports to U.S</td>
<td>Value of exports</td>
<td>Share in Vietnam apparel exports to US(*)</td>
<td>Share in Vietnam apparel exports to word(**)</td>
</tr>
<tr>
<td>----------</td>
<td>-------------------------------------------------</td>
<td>------------------</td>
<td>------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>US6</td>
<td>girls’ blouses and shirts, not knitted or crocheted, of manmade fibers, nesoi</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US6</td>
<td>HS 6107.11.00-men's or boys' underpants and briefs, knitted or crocheted, of cotton</td>
<td>278,103</td>
<td>3.02%</td>
<td>1%</td>
</tr>
<tr>
<td>US6</td>
<td>HS 6109.10.00-t-shirts, singlets, tank tops and similar garments, knitted or crocheted, of cotton</td>
<td>205,680</td>
<td>2.23%</td>
<td>1%</td>
</tr>
<tr>
<td>US6</td>
<td>HS 6103.43.15-men's or boys' trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, nesoi</td>
<td>116,525</td>
<td>1.27%</td>
<td>1%</td>
</tr>
<tr>
<td>US6</td>
<td>HS 6109.90.10-t-shirts, singlets, tank tops and similar garments, knitted or crocheted, of manmade fibers</td>
<td>81,558</td>
<td>0.89%</td>
<td>0.41%</td>
</tr>
<tr>
<td>US6</td>
<td>HS 6114.20.00-garments nesoi, knitted or crocheted, of cotton</td>
<td>81,549</td>
<td>0.89%</td>
<td>0.41%</td>
</tr>
<tr>
<td>US7</td>
<td>HS 6204.62.40-women's or girls' trousers, breeches and shorts, not knitted or crocheted, of cotton, nesoi</td>
<td>501,221</td>
<td>5.44%</td>
<td>3%</td>
</tr>
<tr>
<td>Category</td>
<td>Description of Vietnam apparel exports to U.S</td>
<td>Value of exports</td>
<td>Share in Vietnam apparel exports to US (*)</td>
<td>Share in Vietnam apparel exports to word (**)</td>
</tr>
<tr>
<td>----------</td>
<td>-----------------------------------------------</td>
<td>------------------</td>
<td>------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>US7</td>
<td>HS 6203.42.40-men's or boys' trousers and shorts, not bibs, not knitted or crocheted, of cotton, not containing 15% or more by weight of down, etc</td>
<td>348,656</td>
<td>3.79%</td>
<td>2%</td>
</tr>
<tr>
<td>US7</td>
<td>HS 6203.43.40-men's or boys' trousers, breeches &amp; shorts, of synthetic fibers, con under 15% wt down etc, cont under 36% wt wool, n/water resist, not k/c</td>
<td>204,581</td>
<td>2.22%</td>
<td>1%</td>
</tr>
<tr>
<td>US8</td>
<td>HS 6105.20.20-men's or boys' shirts, knitted or crocheted, of manmade fibers, nesoi</td>
<td>226,131</td>
<td>2.46%</td>
<td>1%</td>
</tr>
<tr>
<td>US8</td>
<td>HS 6105.10.00-men's or boys' shirts, knitted or crocheted, of cotton</td>
<td>191,973</td>
<td>2.08%</td>
<td>1%</td>
</tr>
<tr>
<td>US8</td>
<td>HS 6102.30.20-women's or girls' overcoats, car coats, capes, windbreakers and similar articles, knitted or crocheted, of manmade fibers, nesoi</td>
<td>97,029</td>
<td>1.05%</td>
<td>0.49%</td>
</tr>
<tr>
<td>US9</td>
<td>HS 6204.63.35-women's or girls' trousers, breeches</td>
<td>185,479</td>
<td>2.01%</td>
<td>1%</td>
</tr>
<tr>
<td>Category</td>
<td>Description of Vietnam apparel exports to U.S</td>
<td>Value of exports</td>
<td>Share in Vietnam apparel exports to US(*)</td>
<td>Share in Vietnam apparel exports to word(**)</td>
</tr>
<tr>
<td>----------</td>
<td>---------------------------------------------</td>
<td>------------------</td>
<td>------------------------------------------</td>
<td>------------------------------------------</td>
</tr>
<tr>
<td>and shorts, not knitted or crocheted, of synthetic fibers, nesoi</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>US10</td>
<td>HS 6104.63.20- women’s or girls’ trousers, breeches and shorts, knitted or crocheted, of synthetic fibers, neso</td>
<td>233,562</td>
<td>2.54%</td>
<td>1%</td>
</tr>
<tr>
<td>Total export value of X basket</td>
<td>3,431,207</td>
<td>37.26%</td>
<td>17%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Author’s calculation statistics from the United States International Trade Commission (USITC), International Trade Centre (ITC)

(*) (**): Total apparel exports in Chapter 61 and Chapter 62

A Basket: Least sensitive products selected for immediate duty free treatment

B Basket: Moderately sensitive products will be removed after the year 5

X basket: Most sensitive products eliminated from the year 11 (US6, US8 and US10) and US7, US9 and US11 will be 0% from the year 13
Bibliography


Huong, C. (2003). *The real situation, orientation and solutions for the development of Vietnam’s export textile industry*.


©Thammasat Institute of Area Studies, Thammasat University


Author’s Profile

Name: Ms. Thuy Doan
Date of Birth: July 28, 1989

Educational Attainment

- August 2015 - Present: Master of Arts, Master of Arts in Asia Pacific Studies, College of Interdisciplinary Studies, Thammasat University, Bangkok, Thailand. Sponsored by TICA

- 2007-2011: Bachelor of Arts, Oriental Studies, University of Social Sciences and Humanities, Vietnam National University, Hanoi, Vietnam. GPA: 3.09/4.00

- April 13th – May 14th, 2010: SEASREP Foundation Grantee for Asian Emporium Course, University of the Philippines Diliman, Philippines

Publications


Work Experiences

- 16-17 June 2016: Interpreter at the “Forum CLMVT 2016: Towards a shared prosperity” in Bangkok, Thailand
- July 2014- August 2015 & September 2012- September 2013: Programme Support Officer, Centre of Sustainable Development Studies
- September 2013-June 2014: Youth Worker, Europejskiego Foum Mlodziezy, Poland
- September 2011 – August 2012: Livelihoods Programme Intern, Oxfam Hong Kong
The gem and jewelry industry has been ranked as one of Thailand’s top ten export categories every year since 1970. The Thai gem and jewelry sector is considered to be export oriented. Since the industry relies on imported materials, the export processing zone should play a significant role in increasing the competitiveness of the industry. In this work, the motivation for choosing the location for a gem and jewelry exporter in Thailand was investigated, as well as how Gemopolis Free Zone helps gem and jewelry exporters. The role of Gemopolis Free Zone is not to compensate for an anti-export bias created by the ISI policy scheme because, in Thailand, gem and jewelry products, except for finished products, are already free from import tariffs. When comparing benefits between BOI and Gemopolis Free Zone, the competitiveness of firms inside and outside the Free Zone are almost identical, unless the firm is outsourcing jewelry business. Thus, exporter firms that can get privileges from BOI are usually large firms located outside the zone, while newly established firms or small firms which cannot get privileges from BOI choose to locate in Gemopolis Free Zone. Therefore, in the Thai gem and jewelry industry, most exporters do not have to rely on EPZ, only a specific group of exporters benefit from EPZ.

Keywords: Export processing zone, Gemopolis Free Zone, Thailand’s Gems and Jewelry Industry

1. Introduction

Thailand’s gem and jewelry industry plays a significant role in the world market. Thailand is well-known as a major colored gemstone manufacturing center and sourcing hub (BOI,
2014). It has been a leader in the heat treatment technique to improve the color and clarity of colored gemstones. Thai craftsman are also proficient and precise when it is comes to cutting and polishing. In addition to the colored stones market, Thailand serves as a hub for diamond polishing for the world’s leading manufacturers. Most of the polished diamonds are of medium size (GIT, 2014). In Thailand, the gem and jewelry industry is labor-intensive and relies on skilled craftsmanship, beautiful designs and modern technology to produce jewelry that is competitive in international markets. Export products from the gem and jewelry industry account for 80 percent of total products. Clearly, the gem and jewelry sector of Thailand can be considered an export oriented industry.

The export processing zone (EPZ) is a fenced-in industrial estate specializing in manufacturing for exports that offers firms free trade conditions and a liberal regulatory environment (Madani, 1999). The Thai government created the EPZ scheme to improve the competitiveness of Thailand-based manufacturers and encourage exports by removing tariffs for parts, materials, machines or components imported for use in the manufacturing process. Since the gem and jewelry industry in Thailand is characteristically export oriented, the industry should benefit from the privilege of tax exemptions on imported materials granted by the EPZ. One of the Free Zones for gem and jewelry export firms is Gemopolis Free Zone. Therefore, the aims of this study are to compare export ability between gem and jewelry firms inside and outside of Gemopolis Free Zone and to study the motive behind manufacturers’ decisions regarding the factory location.

2. Export Processing Zone

2.1. Role of EPZ policy

From the end of World War II to the 1970’s, many developing countries were using import-substitution industrialization (ISI) to promote their domestic manufacturing sector and to promote economic growth. ISI is an economic policy which governments utilize to try to replace imported products with domestic production by applying high tariffs on imported products to protect their domestic firms until they are ready to compete in the world market. Unfortunately, infant industries have to import intermediate goods, machines and capital from foreign countries. As a result, ISI based competitiveness is reduced because high
Tariffs make the cost of production higher. The ISI scheme also discourages exports by protecting import-substituting industries; countries draw resources away from the actual or potential resource sectors, thus creating the situation of foreign exchange shortages in the host economy. The failure of ISI strategy made many countries change their trade policy and became more liberalized from the mid-1980’s onward (Krugman et al, 2012). With EPZ, the host economy can enjoy the benefits from foreign direct investment (FDI) and can increase foreign exchange without the need to liberalize the whole economy. EPZ grants access to inputs used at the price of the global market for manufacturing products, thus increasing competitiveness in the global market. (ILO, 1998; Jayanthakumaran, 2003).

EPZ is used to compensate for the anti-export bias created by the ISI policy regime (Aggarwal, 2005), as the host economy can still retain their ISI policy. This is because ISI in many countries are tied to many powerful political groups (Krugman et al, 2012), as stated in a World Bank discussion paper (1992): “A successful EPZ may just easily conserve an inward oriented industrial structure in the host country if it generates enough export earnings and creates employment, thus prolonging the time period in which the country can pursue a protectionist policy.”

2.2. Thailand economic policy up to the adoption of the EPZ scheme

Thailand has been considered as one of the fastest growing economies of the developing countries. Previously, the Thai government implemented various instruments to stimulate economic growth. In the period of the 1960’s, after the first National Economic and Social Development plan was implemented in 1961 by the Sarit government, Thailand used ISI as the main instrument to promote economic growth. This plan was implemented to reduce dependence on foreign goods and to promote and protect local industries by imposing high tariffs against import products, export taxes and providing production subsidies to domestic producers (Virgill, 2009). However, Thailand faced the problems of trade deficits due to increases in imports of capital and intermediate goods. In order to resolve these issues, the government then enacted the third of the National Economic and Social Development plans. Its objective was to reduce the national trade deficit by promoting manufacturing exports as an industrial strategy, through the Investment Promotion Act and Export Promotion Act, by having tax exemptions on imported inputs for manufacturing for export
production, no business taxes on export products, and refunding all taxes in the promotion process (Komin, 1989, cited in Zhu 1992). Other than as described above, the Thai government also established an industrial estate in 1969. To improve the management of industrial estates, the government then founded the Industrial Estate Authority of Thailand (I-EA-T) in 1972. I-EA-T is in charge of the establishment of industrial estates throughout the country. Moreover, the government also planned to set up EPZ inside the industrial estates to improve the competitiveness of export goods. The first EPZ in Thailand was established in 1982 at the Lat Krabang Industrial Estate (BIAP, 1982 cite in Zhu 1992). Thus far, Thailand is an export reliant country in which 65% of its GDP comes from international trade activities (MOC, Thailand 2016).

In 2007, Thailand changed the name of EPZ to Industrial Estate Authority of Thailand (I-EA-T) Free Zone due to the adoption of the Agreement on Subsidies and Countervailing Measures (ASCM) at the conclusion of the WTO Uruguay round (Gibbon et al, 2008). According to the Customs Department of Thailand, the Free Zone scheme is used to improve the competitiveness of Thailand-based manufacturers and encourage exports by removing tariff for parts, materials, machines or components imported for use in the manufacturing process. At the same time, Thailand can benefit from the use of Thai labor, services and inputs as well.

3. Thai Gem and Jewelry Industry

Thailand is one of the most important colored stone trading hubs. Rough colored stones and polished colored stones from all around the world are brought here for trade, especially in Chantaburi, which utilizes the famous heat treatment method to improve quality and increase the value of colored stones. For the diamond industry, even though Thailand is not the center of polished diamonds, Thailand has its own unique diamond cut called Bangkok-cut (Lekvisit, 2006). Being one of the world’s trading hubs helps the expansion of the production base of the jewelry industry because a variety of inputs used in jewelry making can be found in the country. Thailand is also one of the most important handmade jewelry production bases. The Thai jewelry industry relies on skilled craftsmen. Thai craftsmen possess the delicate skills needed for the industry and are suited for making
unique and high value jewelry. In addition, Thailand possesses unique techniques used in the gem and jewelry industry.

Export income from gems and jewelry contribute a great deal to the country’s economy. The gem and jewelry industry has been ranked as one of Thailand’s top ten exports every year since 1970. In 2015, exports from this sector were ranked as the third most important export products next to car and computer components, accounting for 5.13 percent of the country’s gross exports. The industry acquired a trade surplus in 2015 with the value of USD 1,081.09 million, as shown in Figure 1 (GIT, 2015). The industry’s exports have been growing from USD 3,667.92 million in 2006 to USD 10,993.35 million with a total share of 3.7 percent of world export value in 2015 (GIT, 2015).

![Figure 1. Thailand’s Gem and Jewelry Import and Export Value 2006-2015.](image)

Source: Ministry of Commerce, data calculation by the Gem and Jewelry Institute of Thailand

### 3.1. Export market

Table 1 lists the top five countries for Thailand’s gem and jewelry export market. The highest export value in 2015 was Hong Kong with the value of USD 2,318 million and a share
of 21.39 percent. Thailand was ranked 13th of Hong Kong’s gem and jewelry imports with a market share of 1.9 percent. The key value products in the Hong Kong market are polished diamonds, gold jewelry, polished precious stones and polished semi-precious stones.

Switzerland was the second most important export market with a value of USD 1,929 million and a share of 16.59 percent. The market gained 57.33 percent growth as the export value of unwrought or semi-manufactured gold, the key product with almost 88 percent share, grew 74.16 percent. Thailand was ranked 13th in Switzerland’s import of gem and jewelry products with a market share of 1.9 percent.

The United States was the third most important export market for gems and jewelry with a market share of 11.92 percent with a total value of USD 1, 288 million. The major export product to the market was jewelry with a market share of 75 percent. The United States is the largest export market for silver jewelry.

<table>
<thead>
<tr>
<th>Year</th>
<th>Hong Kong</th>
<th>Switzerland</th>
<th>USA</th>
<th>Cambodia</th>
<th>Germany</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>2,639</td>
<td>931</td>
<td>1,319</td>
<td>282</td>
<td>530</td>
</tr>
<tr>
<td>2014</td>
<td>2,497</td>
<td>1,310</td>
<td>1,360</td>
<td>463</td>
<td>611</td>
</tr>
<tr>
<td>2015</td>
<td>2,318</td>
<td>1,929</td>
<td>1,288</td>
<td>879</td>
<td>618</td>
</tr>
</tbody>
</table>

Source: UN Comtrade Database https://comtrade.un.org/

### 3.2. Importance of the industry to employment

In terms of employment, the gem and jewelry industry is a labor intensive industry. This involves the use of skill, expertise and precision in the production process, especially in the polished colored stones industry, which cannot be performed by machines. Therefore, this industry relies on huge amounts of labor. From an employment survey in 2010 by University of Thai Chamber of Commerce (UTCC), it was found that there were 865,656 direct employees in the industry: 40.5 percent or 350,938 employees in the upstream industry, 306,008 workers (35.3 percent) in the middle stream industry, and 208,710 workers (24.2
percent) in the downstream industry. The numbers of businesses in the industry in Thailand currently is 1642. Ninety percent of them are small and medium size enterprises (SMEs), while only 10 percent are large enterprises. In 2014, the gem and jewelry industry was the first ranked export product among all other products of SMEs, with a share of 13.6 percent. Most of the enterprises are located in Bangkok and old gem mining places, such as Chantaburi or Kanchanaburi (GIT, 2014).

4. Government Policy

Since 1976, the Thai government has provided various methods to develop and promote the gem and jewelry business in Thailand. With support from the Board of Investment (B.O.I.), Thailand’s gem and jewelry industry has been promoted to increase its potential and international competitiveness by offering attractive benefits to investors. As previously mentioned in Section 2.2, I-EA-T is responsible for industrial estates and Free Zones. For the gem and jewelry business, the government approved the construction of Gemopolis to be a cluster of manufacturing, trade and exports of gems and jewelry. Later on, in 2008, Gemopolis was granted the status of “Free Zone” by I-EA-T and has been supported by three key government agencies, including B.O.I, I-EA-T and Thai Customs (The Thailand Board of Investment, 2008).

The government also established a gem and jewelry development institute under the control of the Department of Industrial Promotion (DIP) on 12 September 1989 to be a center of skill development for high skill labor, especially for goldsmiths and jewelers, to develop the gem and jewelry industry by suggesting policies and regulations and also to be a bridge organization between the government and private organizations.

Another approach to promote the gem and jewelry industry is to be the host of Bangkok Gems and Jewelry Fair (BGJF), the biggest gem and jewelry exhibition in ASEAN and the fifth largest gem and jewelry fair in the world. It was first held in 1985 and was co-organized by the Ministry of Commerce, Department of International Trade Promotion (DITP) along with the Jeweler’s Association. BGJF is held twice a year, usually around February and September, in Bangkok at Impact Arena.
4.1. Trade protection policy

Starting from 1977, the government removed import tariffs on rough diamonds and rough colored stones (unpolished) to increase employment of polishers and help the development of the polished diamond industry. Later on, in 1980, the Thai government removed import tariffs and business taxes on polished diamonds and colored stones to expand the jewelry setting industry and promote Thailand as a world trade hub of gems and diamonds. In 1994, the government removed import tariffs on gold, because gold is regarded as a currency, and reduced import tariffs on silver and platinum to 1%. Import tariffs on both silver and platinum were removed later in 1999 (Chiang Mai University, 2002). Currently, only products falling into the category of finished products are being taxed by import tariffs (HS7113-7118, Table 2).

Exporters, for those products still having import tariffs, can use the duty drawback scheme under section 19 BIS to obtain a refund of customs duty paid on imported goods where those goods have undergone production, mixing, assembling, or packing and then are exported to a foreign port. Only the person who is the legal owner of the goods at the time the goods are exported, or a person to whom this right has been assigned, is eligible to make a claim for duty drawback.

Other than reducing and removing import tariffs on gem and jewelry products, the Thai government allows VAT exemption on diamonds and gemstones, including imitations of those gem stones used in export manufacturing. In 1997 and later on in 2000 unwrought gold, silver and platinum also received VAT exemption.
### Table 2. Thailand Import tariff article of Chapter 71

<table>
<thead>
<tr>
<th>Product</th>
<th>Import tariff percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Articles of jewelry (HS7113)</td>
<td>20</td>
</tr>
<tr>
<td>2. Articles of goldsmith’s and silversmith’s wares (HS7114)</td>
<td>20</td>
</tr>
<tr>
<td>3. Other articles of precious metal (HS7115)</td>
<td>5-20</td>
</tr>
<tr>
<td>4. Articles of natural or cultured pearl (HS7116)</td>
<td>20</td>
</tr>
<tr>
<td>5. Imitation jewelry (HS7117)</td>
<td>20</td>
</tr>
<tr>
<td>6. Coin (HS7118)</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: [https://infocenter.git.or.th/GemDB_BE/upload/content/12072016.1644121_tariff_Thailand_59.pdf](https://infocenter.git.or.th/GemDB_BE/upload/content/12072016.1644121_tariff_Thailand_59.pdf)

#### 4.2. Board of Investment of Thailand (BOI):

The Board of Investment of Thailand (BOI) has duties and powers to promote investment. It was established in 1960 under the Act of the Promotion of Industrial Investment. At first, the name of BOI was “the Board of Industrial Investment” but it was changed in 1972 by deleting the word “industrial” with its new role covering other sectors such as agriculture and services.

BOI offers both tax and non-tax incentives under the Investment Promotion Act, B.E. 2520 (A.D. 1977). However, in order to obtain investment promotion, the BOI applicant must follow the conditions prescribed by the Board of Investment as specified in the BOI promotion certificate in which the following incentives are granted: (Table 3, BOI, 2015)
### Table 3. Privileges from BOI

<table>
<thead>
<tr>
<th>Tax Incentives</th>
<th>Non-Tax Incentives</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Exemption/reduction of import duties on machinery (Section 28/29)</td>
<td>- Permit for foreign nationals to enter the Kingdom for the purpose of studying</td>
</tr>
<tr>
<td>- Reduction of import duties for raw or essential materials (Section 30)</td>
<td>investment opportunities. (Section 24)</td>
</tr>
<tr>
<td>- Exemption of corporate income tax and juristic person income tax. (Section 31 and 34)</td>
<td>- Permit to bring into the Kingdom skilled workers and experts to work in investment</td>
</tr>
<tr>
<td>- A 50 percent reduction of the corporate income tax (Section 35(1))</td>
<td>promoted activities (Section 25 and 26)</td>
</tr>
<tr>
<td>- Double reduction from the costs of transportation, electricity and water supply (Section 35(2))</td>
<td>- Permit to own land. (Section 27)</td>
</tr>
<tr>
<td>- Additional 25 percent deduction of the cost of installation or construction of facilities (Section 35 (3))</td>
<td>- Permit to take out or remit money abroad (Section 37)</td>
</tr>
<tr>
<td>- Exemption of import duty on raw or essential materials imported for use in production for export (Section 36)</td>
<td></td>
</tr>
</tbody>
</table>

Source: A guide to the Board of Investment 2015

#### 4.3 Bonded warehouse for manufacturing:

Business operators interested in establishing a bonded warehouse for manufacturing are exempted from the payment of import taxes and duties provided the goods imported and stored in such bonded warehouse are used in the process of producing, mixing or assembling and are then exported, regardless of being exported in the same nature as imported or in the nature of having been produced, mixed, assembled as other goods or transferred to other bonded warehouses or sold to importers, under a drawback scheme under Section 19 BIS or to those entitled for tax and duty exemption under the Customs
Tariff Decree or other relevant laws. However, the imported goods shall be subject to taxes and duties if they are removed from the bonded warehouse for manufacturing for domestic consumption. In case where the imported goods stored in the bonded warehouse have not been used, it is necessary for the importers to establish that the goods are exported within a two-year period after the importation, regardless of being stored in the same nature as imported or in the nature of having been produced, mixed, or assembled as other goods (Thailand Custom Department, 2009).

4.4 Industrial Estate Authority of Thailand (I-EA-T):

The Industrial Estate Authority of Thailand operates under the Ministry of Industry. It is responsible for the development and establishment of industrial estates, where factories for various industries are well-organized and clustered together. There are 2 types of industrial estate zones: General Industrial Zone and I-EA-T Free Zone. General Industrial Zones offer only non-tax privileges such as the right to own land in an industrial estate, the right to bring in foreign workers and family and the right to remit money abroad. The I-EA-T Free Zone receives non-tax privileges similar to the General Industrial Zone with additional tax privileges which are:

1. The right to receive exemptions on import duty and value-added tax (VAT); as well as excise tax on machinery, equipment, raw materials and supplies used in production
2. The right to receive exemptions of export duty and value-added tax (VAT); as well as excise tax on imported materials for use in production or for commercial operation
3. The right to receive exemptions of export duty and value-added tax (VAT); as well as excise tax on raw materials, products and by-products

Export manufacturing firms or reprocessing/assembling for export firms are eligible for establishment inside I-EA-T Free Zones. (I-EA-T, 2016).
4.5 Gemopolis Industrial estate:

Gemopolis industrial zone was established in 1990 with the objective to be Thailand’s gem and jewelry cluster. It was granted the status of “Free Zone” by the I-EA-T in 2008. Product categories allowed to operate in Free Zones are gems, jewelry, watches, lenses, eye glasses, spectacles, medical equipment, telecommunication accessories, IT, computers, electric & electronic accessories, sports equipment, stationery & toys. Gemopolis offers prime facilities and infrastructure. It is located west of Suvarnabhumi Airport, 4 km. away from the airport terminal, thus reducing logistic costs for exporters ("Gemopolis Industrial Estate ::::: I.G.S. PCL.", 2009).

To receive the full benefits offered from Gemopolis Free Zone, firms are required to submit petitions to both BOI and I-EA-T. BOI can only grant the privilege of exemption of corporate income tax, while I-EA-T can grant the rest of the privileges. Incentives for firms operated inside Gemopolis Free Zone are as follows:

1. Exemption of corporate income tax for 4 or 7 years for manufacturing activities.
2. Exemption of income tax on dividend income for 4 or 7 years
3. Exemption of import duty and VAT for :
   - Raw materials, semi-manufactured products, essential materials, and components
   - Machinery, tooling & equipment
   - Finished products & merchandise, etc.
4. Exemption of VAT on purchasing from domestic suppliers for item 3 above
5. Open-ended period for storage of items 3 & 4
6. Production formula list not required
7. 100% share ownership for foreign investors
8. Foreign investors are entitled to own land and property in Gemopolis
9. Foreign investors are entitled to own land and property for executive residences, experts, and workers outside Gemopolis
10. Expedited permission to bring in experts and family
11. Permission to remit foreign currency out of the country
5. Results and Discussion

5.1 In-Depth Interview

While searching for the contact information of companies inside Gemopolis Free Zone, it was noticeable that firms located inside Gemopolis Free Zone are SMEs. Most of them are jewelry manufacturing firms and some are outsourcing jewelry manufacturing firms. Most of the firms are making jewelry according to designs from customers, while only a few design their own jewelry. According to fieldwork interviews, all of the interviewees are 100 percent export firms and most of them are newly established firms. The method of transporting their products is by airplane because jewelry is small and export by air freight is faster and safer than by sea freight. Therefore, the location of Gemopolis Free Zone which is situated nearby Suwannabhumi airport is easy and convenient for transporting jewelry. They also suggested that they chose to locate their firms inside Gemopolis Free Zone because they receive exemptions from import duties on materials used for manufacturing or outsourcing. Despite that, according to Thailand’s import tariff article 71, most of the materials used in jewelry making are not subject to import tariffs, interviewees insist that they still have to pay. For foreign owners, the reason for them to choose Gemopolis Free Zone is not just the benefit from tax incentives, but the Free Zone allows them to have 100 percent ownership of land and property. One of the interviewees pointed out that establishing a company inside the Free Zone makes it easier to find materials for manufacturing by getting them from another company inside of the Free Zone. The interviewees suggested that it is a difficult and complicated process for SMEs to get benefits from BOI. As a result, they did not bother to apply for BOI privileges. One interviewee also made a comment on overlapping benefits from BOI with other policies.

For the interview of firms outside Gemopolis, firms with conditions similar to those inside Gemopolis, which are jewelry making firms that export 100 percent of their product, were chosen in order to be comparable between each other. Jewelry making firms outside the Free Zone have both their own designs and manufacture by order from customers. They stated that they receive privileges from BOI which cover all import tariffs they have to pay for raw and intermediate materials. Similar to the firms inside Free Zone, they export their products by air freight. The reasons why they do not establish or relocate their firms inside
Gemopolis Free Zone is because their factories were located outside before 2008 when Free Zone status was granted to Gemopolis and the cost of relocation of the factory is too high and not worth the benefits from Gemopolis Free Zone.

5.2 Result Analysis

In the past, while host country can retain their ISI policy, the EPZ scheme can be used to help the host economically be able to export by offering duty free import tariffs for materials used for manufacturing. As mentioned in Table 2, most of materials used in gem and jewelry products are not subject to import duties except for finished products. Gemopolis Free Zone only benefits a small group, for example, outsourcing firms importing finished products and then later re-exporting out to their customers. Therefore, in the Thai gem and jewelry industry, most exporters do not have to rely on EPZ, only a specific group of exporters benefit from EPZ. However, in practice, from in-depth interviews, firms both inside and outside of Gemopolis Free Zone stated that they must pay import duty for materials used in the manufacturing process. Thus, the privileges of exemption of import duties are relevant when asking for the reasons regarding where they chose to locate their firms.

From the in-depth interviews, it was discovered that exporting firms outside Gemopolis Free Zone can get privileges from BOI. They stated that the privileges from BOI cover everything they need. Benefits granted by BOI are quite similar to Gemopolis Free Zone. However, there are a small number of differences between them which are as follows (Table 4):

1. The duration of exemption from corporate income tax granted by BOI is 3 years for the gem and jewelry industry or 6 years if the firm is located in the 20 provinces with the lowest per capita income (Thailand Board of Investment, 2015). While in Gemopolis Free Zone, the duration is 4 years or 7 years for relocation of a factory (“Gemopolis Industrial Estate :::: I.G.S. PCL.”, 2009).

2. BOI does not offer exemption on VAT when purchasing raw material, semi-manufactured products, essential materials, components, machinery, tool and
equipment and finished products when purchasing said items from a domestic supplier.

3. The firms inside Gemopolis Free Zone are not required to list production formulas.
4. The exemption of import duty for machinery from Gemopolis Free Zone does not have duration as long as the firm is located inside the zone, while from BOI there is duration of 5 or 8 years.
5. Gemopolis Free Zone offers open-ended periods for storage of imported items, while bonded warehouses offer a limited time of only 2 years.

Unfortunately, the process to receive privileges from BOI is not an easy task. From the interviews, it was learned that most of the firms inside Gemopolis Free Zone did not ask for benefits from BOI because of the complicated and lengthy procedure, thus they chose to locate their firms inside Gemopolis Free Zone instead. In contrast, exporting firms outside of Gemopolis Free Zone are mostly large firms or long-established firms because they have enough credibility to get approval from BOI.

Table 4. Benefit from BOI compared with Gemopolis Free Zone

<table>
<thead>
<tr>
<th>Benefit</th>
<th>BOI</th>
<th>Gemopolis Free Zone</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Exemption of corporate income tax</td>
<td>For 3 or 6 years</td>
<td>For 4 or 7 years</td>
</tr>
<tr>
<td>2. Exemption of income tax on dividend income</td>
<td>Yes</td>
<td>For 4 or 7 years</td>
</tr>
<tr>
<td>3. Exemption of import duty and VAT for</td>
<td>Yes but exclude finished</td>
<td>Yes</td>
</tr>
<tr>
<td>● raw materials, semi-manufactured products,</td>
<td>products</td>
<td></td>
</tr>
<tr>
<td>essential materials, and components</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefit</td>
<td>BOI</td>
<td>Gemopolis Free Zone</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>-----</td>
<td>---------------------</td>
</tr>
<tr>
<td>Machinery, tooling &amp; equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finished products &amp; merchandise, etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Exemption of VAT on purchasing from domestic suppliers from 3.</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>5. Open-ended period for storage of items</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>6. Production formula list not required</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>7. 100% share ownership for foreign investors</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>8. Foreign investors entitled to own land and property</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>9. Expedited permission to bring in experts and family</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>11. Permission to remit foreign currency out of the country</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>12. Double deduction from the costs of transportation, electricity and water supply</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>13. Exemption from export duty</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Source: Based on the author’s analysis.

6. Conclusion

The role of Gemopolis Free Zone as an EPZ is not to compensate for anti-export bias created by the ISI policy scheme because in Thailand gem and jewelry products, except for
finished products, are already free from import tariffs. Thus, Gemopolis Free Zone only benefits small exporter companies, such as outsourcing firms. Thailand’s gems and jewelry industry is supported by either BOI or I-EAT. BOI can grant privileges to exporters who are not located in the Free Zone, whereas the privileges of exporters in Gemopolis Free Zone are mostly from I-EA-T, except for the exemption from income tax. When comparing benefits between BOI and Gemopolis Free Zone, the costs of production of firms inside and outside Free Zone are almost identical, unless the firm is outsourcing jewelry business. This leads to the motive behind firms choosing the locations of their factories. Mostly, large or long-established firms, commonly located outside Gemopolis Free Zone, have enough credibility to get approval from BOI. In addition, the firms outside Gemopolis Free Zone were established long before the Free Zone status was granted to Gemopolis in 2008. Also, the cost of relocation of firms is too high, thus they choose to remain outside the Free Zone. For newly established firms which cannot get privileges from BOI, Gemopolis Free Zone is an alternative way to improve their competitiveness. Therefore, in the Thai gem and jewelry industry, most exporters do not have to rely on Gemopolis Free Zone, only a specific group of exporters benefit from it.
Bibliography


Author’s Profile

Name: Mr. Prutti Vasikasin
Date of Birth: May 22nd, 1983

Educational Attainment

- August 2015- Present: Master of Arts, Master of Arts in Asia Pacific Studies, College of Interdisciplinary Studies, Thammasat University, Bangkok, Thailand.

- 2010-2013: Bachelor of Arts, Historical Studies, Faculty of Humanities, Ramkhamhaeng University.
  Thailand.
  GPA: 2.72/4.00

Work Experiences

- 2010-2011: Tour Guide at Let’s Go Travel Co. Bangkok, Thailand
Attempts at Democracy: Thailand’s 80 Years of Democracy

Mohammad Zaidul Anwar Haji Mohamad Kasim
maulazyad11@yahoo.com

Abstract

In 1932, the regime of Thai absolute monarchy comes to an abrupt end. Ever since, Thailand’s attempts at democracy haven’t been smooth. The country had fallen into decades of turmoil due to political instability and lack of readiness of Thai interest groups and society to absorb and maximise the new changes that had been brought to them. For the past 80 years, Thailand political landscape can be said as politically unstable. Unstable due to the domestic struggles of what define ‘Thai democracy’ as well as what model of democracy could fit in the context of Thai politics. Thai democracy per se is a continuous process and a work in progress, which every interest groups still struggle to find their ‘corners and positions’ which could serve everyone interest and the same pattern still persist today. This paper seeks to clarify and examine the existence of negative perceptions towards Thai politics that engineered negative and distrustful attitude of the Thais towards democracy. Why, after 80 years of experiments, trials and error does no good to Thai democracy but ultimately almost destroyed the democracy altogether. This works explore the development of the negative literatures and narratives on Thai politics over the past 80 years to see the pattern of such hypothesis. As the pioneer of such work, it is hope that this finding will shed light on the severity & impacts of such narratives, in a way it is hoped that it can bring new perspectives in looking at Thai politics.

Keywords: Thai politics, democracy, fragmented power, key interest groups
Since 1932, Thailand political landscape had changed from the envisioned gradual democratic transition into decades of turmoil, coups and counter coups as the stakeholders of Thai politics from the old and new regimes try to awkwardly complement each other. Thailand democratic transition is no less a mystery, as its introduction was brought about by small number of elite students taking the advantage of growing dissatisfactions towards the monarchy way of handling the state. However, the majority of Thais are still poor and illiterate, leaving the questions of power to the hand of few. Moreover, the recent consolidation of the state from the centre of its power, Bangkok, had given a limited sense of empowerment to the privilege groups within the society such as the children of local chiefs and extended family of the Royal family while living the rest of the country stick to its primitive way of life. Through this limited empowerment, bureaucracy was strengthened to become the engine to modernise Thailand while the military were reformed to follow western standard tasked to defend the modern nation state. This becomes the impetus of the early key interests groups that participate in the games of power in Thailand. Since from the beginning, it seems Thailand roads was meant to be difficult, precarious and bloody, as democracy has been a vehicle for certain groups to achieve their goals, not as a set of rules or a system that every players agreed to heed and play within the game. Consequently, throughout 80 years of Thai attempts at democracy, a lot of energy and lives had lost, while within that long span of time, Thai democracy experience limited progress and prolong duress as can be seen through history. It experienced prolong military dictatorship past from one hands to another while democracy held responsible for nonstop rumours and scandals that hurt its image.

Despite under pressure of military rules, democracy continues to flourish underground and makes their debut in 1970’s when democracy makes a brief returns. The triple alliance of students, workers and farmers had gained the sympathy of the nation and their struggle finally recognised. Feeling triumphant, the students ante up the game asking real change to be introduced in Thailand. Miscalculating the strength of their movements, ideology and the readiness of the Thai society for real change, the students becomes the victims of illegible rumours linking them with the feared communist elements thus their struggle and hopes quickly squashed and democracy come back to its limbo state. The dawn of the semi democracy under Prem initiate a due process to bring back the democracy while the top job in the nation still in the hands of the military. Soon enough, democracy made its headway
with the rise of democratic elected leaders in 1988, starting with Chuan Leekpai, despite a brief intermission in 1992. But democracy was held hostage by a group of people that democracy that tries to avoid, politician cum businessmen or better known as ‘Chao Pho’. With the parliament becomes the centre stage of drama and scandals within the politics, and there are times in front of live telecast, democracy effectively associated with these corrupts individual and their unashamed malpractice at the expense of the state. Key players in Thai politics quickly seek for ways to get rid of them and found one, the unprecedented 1997 People’s Constitution that will change how games is played in Thai politics. In the midst of increasing dissatisfaction towards the Chao pho, their economic mismanagement, self-centred administration and corrupt practice catalyst the 1997 Asian Financial Crisis, create further mistrust towards democracy, of what Chris Baker called as the ‘Scandalisation of politics’(Chris Baker, 2000).

From the grunts of failed businesses to the complaints of the middle class and the silent sufferings of the unemployed workers; the Thai society expecting big change to come to the rescue through 1997 constitution and the next election (Satitniramai, 2007). Despite the scandalisation of politics by the media and academics, Thai people in general still hope for political solutions that can turn this crisis around. Looking at the current situation, Thai Rak Thai Party (TRT) lead by Thaksin used this as a model for their electoral platform which eventually brings them to the Government House. Thaksin through the use of the 1997 Constitution, expand the roles and power of the executive, which enables him to manoeuvre around and brought changes to the livelihood of the once muted underprivileged groups within the Thai society. Although Thaksin methodology to remain in power is controversial, for the fact that it works worries the traditional bastion of power together with emboldened Thaksin head on challenge to their interests. The 19th September 2006 coup is not a simple coup as the rest. This coup shown another aspect of Thai politics, i.e. how fragmented the power is to the point that the real wielder of power shifts between those elected and the vested powers. The question poised here is, what triggers the negative connotations towards the Thai politics over time and what makes democracy ‘imprison’ with such narratives?. The author suggests, this narratives and conceptions has been built since the introduction of democracy, for the fact that democracy is not an agreement of power sharing but rather an instrument for competing forces to protect their interests which persist up until today. For this reason, Thai democracy will remain ‘imprison’
and attached to this connotation until such a time the interest of key interest groups wane that allows the empowerment of democracy once again.

What’s next is to understand the extent of negative perceptions towards Thai democracy. In order to understand this, the author embarks on a tedious study of news clippings related to People’s Democratic Reforms Committee or simply known as PDRC. PDRC is a classic example of a staunch anti-democratic movement that engineers the street protest prior to the last coup. PDRC come into being on 30th November 2013 corresponding to Pheu Thai blunder in their attempts to introduce amnesty bill and to change the senate to be a fully elected body. PDRC jobs to rouse supports from the public made easy as negative connotations of Thai politics no longer served as empty narratives, but already have a soul and strength to be invoked among the masses, as can be learn from the political struggle since the fall of Thaksin. The Secretary General of the movement, Suthep Thaugsuban successfully reincarnate the now defunct remnants of Yellow Shirts movement to be part of its strategy to ‘cleanse’ Thaksin regime (BangkokPost, 2013b). PDRC is quite adept at making linkages by arousing people distrusts and playing with their anxiety just from the ‘allergic’ word of Shinawatra. PDRC goes extra length by extending the ideology to hate Thaksin to be extended to the whole democracy, effectively making much damage to the image of democracy itself. Basically, the People’s Council system works first by creating a political vacuum by any means necessary, so that the People’s Council can be established to replace the parliament. Accordingly, the envisioned council will be made up of 400 members, of which 300 members comes from wide section of the society while 100 others will be handpicked by PDRC as the steering Committee. The Council then continue with its works to reform the country revolving around 5 main themes such as Politics, corruption, power decentralisation, social equality and justice process which expected to finished in one year time (BangkokPost, 2013a). Suthep insist, election will be restored and the People’s Council will be suspended soon after.

13 The author can safely say their movement as anti-democratic from the study of it manifesto that entails undemocratic vision of the movement itself.
The irony is that, despite its undemocratic in nature, for the facts that such ideology does works is quite amusing. On the surface, the main theme of the protest is due to firstly the incompetent and corrupt government. Contrariwise, for the fact that it was led by the blood sister of the man they hate, it gives them more ‘capital’ to attack democracy as somewhat hijacked by Thaksin’s elements and becomes the so called grand plan of ‘Thaksin Regime’ that in need to be uprooted as soon as possible. Therefore, joining PDRC’s ranks are almost a hundred networks coming from different backgrounds that supports their cause such as medical professionals, labour student union, economic players, political parties, military, student unions, religious leaders amongst many that pledge their support for PDRC’s struggle and manifesto. Not only that, infamous rich families made their debuts and show a strong presence in PDRC rallies, which is something had never been seen before (Marshall, 2013). Such a strong presence of both political and apolitical groups just shows how successful
PDRC had been in term of the strength of their ideology. Conversely, this is a worrying trend for democracy as many sections in the society started to question democracy and attracted to the idea of an alternative to it.

However, ideology alone is not enough to be effective in achieving their envisioned People’s Council. Their multi strategy of street protest and civil disturbances becomes the hallmark of their movements. Yet, through the author study, this method to their disappointment does little impact to their movements as a whole (BangkokPost, 2014d). These strategies do more damage to the economy and the livelihood of urban dwellers and commuters but done little dent to the caretaker government that they seek to depose. In desperation, Suthep struggles to keep the momentum going with dwindling numbers of protesters and growing pressures from his backers to come up with results. Numerous lists of tactics such as to boycott the general election process, street rallies, sporadic ‘planned’ violent, civil disturbances at the heart of commercial districts in Bangkok and Government complexes, harassing independent media outlets, non-stop names calling & verbal abuses and endless court cases amongst others did not bring much change to the game. Feeling hapless, Suthep’s movement becomes low key while waiting for the independent agencies to do its job. PDRC failed to take into account how long it will take just to achieve their dream and through what channel it can be achieve. PDRC seems to know, the civil disobedience and street protest strategy that they lead will not last long and the momentum could run out of its steam soon enough. Consequently, PDRC have come up with steps on how to achieve political vacuum that enables the formation of People’s Council. The 4 steps to oust the government can be summarise as the following; first to impeach Yingluck through alleged corruption (which later change to dereliction of duty), second, to remove all Pheu Thai minister through scandals that can implicate them out of office, third to nullify the February poll as the government failed to produce result within 30 days after election and lastly to banned 308 MPs who tries to amend the constitution in December (XinhuaNewsAgency, 2014). PDRC realised, they have done their part by smearing the image of democracy and the elected government, now it’s time for the constitutional institutions to take up the tasks from where they left.

14 The author will come up with a following paper discussing the violence happened during the course of PDRC’s street protest, discussing how these violence helped to bring about the outcomes that PDRC want.
With the election effectively annulled, absence of the House of Representatives, a new senate and Prime Minister and Yingluck administration losing the legitimacy; the legislative and the executive power is basically powerless leaving the judicature to dictate the fate of the Thai politics. After a prolong defend in front of Constitutional Court judges and hundreds of pages of evidence, the court decided to go ahead and announce the verdict on Thawil case. In the afternoon of 07th May 2014, for the first time in Thai history, an elected Prime Minister ousted from office through ‘judicial coup’ (BangkokPost, 2014z). She was found to be abusing her power for illegal transfer of Mr. Thawil to a redundant post of Advisor at the Prime Minister’s Office in September 2011. PDRC thought, this will be their cue to establish the People’s Council, therefore the movement push the Senate and the Supreme Court to intervene so that a ‘neutral’ Prime Minister can be appointed. When the senate refused to do so, Suthep becomes desperate and set the deadline to seize the power by 26th May for whatever the outcomes would be. PDRC and its affiliations start to take over symbolically the seat of power by making the Santi Maitree of the Government House as its command centre (BangkokPost, 2014b). Not long after, as the violence starts to escalate, this development prompts the military to act by announcing a blanket martial law throughout the nation and establish a new peace keeping body replacing the Centre for Administration of Peace and Order (CAPO); the all-powerful Peace and Order Maintaining Command (POMC) (BangkokPost, 2014c). After 2 days of attempt to find political solutions and dismayed at the political impasse, Prayuth launched a coup (BangkokPost, 2014a). On 24th May 2014, PDRC effectively disbanded, merely two days short from their deadline in achieving their goal of establishing the People’s Council.

PDRC had shown us the existence and extent of negative connotation of Thai politics and how it affects Thailand’s pursuit of a mature democracy. Through the study of PDRC as a movement and the persistent of its ideology; it can be sure that, persistent negative perception in Thai politics and its strength both as literature and ideology slowly eats democracy that many lives have fought for to establish for the past 80 years. The author argued this negative perception is in need to be understood, dissect and studied, so that counter narratives and arguments can be provided to argue in its behalf. Thai democracy
must be release from the chain of its own dilemma, which most of it is social construct that doesn’t even reflect the true nature of what constitute as ‘Thai democracy’. Democracy in this country has become a victim of its own existence, thanks to the way it was molded as well as its utility as a tool for certain groups. What are left are legacies that aren’t many Thais proud of, therefore PDRC Manifesto gets into its way. 80 years of attempts at democracy shouldn’t go to the drain after many sacrifices and lives have been lost just to keep and develop it.

15 Mainly revolved around how the Thais think. Thais perspective often in many cases are ‘unique’, the same case can be apply on Thai politics. Therefore, the author argues, Thai politics needs to break free from this ‘perspective’ in order to move forward
Bibliography

BangkokPost. (2013a, 10th December 2013). Scholars Denounce 'People's Council' Plan, Bangkok Post.


Marshall, A. (2013, 17th December 2013). We Are As Rich As Hell & WE Are Not Going To Take This Anymore, Bangkok Post.


Author’s Profile

Name: Mohammad Zaidul Anwar Haji Mohamad Kasim
Date of Birth: June 15th, 1991

Educational Attainment
- August 2015- December 2016: Master of Arts in Asia Pacific Studies, College of Interdisciplinary Studies, Thammasat University, Bangkok
- August 2011- September 2015: Bachelor of Arts in Historical and International Studies (First Class Honours) with CGPA 3.85/4.00, Department of Historical and International Studies, Faculty of Arts and Social Sciences (FASS), University of Brunei Darussalam (UBD), Negara Brunei Darussalam.

Scholarship
- 2015/2558: Recipient of Thammasat University Scholarship for Academic year 2015

Work Position
- Affiliated Researcher (since January 2015), Institute of Asian Studies (IAS), University of Brunei Darussalam (UBD)
- Affiliated Researcher (since October 2016), Thammasat Institute for Area Studies (TIARA), Thammasat University.
- Program Coordinator (since April 2016), Masters of Arts in Asia Pacific Studies, College of interdisciplinary Studies (CIS), Thammasat University.

Work Experiences
- Research Assistant (Jan-Aug 2015), Institute of Asian Studies (IAS), University of Brunei Darussalam
- Student Assistant (April-June 2015), UBD Corps, University of Brunei Darussalam,
Publications


The Influence of Government Policies on the Return of Overseas Vietnamese in the Information and Communication Technology (ICT) Sector

Thi Hang Vu
vuthihangdph@gmail.com

Abstract

Vietnamese residing abroad (Viet Kieu) have the transnational connection with Vietnam. Looking at this connection, the paper aims to explore what is the perception of nationalism in the Vietnamese residing abroad on the government policies welcoming them back to Vietnam aiming at those who have experiences in the Information and Technology sector (ICT). Based on the data from in-depth interviews with a group of Vietnamese residing abroad who already returned and working in the ICT sector, the paper illustrates that nationalist connection has stronger influences ICT overseas Vietnamese to return. The article also explains their decision-making process to return as nationalists and recommends a potential approach for Vietnamese policymakers to create effective policies to attract talent and resources from the Vietnamese residing abroad to strengthen the national ICT development objectives.

Keywords: nationalist, Viet Kieu, Vietnamese residing abroad, returnees, diaspora.

1. Introduction

There are about 4 million Viet Kieu living in 103 countries and territorials all over the world [1] and as many as 400,000 of them educated or highly skilled in various majors [2]. For example, according to the Vietnamese Social Culture project, there are 40,000 Vietnamese intellectual participating in this project. 65% of them are computer scientists, 15% are engineers, 20% in the social sciences and humanities. Especially, there are a lot of Viet Kieu working in ICT sector. For instance, 10,000 of them are working in Silicon Valley now [3].
Recently, there is an evidence of interaction between the returning of Viet Kieu and the government policies to attract them. It is recorded that there are 500,000 visiting times of Viet Kieu every year [4]. At the same time, the government has been carrying on a package of policies to attract talent in the ICT sector from the Viet Kieu community. It is important to see what the determinants for Viet Kieu to return are, in order to readjust the policies to be more effective and efficient. Moreover, with the critical history of fleeing out of Vietnam in the past which caused by the anti-communist sentiments, they still returned as nationalist motivations, while Vietnamese government is still practicing Communism and remaining in power shall be explained.

The article starts with the history of Viet Kieu and their perceptions on the connection with Vietnam to see whether nationalism in this group existing in any form. Later, by comparing between their determinants of returning and the way government welcome Viet Kieu, the paper clarifies the interaction between the policies and Viet Kieu. Based on this interaction, the article highlights the role of nationalism in Viet Kieu group in determining the decision to return of Viet Kieu and how the government policies should utilize this feature is recommended.

To make it clearer, the nationalist perception in this paper is the way government looks at the Viet Kieu in the connection of having the same origin who are considered as inseparable of the Vietnamese. In policies, the government illustrates that this nationalist perception is the patriotic connection which should be enhanced to connect more and more people to contribute to the development of the country. From the Viet Kieu working in ICT sector, nationalist perception is the core values of family, religion and the political reason to flee out of Vietnam which construct the identity of the Viet Kieu abroad.

2. National Identity of the Vietnamese Residing Abroad (Viet Kieu)

2.1 Viet Kieu migration
The fall of Saigon can be said as one of the biggest historical events for the outflow of Vietnamese people. These people, who were related to the US side, left Vietnam under the protection of the US and the US’s alliances.

There were almost one million people who were mostly refugee left the country from 1975 to 1995. They are also called ‘boat people’. They are refugees and some of them were asylum seekers. Until now, they became the communities of Vietnamese Diasporas all over the world (Kuyper, 2008).

Another source of Vietnamese migration overseas is the labor export source since 1980s. During this time, Vietnam had the important change due to the Doi Moi reform. Going along with this were a lot of inequalities and the demand for jobs. The Vietnamese government had to run the program called ‘international labor cooperation’ (Dang, 2003) to send labor to communist countries and ASEAN market. However, during this program, there were numerous obstacles due to the fall of Soviet bloc. Therefore, there were lots of people had to return. The rest of them stayed and even re-migration to find a better living opportunities. Those people mostly stayed in Germany due to the attractive labor policies. Until now, this group becomes one of the biggest Vietnamese communities in Europe (Kuyper, 2008).

It is also important to mention the group of scholars went to communist countries for the education purposes (Tran, 2011). There are a large number of people stayed in the host countries instead of returning home. Those people are also the important skill resource of the Vietnamese overseas communities which is the subject for the current policies to attract talents of the Vietnamese government.

It is clear to see there are different groups with different backgrounds of migration. The group of refugees who left Vietnam due to the political reason might bring the anticommunist sentiment, but the labor group and the educated group not surely do. Even there are some papers researching on the identity of Viet Kieu and addressed on the identity of anti-communist sentiment, and this anti-sentiment may extend through generation, groups of migrations, but the identity among different group of Viet Kieu should be analyzed. Due to the limitation of this paper, it is only assumed that one of the identities...
of Viet Kieu is the anti-communist sentiment as the reason for them to leave the country (Dorais, 1998; Dorais, 2001; Thomas, 1997).

### 2.2 Nationalist perspective on the Viet Kieu identity

One important link among Viet Kieu and between Viet Kieu and Vietnam is the personal relations with family and friends (Dorais, 1998). It is explained as the impact of Confucianism in Vietnam which is not only important in the genealogy but also set the ties between individuals and the sites of ancestral graves (Thomas, 1997).

The culture of Viet Kieu is the family value that constitutes the social and moral institutions (Dorais, 2001). This core value differentiates them from others. At the same time, it is clear to see the Viet Kieu transnational community seems to consist amount of networks of relatives and friends who are not only in the host country with them but also all over the world and of course, in Vietnam. They tend to maintain regular relations with their relatives as a tradition and the way to feel the sense of belonging.

The origin of this core value is the Confucianism’s impact on the Vietnamese. Confucianism addresses on the tight connection between individuals and their roots because this is why each person was born and raised, inherit all the good and overcome all the worse. This foundation is also the reason why individuals are always trying to find the link between them and their ancestral graves (Thomas, 1997).

For overseas Vietnamese, this conception defines their sense of belonging with their country, as the ‘nha’ in Vietnamese language which means house, husband, wife, or family. ‘Nho’ is in the link with ‘nuoc’ which means the country, the countryside, the landscape, the family, the village, the community, and the country. Therefore, from the private relationship like husband and wife, to the broader relationship like children and family, to the biggest relationship is the individual and the country, everything is coherent as the whole (Sutherland, 2012).

The perception of consisting with a particular place in the country makes it difficult for those who think of leaving. Even in the modern consciousness of Vietnamese people today who
live in cities, even they left their original villages for some generations, but they still mention it as the origin and part of their identity. This explains the enormous sense of being separated from the ‘home’ in the Viet Kieu community. Being apart from Vietnam, it is not only the geographical separation but also the separation between the individual soul and their ancestors’ places (Sutherland, 2012).

For those who left the country because of the political reason, political regime of Vietnam became the reason for their separation. They express their distress on the Communist regime. However, the political challenge is not the same as their nationalism. Nationalism and their perspective on politics are independent and together shape the Viet Kieu identity. In short, it can be said the identity of Viet Kieu is the family value, the religious belief and the anti-communist sentiment (Tran, 2011).

3. Migration and Return

The determinants of individual migration are reviewed here by four branches of explanation. Firstly, neoclassical theory explains the return movement of people based on the wage differentials between host countries and home countries, including personal experiences of migrants in terms of earnings in the host country and their expectations when returning home. The theory also discusses that the flow of people is not only due to the flow of workers from labor abundant to labor-scarce countries, but also the flow of investment capital from capital rich to capital poor countries (Douglas, 1993). Therefore, the returning migrations can be finding the opportunities of employment and investment in home country as well.

The theory also addresses on the individual characteristics and social conditions or technologies that can lower the migration cost. This is also the reason to increase the net return of migration.

This theory can explain the group of Vietnamese asylum seekers who fled the country in the past, but cannot explain why Viet Kieu returned with motivations which are not economic intentions. For instance, the second generation of Viet Kieu returned to Vietnam to explore and understand their roots (Dorais L. J., 2001).
Therefore, theories to explain the determinants for *Viet Kieu* returning to Viet Nam should be broader than this. The new economic of labor theory treasures to explain the decision of returning as a collective act in order to not only increasing expected income, but also decreases risks, constraints that related to market failures (Stark, & Levhari, 1982; Taylor, 1991). The theory analyzes a particular type of return migration called ‘calculated strategy’. Those people have got successful achievement abroad and return home. It states that ‘when these migration-related goals are achieved, there is no reason for migrant to remain abroad and hence the decision to return (Stark and Levhavi, 1982; Stark, 1986; Cassarino, 2004). The migration-related goals can be the higher incomes, enhancing human capital, increasing savings. The theory also mentions another motive of return migration which is the relative deprivation. This means the purpose of migration is not only to increase their incomes but also their relative incomes. In terms of return migration, it states the relative deprivation decreases when the duration of migration getting longer. Therefore, the chance to return home is increasing (Taylor, 1991; Quinn, 2006).

This theory can explain the temporary migration or the talent mobility rather than the permanent migration. The groups of skilled labor or rich people have the strategic way for their own development. This theory can explain the flow of *Viet Kieu* who returns because they can see the opportunities to invest, and set up companies at the current time. This theory addresses on the flexibility and the careful consideration of migrants who move due to their personal interest driver rather than the emotional or cultural concepts such as nationalism.

To fulfil this gap, the transnational theory defines one of the main determinants of returning is the strength of family ties. It is also said that people who intend to return to the homeland more likely to invest in their place (Gmelch, 1980). In this theory, the second determinant of returning is the preparedness of the migrant. It is defined by the willingness and readiness to return. According to Porters, one of the common ways to prepare for the returning is to visit the home country regularly (Portes, 1997). The transnational theory explains most of the aspect of *Viet Kieu*, especially for the group of whom who went to other countries due to the political conflict. This group of people is also the main object of this article.
Finally, social network theory approaches from the connection between migrant and his/her social and institutional network. This way of analysis explains the process of readjustment into the country of origin and this process requires a particular of time due to the difference experience of migration before (Boyd, 1989). This theory can explain the re-settlement of migration in the new place. Human are the sophisticated beings. In the case of a Vietnamese who fled Vietnam when he was 15 years old and then he settled in a new country for the next 30 years, at the age of 50, he returned to Vietnam. He in the 10s is different from him in the 30s or 50s. Therefore, this theory can explain the way people go out, return, and re-settle in a long and sophisticated process. By seeing at the network, the theory can explain how well a person can adapt to a ‘new’ home.

Based on these theories, it is clear to see there are a lot of factors determining the decision to return the host country, from the economic reasons such as enhancing income, investing capital to non-economic reasons such as national sentiments or family ties.

4. The Determinants to Return: Results from In-depth Interview

To get more insight, the field trip for this research was conducted in four weeks, from July to August of 2016 in Hanoi and Ho Chi Minh City.

The qualitative and selective interview was used based on the practical considerations. Returning to Vietnam is a process involving lots of concepts and sensitivities. Therefore, a range of open questions were used in these interviews. The contacts were collected through personal network and by approaching them directly in the public events or their offices. To add more insights, interviews and programs about returnees who went to Vietnam are also utilized. Those interviews are authorized by the governmental media agencies.

All the interviews were in Vietnamese because both interviewer and interviewees are able of using Vietnamese fluently. Therefore, there is no gap in understanding the concept linguistically.
There are six interviewees and all of them are working in the ICT sector as skilled worker, entrepreneur, expert and investor. Entrepreneur (E) run a small business and takes all the risks and rewards of a given business venture, idea, or good or service offered for sale. They are commonly seen as a business leader and innovator of new ideas and business processes. Investor (I) is any person who commits capital with the expectation of financial returns. Expert is a person who has a comprehensive and authoritative knowledge or skill in ICT sector. Skilled workers (SW) are those who achieved the ICT bachelor degree and above [5].

The limitation of these interviews is that these six people are unable of representing the whole complex Viet Kieu because each generation, each region, and even each type of occupations in ICT sector has different characteristics. Therefore, this fieldtrip results are reflecting those six people only and can be generalized to those who have the similarities with them.

According to the literature, there are two groups of determinants to return which are economic and non-economic determinants. From the interviews, in the group of ICT returnees, there are three main determinants which are economic interests (means setting enterprise opportunities, market, high demand in ICT services and products), non-economic determinants which is the nationalist connection (sense of belonging by the family connection, the expectation of contributing to the development of Vietnam) and the alternative factor which is defined not by their intention such as the family’s demand him or her to be around. This is part of the Vietnamese culture. However, in the case the returnees are unable to negotiate, it is the forcing factor.
Table 1: Determinants to return

<table>
<thead>
<tr>
<th>Personals</th>
<th>Economic interest</th>
<th>Nationalism</th>
<th>Other (forcing factors, etc.)</th>
<th>SW</th>
<th>E</th>
<th>I</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>X</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>C</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>D</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>E</td>
<td></td>
<td>X</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td></td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: From the interviews

As a fast develop ICT industry in Asia with young population and high rate of computer and smartphone usages, Vietnam becomes an attractive place not only for investing but also developing career in ICT sector. Overseas Vietnamese also see these opportunities and 50% of the interviewees emphasize on the economic determinant. However, all of the respondents have the optimistic expectation for the future of ICT industry in Vietnam. From the neoclassical perspective, these people do not see specific wage differentials; however, they see the economic opportunities that can bring them benefit. The new economics of labor explain this determinant from the aspect of not only increasing income but also decreasing the risks. Investing in a developing ICT market, of course, expose investors and entrepreneurs to face risks but going along are a lot of opportunities and the open environment for developing market. This can be considered as the advantages over disadvantages that attract people to return.

In addition, more or less all the returnees went to Vietnam see the economic interest in ICT sector and even economic determinant is not their main motivation to return, they still find the way to engage and develop in this young and optimistic to develop like ICT industry.

In detail, all the entrepreneurs (B, D, F) returned with the nationalist determinant. This is the interdependence between economic interest and nationalist motivation. For these entrepreneurs, returning is a way to tighten the national connection by contributing to the development of the ICT sector by setting their enterprises, creating more jobs for local Vietnamese, sending services to the market. Furthermore, explaining for their return to
setting up enterprises, young entrepreneurs have advantages comparing to the other markets like the US. One of the key reason is the competitiveness is lower.

In the group of workers (A, B, E), part of them are young educated Vietnamese overseas (A & E). They explain that the working environment and organizational structure in Vietnam is less competitive and they have advantages and being respected to work for Vietnam agencies because of their English capacity and foreign education background. From this, they returned because of the economic determinant which is always in the scale, if the place like Vietnam ICT market gives those more benefits, they will return.

On the other hand, it is clear to see 50% of the returnees return because of the nationalism determinants. In the interviews, they explained the nationalism determinants here are the family connection, the intention to contribute to the development of Vietnam. This is totally relevant to their cultural background and core value.

Furthermore, I argue that nationalism associates with entrepreneurs the most comparing to other types of ICT people which determines their return even they tend to take more risks than investors who only face the capital risks. The explanation would be the entrepreneurs’ advantages of having competitiveness in terms of abroad education, foreign languages, networks which are already explained in the new economic theory of labor if they return to home country rather than staying in the host country where these advantages are not functioning.

In the forcing group of determinants to return, there are two types of them, one is due to the family at home and the second one is the not-enough-capacity to compete in the host country. The second is due to the economic incentive driver that the talent tends to move to the place where they can be more convenient to find a job, and get a good income.

In this determinant, the transnational theory explains very clearly that the nationalist connection is the strong motivation to return even there are a lot of difficulties. This theory seems to look at the economic determinant as the independent factor while people are the complex being. If looking at this situation through the theory of social network, there are a group of people still ‘researching’ and adapting to the new environment in Vietnam. This
group of people takes time to examine themselves and the environment. Due to the advantage of timing, the policies can attract this group of people if the policies can show them the benefits to stay.

In short, both economic interest and nationalist connection play very critical role in the return decision of Viet Kieu. However, those decisions are tend to be personal rather than the results of policies’ effects. To see whether policies can influence the decision to return, the next part will look at the efforts of the Socialist Republic of Vietnam in reconciling with Viet Kieu.

5. The Political Reconciliation from the Social Republic of Vietnam

There is a change in the political perspective on the Vietnamese residing abroad which is described through public policies. The late 1990s marked the changing view of the state because of the awareness of Viet Kieu’s economic role. The government had been kept sending positive messages to overseas Vietnamese to attract them to invest in Vietnam and support the national development. State’s view on overseas Vietnamese is imaged positively in the media with the purpose of encouraging highly-skilled Viet Kieu to return, especially to professionals, scientists and businessmen. ‘Resolution 36’[6] is the most important milestone in the government policies toward overseas Vietnamese.

‘By considering the overseas Vietnamese an inseparable part of the community of Vietnamese nationality, the Party, the State and the Government of Vietnam have adopted open policies and measures to facilitate their return for visiting families, doing business and developing cooperation in science, technology, art and culture[7].’

The Resolution also stated that this image of the overseas Vietnamese is concreted through all ‘organization, political system, and Vietnamese citizen’ [8]. In the National Congress IX and XI, the Party claimed ‘Vietnamese who reside overseas are inseparable part and a resource of the Vietnamese nationality; are the main factor in contributing to the foreign relation, bilateral and multilateral friendship(s)’; ‘Servicing and supporting the overseas Vietnamese are the duties of the whole polity system and all the people’; ‘there will be more policies to support the overseas Vietnamese to return, visit the homeland, engaging
and broadening more activities in terms of culture, education, training, science and technology, production, entrepreneurship, etc. that will dedicate to build the good nation; ‘focusing on developing the potential human resource of the overseas Vietnamese’ [9].

Until now, the biggest state organization in connecting Viet Kieu and the state is the ‘National Committee for Vietnamese Living in Foreign Countries’ (Ủy ban nhà nước về người Việt Nam ở nước ngoài) which is a unit under the Ministry of Foreign Affairs. There is the official media channel for Viet Kieu called Que Huong (Homeland). This magazine plays a communicative role between Vietnamese policy-makers and overseas subjects.

The changing terms to call Viet Kieu illustrates the changing perception of the state. Name evokes identity and sometimes even can embrace the political motive. Overseas Vietnamese are officially called ‘Vietnamese people living in foreign country’ (Người Việt Nam ở nước ngoài). However, the most common name is Viet Kieu. There are a lot of intimate terms to call overseas Vietnamese such as dong bao, Viet bao, kieu bao. Those names are the borrowed words from Chinese languages which are considered respectful and appreciative. ‘Bao’ means cells. While ‘Dong bao’ means people who have the same cells, same parents; ‘Viet bao’ means having the same Vietnamese cells, blood to blood, flesh to flesh. Kieu bao is more specific and used by state leaders in different social and political context. It particularly point at overseas Vietnamese and raise the nationalist sentiment of Viet Kieu. Those three terms all want to unite Vietnamese and Vietnamese-rooted all over the world with the same cells and paying the patriotic feeling for the source country. Furthermore, according to (Tran, 2011) those terms tend to raise the nationalist sentiment to soften the mistrust between them and the communist state in order to get the benefit for Vietnam’s nation-building in the post-reform period.

The social perception of Viet Kieu is also changing positively. Most of local Vietnamese think Viet Kieu are more ‘modern’, ‘educated’, and develop in a more ‘advanced environment’ than local them (Tran, 2011). On television, Viet Kieu are pictured as economic heroes who return to help the nation-building development; whereas, the documents about the perception of Viet Kieu returning home illustrate both positive and negative sides. The Viet Kieu thinks that there is a gap in modern knowledge between them and local Vietnamese. This is one of the reasons why parts of them don’t see them as a Vietnamese (Tran, 2011).
To them, returning is a way to understand the root rather than to mingle due to the mind set of counter-identity. They do not want to destroy their own ‘psyche’. However, the main contribution from Viet Kieu to the development of the country is recognized as the dedication of the expatriates. In general, the perception from state, local Vietnamese and Viet Kieu to overseas Vietnamese is positive.

In the effort of approach to Viet Kieu group, the policies to reconcile the political conflict in the past and promote nationalism in general open more opportunities for people who want to return to contribute. It creates the good impacts for those who have the anti-communism sentiment and draw the attention of Viet Kieu population in defining their identity as part of Vietnam.

However, the policies have not play a political role in the motivation of people to return because as analyzed in the previous part, most of the decisions are very personal choices. The policies are just supporting the flow of returning rather than critically direct people to return.

6. Conclusion

While ICT workers have the universal knowledge which allows people to move flexibly, the Viet Kieu working in ICT sector still decided to return thanks to the nationalist connection. For those who returned to Vietnam, anti-communist sentiment is no longer the obstacle. The form of nationalism in the Vietnamese residing abroad is also significant in the sense of the cultural and religious core value rather than the political consensus. As long as the Communist Party of Vietnam welcomes and open opportunities for talent, they are willing to return to contribute.

It is clear to see the connection between the diasporic Viet Kieu and Vietnam is strong thanks to the sentiment connection. In the group of entrepreneurs, the nationalist connection is the key determinant for them to return. Even they are the ones who face the most risks in doing business in ICT sector; they find their progress basing on the advantages of working in home country like English skills, foreign education background, and abroad network.
Making programs or policies for political reconciliation toward Viet Kieu, Vietnam created more convenient environment for Viet Kieu to return, but it is only the facilitator, not the incentives to attract talent from the Viet Kieu community.

In short, the return of Viet Kieu is based on three main factors which are political reconcilement, nationalism, and economic interest. The crucial point is that all returnees went back Vietnam with the interdependence between the economic interest and the nationalist connection.

What the government had done is to reconcile the strong contrasting perception of communism and anti-communism. Incentives in ICT sector which the government offer is insufficient because of the returnees’ independent determinants to return. Therefore, the interaction between the returned Viet Kieu and policies is still limited in the economic aspect.

7. Recommendation

Firstly, since nationalism is the main determinant of entrepreneurs to return and they find advantages of themselves in Vietnam, Vietnam should pay more attention to enhance the connection with the entrepreneurs group who are willing to take risks, run business, and overcome challenges which are all important for a young and fast developing ICT sector like Vietnam.

Secondly, the mobility of talent is not simply a geographical moving but also the reallocation of talent, possession, and even sentiment. With those who already have the connection with Vietnam, the mobility of returning back to the home country is a not difficult choice. However, every talent needs to have the environment to develop. Public policies can create a good legislative environment and incentives package for those who willing to return to work and take part in the development of the country as well as the active government agencies to reach out and welcome potential returnees.

Thirdly, political environment is important because it is not only the foundation to create the development conditions for the country, but also set up the accountability. Giving more
opportunities to engage policy actors, citizen and subjects of the policies is the good way to enhance that accountability.
Bibliography

Books


Journal Articles


Author’s Profile

Name: Thi Hang Vu
Date of Birth: August 18, 1993

Education Attainment

- **2015-present**: Master of Arts in Asia Pacific Studies, Thammasat University
- **2011-2015**: Bachelor of Arts, Faculty of Oriental Studies. Vietnam National University, Hanoi University of Social Sciences and Humanities
- **2008-2011**: Diplomat in Literature, High School for Gifted Students Hanoi National University of Education

Achievements:

- **2015**: Scholarship from Thailand International Cooperation Agency (TICA), Master of Arts in Asia Pacific Studies, Thammasat University
- **2013**: Scholarship from Temasek Foundation, LEaRN Programme, National University of Singapore

Work Experiences

- **2014-2015**: AIESEC Hanoi Talent Management Coordinator and Facilitator
- **2014-2015**: The German Documentary “Birthplace Rebelsdorf” project Local Producer, Assistant and Interpreter
About
Thammasat Institute of Area Studies (TIARA)

Thammasat Institute of Area Studies as one of the most active institute in Thammasat University has a long history of academic excellence. Starting out as an institute named Thai APEC Study Centre, the institute focus basically on conducting research and to advise the government in the matter of policy making. One of such example is research and training collaborations with the Office of National Broadcasting and Telecommunication Commission (NBTC). Later on, the institute grown to accommodate another Institute namely Australian Study Centre (ASC) and renamed to Thammasat Institute for Study of International Cooperation (TISIC). With this new structure, the Institute expands its research base to include that of Australia and New Zealand. Master of Arts in Asia Pacific Studies (MAPS) coming up as a result of years of experience in conducting research and academic exchanges through the above mention institutes. The Master program was officially launched in 2015 with its first batch already producing some of the best works for the institute.

In line with the University wide restructuring, in 2015, the Institute underwent a major revamp to include 3 more area studies institutes namely Indian Studies Centre, Russian and CIS Studies Centre and ASEAN Studies Centre. With the consolidation of these 3 new area study centres, the institute therefore renames Thammasat Institute of Area Study (TIARA). The institute will continue what it do best, to continue producing high quality academic excellence and hope with the new restructuring, the institute will be able to achieve more in the coming years.

For more information on TIARA, you can visit our website at http://www.apecthai.org/
About
Master of Arts in Asia-Pacific Studies Program (MAPS)

Master of Arts in Asia Pacific Studies (MAPS) program is an up and coming area study based master degree in Thailand. Focusing on Asia Pacific Studies, MAPS is a multidisciplinary graduate program that helps interested students to have an in depth understanding of this dynamic region. With a strong foundation of academic curriculum and high quality facilitators across all academic backgrounds, Master of Arts in Asia Pacific Studies will guide students through the disciplines of Politics, Economics, International Law and International relations to give a well-rounded understanding of Asia Pacific. These advanced courses offer a more in depth examination of questions and problems specific to the Asia Pacific region. Our graduates go on to pursue careers in academia, business organisations, government and wide array of organisations, both local and international.

Our students will also have the chance to familiarise with the academic settings in a sense that through their thesis course, student will be exposed to all kinds of academic scrutiny such as thesis defend and comprehensive thesis writing course. Nearing to the end of the program, student will be given a chance to showcase their hard labour at an International Conference held specially to facilitate the students learning curve. In the end, the works that they put their heart and soul into will become the pride of the program as each one of them, despite their different backgrounds; can come up with a thorough and deep analysis of particular research program concentrated on Asia Pacific and finally contribute to the literature on Asia Pacific Studies.
Contact Us

Main Office
Thammasat Institute of Area Studies (TIARA), Thammasat University
Thammasat University, Rangsit Center
Dome Administration Building, 1st Fl.
99 Moo 18, Phaholyothin Rd., Khlong Nueng, Khlong Luang
Patumthani, 12121, Thailand
Tel. (66) 2-564-2851 (-3)
Fax. (66) 2-564-2849
Email: tasc@tu.ac.th
Website: www.apecthai.org
Facebook: https://www.facebook.com/TISIC.TU

MAPS Program
Tel. (66) 2-564-3129, (66) 2-696-6605
Mobile. (66) 81-487-3334
Fax. (66) 2-564-3128
Email: maps.tisic@gmail.com
Website: www.maps-tu.org
Facebook: https://www.facebook.com/mapshammasat/

Thammasat University, Ta Prachan Liaison Office
Thammasat Institute for Study of International Cooperation (TISIC)
Thammasat University, Ta Prachan Centre
Anekprasong 2 Building, 3rd Fl.
2 Prachan Rd., Phra Borom Maha Ratchawang
Phra Nakhon, Bangkok, 10200, Thailand
Tel. (66) 2-613-3160
Fax. (66) 2-623-5189