

IMPACTS OF VIETNAM - THAILAND RELATIONSHIP ON THE ECONOMIC DEVELOPMENT OF VIETNAM FROM THE PERSPECTIVE OF CONSTRUCTIVISM (2010 – 2018)

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Abstract. Among international cooperation relations in Southeast Asia, Vietnam – Thailand relation has become a strategic partnership since 2014. Two countries have implemented many measures to promote economic and trading cooperation, and create favorable conditions for enterprises to strengthen investment and business cooperation so as to increase two-way trade turnover. In order to evaluate the development trend of this relationship and its impact on Vietnam's economic development, the paper will conduct analysis and evaluation through a number of key arguments of Constructivism. Subsequently, it will come up with solutions to promote the bilateral trade relation between the two countries in general and Vietnam's economic development in particular.

Keywords: Constructivism, common interests, national identity, cooperation, power.

1. Introduction

Most studies on Thailand-Vietnam relations in Vietnamese are quite detailed and elaborate. Among the published books, including the book Vietnam-Thailand Relations in the 1990s [1] by Nguyen Tuong Lai or Vietnam-Thailand Relations 1976-2000 [2] by Hoang Khac Nam, these two books are centered on the research on the development trend of two countries' bilateral relations. Then, the meaning and importance of the cooperation between Vietnam and Thailand in national and regional interests are generalized. The authors analyze and assess the situation of Vietnam-Thailand 10-year relations regarding politics, diplomacy, economics, etc, and pose the challenges and prospects in Vietnam – Thai Land relations when entering the 21st century and propose adjustments and plans for the relations with Thailand in the coming years.

There are also some typical articles such as the Thailand-Indochina Investment Relations by Truong Duy Hoa [3], which examined the situation of foreign investment in Indochina, provided that the Thailand-Indochina investment relations play an important role in cooperation and economic development on a friendly neighboring relation basis.

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Thailand shares many historical and cultural similarities with Indochina countries, including Vietnam, so Thai investors have increasingly cooperated and invested in Indochina in order to share economic benefits that both countries are interested in. Or the article Vietnam-Thailand economic relations: 20 years of development by Ha Huy Thanh [4], studied the trade relations between Vietnam and Thailand from the time Vietnam still applied the central planning management system up to now. The article looked into and assessed Thailand's direct investment in Vietnam. It also highlighted the prospects for developing Vietnam-Thailand economic cooperation in the near future. Nguyen Dieu Hung, through the article Vietnam - Thailand Relations from the early 1990s (20th century) [5] to the present, has reviewed Vietnam - Thailand relations from the late 1980s to 1995. He provided analysis on Vietnam-Thailand relations from 1995 up to now in such aspects as: political relations, diplomacy, security cooperation, economic relations and other areas of cooperation.

There are few studies on relations between the two countries conducted in foreign languages. The book Thailand and the Southeast Asian: Networks of the Vietnamese revolution 1885-1954 [6] by Christopher E. Goscha; put the Vietnam revolution and war against French colonialists in the context of Southeast Asia. The author explored the Vietnamese revolution in relation to the region, especially with Thailand from 1885 to 1954, thereby studied how Vietnamese immigrated to Thailand during the pre-colonial period to explain the establishment of Vietnam's communist networks against colonialism in the region, Vietnam's diplomatic policy in the postwar period ... Surin Maisrikrod wrote Thailand's Policy Dilemmas Toward Indochina [7], aiming at studying Indochina policy, especially Thailand's policy towards Vietnam. It also looked at Thailand's attitude in the U.S war against Vietnam and Vietnam war against China after the war with Cambodia. The author also studied the role of Thailand in mainland Southeast Asia and its role in the international community. In general, Thailand-Indochina relations remain a traditional relationship of conflict and friendship.

It can be said that the documents concerning this issue are valuable references for studies on diplomatic relations between Thailand and Vietnam. However, in order to explain or analyze the factors affecting international relations, it requires reference from specialized theories, which is also the gap that previous studies left open, leading to the author's attempts to carry out this research.

Since the twentieth century, Vietnam and Thailand have chosen their own ways to develop and accomplish a great number of achievements as well as draw on the experiences that each country can use to build and develop on their own. In this period, both countries share common ideas in addition to their own interests. According to IR theory - Constructivism, the role of these interests will all have an effect on the maintenance and variation of IR. Given that benefits are central variables, Constructivism is interested in not only how several specific benefits are formed but also why certain benefits are not formed. A common explanation among the constructivists is that benefits will not be formed if the expected outcome from that benefit is negligible. Constructivism takes benefits as an important factor to understand the subject's behavior and actions.

From practical requirements, in order to assess the trade and economic relationship between the two countries to understand the situation as well as the development trend of

this relationship, the paper will focus on shedding some light on the comprehensive strategic partnership of Vietnam - Thailand as well as its impact on the economic development of the two countries under the perspective of Constructivism. Thereby, the foundation and development of the two countries' economic relation are systematically analyzed. From these analyses, the author desires to draw comments to have more theoretical and practical bases to promote bilateral trade relations between the two countries in general and Vietnam's economic development in particular.

2. Content

2.1. Methodology

This paper applies dialectical materialism to examine the factors directly affecting the relationship between Vietnam and Thailand. Application of historical materialism to consider for each period: the benefits and purposes of diplomatic activities of each country have a certain change. Therefore, the viewpoint on international cooperation also has some turning points.

The research problem is approached from the perspective of constructivism theory. The research methods used include: analysis, proof, comparison and statistics. Statistics and documents used are provided by mass organizations, ministries, departments and sectors related to Vietnam - Thailand relations in the economic aspect.

2.2. National identity and its impacts on investment activities

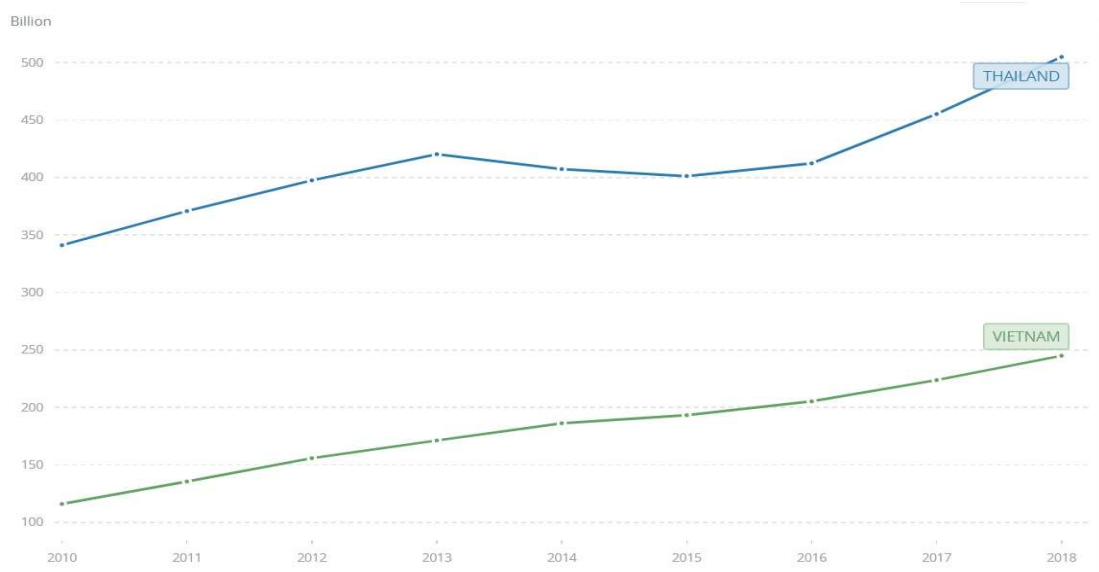


Figure 1. GDP comparison of Thailand and Vietnam

(Unit: USD; Source: World Bank [10])

According to constructivism, each country has a national identity, or how the country perceives itself, and this national identity helps shape the goals that the country pursues, such as security, foreign policy or economic development. However, the way in which countries realize these goals depends on their social identity, or how countries perceive themselves in relation to the others. Countries will determine their national interests on the basis of these identities.

The identity of a nation consists of its national priorities and corresponding behavior [8]. The nation is aware of another country according to the identity it assigns to that country; at the same time it re-establishes its own identity through daily social practice. Identity has three essential functions in society: it lets you and others know who you are, it tells you who others are [9]. When telling you who you are, identity stipulates a specific set of benefits or priorities related to the choice of behavior in each particular area and with specific subjects.

Over the four decades of continuous development, Thailand is known and respected globally as an Asian tiger. Therefore, the identity of Thailand can be considered as a developing country in the top of Southeast Asia. Also according to Constructivism, the benefit is the product of identity. A country with an identity of a great power will have different interests and priorities than countries that are members of the alliance, such as ASEAN. This will motivate them to increase investment in countries with less developed economies, which helps them gain more benefits, while also demonstrate their position and increase the country's soft power.

It can be seen from the figure that Thailand's GDP is experiencing great growth. Despite being stalled after the 2014 coup, in the past 3 years they have been achieving strong growth. This figure is approximately 455 billion USD in 2017 and increased to 505 billion USD in 2018; while that of Vietnam was 223 billion USD and 244 billion USD respectively. The assessment of Vietnam as a comprehensive strategic partner and a less developed economy has been pushing Thailand to increase FDI in Vietnam.

In 2011, the total investment of Thailand to Vietnam is 236 projects with a total registered capital of 5.7 billion USD. As of the end of 2017, the total number of projects has nearly doubled with 486 projects with total registered capital of 8.6 billion USD, ranking 10th among more than 100 countries and territories investing in Vietnam and 3rd in ASEAN countries (after Singapore and Malaysia). Total investment in Vietnam is nearly 713 million USD, of which: 47 new projects with a total capital of 299 million USD; 18 projects to raise capital of 87 million USD; 98 times of capital contribution and share purchase with a capital contribution of 325 million USD.

Meanwhile, Vietnam always appreciates Thailand's economic potential and repeatedly affirms its support for each other to develop in international economic relations. With its stable development, Vietnam is also gradually changing its national identity in the international arena through foreign investment activities, in which Thailand is also regarded as an important partner. Currently, Vietnam has had 10 investment projects in Thailand with a total of 25.79 million USD of new and increased capital investment, ranking 22nd among 55 countries and territories investing in Thailand; in which, there are outstanding projects such as Hoang Anh Gia Lai Co.Ltd project with investment capital of 10 million USD, NAGATA Automotive Pacific Co.Ltd project with investment capital of 780 thousand USD...

Besides, the cooperation activities between localities, joint-venture establishment, labor cooperation, labor recruitment... have been implemented by both countries, contributing to harmonize the social identity of the two cultures, thus creating favorable conditions for Thailand businesses to invest in Vietnam and vice versa.

2.3. Using institutionalization to strengthen bilateral trade relationship.

Constructivism agrees with Neo-Liberalism that cooperation is possible in anarchism, but it has a very different point of view on how to achieve it. With institutionalization, the rate of escalation price of future benefits will reduce while the expectation for cooperating maintenance will increase [11]. Trading negotiation with friends (in opposite of foe or stranger) affects the readiness of each nation. They will not see their benefit as simple as taking advantage of others, but they will play as a partner following other values.

Alexander Wendt has defined the concept of collective identity in explaining cooperation. Results of social identity creation of common benefit or individual benefit will decide the action of each nation in solving common issues. Individual benefit or common benefit is the result of level and method which social identity affects to the connection of each nation with others. This process is called Identity formation by Alexander Wendt [12].

Table 1. Bilateral trade relations between Vietnam & Thailand

<i>Year</i>	<i>Export from Vietnam</i>	<i>Import from Vietnam</i>	<i>Total Export-Import</i>	<i>Annual growth rate</i>
2011	1,792	6,383	8,175	-
2012	2,832	5,791	8,623	5,5%
2013	3,103	6,317	9,420	9,2%
2014	3,475	7,092	10,567	12,2%
2015	3,184	8,279	11,463	8,5%
2016	3,690	8,849	12,539	9,4%
2017	4,808	10,642	15,450	23,2%
2018	5,487	12,042	17,529	13,5%

(Unit: bil.USD; Source: General Department of Vietnam Customs)

During 43 years of relationship establishment (6-Aug-1976), the relationship between Vietnam & Thailand has been maintained and developed in all fields. Thailand has always encouraged and supported Vietnam during the process of regional as well as global integration. Vietnam also takes economic cooperation with Thailand as first priority. From 2005, some specific fields have been focused on such as trading, investment, fishery, processing of agricultural products, etc. As ASEAN's members, Vietnam & Thailand have good coordination in some regional projects and programs such as East-West Economic Corridor, in which the connection roads between Thailand's Northeast provinces and Vietnam's Middle port have played an important

part in this area's development. In 2006, there are nearly 30 bilateral agreements in all fields, including economics, culture, tourism, etc. Moreover, many events held in 2 countries to introduce trading policy as well as potential and strengths of each nation for the investors. Some agreements help to create regulatory framework such as Vietnam-Thailand Joint Economic Committee establishment, agreement on encourage & protect investment, etc.

In June-2013, thanks to the meeting between Prime Minister Yingluck Shinawatra and General Secretary Nguyen Phu Trong, the relationship between Vietnam & Thailand was promoted into strategic partnership. Thailand is the first strategic partner of Vietnam in ASEAN. In 2015, the relationship was promoted into special strategic partnership. During the visit of Prime Minister Nguyen Tan Dung through the invitation of Prime Minister Prayut Chan-o-cha in July-2015, it is agreed to exchange senior delegation, actively implement strategic partnership program during the period of 2014 - 2018 and strengthen quality of cooperation mechanism.

It can be seen from Table 1 that strengthening bilateral relationship institutionalization helps to extend trade relations. The growth rate increased yearly from 5.5% (2012) to 12.2% (2014). In 2017, total import-export value of 2 countries reached 15,450 billion US dollar with impressive growth rate of 23.2%. In 2018, it became 17,529 billion US dollar (increasing by 13.5%). By coordinating through regional and global forums such as ACMECS, GMS, ASEAN, UN, APEC, ASEM, WTO, etc. this trade relation between these 2 countries will be strengthened for the benefit of not only themselves but also ASEAN.

3. Conclusions

It can be seen that with the condition of unstable politics leading to loss and undeveloped economics, Thailand has no choice but cooperate with other countries, including Vietnam to save their economics. Moreover, Thailand's investment in Vietnam plays a key role in the economic and social development of the 2 countries, creating jobs for thousands of direct and indirect labours in the field of construction and service. Thailand's investors invest in many fields such as industrial zone infrastructure, new urban area, hotel, tourism, heavy & light industry, but the main fields are industry and construction. There are more and more projects with high funding scale. The main investment methods include 100% foreign capital, joint venture, business cooperation contract. In general, all projects have good result and actively contribute to exports of Vietnam. The reason why Thailand's investors choose Vietnam is Vietnam's high potential and preferential conditions.

However, according to the Constructivism benefits are not considered to be available and unchange. As benefits are seen as the main variable, the constructivism focuses on not only the formation of specific benefit but also the reasons why some benefits can not be achieved. National benefit is a multi-field one formed by various benefits. Benefits also interact with each other, so it is required that the 2 nations consider carefully before deciding to cooperate. Despite the two countries' 40-year diplomatic relationship in some fields, there are still some issues affecting the long-term benefits for the 2 countries.

Firstly in the trading field, export from Vietnam to Thailand is nearly a half of that from Thailand to Vietnam, the number of Thailand's investors is also bigger than that of Vietnam. The productivity of Thailand is also better than Vietnam, and it is the most challenge and difficulty of Vietnam to catch up with productivity of other countries. According to the Ministry of Planning and Investment, the main reason comes from small-size of Vietnam economics. Another problem come from similar products' frame of Vietnam and Thailand, while their products have more competitive advantages even in Vietnam domestic market ; high demand for materials imported from Thailand of not only foreign investors but Thailand investors also ; Thailand's effectiveness in promoting trading relationship with clear business strategy.

Secondly, although Thailand and Vietnam are strategic partners, each nation has a different view on global politics. Thailand uses their flexible diplomatic policy for China instead of U.S while Vietnam wants to establish peaceful and sustainable relationship with all countries equally. Therefore, when the conflict with China over South China Sea emerged, this strategic partnership did not bring about much benefit, as it is related to their specific benefit of each nation.

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