

## **CHAPTER III**

### **THE INVESTMENT OF THAKSIN SHINAWATRA IN CAMBODIA AND THAILAND INVESTMENT DURING THAKSIN ADMINISTRATION AND THE COMPARISON WITH THE OTHER COUNTRIES IN ASIA**

#### **A. Thaksin Shinawatra is a big Investor in Cambodia**

Thaksin's business connection with Cambodia began in 1998, when his Shin Corporation set up Cambodia Shinawatra Co Ltd, a telecoms provider currently operating under the Mfone brand. Besides, there are some Thailand's companies made investment in Cambodia that still have connection with Thaksin, which leded by Thaksin's Family.

##### **1. Mfone Company Limited (Mfone)**

Mfone Company Limited (Mfone) or formerly named Cambodia Shinawatra was granted a 35-year concession from the Cambodia Government, expiring in 2028, to provide fixed-line telephone and mobile phone services. At present, Mfone's services cover all major towns and cities, especially at tourist attractions and Cambodia-Thailand and Cambodia-Vietnam cross-border trade areas. These include the following:

- Mfone: service, which is a premium brand for mobile subscribe offering Mfone3G, the 3G service for Cambodia.
- iS1: Service offers the varieties of Internet solutions to the customers including its brand names as AirMAX (Broadband Wireless SolutionsX),

DMAX (Broadband DSL) LIPSTAR (...



According to Wanlop Pichpongsa, Deputy Managing Director of STC group said that *"The investment will focus on rice processing, logistics and rice exports from Cambodia."* (Fernquest, 2012)

In 2004, STC grup announced about approximately 1.5 billion baht to invest on one million tons of rice in Cambodia. The development is seen as a win-win business. While Cambodia still wants expertise in rice processing and marketing, some Thai exporters need to broaden their businesses to minimize risks locally. Thai rice exports are projected to drop sharply this year due to dwindling global demand and uncompetitive prices.

#### 4. Ratchaburi Electricity Generating Holding

Ratchaburi Electricity Generating Holding (RATCH) is Thailand's company tends to energy sector. Ratchabury will collaborate with Shin Corp Company to develop on cogeneration project in the Nava Nakorn Industrial Promotion Zone, Prathum Thani Province, and projects in the Ratchaburi. RATCH is conducting an invesment in about 1800-megawatt coal-fired power plant in Koh Kong Province, Cambodia.

The investment of RATCH approximately about US\$500,000 or 15.3 million Baht was released in supporting the development of Koh Kong Province in Cambodia. According to Ratch CEO Noppol Milinhanggoon said that *"the investment followed a thorough study and risk evaluation to ensure that it was*

*profitable and sustainable in the long run. The infrastructure demand*

*especially in electricity capacity must be improved. Moreover, there is an opportunity to sell excess electricity to Thailand.” (Reaksmey & Simon, 26)*

### **B. Thailand Investment in Cambodia under Thaksin Administration**

Since early 1990s Cambodia has attracted greater foreign direct investment (FDI). Thai investors were among the first investors to Cambodia. In 1992, the Cambodian government approved 79 Thai investment projects, the highest number among foreign investment at the time. However, between 1994 and 2003, Malaysia became the biggest investor in Cambodia while Thailand was ranked the fifth with 150 million U.S. dollars investment.

**Table 3.1: Approved Foreign Investment in Cambodia in 1992**

Countries	Number of Projects
Thailand	79
France	61
Hong Kong	59
Singapore	35
U.S.A	20
Taiwan	19
Hungary	10
Australia	6
Japan	4
Malaysia	2

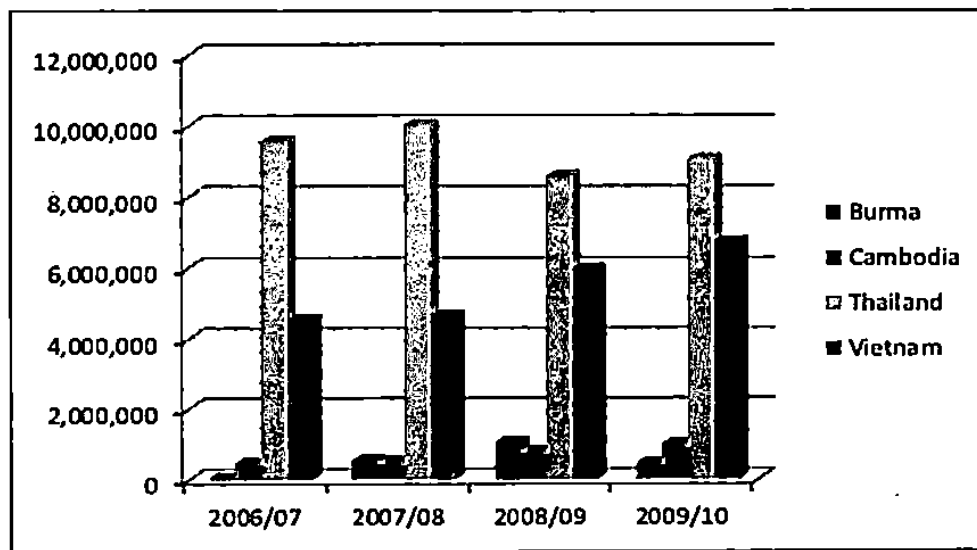
Source: Thailand Board of Investment, 2000

The major investment country of Cambodia is Thailand. Under Thaksin Administration (2001-2006) he made some agreements toward the economic

investment in Cambodia. Many Thailand companies during Thaksin's

Administration dealing with Cambodia to invest their property to develop Cambodia's economic. Besides, the position of Thaksin as a businessman also invested his private fund for economic development especially in tourism sector.

Figure 3.1 : Thailand Investment in Cambodia 2006-2010



Source: Cambodia Investment Board, 2006

Based on data of Foreign Trade Promotion of Thailand in Phnom Penh on 2003-2006 under Thaksin's Administration, major investment of Thailand were tourism (48%), Infrastructure (22%), Industry (15%), and Agriculture (15%).

There were 81 investment projects from Thailand valued at about US\$362.35 million in Cambodia. The capital from the Thailand side was US\$226.59 million or about 62.53% of the total investment capital. Major Thailand investment projects were in hotel businesses (US\$ 138.4 million or about 38.20% of the total investment),

Table 3.2: Thailand Investment to Cambodia approved by Cambodia Investment Board in 2004

Type	Number of Projects	Registered Fund	Fund from Thailand (US Dollar)
Hotel	7	123,400,000	43,383,350
Wood Processing	3	38,000,000	33,920,000
Communication	2	16,000,000	14,800,000
Garment	7	8,050,000	7,720,000
Food Processing	9	7,660,000	5,765,000
Construction	5	7,334,000	4,538,000
Agro-industry	5	11,295,000	4,395,000
Plastic	3	4,300,000	3,260,000
Media	4	2,760,000	2,696,000
Mines	3	3,040,000	2,250,000
Air Traffic Control	1	2,500,000	2,250,000
Assembly Plant	1	2,000,000	2,000,000
Chemical Products	2	1,400,000	890,000
Petroleum	3	1,550,000	820,000
Packaging	1	650,000	650,000
Entertainment	1	5,000,000	500,000
<b>Total</b>	<b>57</b>	<b>234,939,000</b>	<b>135,152,350</b>

**Table 3.3: Thailand's Investment to Cambodia in 2006**

Types	Number of Projects	Total Value (Million US\$)	Investment from the Thai Side (Million US\$)
Hotel	9	138.4	63.15
Agro Industry	11	75.7	40.44
Wood Processing	2	27.5	23.62
Food Processing	9	20.56	17.54
Telecom	2	17.6	16.4
Industry	14	18.75	13.65
Services	4	18.50 10	13.55
Medical	1	11.2	10
Electrical plants	2	7.36	8
Mining	6	5.65	5.98
Garments	6	2	5.65
Assembly plants	1	2	2
Shoes	2	1.33	1.5
Construction	1	1.16	1.33
Media	2	1.4	1.07
Chemical	2	1.5	0.89
Textile	2	1	0.74
Gasses	2	1.05	0.54
Petroleum	2	1.05	0.3
Hospital	1	0.49	0.24
<b>TOTAL</b>	<b>81</b>	<b>362.35</b>	<b>226.59</b>

**Table 3.4: Members of Thai Business Council of Cambodia**

<b>Types of Business</b>	<b>Number of Business</b>
Advertising and Media	8
Communication	6
Construction Firm	8
Construction Materials	8
Energy	3
F&B Industrial	9
Financial	5
Hotel & Restaurant	7
Restaurant	20
Machinery & Maintenance	6
Organization	7
Trading	23
<b>Total</b>	<b>111</b>

Source: Overseas Trade Promotion Phnom Penh, 2006

Besides, there are 5 five construction projects that had been done by Thailand's Government under Thaksin Shinawatra in Cambodia:

1. The rehabilitation of road number 48 connecting Trad province of Thailand and Kohgong Province of Cambodia (153km) and construction of bridges crossing 4 rivers.
2. The rehabilitation of road number 67 from Siamreap to the north approaching the Thailand border in Sirasakes Province.
3. The construction of road connecting Surin province and Siamreap.
4. The Thailand Department of Highways supports about 600 million baht to rehabilitate road number 218 which is a part of the road networks connecting



Eastern Thailand with Indo-China approaching Southern Vietnam to Hochiminh City.

**C. The Comparison between Thailand Investment and the other countries in ASIA**

In the beginning of this chapter, I have explained about Thailand investment in Cambodia during Thaksin Administration. Since Thaksin Shinawatra take a position as Thailand Prime Minister, almost whole of investment in Cambodia had been done by Thailand than the other countries in ASIA. The comparison will be more explained clearly in Table 3.5 below.

**Table 3.5: The comparison between Thailand Investment and the other ASIA countries in Cambodia in 2001**

Countries	Number of Projects	Total Investment Value (Million US\$)	Ratio of Foreign Investment (%)
Thailand	33	655	27.31
Hongkong	31	504	22.59
China	55	423	17.64
Japan	2	402	16.73
India	1	350	14.59
Vietnam	22	261	10.89
Philippines	2	146	9.3
Korea	24	82	7.23
Malaysia	3	53	4.68
Brunei	1	2	0.01
Other	51	257	22.59

**Table 3.6: The comparison Thailand Investment in Cambodia with other countries in 2003**

Countries	Amounts	
	Million US Dollar	Percentage
Thailand	150.8	4.5
Great Britain	124.6	3.7
South Korea	119.5	3.6
Hong Kong	114.7	3.4
Canada	56.6	1.7
Australia	48.9	1.5
Others	189.4	5.6