

Opening Remarks  
by  
H.E. Mr. Thani Thongphakdi  
Ambassador of Thailand to the United States  
Building the Indo-Pacific Series  
“Addressing Southeast Asia’s Infrastructure Gap”  
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Thank you, Brian, for your kind introduction.

Good afternoon,

First of all, I wish to thank the Stimson Center for kindly inviting me to speak at this event so soon after I arrived in Washington, on a topic that is very much on the minds of policy makers in Asia in general and Southeast Asia in particular.

As you know, the infrastructure needs of the region are mind-boggling large. They are immense.

According to the Asian Development Bank, which I am sure Director General Subramaniam will expand upon later, developing Asia will need to invest 26 trillion dollars from 2016 to 2030, or 1.7 trillion a year in infrastructure – be it in transport, power, telecommunications, water supply or sanitation – if the region is to maintain its growth momentum, eradicate poverty, and respond to climate change.

For the ASEAN region, as you read in the flyer for this event, the figure is around 210 billion dollars a year. This investment is a must if ASEAN is to maintain its competitiveness, fully realize its potential and become the fourth largest economy in the world by 2050, as projected by some think-tanks.

With this challenge in mind, ASEAN leaders adopted Thailand’s proposal to create a cooperation framework on infrastructure development back in 2009 under the ‘enhancing ASEAN Connectivity’ concept. A year later, ASEAN adopted its first Master Plan on ASEAN Connectivity to lay down mechanisms and frameworks for building connectivity among the ten ASEAN countries in three strategic areas – infrastructure, harmonized rules and regulations, and people-to-people connection.

In 2016, ASEAN leaders adopted the second Master Plan on ASEAN Connectivity which includes two additional strategic areas – digital connectivity and seamless logistics – to help boost ASEAN’s economic competitiveness in today’s age of digitization.

This year, as the ASEAN Chair, Thailand is pushing forward the connectivity agenda in three ways.

First is the need to ensure the effective implementation of the Master Plan on ASEAN Connectivity 2025, especially through bankable projects.

With technical support from the World Bank, ASEAN has developed a list of Initial Pipeline infrastructure projects that satisfied a set of screening criteria, such as strategic relevance, feasibility, environmental and social impacts, and attractiveness to investment.

This past June, ASEAN unveiled 19 projects that have been selected for inclusion in the Initial Pipeline, including three projects from Thailand, which are ASEAN Digital Hub project, Hat Yai - Sadao Motorway, and Bangkok - Nong Khai High Speed Railway.

Next, an analysis will be undertaken to determine appropriate funding or financing options for each of the 19 projects, as well as pre-feasibility studies for projects that require more detailed supporting studies.

We expect all these studies to be released at the upcoming ASEAN Summit in Thailand this November, and I encourage our American friends in the private sector to look for new business opportunities under this Initial Pipeline.

Second is infrastructure financing.

As I mentioned earlier, it is estimated that the infrastructure needs for ASEAN is around 210 billion dollars a year. Needless to say, public funding from the ASEAN Governments alone cannot meet this demand.

As a case in point, infrastructure investment in the Eastern Economic Corridor in Thailand alone will account for nearly 20 billion dollars over the next five years. This will encompass, among other things, the expansion of our Laem Chabang Seaport, developing a new U-Tapao Airport and Eastern Airport City, and building a high-speed rail linking this new airport with our other two international airports.

We therefore understand well the importance of public and private partnership, with public participation in these projects expected to account for around 32 per cent, or 6.2 billion dollars while private participation should account for around 68 per cent, or around 13.2 billion dollars.

Innovative financing approaches from partners both within and outside ASEAN are also needed to mobilize adequate funding.

For example, we are working closely with the ADB to accelerate infrastructure financing in ASEAN through the ASEAN Infrastructure Fund's two innovative windows – the Inclusive Finance Facility and ASEAN Catalytic Green Finance Facility.

There are also other multilateral endeavors, including the Asian Infrastructure Investment Bank or AIIB and the Belt and Road Initiative.

And as the United States looks to promote further economic ties with the Indo-Pacific region through the Free and Open Indo-Pacific Strategy, there have never been more opportunities to

help support infrastructure development in Southeast Asia, particularly by developing a regional public-private partnership or PPP development agenda to mobilize resources for connectivity projects in the region as elaborated in the ASEAN Outlook on the Indo-Pacific.

With the passing of the BUILD Act and the reform of Overseas Private Investment Corporation (OPIC) into the U.S. International Development Finance Corporation, more tools will also be available for closer cooperation between the United States and ASEAN to address the infrastructure gap.

We therefore very much welcome the U.S. private sector's engagement with ASEAN on this matter, particular in developing Public-Private-Partnership schemes.

The third and last point is connecting the connectivities.

The aim here is to create synergy between the Master Plan on ASEAN Connectivity 2025 and the initiatives of our various partners as well as other sub-regional frameworks, such as the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy or ACMECS, which covers the five Mainland Southeast Asia countries, namely, Cambodia, Laos, Myanmar, Thailand and Vietnam.

We are also working to better connect mainland Southeast Asia with countries surrounding the Bay of Bengal. Together with other efforts underway to promote closer linkages between Indian Ocean Rim countries, these efforts constitute building blocks for future Indo-Pacific community that is more connected and better integrated.

Ladies and Gentlemen,

Let me touch briefly on the Mekong Sub-region which has become an increasingly attractive market of over 230 million people. With annual growth rate of 6 to 8 percent and abundant natural resources, this sub-region is strategically located as a land bridge connecting the economies of the Indian and the Pacific Oceans.

While the global demographic trend is shifting toward aging societies, the overall demography of this sub-region still looks promising. However, the sub-region faces pressing infrastructure needs and development challenges.

Therefore, the five mainland Southeast Asian countries revitalized the ACMECS framework last year with the first ever Master Plan to create a seamless, synchronized, smart and sustainable sub-region.

The ACMECS Infrastructure Fund is also being established to be a sustainable financing mechanism for projects under the Master Plan. The Thai Cabinet has already approved a budget of 200 million dollars as seed money for the Fund, while other member countries and development partners are encouraged to contribute as well.

Meanwhile, ACMECS countries have already prepared a list of thirty early harvest projects and will engage development partners in the implementation of these projects.

We welcome the United States joining the first batch of ACMECS development partners and look forward to working closely with both American public and private sectors.

An inaugural meeting between ACMECS and development partners was just held in Bangkok to discuss a draft Joint Development Plan as well as possibility of enhanced cooperation in areas of energy sustainability, integrated digital economy and human resource development.

Ladies and Gentlemen,

Let me conclude by telling you that the Thai Chamber of Commerce and the U.S. Chamber of Commerce will co-host the 2<sup>nd</sup> Indo-Pacific Business Forum in Bangkok later this year. The Forum will showcase exciting investment opportunities in infrastructure, digital and energy sectors, as well as provide a timely platform for discussions on innovative infrastructure financing. We hope that that the Forum will spark new business ventures and cooperation between ASEAN countries and the United States in the near future.

I thank the Stimson Center once again for inviting me to speak at this event. As a newcomer to Washington, I look forward to working with all of you to advance the close ties of friendship and cooperation between the Thailand and the United States as well as between ASEAN and the United States.

Thank you very much.

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