

BANGKOK

“A Wonderful City for Tourists, not for Bangkokians!”

By Fatih Eren*

A very interesting city, Bangkok, which was the capital city of Thailand, has been examined in this volume. Thailand is located at the heart of Southeast Asia. The country has a 68,2 million population and 6 millions of this population is living in Bangkok. This city has started to experience a different globalisation process after 1997.

There have been 3 important breakpoints in the near history of Thailand. First breakpoint was the local financial crisis which occurred in 1997. After this local crisis, Thai Government has liberalized the country's financial markets; as a result, foreign investors started to be very effective in Thai stock market after this date. Second breakpoint was the tsunami disaster which hit all the coastal settlements of Southeast Asia in 2004; about 180,000 people died as a result of this disaster in the region. Third breakpoint was the military coup which happened in 2006 in Thailand; this military intervention has divided the country as the defenders of the King (i.e.Bhumibol Adulyadej) and the defenders of the prime minister (i.e.Thaksin Shinawatra). A political instability process has started after this military coup in the country.

Global investors have been interested in 3 different type of investments after the beginning of financial liberalizations in Thailand. Firstly, some global investors were invested in financial sectors such as banking, insurance and asset management. Secondly, some other global investors, especially from Japan, were invested in manufacturing sectors; these investors established many industrial manufac-

turing complex in the country, especially in Bangkok city (e.g. metal, machinery and transportation equipments, electronics and electrical appliance, paper, plastic, etc.). Thirdly, some international hypermarket chains (i.e. carrefour and big c.) were invested in the country's retail sector; the sectorial decisions of these two international hypermarket chains changed the structure of the retail market from oligopoly to duopoly.

I could say that Bangkok was not subject to a strong FDI flow at the moment, despite the realisation of several financial liberalizations in the country. However, this city was going to be subject to a powerful global concern as soon as the political instability has finalized in Thailand. This was the main reason which motivated me to examine Bangkok as a global city in this volume. Developments



The Emblem of Thailand



which the city experienced in the last 5 years was giving strong signals about the future developments in the city.

The first signal was about the touristic potential of Bangkok. The city had a long-established history and had a mystical culture. Again, the city was providing an entertaining life to its visitors. These specific characteristics started to attract many tourists into the city from all over the world, especially in the last 10 years. The second signal was about the medical potential of the city. Medical and health services were of well-quality and cheap in comparison with many other cities in the world. For example, a person could undergo a heart surgery paying just \$25.000 in a hospital of Bangkok; this person had to pay at least \$200.000 for the same surgery in US. Therefore, many people have started to visit this city to benefit from its quality medical services recently. The third signal was about the agricultural potential of the city. Some global inves-

tors who were displaying activity in energy sectors have started to be interested in rural areas of Bangkok because these rural areas were carrying a high potential to grow non-food crops, which could be used for the production of second-generation bio-fuel energy. Bangkok was a successful city with respect to grow and export agricultural food products to other countries and so this city could also reap a great success with respect to grow and export agricultural non-food energy crops in the near future.

The impact of global concern for Bangkok: Analysis

Before all else, I would like to talk about the possible positive contributions of global concerns towards Bangkok in the near future.

Bangkok is the member of many international city organizations (e.g. The International Network for Urban Development Association - INTA, Asian Pacific City Summit - APCS, The Asian Network of Major Cities 21 - ANMC 21, etc.). The city has an outward-looking character which is suitable for the regional vision of Thailand. Thailand is a country which shows huge efforts for the integration of countries in the Southeast Asia Region (i.e. Cambodia, Laos, Burma, Vietnam, Brunei, East Malaysia, East Timor, Indonesia, the Philippines and Singapore). Therefore, the circuits of capital and the circuits of human for touristic and commercial purposes may gain speed among the cities of this region, if the regional integration become stronger in the next years. This speed-up will mean the continuation of existing social and commercial vitality in Bangkok. Again, the regional integration can open a new gate for youngs of Bangkok. On the one hand, investments in education sector is less than 2,8% of the country's GDP. On the other hand, the demand of 15 years-old youngs for going to a university is more than 70% in the city. Therefore, Bangkok's



Three potentials of Bangkok: Tourism (left), Health Services (middle) and Bio-fuel Energy (right)



**Condominiums and High-rise Apartments
in the inner city area of Bangkok**

younghs may find a chance to receive higher educations from the universities of Southeast Asia countries in the next years.

The number of people visiting this city for medical purposes is increasing every year. This number may increase much more in the next years if the Bangkok's Metropolitan Administration can promote global investors to invest in health sector (e.g. hospitals, health care buildings, medical research schools, mental health units, etc.). The growth of health sector due to global concern is very important for Bangkokians because most of people, from low- or middle-income class, are working in informal sectors under bad conditions in the city, today. These people may employ in this formal sector under good conditions (nursing, midwifery, doctors, allied health professionalism, ambulance, healthcare science, health informatics and management, etc.).

Growing bio-fuel energy crops around Bangkok, processing them in the industrial areas of the city and exporting them to other countries can increase the employment opportunities and export rates dramatically in the city. By this way, Bangkokians can enjoy of economic prosperity. Besides, Bangkok can play a key role with regard to decrease the dependency of the world to patrol-based fuels in the future.

After looking at the possible positive contributions of global concerns towards Bangkok, now, it is time to talk about the possible negative contributions of the globalisation process to Bangkok. The city has

slightly started to feel the negative impact of this process in the last years. These negative impacts may increase seriously in the next 10 years if the city's governors can not manage this process very well because many global investors are waiting the end of the political instability in order to invest in various sectors in the country.

The biggest problem of Bangkok is traffic jam and air pollution, today. Driving from one destination to another in some districts (e.g. Kao San strip) is 5 times slower than getting this distance by walk. Many cars, which are waiting in the traffic because of jam, are letting carbon monoxide (CO) to the atmosphere continuously; and so a dirty smoke is frequently seen over the city. The main reason of traffic and pollution problems is actually new high-rise and high-density constructions near the city centre (e.g. luxury apartments, condominiums, office towers). These mass buildings are developed by mostly international property development and investment companies, being little dependent on a zoning law. The traffic jam problem will get worse in the next years because the development of new mass buildings is going on even in this political and economic crisis environment, especially in the inner city area. Again, the air pollution problem will develop into a bigger problem in the near future because these mass buildings, which were made by cement, are consumed high-level energy (i.e. natural gas and electricity); so, the city's weather is warming every year. Hot weather will make everyday life in this city much more difficult than the past.

The development of A- and B- class condominiums and luxury apartments is really interesting in Bangkok. The inner city area is full with these type of buildings, now. This type of property developments is also seen throughout the 'Sky train' line. These buildings are developed for mostly individual 'buy-to-let' investors and they are mostly designed to appeal to expat users (people living outside Thailand). Bangkok probably will face with the oversupply problem of high-density apartments and condominiums a few years later. The demand for these properties can decrease in the next years due



**Examples of Affordable Houses
from the Bann Eua Artorn Project**

to the over-supply. More importantly, if another flooding disaster or another financial crisis hit Bangkok in the following years, demand for these properties can decrease significantly in the property market. Even a slight decrease on demand is very significant for these condominiums/high-rise apartments because the operation cost (i.e. management, energy consumption, maintenance, etc.) becomes always high in this kind of massive properties, in any case. This cost may go up rapidly if these buildings remain partly empty for a while. Increasing accommodation costs promote the occupiers/lease holders of these buildings to any other cheaper accommodation options in the city. A big problem for Bangkok will then start after this stage because unfortunately, condominiums and high-rise luxury apartments are not sustainable buildings from physical, economic and social aspects. 'How will these mass buildings be refurbished or be regenerated if they be idle partly or fully in the future?'. This question is crucial because the refurbishment or the regeneration of this kind of buildings always entail huge finance capitals; besides, the realisation of refurbishments/regenerations always becomes hard for practitioners because of multiple property rights. Just like experienced at many developed countries (e. g. US, UK, France, etc.) in the second half of the 20th century, Bangkokians will be searching ways to remove these clumsy, ugly and dated empty buildings in the 2030s.

The high demand of Bangkokians for the low-cost affordable housing project (i.e. Bann Eua Artorn) at the north of the city is an important signal for the city's governors to notice the real need of this wonderful city (i.e. development supply in the pipeline was 81,485 and actual demand was 356,888 for the houses of this project in 2004). Bangkokians simply want to own a low-cost family-house in a liveable neighbourhood. The Bangkok's Metropolitan Administration is aware of what Bangkokians want because it set a vision for Bangkok to increase property ownership and to build sustainable environments in the city. However, meeting affordable housing demands using only public resources is not a rational and smart urban practice in today's world.

Transferring prospective foreign direct investment flows into social housing and infrastructure projects in the property market via public-private partnerships, in stead of allowing FDIs to flow in condominium or high-rise apartment projects, will be more rational and smart practice for the administration. Achieving these transfers can only be possible through healthy negotiations and fair bargaining between the city's governors and property market actors. The city's sustainable development objective is depend upon the realisation of the successful negotiations. More importantly, Bangkokians can pass their 'hospitality character' on their next generations if only they live in neighbourhoods like Baan Eua Arthorn.

Bangkok is complaining of weak attraction of foreign direct investments into the city despite financial liberalizations. This question comes forward at this point: 'Did global investments make Bangkok a more liveable city in the last 5 years?'. We can find the answer of this question from the international survey of Mercer Human Resource Consulting, which was conducted between 2006 and 2010. (i.e. All global cities are compared with each other according to liveable city criterions in this annual survey). According to this survey, Bangkok was ranked at the 121st in 2010 whilst it was ranked at the 107th in 2006 in terms of being a liveable city in the world. This result showed that the life got harder economically and socially for Bangkokians in the last 5 years and global investments had played some roles in this result.

Although there have been some limitations for foreigners to invest in Bangkok's property market, international property investment companies passed over these limitations finding local institutional partners for themselves in this city. This was a reality not only for Bangkok but also for every global city in the world. The Bangkok's experience showed once again that going a separation as 'local investments' or 'global investments' was not meaningful in today's world. Going a separation as 'useful investments' and 'useless investments' for a city could be a better separation for a city's governors. A useful investment contributes some social and economic benefits to people living in a city. For example, to increase property ownership, to educate local people on a profession, to transfer an industrial know-how to the city, to increase employment opportunities, to support social projects such as family saving centres/health units and to increase the quality of life in the city could be listed as the social and economic benefits for Bangkok. In other words, the issue of whether an investment is local or global is not important. The main issue is whether an investment has a contribution to Bangkok or not, in order to develop it into a more liveable city.

In most cities, normally, local people work inside closed places (e.g. stores, offices, etc.) and they usually use streets for transportation purposes. Again, normally, when a tourist goes to a city, he/she usually goes outside from his/her hotel and tours on that city's streets in order to see and feel that city better. Interestingly, Bangkok is experiencing a reverse situation. Most of local people are working on the streets at the outside and tourists are spending their times in closed luxury places (shopping centres, hotels, etc.).

The street vending activity is about to develop into a chronic problem in Bangkok. For now, many Bangkokians from low- or mid-income class are displaying street vending activity to increase their monthly income and to access a more comfortable life. Namely, this type of activity is seen as a good tool to fight with poverty in general in the city. This can be partly true in the short term but not for the long term. The cancer cases have started to increase among Bangkokians who are doing 'vending' on the city's streets; because these people are breathing dirty air (CO) in the course of the day. Besides, street vending activity is causing several traffic accidents every day. Of course, Bangkokians



Street Vendors in Bangkok

deserve to work in comfortable places under healthy working conditions.

There are some signals that the street vending activity will be disappeared in the city in the near future because the city's governors want to ban this informal activity, removing all stalls from the city's streets. It is clear that the mentality of 'prohibition' does not bring social peace in Bangkok. The best policy is to support the entrepreneurial soul of Bangkokians providing them organized and infrastructured market places in the city. this provision should be done as earliest as possible before all open spaces have been filled with mass buildings in the inner city area.

In conclusion, Bangkok is at a very lucky stage in its internationalization process because it has a chance to stop the noticed negative impacts of this process at the moment. The political instability period of Thailand is bringing a good advantage for the city's governors; they can decide which planned/prospective investments are useful and which are useless for Bangkok in this recession period. Everything is about the management this process. If Bangkok can able to develop global concerns towards itself into its advantage, this city will continue to be a wonderful city not only for tourists but also for 6 millions Bangkokians in the future. PR

Note:

- ♦ **Fatih Eren** is Doctoral Researcher in Department of Town and Regional Planning, University of Sheffield.

E-mail: trp07fe@sheffield.ac.uk