



Thailand: Background and U.S. Relations

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Summary

U.S.-Thailand relations are of interest to Congress because of Thailand's status as a long-time military ally and a significant trade and economic partner. However, ties have been complicated by deep political and economic instability in the wake of the September 2006 coup that displaced Prime Minister Thaksin Shinawatra. After December 2007 parliamentary elections returned many of Thaksin's supporters to power, the U.S. government lifted the restrictions on aid imposed after the coup and worked to restore bilateral ties. Meanwhile, street demonstrations rocked Bangkok and two prime ministers from Thaksin-aligned parties were forced to step down because of court decisions. A coalition of anti-Thaksin politicians headed by Prime Minister Abhisit Vejjajiva assumed power in December 2008. Bangkok temporarily stabilized, but again erupted into open conflict between the security forces and anti-government protestors in March 2010. By May, the conflict escalated into the worst violence in Bangkok and other cities in decades. Although the government has remained in place, parliamentary elections are required by the end of 2011 and threaten to again spark conflict within a deeply divided society.

With this uncertainty, many questions remain on how U.S. relations will fare as Bangkok seeks some degree of political stability. Despite differences on Burma policy and human rights issues, shared economic and security interests have long provided the basis for U.S.-Thai cooperation. Thailand contributed troops and support for U.S. military operations in both Afghanistan and Iraq and was designated as a major non-NATO ally in December 2003. Thailand's airfields and ports play a particularly important role in U.S. global military strategy, including having served as the primary hub of the relief effort following the 2004 Indian Ocean tsunami and the 2008 Cyclone Nargis in Burma. Although the alliance itself does not appear to be fundamentally shaken by recent events, the reliability of Thailand as a cooperative partner is unclear in the midst of political turmoil.

Since 2006, Thai politics have been dominated by a fight between populist forces led by Thaksin (now in exile) and his opponents: a mix of conservative royalists and military figures, and other Bangkok elites. During Thaksin's rule (2001-2006), he galvanized a populist movement by providing support to rural communities, leading to a split between the rural, mostly poor population and the urban middle class, largely based in Bangkok. These divisions have been emerging for years, and the confrontation also involves regional rivalries and has been exploited by politicians motivated by their own self-interest.

Like Thaksin, none of the successive governments has been able to stem the violence of an insurgency in the southern majority-Muslim provinces. A series of attacks by insurgents and counter-attacks by security forces has reportedly claimed around 4,400 lives since January 2004.

Under the Obama Administration, the United States has prioritized engagement with Southeast Asia. With its favorable geographic location and broad-based economy, Thailand has traditionally been considered among the most likely countries to play a major leadership role in the region and has been an aggressive advocate of increased economic integration. But growing U.S. engagement with Indonesia and Thailand's domestic problems appear to have dimmed the prominence of the U.S.-Thai relationship in Southeast Asia. Thailand maintains close relations with China and is considered by some to be a key arena of competition between Beijing and Washington for influence.

This report will be updated periodically.

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Introduction

An American treaty ally since 1954, Thailand was long praised as an economic and democratic success story. The U.S.-Thai relationship, solidified during the Cold War, strengthened on the basis of shared economic and strategic interests. Although some Thais were disappointed that the United States did not do more to assist Thailand after the devastating 1997-1998 financial crisis, trade and defense relations continued to develop. Access to military facilities and sustained military-to-military cooperation made Thailand an important element of U.S. strategic presence in the Asia-Pacific. After several decades of mostly military dictatorships, by the early 1990s Thailand established democratic rule, further bolstering its status as a primary U.S. partner in maintaining stability in Southeast Asia.

By the turn of the century, U.S.-Thai relations appeared to further accelerate. Designated as a major non-NATO ally in 2003, Thailand contributed troops and support for U.S. military operations in both Afghanistan and Iraq. Prime Minister Thaksin Shinawatra had consolidated control of politics and was seen as likely to assume a major leadership role in ASEAN. Thaksin embraced the U.S.-led war on terrorism in the region, a role highlighted by the high-profile 2003 arrest of a radical Islamic leader in a joint Thai-U.S. operation. The start of negotiations in June 2004 for a U.S.-Thailand Free Trade Agreement (FTA) marked Thailand's possible entry into the expanding American web of trade pacts with political allies.

Bilateral ties began to fray, however, as concerns rose about Thaksin's governance. Critics charged that his administration stifled Thailand's democratic institutions, prioritized the wealth of his family and affiliates, and proved incompetent in dealing with a nascent insurgency in the Muslim-majority southern provinces of Thailand. Deep divisions within Thai society and power struggles between the old guard and Thaksin's team surfaced and then exploded with the military coup that deposed Thaksin in September 2006. In the political turmoil that followed, the United States strived to maintain the relationship while simultaneously imposing penalties for the interruption of democratic rule. Military aid, suspended after the coup, was reinstated after elections in December 2007, but as successive administrations struggled to hold on to power, new uncertainty about the durability of the alliance and Thailand's commitment to democratic rule have emerged.

Unprecedented street violence and ongoing political turmoil in Bangkok have raised fears in the region and in Washington about long-term instability in Thailand. The challenges to U.S. policymakers are manifold. A stable Thailand is strategically important to the United States, both because of its status as a U.S. treaty ally and as an anchor for mainland Southeast Asia. The bloody battles in the streets of the capital, played out on international television, severely damaged Thailand's image as a model of democratic governance in the region. U.S. policymakers were faced with how to deal with an unraveling democracy and how to respond to profound concerns about the civilian-military balance in Thai society.

One of the primary motivations for maintaining strong relations with Bangkok is the ongoing competition with Beijing for influence in Southeast Asia. Thailand, long known for its ability to keep good relations with all parties, enjoys strong economic, political, and cultural ties with both China and the United States. Mindful of geopolitics, the United States is attempting to balance its strategic needs with its imperative to remain a champion of democracy in the region.

Politics Still Unstable Heading into Election Year

Compared to the violent confrontations that played out in 2010, the government has assumed a degree of stability in early 2011. The Thai economy has performed well, with nearly 8% growth in 2010, and emergency rule imposed over the capital and other provinces since last year was lifted in late December. (The state of emergency decree remains in place for the three southernmost provinces that continue to struggle with an indigenous insurgency and was partially re-instated in Bangkok in February. See details below.) However, street demonstrations by the opposition “Red Shirt” protestors, also known as the United Front for Democracy against Dictatorship (UDD), have swelled in number. The protesters are demanding the release of the movement’s leaders, many of them jailed since last year’s rallies. Prime Minister Abhisit Vejjajiva has pledged to hold elections once security is established and political reforms are in place; elections are required after the current parliamentary term expires in late December 2011. It is unclear whether elections will ease divisions, given that the results of the past two polls have failed to end, or even lessen, protests or give rise to governments that enjoyed popular legitimacy.

Abhisit’s government has undertaken a reconciliation plan that involves addressing income disparities and reforming the political system to allow for broader public participation. Under a package known as the Pracha Wiwat (People’s Agenda) advanced by the government, the poor would receive more assistance and access to loans. Draft amendments to reform the constitution drafted by the interim military government following the coup have sparked controversy; Puea Thai party, the main opposition party, insists that the proposed changes do not sufficiently address their grievances, while some in the ruling Democratic Party fear the changes go too far.

Meanwhile, the People Alliance for Democracy (PAD), known as the “Yellow Shirts,” have reorganized themselves as champions of Thai claims to the area surrounding Preah Vihear, a mountaintop temple that is also claimed by Cambodia. The fighting along the border intensified for several days in early February 2011, killing at least 10 people and heightening tension in Thai politics. Several PAD leaders were arrested by Cambodia for trespassing in the disputed Thai-Cambodia border zone in December 2010 and two of the activists were later sentenced to lengthy jail terms, spurring demonstrations from the Yellow Shirts and prompting the Thai government to partially re-impose the emergency decree in Bangkok. Although the PAD played a key role in ushering the Abhisit government into power (see below), the relationship appears to have soured, as the PAD has demanded a stronger stance on the sovereignty issue.

Current State of U.S.-Thai Relations

The Bangkok-Washington relationship has remained stable, if not flourishing. U.S. officials have voiced their concerns with some of the government’s policies, particularly the curtailment of Thai citizens’ rights under the state of emergency decree, and have encouraged the Abhisit government to pursue a path of reconciliation. Overall, the long-standing relationship appears to have weathered the crisis and remains engaged in high-level dialogues. However, the opportunity costs of Thailand’s political turmoil may have been high, as the Obama Administration has aggressively engaged Southeast Asia in the past two years by signing the Treaty of Amity and Cooperation, attending many regional fora, committing to membership in the East Asia Summit, and asserting U.S. interest in regional issues such as competing claims in the South China Sea. Domestic problems in Thailand have consumed the government’s energy and ability to play a strong leadership role in the region, and Washington has looked to new partnerships with countries like Indonesia and Vietnam.

Yet bilateral engagement has continued, particularly in the traditional areas of security cooperation. Thailand continues to host the annual large-scale multinational Cobra Gold military exercises, and has deployed military personnel to two international missions in 2010: two navy ships to participate in counter-piracy operations off the coast of Somalia, and a battalion of peacekeepers to Darfur, Sudan. Some potential irritants to the relationship have been resolved. In November 2010, Thailand extradited notorious international arms dealer Victor Bout, who had been arrested in a joint U.S.-Thai operation in March 2008, to the United States. The extradition case had taken years to work its way through the Thai legal system as Bangkok struggled to balance the diplomatic demands of both Moscow, which demanded Bout's release, and Washington. In December 2010, Thaksin had been scheduled to visit Washington in order to testify on human rights abuses for a Helsinki Commission hearing. The hearing was eventually postponed, which dodged what could have been a difficult situation if U.S. officials were forced to consider a visa application from Thaksin given his outlaw status with the Abhisit government.

Background: Spring 2010 Crisis in Thailand

Beginning in mid-March 2010, anti-government protestors occupied parts of Bangkok for nine weeks. Initially peaceful, the demonstrations and the response from the security forces became increasingly aggressive, eventually spiraling into urban warfare. By the time a military crackdown dispersed the crowds in mid-May, 88 people were dead and up to 2,000 wounded, according to press reports.¹ Most of the protestors, known as the "red shirts," are loyal to former Prime Minister Thaksin Shinawatra, who was ousted in a military coup in 2006.

In the midst of the crisis, Prime Minister Abhisit offered talks and a reconciliation plan that would allow for early elections in exchange for an end to the protests that had paralyzed a downtown business district. Although elections had been the primary demand of the red shirt movement, leaders pressed for further concessions and the five-point reconciliation plan deal was withdrawn. Meanwhile, the assassination by a sniper of a dissident general in charge of security for the protestors intensified the conflict and street clashes escalated dramatically. The initial restraint demonstrated by both sides gave way to the worst political violence in modern Thai history. On May 19, 2010, armored vehicles and infantry troops stormed the protestors' encampments and several red shirt leaders surrendered. As the crowd retreated, a violent fringe of the movement set fire to dozens of buildings, burning a large shopping mall to the ground and damaging the Thai stock exchange.

Social Divisions and Thai Political Landscape

The recent turmoil in Thailand underscores a growing divide between the rural, mostly poor population and the urban middle class, largely based in Bangkok. By stoking Thai nationalism and providing inexpensive health care and other support to rural communities, Thaksin galvanized a populist movement in Thailand, with the support leading to emphatic electoral victories for his Thai Rak Thai Party, then the successor People's Power Party (PPP), and now the Puea Thai Party. This success threatened the traditional model of governance, which combines a powerful military backed by the royal family, an elite corps of bureaucrats, and a relatively weak

¹ "Factbox: Key Political Risks to Watch in Thailand," *Reuters News*. May 31, 2010.

executive government. Thaksin's rise and fall—and the role he continues to play in Thai politics—did much to expose and exacerbate the rifts.

These divisions have been emerging for years, but many hoped that the reckoning could unfold without bloodshed. The confrontation is no longer as simple as a conflict between those mostly poor, rural Thaksin supporters and the elite, although those disparities remain significant and motivate many of the participants. The fight also involves regional rivalries; most of the protesters hail from the northeastern part of Thailand and resent the control emanating from the richer governing class in Bangkok. The differences are also exploited by politicians who are motivated by their own self-interest. Many Puea Thai politicians have attached themselves to Thaksin to win votes but come from the same privileged—and often corrupt—club of powerbrokers as members of the ruling coalition.

As the crisis unfolded, splinter groups emerged within all of the major institutions: the government, the military, the police, the anti-government “Red Shirt” protestors, and the counter-protestors known as the “Yellow Shirts” who disrupted Bangkok with their own mass rallies in 2008. Rogue elements among the police and military forces and among the protestors' ranks may have been responsible for the most egregious violence and damage that occurred during the stand-off. Pressure on the government from hardliners on either side of the conflict hinder political compromise as Thailand seeks reconciliation.

The apparent reluctance of the king to be involved in the controversy has deepened the uncertainty about the path ahead. The power of the palace, and particularly the intense popularity of the king himself, has traditionally provided an important pillar of stability for Thailand. King Bhumiphol, who has served since 1946, commands tremendous respect and loyalty from the Thai public and has exercised influence over politics throughout his reign. The king is 83 years old and reportedly in poor health, giving rise to anxiety about succession. The king remained nearly silent during the crisis, other than some mild offers of assistance to the families of the dead. On some previous occasions when civil unrest spilled over into violence, the king's public interventions had successfully stemmed the conflict. Some leaders on both sides have begun openly questioning the king's ability to be a unifying force, or why he did not appeal for an end to the violence during the most heated street battles. Due to stringent *lèse-majesté* laws, the issue of royal continuity is rarely broached publicly.

Political Developments Since 2006 Coup

Politics in Thailand have been in a state of turmoil since early 2006, particularly so after a military coup ousted Thaksin as prime minister in September 2006. After the coup, an interim military government took power, generally proving to be ineffective at governance but orchestrating relatively clean elections in December 2007. The People's Power Party (PPP), a successor party to Thaksin's Thai Rak Thai (TRT) party, won a strong victory in parliamentary elections, but its two subsequent prime ministers—Samak Sundaravej and Somchai Wongsawat—were both forced to resign because of decisions by Thailand's court system, which some argue has become increasingly politicized.

Thaksin led his party to overwhelming electoral victories and enjoyed unprecedented consolidation of power from 2000 until his removal in 2006. He remains a major presence in Thai politics from exile, appearing via video link to appeal to his supporters. He has been convicted in absentia of corruption and faces a range of other criminal charges, including terrorism charges brought against him in May following the violence in Bangkok. In late 2009, he accepted an

economic advisory position from the Cambodian government, infuriating Bangkok officials and exacerbating already tense relations with Phnom Penh.

In December 2008, Abhisit Vejjajiva, leader of the Democrat Party, was elected by the parliament as prime minister by collecting enough defector votes from former PPP lawmakers. The PPP regrouped under the “Puea Thai” or “For Thais” Party. To the surprise of many, Abhisit managed to stay in power and resisted opposition calls to hold parliamentary elections, which are not required until the end of 2011. Structural problems remain for the government: many members of the hastily formed coalition are traditional rivals, and politically and philosophically there appears to be little to bind the group together. Abhisit himself holds a sterling resume—a young, Oxford-educated economist—but his image has not helped him to reach out to the rural, poor population that has flocked to pro-Thaksin politicians.

Both sides of the political divide employed massive protests that disrupted Bangkok for months in 2008. Demonstrations by anti-Thaksin forces swelled in number and aggression through the fall of 2008, culminating in a week-long takeover of Bangkok’s two major airports late in the year. After the Abhisit government took power, pro-Thaksin groups took to the streets, eventually forcing the embarrassing cancelation of an Asian leaders’ summit in April 2009. At times, the demonstrations turned violent, with several deaths on each side. The protests, and particularly the airport takeovers, hurt Thailand’s economy, especially the crucial tourism sector. The respective governments in power, however, appeared loathe to order a crackdown, which, they may have calculated, would make the situation appear even more volatile and chaotic.

The protestors are divided between two main groups: the People’s Alliance for Democracy (PAD), known as the “yellow shirts” and the United Front for Democracy Against Dictatorship (UDD), known as the “red shirts.” The PAD, initially formed under the leadership of media baron Sondhi Limthongkul in early 2006, led large-scale protests accusing Thaksin of corruption and subversion of democratic practices, which some observers claim lay the groundwork for the military coup. The PAD are a mix of the military, royalists, the bureaucracy, and largely urban and middle class citizens. The combination of Thaksin’s broad popularity and clampdown on opposition opinions in the media threatened many of those in the “old guard.” The “red shirts” are mostly Thaksin loyalists who insist that the current government is illegitimate and demand Thaksin’s return. A fundamental divide between the two groups centers on the electoral process, with the yellow shirts arguing that ethical imperatives trump the polls, while the red shirts believe that governance should be determined entirely by the population’s vote. Both sides have seen what they perceive as distortion of the system and have taken to the streets with their grievances.

U.S. Role and Reaction

Thailand has been a significant partner for the United States and an important element of the U.S. strategic presence in the Asia-Pacific. At the same time, Thailand enjoys a strong economic and political relationship with China, making it a potential battleground for influence in the region. The political turmoil and ongoing separatist violence in the southern provinces have raised concern that Thailand could become increasingly unstable. Mindful of geopolitics, the United States is attempting to balance its strategic needs with its imperative to remain a champion of democracy in the region.

U.S. military officials are keen to maintain the strong links with the Thai military establishment, particularly given the strategic value of Thai facilities in possible regional contingencies. Some regional analysts insist that Thailand, while imperfect, is an important democratic ally and crucial

to indicate U.S. commitment to the region. However, criticism has emerged that U.S. efforts to instill core concepts like civilian control of the military appear to have had little effect given the experience of the past few years. Although use of Thai airfields has been crucial in U.S. military operations and relief efforts, some observers doubt that Thailand would allow the United States to use the facilities in some potential conflicts.

The U.S. position as the events played out in March-May 2010 was somewhat muted. A State Department spokesperson called for the government to seek a peaceful resolution for the “internal political crisis” as it issued a travel warning to U.S. citizens. In early May, U.S. Assistant Secretary of State for Asia and Pacific Affairs Kurt Campbell held a breakfast meeting with former Thaksin cabinet members Jaturon Chaisaeng, a red-shirt leader, and Noppadon Pattama, a former foreign minister and legal adviser to Thaksin; Abhisit Administration officials had been invited but canceled at the last minute. Thai Foreign Minister Kasit Piromya criticized the U.S. initiative as meddling in Thailand’s domestic affairs. U.S. officials responded that the meetings were not meant to mediate a solution but simply to underscore U.S. support for its treaty ally and for the Thai people.

As the turmoil has grown in Bangkok, the United States has sought to achieve a balanced response. After the coup in 2006, U.S. officials faced the challenge of expressing disapproval for the rollback of democracy while not sacrificing what many view as a crucial relationship in the competition with China for influence in Southeast Asia. Although several aid programs were suspended in accordance with legislative provisions,² many observers saw the response as relatively mild. After Surayud Chulanont was appointed as the interim prime minister of the military government, U.S. Ambassador Ralph Boyce was reportedly the first foreign diplomat to meet with him. Many military and diplomatic officials, wary of some aspects of Thaksin’s leadership style and more familiar with the old establishment in Bangkok, appeared to want to maintain strong relations with the elite despite the interruption of democratic practices. However, hopes for a smooth transition back to representative government were dashed as the turmoil has continued to churn in Thailand since the initial coup. To many observers, Thailand has slipped in its status as an ASEAN leader and lost ground as an example of democratic rule and free markets.

Violence in the Southern Provinces

Thailand has endured a persistent separatist insurgency in its majority-Muslim southern provinces, which include the provinces of Yala, Narathiwat, Pattani, and—to a lesser extent—Songkhla, while dealing with political instability in its capital. Since January 2004, sectarian violence between insurgents and security forces in Thailand’s majority-Muslim provinces has left

² On September 28, 2006, the U.S. State Department announced the suspension of several assistance programs under Section 508 of the Foreign Operations Appropriations Act (P.L. 109-102): Foreign Military Financing (FMF, for defense procurement), International Military Education Training funds (IMET, provides training to professionalize the Thai military), and peacekeeping operation programs. Also suspended were funds for counterterrorism and other operations appropriated under Section 1206 of the National Defense Authorization Act for FY2006. The suspended programs totaled over \$29 million. Other programs deemed to be in the U.S. interest continued, according to the State Department. On February 6, 2008, the U.S. State Department announced that Deputy Secretary of State John Negroponte had certified to Congress that Thailand had restored a democratically elected government, thereby removing legal restrictions on assistance that had been imposed after the coup. A statement from the U.S. Ambassador said that funds were reinstated for programs that include the International Military Exchange Training (IMET) programs, Foreign Military Financing (FMF), and the Global Peacekeeping Operations Initiative (GPOI).

around 4,400 people dead, according to press reports. The groups that have led this surge in violence are generally poorly understood, and their motives are difficult to characterize. Many believe they are mostly focused on local autonomy, but even the Thai government has poor understanding of the diverse groups active in the south. The successive administrations have taken somewhat different approaches to curbing the violence in the south, but none appear to have found a way to resolve the ongoing insurgency.

Background to the Current Conflict

The southern region has a history of separatist violence, though the major movements were thought to have died out in the early 1990s. Thai Muslims have long expressed grievances for being marginalized and discriminated against, and the area has lagged behind the rest of Thailand in economic development. The recent death toll of over 3,300 includes suspected insurgents killed by security forces, as well as victims of the insurgents. This includes both Buddhist Thais, particularly monks and teachers, and local Muslims.

After a series of apparently coordinated attacks by the insurgents in early 2004, the central government declared martial law in the region. Moreover, a pattern of insurgent attacks—targeted shootings or small bombs that claim a few victims at a time and counter-attacks by the security forces—has developed. The pattern crystallized into two major outbreaks of violence in 2004: on April 28, Thai soldiers killed 108 insurgents, including 34 lightly armed gunmen in a historic mosque, after they attempted to storm several military and police outposts in coordinated attacks; and on October 25, 84 local Muslims were killed: 6 shot during an erupting demonstration at the Tak Bai police station and 78 apparently asphyxiated from being piled into trucks after their arrest. The insurgents retaliated with a series of more gruesome killings, including beheadings, following the Tak Bai incident.

Failure of Successive Governments' Approach

The Thaksin government's handling of the violence was widely criticized as ineffective and inflammatory. Critics charged that the Thaksin Administration never put forth a sustained strategy to define and address the problem, that it repeatedly and arbitrarily shuffled leadership positions of those charged with overseeing the region, and that it failed to implement adequate coordination between the many security and intelligence services on the ground.

Under the military government, interim Prime Minister Surayud Chulanont took a more conciliatory approach by publicly apologizing to Muslim leaders for past government policies in the south and resurrecting a civilian agency responsible for improving relations between the security forces, the government, and southern Muslims that Thaksin had abolished. General Sonthi Boonyaratglin, leader of the coup and the first Muslim commander of the Army, advocated negotiations with the separatist groups as opposed to the more confrontational strategy pursued by Thaksin. However, the violence increased in the months following the coup.³ Some analysts said that a younger generation of more radicalized insurgents resisted the more conciliatory approach of the new leadership in Bangkok. Criticism emerged that Surayud's policies were insufficiently

³ "Thailand's Leaders Struggle for Solution as Separatists' Violence Increases," *The New York Times*. February 26, 2007.

implemented, law enforcement was unable to effectively prosecute cases, and that intelligence coordination remained abysmal.

The Samak and Somchai governments, under fire from their inceptions, were unable to devote sustained attention to the south. Critics maintain that the administration did not focus adequate resources on the area as it struggled to maintain its hold on power in Bangkok. The region remains under martial law, which allows security forces to arrest suspects without warrants and detain them for up to 30 days. Since June 2007, a more concentrated counter-insurgency campaign known as “Operation Southern Protection” led to far more arrests, but many analysts see the mass arrests as fueling local resentment. Daily violence ebbed somewhat as a result of the military crackdown, but observers note an increase in more lethal and bold attacks. Human rights groups have continued to criticize the military for its mistreatment of Muslim suspects; in March 2008, Human Rights Watch accused the army of torturing an arrested Muslim cleric who later died in police custody.⁴ The military appears unwilling to cede its authority over this troubled region, which may be hamstringing any efforts by Abhisit’s government to adjust the strategy.

Emerging Patterns in the Insurgency

Close observers note that since late 2007, attacks have become more provocative, more deaths are caused by increasingly powerful explosions, and the insurgents have directed more attacks at economic targets, particularly those owned by ethnic Chinese. Some analysts describe a movement increasingly driven by an Islamist agenda: the insurgents appear intent on driving a harsher ideological line and labeling conciliatory Muslims as collaborators. Because of the repeated attacks on state-run schools, many citizens have chosen to send their children to private Islamic schools. The insurgents’ village-level network has expanded, perhaps driving more local support.⁵ As the attacks have become more sophisticated and coordinated, a climate of fear has developed and division along religious lines has accelerated. According to some reports, 15% of the Buddhist population has left the region.⁶

Little Evidence of Transnational Elements

Most regional observers stress that there is no convincing evidence to date of serious Jemaah Islamiyah (JI) involvement in the attacks in the southern provinces, and that the overall long-term goal of the movement in the south remains the creation of an independent state with Islamic governance. Many experts characterize the movement as a confluence of different groups: local separatists, Islamic radicals, organized crime, and corrupt police forces. They stress, however, that sectarian violence involving local Muslim grievances provides a ripe environment for foreign groups to become more engaged in the struggle. Some of the older insurgent organizations earlier were linked to JI, have reportedly received financial support from foreign Islamic groups, and have leaders who have trained in camps in Libya and Afghanistan. The insurgency has at times heightened tensions with Malaysia, as many of the leaders are thought to cross the border fairly easily. Despite these links, foreign elements apparently have not engaged significantly in the violence.

⁴ “Thailand: Imam’s Killing Highlights Army Abuse in South,” from Human Rights Watch webpage at <http://www.hrw.org/legacy/english/docs/2008/03/26/thaila18346.htm>.

⁵ “Southern Thailand: The Impact of the Coup,” *International Crisis Group*. March 15, 2007.

⁶ Zach Abuza, “Wake Up Call,” e-newsletter. March 20, 2007.

Leadership of Insurgency Unclear

Identifying the groups directing the insurgency has been challenging, but most analysis suggests that there is no one organization with authority over the others. Some reports suggest that the Barisan Revolusi Nasional-Coordinate (BRN-C) has coordinated other groups that operate largely autonomously. Other actors are older Islamist separatist groups, including the Pattani United Liberation Organization (PULO) and Gerakan Mujahideen Islam Pattani (GMIP). An organization called Bersatu at one point claimed to be an umbrella grouping for all the insurgent factions, but appears to have very limited authority over the disparate networks. The failure of the Thai government to establish an authority with whom to negotiate limits its ability to resolve the conflict peacefully.

Background: Thailand Politics and Government

The Kingdom of Thailand, a constitutional monarchy with a parliamentary form of government, is marked by an important historical dissimilarity from its regional neighbors. Although occupied by Japan during World War II, Thailand was the only country in Southeast Asia that was not colonized by Europeans, and it also avoided the wave of communist revolutions that took control of the neighboring governments of Cambodia, Laos, and Vietnam in the 1960s and 1970s. Thailand followed a troubled path to democracy, enduring a series of mostly bloodless coups and multiple changes of government in its modern history. Although Thailand became a constitutional monarchy in 1932, it was ruled primarily by military dictatorships until the early 1990s. A military and bureaucratic elite controlled Thai politics during this period, denying room for civilian democratic institutions to develop. Brief periods of democracy in the 1970s and 1980s ended with reassertions of military rule. After Thai soldiers killed at least 50 people in demonstrations demanding an end to military dominance of the government, international and domestic pressure led to new elections in 1992. The 2006 coup was the first in 15 years.

Thailand's government is composed of the executive branch (prime minister as head of government and the king as chief of state), a bicameral National Assembly, and a judicial branch of three court systems. In the years immediately preceding Thaksin's election in 2001, the Democrat Party dominated Thai politics by instituting a series of reforms that enhanced transparency, decentralized power from the urban centers, tackled corruption, and introduced a broad range of constitutional rights.

Thaksin's Rise and Fall

The Thai Rak Thai (TRT) party, formed by Thaksin in 1999, benefitted politically from the devastation of the 1997 Asian financial crisis on Thailand's economy, and the subsequent loss of support for the ruling Democrats. Thaksin's populist platform appealed to a wide cross-section of Thais, and many analysts contended that Thaksin and his party enjoyed power unprecedented in modern Thai politics.⁷ In February 2005, the TRT won parliamentary elections outright—a first in Thai politics—and swiftly dropped its former coalition partners to form a single-party government.

⁷ See Ganesan, N. "Thaksin and the Politics of Domestic and Regional Consolidation in Thailand," *Contemporary Southeast Asia*, vol. 26, no. 1 (April 2004).

Shortly after TRT's impressive victory, however, Thaksin's popularity faltered due to a weak economy, corruption scandals involving cabinet members, and his failure to stem violence in the south. In early 2006, large public demonstrations calling for his ouster gained momentum. The protestors, mostly members of the urban, educated class, were reportedly unhappy with his authoritarian style, perceived attacks on the free press, mishandling of the violence in the south, and most of all, the tax-free sale of his family's telecommunications firm to a Singapore state company in a \$1.9 billion deal that many suspected was not taxed because of Thaksin's clout.

Widespread protests led Thaksin to call for a new round of parliamentary elections in April 2006. After a less-than-convincing victory by his Thai Rak Thai (TRT) party in an election boycotted by the opposition, Thaksin resigned, then quickly stepped back into power as a "caretaker" prime minister. After Thailand's king called for the courts to resolve the crisis, the Constitutional Court ruled the elections invalid, and new elections were set for November 2006. Despite widespread discontent with Thaksin among the country's middle class and urban dwellers, Thaksin's strong support in rural areas was expected to propel the TRT to a win in the elections.

Military Coup Ousts Thaksin

On September 19, 2006, Royal Thai Army Commander-in-Chief Sonthi Boonyaratglin led a bloodless military coup in Bangkok, ousting Thaksin and declaring martial law. The coup was the 18th since the formation of the constitutional monarchy in 1932, but the first in 15 years. The new leaders formed the Council for Democratic Reform (CDR), later changing the name to the Council for National Security (CNS). King Bhumibol reportedly endorsed the takeover after it occurred. Under interim Prime Minister Surayud Chulanont, a former Army commander, the ruling military government struggled to establish credibility and legitimacy in the months that followed. A series of economic policy moves unnerved investors.

After the coup, the bureaucratic and military elite—with the royal imprimatur—controlled Thailand, while the political parties appeared marginalized and disorganized. In May 2007, a junta-appointed constitutional tribunal ruled that TRT must disband because it had violated election laws in the April 2006 polls and that Thaksin and 110 party executives were banned from politics for five years. The same day, the court acquitted the opposition Democratic Party of a series of other election violation charges. Many observers criticized the rulings as delaying the return to democracy by disenfranchising the most popular political party in Thailand.

In August 2007, a nation-wide referendum on the constitution drafted by a junta-appointed committee passed narrowly amid tepid turnout. The constitution came under criticism for reversing many of the democratic principles enshrined in the 1997 charter. Under it, the number of parliamentary seats are reduced, nearly half of the Senate is appointed by a panel of judges and bureaucrats, and the coup leaders are granted amnesty. The document, designed to prevent the re-emergence of a Thaksin-like strongman leader, suggested to some analysts that Thailand may return to a period of weak, unstable coalition governments.

U.S. Response

Following the coup, U.S. officials faced the challenge of expressing disapproval for the rollback of democracy while not sacrificing what many view as a crucial relationship in the competition for influence with China in Southeast Asia. Many observers saw the response as relatively mild. On September 28, 2006, the U.S. State Department announced the suspension of several

assistance programs under Section 508 of the Foreign Operations Appropriations Act (P.L. 109-102): Foreign Military Financing (FMF, for defense procurement), International Military Education Training funds (IMET, provides training to professionalize the Thai military), and peacekeeping operation programs. Also suspended were funds for counterterrorism and other operations appropriated under Section 1206 of the National Defense Authorization Act for FY2006. The suspended programs totaled over \$29 million. Other programs deemed to be in the U.S. interest continued, according to the State Department. After Surayud was appointed, U.S. Ambassador Ralph Boyce was reportedly the first foreign diplomat to meet with him.

On February 6, 2008, the U.S. State Department announced that Deputy Secretary of State John Negroponte had certified to Congress that Thailand had restored a democratically elected government, thereby removing legal restrictions on assistance that had been imposed after the coup. A statement from the U.S. ambassador said that funds were reinstated for programs that include the International Military Exchange Training (IMET) programs, Foreign Military Financing (FMF), and the Global Peacekeeping Operations Initiative (GPOI).

U.S.-Thailand Political and Security Relations

Current Strains in Relations⁸

The political turmoil in Bangkok and diverging strategic priorities have contributed to some degree of drift in the overall U.S.-Thailand relationship. Although the alliance remains central to Thailand's foreign policy and the United States reiterates the strategic value of Thailand's military facilities, observers on both sides point to unease.⁹ The Obama Administration's emphasis on building stronger relations with Indonesia signals to some Thai observers that Thailand is being displaced as the chief U.S. partner in the region. Differing threat perceptions about China also contribute to a sense that the alliance, while institutionally sound, suffers from a lack of strategic alignment.

A Long-Standing Southeast Asian Ally

The 1954 Manila Pact of the former Southeast Asia Treaty Organization (SEATO), together with the 1962 Thanat-Rusk communiqué, forms the basis of the U.S.-Thai security relationship. Although SEATO was dissolved in 1977, Article IV (1) of the Manila Pact, which calls for signatories to "act to meet the common danger" in the event of an attack in the treaty area, remains in force. Thailand has been considered to be one of the major U.S. security allies in East Asia, along with Japan, South Korea, Australia, Singapore, and the Philippines.

The U.S. security relationship with Thailand has a firm historical foundation based on joint efforts in the Korean War, the Vietnam War, and the 1991 Persian Gulf War. Thailand sent more than 6,500 troops to serve in the United Nations Command during the Korean War, where the Thai force suffered over 1,250 casualties.¹⁰ A decade later, the United States staged bombing raids

⁸ For more analysis on the political situation in Thailand and its impact on U.S. interests, see CRS Report R40605, *Political Turmoil in Thailand and U.S. Interests*, by Emma Chanlett-Avery.

⁹ Crispin, Shawn. "When Allies Drift Apart," *Asia Times*. February 14, 2009.

¹⁰ See <http://korea50.army.mil/history/factsheets/allied.shtml> (official public access website for Department of Defense (continued...))

and rescue missions over North Vietnam and Laos from Thailand. During the Vietnam War, up to 50,000 U.S. troops were based on Thai soil, and U.S. assistance poured into the country to help Thailand fight its own domestic communist insurgency.¹¹ Thailand also sent troops to South Vietnam and Laos to aid the U.S. effort. The close security ties continued throughout the Cold War, with Thailand serving as a solid anti-Communist ally in the region. More recently, Thai ports and airfields played a crucial role in maintaining the flow of troops, equipment, and supplies to the theater in both the 1991 and 2003 Iraq wars.

In October 2003, President Bush designated Thailand as a “major non-NATO ally,” a distinction which allows more access to U.S. foreign aid and military assistance, including credit guarantees for major weapons purchases.¹² An agreement concluded with the United States in July 2001 allows Thailand to purchase advanced medium-range air-to-air missiles for its F-16 fighters, a first for a Southeast Asian state.¹³ Thaksin authorized the reopening of the Vietnam-era U.S. airbase in Utapao and a naval base in Sattahip, from which the U.S. military can logistically support forces in Afghanistan and the Middle East.

Thailand served as the logistics hub for much of the U.S. and international relief effort after the 2004 Indian Ocean tsunami and the 2008 Cyclone Nargis in Burma. U.S. relief operations by air and sea for the entire region were directed out of Utapao air base and Sattahip naval base.

Impact of the 2006 Coup

The military coup and subsequent suspension of military aid by the United States threatened to derail the strong bilateral defense relationship. Following the reinstatement of aid, Thai and U.S. military officials emphasized their commitment to a smooth resumption of close military ties. Several of the programs listed below were suspended under Section 508 of the Foreign Operations Appropriations Act (P.L. 109-102). In May 2007, the annual “Cobra Gold” multinational military exercises went forward despite the suspension of several other military cooperation programs, and have continued annually since.

Support for U.S. and International Operations

Thailand strengthened its partnership with the United States by contributing troops to two American military operations and the broader war on terrorism after the September 11, 2001, attacks. Thailand sent 130 soldiers, largely engineers, to Afghanistan to participate in the reconstruction phase of Operation Enduring Freedom. Thai forces were responsible for the construction of a runway at Bagram Airbase, medical services, and some special forces operations.¹⁴ Although Thailand remained officially neutral during the U.S.-led invasion of Iraq, it

(...continued)

Commemoration of the 50th anniversary of the Korean War).

¹¹ *The Eagle and the Elephant: Thai-American Relations Since 1833* (Bangkok: U.S. Agency for International Development, 1997).

¹² Under section 517 of the Foreign Assistance Act of 1961, the President can designate a non-North Atlantic Treaty Organization state as a major ally for the purposes of the Foreign Assistance Act and the Arms Export Control Act.

¹³ Limaye, Satu P. “Minding the Gaps: The Bush Administration and U.S.-Southeast Asia,” *Contemporary Southeast Asia*, vol. 26, no. 1 (April 2004).

¹⁴ “Thai Soldiers Help Rebuild Afghanistan,” *The Nation* (Thailand), July 4, 2003.

contributed to reconstruction efforts in Iraq by dispatching over 450 troops, including medics and engineers, to the southern city of Karbala. The deployment proved unpopular with the Thai public, particularly after the deaths of two soldiers in December 2003. In spring 2004, Thaksin threatened to withdraw the troops early if the security situation continued to disintegrate and resisted U.S. calls to postpone the withdrawal until after the January 2005 Iraqi elections. The withdrawal was completed in September 2004.

In 2010, Thailand contributed to two international efforts by deploying its military. Two naval ships were sent to assist in the multinational counter-piracy mission in the Gulf of Aden off the coast of Somalia for a four-month tour. In late 2010, Thailand also sent a battalion of troops for peacekeeping operations in Darfur, Sudan.

Thailand reportedly provided a “black site” where U.S. Central Intelligence Agency officials were allowed to secretly hold suspected terrorists. According to press reports, two major Al Qaeda figures captured in Pakistan were flown to Thailand for interrogation by U.S. officials.¹⁵ CIA officials have not confirmed the existence of the site.

Asia Pacific Military Transformation

The U.S. Department of Defense initiative to transform and realign the U.S. military around the globe provides potential opportunities for increased security cooperation with Thailand. Pentagon planners are breaking with the quantitative assurance of keeping 100,000 troops on the ground in East Asia in favor of a more mobile, capability-based force. U.S. military planners have emphasized a “places, not bases” concept in Southeast Asia in which U.S. troops can temporarily use facilities for operations and training, without maintaining a lengthy and costly permanent presence. Facilities used by the U.S. military in Thailand fall under the Pentagon’s “cooperative security location” concept, in which countries provide access in exchange for upgrades and aid.¹⁶

Bilateral Security Cooperation

Security Assistance

The United States has provided funds for the purchase of weapons and equipment to the Thai military through the Foreign Military Financing (FMF) program. As a major non-NATO ally, Thailand also qualifies for the Excess Defense Articles (EDA) program, which allows for the transfer of used U.S. naval ships and aircraft. The United States faces stiff competitors in the foreign military sales market in Thailand, particularly because other countries are more willing to engage in barter trade for agricultural products.

Military Exercises

Training opportunities for U.S. forces in Thailand are considered invaluable by the U.S. military. Thailand and the United States have conducted over 40 joint military exercises a year, including Cobra Gold, the world’s largest combined military exercise. For the February 2011 exercises,

¹⁵ “CIA Operates Secret Prisons Outside U.S.,” *Wall Street Journal Asia*. November 2, 2005.

¹⁶ Kaplan, Robert D., “How We Would Fight China,” *The Atlantic Monthly*. June 2005.

nearly 13,000 military personnel from 24 countries will participate in the exercise, including about 7,300 U.S. troops.

Training

Tens of thousands of Thai military officers, including many of those in top leadership positions throughout the services and in the civilian agencies, have received U.S. training under the International Military Education and Training (IMET) program. Designed to enhance the professionalism of foreign militaries as well as improve defense cooperation with the United States, the program is regarded by many as a relatively low-cost, highly effective means to achieve U.S. national security goals.

Intelligence

Intelligence cooperation between Thailand and the United States reportedly increased markedly after the September 11, 2001, attacks, culminating in the establishment of the Counter Terrorism Intelligence Center (known as the CTIC) in 2001. The CTIC, which combines personnel from Thailand's intelligence agency and specialized branches of the military and armed forces, provides a forum for CIA personnel to work closely with their Thai counterparts, sharing facilities and information daily, according to reports from Thai security officials.¹⁷ Close cooperation in tracking Al Qaeda operatives who passed through Thailand reportedly intensified into active pursuit of suspected terrorists following the 9/11 strikes.¹⁸ The most public result of enhanced coordination was the arrest of suspected Jemaah Islamiyah leader Hambali, outside of Bangkok in August 2003. Other intelligence cooperation focuses on counter-narcotics or specialized military intelligence.

Law Enforcement

In 1998, the International Law Enforcement Academy (ILEA) Bangkok was established to provide legal training for officials to combat transnational crime.¹⁹ The center is open to government officials from any Southeast Asian country, with the exception of Burma (Myanmar). ILEA Bangkok aims to enhance law enforcement capabilities in each country, as well as to encourage cross-border cooperation. Instruction for the courses is provided largely by the Royal Thai Police, the Thai Office of the Narcotics Control Board, and various U.S. agencies, including the Diplomatic Security Service, the Federal Bureau of Investigation, the Drug Enforcement Agency (DEA), the Department of Homeland Security, and the Internal Revenue Service.²⁰

¹⁷ Crispin, Shawn, and Leslie Lopez, "U.S. and Thai Agents Collaborate in Secret—Cold-War-Style Alliance Strikes Jemaah Islamiyah Where It Least Expects It." *Asian Wall Street Journal*, October 1, 2003.

¹⁸ Ibid.

¹⁹ ILEA-Bangkok is one of four ILEAs in the world. The others are located in Hungary, Botswana, and Roswell, New Mexico.

²⁰ Course information from <http://www.ileabangkok.com>.

Counter-Narcotics

Counter-narcotics cooperation between Thailand and the United States has been extensive and pre-dates the foundation of ILEA-Bangkok. Coordination between the DEA and Thailand's law enforcement agencies, in conjunction with a mutual legal assistance treaty and an extradition treaty, has led to many arrests of international drug traffickers. Specialized programs include the establishment of Task Force 399, in which U.S. special forces train Thai units in narcotics interdiction tactics.²¹

Human Rights and Democracy Concerns

Some Members of Congress and other U.S. officials have criticized Thailand's record on human rights. Thailand has neither signed the United Nations Convention Against Torture nor joined the International Criminal Court. According to the 2009 U.S. State Department *Human Rights Report*²² and other NGOs' accounts, the emergency decree issued for the southern provinces gives security forces power to restrict basic rights of citizens. The State Department reports few developments in the Ministry of Justice investigations of the approximately 1,300 extrajudicial killings during Thaksin's 2003 "War on Drugs"; Human Rights Watch puts the number killed at 2,500 and is more harsh in its criticism of the failure to hold any officials accountable for the deaths. The emergency decree on administrative rule announced in summer 2005 alarmed international rights groups. The United Nations Human Rights Committee, among others, has voiced concern that the executive order and other developments were undermining Thailand's democratic process and human rights record.²³

Under Thaksin

During Thaksin's rule, detractors consistently voiced concern that his strongman style threatened Thailand's democratic institutions. Charges of cronyism and creeping authoritarianism grew louder as his political power strengthened. Previously independent watchdog agencies reportedly weakened under his watch,²⁴ and some commentators alleged that Thaksin undermined anti-corruption agencies by installing political loyalists to protect the business interests of his family and members of his cabinet—sometimes one and the same, as Thaksin had a record of appointing relatives and friends to prominent posts.²⁵ Thaksin insisted that political strength enhances development, citing Singapore's economic success and lack of political opposition as a model for Thailand to follow.²⁶

Outside groups warned that press freedom has been squeezed in recent years, documenting multiple cases in which critical journalists and news editors were dismissed, and pointing to a libel suit against an outspoken editor filed by a telecommunications corporation that Thaksin

²¹ Chambers, Paul, "U.S.-Thai Relations After 9/11: A New Era in Cooperation?" *Contemporary Southeast Asia*, Vol. 26, Issue 3. December 2004.

²² For full report, see <http://www.state.gov/g/drl/rls/hrrpt/2009/eap/136010.htm>.

²³ See the Office of United Nation High Commissioner for Human Rights website at <http://www.ohchr.org/english/>.

²⁴ "Thaksin's Way-Thailand's Election," *The Economist*. February 5, 2005.

²⁵ "Thailand Risk: Alert—Corruption May Still Go Unchecked," *Economist Intelligence Unit*, July 19, 2004.

²⁶ "One Party Rule: Opposition Does Not Need to Be Strong, Says PM," *The Nation* (Bangkok), August 10, 2004.

founded.²⁷ Shin Corporation, Thaksin's family company, bought the only independent television station; the others are owned by the government and armed forces.²⁸ Human Rights Watch claims that Thaksin stifled criticism from the media of his Administration's controversial policies, such as the deaths of over 2,000 individuals in the government-sponsored "war on drugs."²⁹

Coup and Aftermath

The coup itself raised obvious concerns about the democratic process in Thailand. Much of the Thai press and some long-time Thai watchers embraced the notion that the coup was necessary for Thailand to move forward; that is, that the military coup represented less of a threat to Thai democracy than Thaksin's perceived systematic dismantling of the democratic system. In addition, much of the state's apparatus, including the key institutions of the parliament, the judicial branch, and watchdog agencies, reportedly has been undermined in the past several years. Uncertainty about the king's succession compounds the concern about Thailand's ability to preserve democratic structures and stability in the upcoming years. The 2006 State Department *Human Rights Report* outlined how the repeal of the 1997 constitution erodes legal protection of civil liberties and due process.³⁰ Particularly strong criticism centered on the military government's restrictions on freedom of speech, freedom of assembly, and freedom of the press, including internet sites critical of the coup. As political unrest unfolded in recent years, stringent lèse-majesté laws appeared to be applied with more frequency, leading to criticism from free speech advocates.³¹

U.S.-Thailand Trade and Economic Relations³²

As a major recipient of foreign direct investment, and with exports of goods accounting for over 70% of its GDP in 2007,³³ Thailand's economy depends heavily on its trading partners. Economic relations with the United States are central to Thailand's outward-looking economic strategy. According to the U.S. Commerce Department, U.S. trade with Thailand in 2009 consisted of nearly \$7 billion in exports and over \$19 billion in imports.³⁴ Major exports from the United States include integrated circuits, computer parts, semi-conductors, cotton, aircraft parts, electronics, soybeans, and oil. Major imports to the U.S. include electronics, jewelry, seafood, clothing, furniture, natural rubber, auto parts, and rice.³⁵ The State Department reports that although Japan is Thailand's biggest trading partner, the United States is Thailand's largest export market.

²⁷ "Rights Group Says Libel Suit Deepens Assault on Thailand's Media," *Agence France Press*, August 31, 2004.

²⁸ "Thai Vote: Democratic Backslide?" *Christian Science Monitor*. February 4, 2005.

²⁹ "Thailand: Libel Suit Deepens Assault on the Press," Human Rights Watch. September 1, 2004.

³⁰ For full report, see <http://www.state.gov/g/drl/rls/hrrpt/2008/eap/119058.htm>.

³¹ "Thai Officials Move to Quash Dissent in Book, Newspaper," *Washington Post*. March 26, 2009.

³² This section prepared with assistance from Katherine Qu, CRS Research Associate.

³³ Bureau of East Asian and Pacific Affairs, U.S. Department of State, July 2008.

³⁴ International Trade Administration, U.S. Commerce Department, accessed at <http://tse.export.gov/TSE/MapDisplay.aspx>.

³⁵ Office of Commercial Thailand Affairs, Royal Thailand Embassy, 2007.

Thailand has long been seen as a strong base for foreign investors, but a series of policy reversals and new regulations have led to substantial criticism of recent governments. After taking office, the military government came under criticism from the foreign business community for imposing currency controls (later partially reversed) and introducing a bill that would restrict foreign ownership of Thai companies. The amendment to the law affecting foreign business ownership, stemming from the negative reaction to the sale of Thaksin's family telecommunications company to a Singaporean state-owned enterprise, will reportedly exclude several sectors. International drug companies have reacted negatively to a government decision to issue compulsory licenses to develop generic versions of patented HIV/AIDS and other drugs.

In order to promote the goal of higher levels of trade and investment, the Department of Commerce's International Trade Administration states that current trade concerns regarding Thailand are intellectual property rights laws and enforcement, concerns addressed through consultations and technical assistance, improvements in Thai customs practices, and lack of transparency and efficiency in the customs regime.³⁶

U.S.-Thailand FTA Negotiations

In October 2003, President Bush and Thaksin announced the intention to negotiate a U.S.-Thailand FTA. According to Thailand's Office of Commercial Affairs, as of July 12, 2007, U.S.-Thailand FTA negotiations have been indefinitely delayed. Even before the suspension of talks, many analysts said that the prospects for an FTA were poor. Although studies indicate that a U.S.-Thailand FTA would increase trade and investment for both countries and yield net benefit for Thailand, negotiations must address a list of challenging issues to reach a successful conclusion. The agreement sought by the United States is the most comprehensive of the multiple FTAs Thailand has attempted; the agenda includes issues such as intellectual property rights, investment, environment, labor rights, textiles, telecommunications, agriculture, electronic commerce, and government procurement.³⁷

An Aggressive FTA Strategy

Thailand has aggressively pursued FTAs with countries other than the United States in its campaign to expand trading opportunities. Agreements have been signed with Bahrain, China, Peru, Australia, Japan, India, and New Zealand. Further deals are possible with South Korea, Chile, and the European Union (EU). Thailand has championed ASEAN regionalism, seeing the ASEAN Free Trade Area (AFTA, among ASEAN countries only) as a vehicle for investment-driven integration which will benefit Thailand's outward-oriented growth strategy.³⁸ Many observers see Thailand's pursuit of FTAs as an indication of its shift away from a multilateral approach, such as working through the World Trade Organization (WTO), and toward a bilateral or regional approach.

³⁶ "U.S.-Thailand Trade Relations," International Trade Administration, U.S. Department of Commerce, September 2007.

³⁷ "Ives to Leave USTR to Take Position in Medical Trade Association," *Inside U.S. Trade*, July 16, 2004.

³⁸ Chirathivat, Suthiphand, and Sothitorn Mallikamas, "Thailand's FTA Strategy: Current Developments and Future Challenges," *ASEAN Economic Bulletin*, vol. 21, no. 1 (April 2004).

Thailand in Asia

Although the coup's impact did not include any widespread violence or precipitous economic losses, there are concerns about longer-term repercussions for Southeast Asia. Thailand is important to the region because of its large economy and, until the coup, its relatively long-standing democratic rule. Regional observers fear that the loss of Thailand as a stabilizing presence could hurt democratic efforts in Indonesia, Malaysia, the Philippines, and elsewhere. Southeast Asia is considered by many Asian experts to be a key arena of soft power competition between the United States and China: the loss of a democratic government, as well as any resulting friction with the United States, could be considered an opening for closer Sino-Thai relations.

Strong Ties with China

Sino-Thailand ties, historically far closer than Beijing's relations with most other Southeast Asian states, have continued to strengthen. Bilateral trade and positive relations have boomed over the past decade. Even while re-asserting its U.S. alliance under Thaksin, Thailand continued to court China, including inking agreements on technology, environmental protection, and strategic cooperation.

Military-to-military ties increased through both exchanges and arms sales: China exports major weapons and military equipment to Thailand, a practice that originated in the 1980s when both countries supported Cambodian resistance groups, including the Khmer Rouge, against the Vietnamese-installed government in Phnom Penh. Many analysts saw the suspension of several U.S. military programs following the coup as an opportunity for China to expand its influence in the Thai defense establishment. China participated as an observer for the first time in the May 2008 Cobra Gold exercises.

Thailand's strong relationship with China is based on a history far less antagonistic than Beijing's past with many other ASEAN countries. After the U.S. withdrawal from Vietnam, Bangkok pursued a strategic alignment with Beijing in order to contain Vietnamese influence in neighboring Cambodia. Bangkok restored diplomatic ties with Beijing in 1975, far before other Southeast Asian nations. Thailand also has no territorial disputes with China in the South China Sea, unlike Malaysia, Vietnam, and the Philippines. The sizeable overseas Chinese population in Thailand assimilated relatively easily and became a strong presence in the business world, and in the political arena as well. Thai companies were among the first to explore investment opportunities after the Chinese economy opened up in the late 1970s, pursuing ventures with China's state-run enterprises. As other regional powers tentatively began to explore commercial relationships with China, investment from Sino-Thai companies flourished in the 1990s, fueling a rebirth of interest in Chinese language and culture in Thailand.³⁹

Given the simultaneous emphasis on building close relationships with the United States and China, Thailand's foreign policy could be construed as a classic hedging strategy designed to avoid dominance by any one power. Some analysts suggest that Bangkok's embrace of China indicates a slow move away from the Cold War reliance on the United States, despite enhanced

³⁹ Vatikiotis, Michael, "Sino Chic: Suddenly, It's Cool to Be Chinese," *Far Eastern Economic Review*, January 11, 1996.

cooperation in the war on terrorism, and could be an indicator of how Southeast Asia will deal with China's increasing influence.⁴⁰

Divergence with United States on Burma (Myanmar) Policy

Bangkok's approach toward Burma has long been seen as conflicting with U.S. policy. While the United States has pursued strict economic and diplomatic sanctions against the regime, Thailand has led ASEAN's "constructive engagement" initiative, which favors integration and incentives to coax Burma into reform.⁴¹ For Thailand, this policy minimizes the danger of a large-scale military struggle and expands Thai business opportunities in Burma. Thailand has been criticized for supporting the junta through substantial trade, particularly in natural gas. As international groups struggled for access to Burma to provide humanitarian relief following the cyclone, Burma granted Thai officials and aid workers entry.

Some congressional leaders also have criticized Bangkok for its treatment of Burmese refugees, migrant workers, and political dissidents living in Thailand. Backed by human rights groups' reports, some U.S. lawmakers have leveled charges of arrests and intimidation of Burmese political activists, as well as the repatriation of Burmese who seek political asylum.⁴² In the past, Congress has passed legislation that provides money to refugees who fled Burma, particularly those in Thailand.⁴³

Refugee Situation

Thailand has long been a magnet for economic and political refugees, particularly from the neighboring countries of Laos, Cambodia, and, most prominently, Burma. Displaced populations of ethnic minorities from Southeast Asia have sought refuge across Thailand's long borders, often attracted by relatively loose immigration controls and often lenient treatment by Thai authorities. A strong network of international humanitarian organizations exists in Thailand to provide assistance to these populations. However, successive Thai governments have expressed frustration with this continuing presence and periodically have clamped down on the incoming asylum seekers. Often this response relates to Bangkok's wish to maintain strong political relationships with other regional governments.

The United Nations High Commissioner for Refugees (UNHCR) estimates that over three decades, around three million asylum seekers have sought refuge in Thailand. Burmese refugees in Thailand come from a variety of ethnic groups that have fled attacks on their villages by the Burmese army and warlords. Thailand has been generally cooperative in helping refugees, but does not want to become an indefinite host, nor does it want to absorb those Burmese who do not qualify as refugees. Moreover, the camps were intended for temporary use and are not considered suitable for permanent inhabitation. The Thai government views Burma as presenting the most immediate source of refugee problems.

⁴⁰ Vatikiotis, Michael, "Catching the Dragon's Tail: China and Southeast Asia in the 21st Century," *Contemporary Southeast Asia*, vol. 25, no. 1 (April 2003).

⁴¹ See CRS Report RL33479, *Burma-U.S. Relations*, by Larry A. Niksch

⁴² See *Out of Sight, Out of Mind: Thai Policy Toward Burmese Refugees and Migrants*, Human Rights Watch Report, released February 2004.

⁴³ H.R. 4818, Foreign Operations Appropriations, Section II, Bilateral Assistance.

Another estimated 200,000 refugees and asylum seekers representing groups (many of them Hmong refugees from Laos) live elsewhere in the country. In addition, Thailand's reputation for relative tolerance for refugees, as well as crackdowns in other recipient countries, has attracted an increasing number of North Korean asylum-seekers. In the last few years, the Thai government has come under considerable criticism for its refugee treatment. In late 2009, the Thai army deported over 4,300 Hmong refugees back to Laos, where they may face persecution. Although Thai officials deemed the eviction "voluntary," the United Nations was not allowed access to determine their refugee status. Similarly, the Thai military was found to have forcibly pushed boats of Rohingya refugees from Myanmar out to sea in January 2009.

ASEAN Relations

Thailand's "local" foreign policy with fellow Southeast Asian nations who make up ASEAN (Indonesia, Malaysia, the Philippines, Singapore, Brunei Darussalam, Vietnam, Laos, Burma, and Cambodia) consists of a web of complicated relations. As one of the largest and most economically developed of the ASEAN countries, Thailand has much to gain for promoting ASEAN's significance in global affairs. With its favorable geographic location and broad-based economy, Thailand has traditionally been considered among the most likely countries to play a major leadership role in Southeast Asia and has been an aggressive advocate of increased economic integration in the region. Bangkok has developed strong relations with its Indochina neighbors through infrastructure assistance and other aid. In turn, Vietnam, Laos, and Cambodia provide raw materials, inexpensive manufacturing, and expanding markets for Thailand. Particularly under Thaksin, Thailand pursued enhanced relations with Singapore based on a common interest in liberalizing trade and with the Philippines centered on a mutual interest in combating terrorism, but those emphases have cooled since Thaksin's departure. Former Thai Minister of Foreign Affairs Surin Pitsuwan currently serves as ASEAN Secretary General.

Despite cooperative elements, Bangkok's relations with its neighbors are often characterized by tension and diplomatic spats. Intermittent tension with Cambodia re-ignited in 2008 over competing territorial claims of Preah Vihear, a temple situated along the Thai-Cambodian border and in February 2011, several consecutive days of shelling left at least 10 people dead and prompted calls from Cambodia for the United Nations to intervene. Cambodia's decision to hire Thaksin as an economic advisor further disrupted relations, with both countries recalling their respective ambassadors. (Thaksin has since retired from these duties.)

Relations with Singapore were disturbed by the sale of Thaksin's family firm Shin Corporation to Singapore's Temasek Holdings in 2006: the tax-free sale angered many Thais and played a role in Thaksin's downfall. Relations with Malaysia have been complicated by an insurgency since 2004 in Thailand's majority-Muslim southern provinces, which border Malaysia. Many Thai Muslims are ethnically Malay and speak Yawi, a Malay dialect, and at times the Malaysian public has grown angry at the perceived violence against Muslims in Thailand. Although successive Thai administrations have pursued cooperative agreements to help curb the violence, relations have remained uncertain as the violence continues.

Table 1. U.S. Assistance to Thailand 2005-2009

(thousands of dollars)

Account	FY2005	FY2006	FY2007	FY2008 estimate	FY2009 request
CSH	0	0	1,400	992	1,000
DA	0	0	0	0	4,500
ESF	992	990	990	0	0
FMF ^a	1,488	1,485	0	149	800
IMET ^a	2,526	2,369	0	1,142	1,400
INCLE	1,608	990	900	1,686	1,400
NADR	1,782	3,989	2,100	2,483	2,000
Peace Corps	2,143	2,212	2,144	2,278	—
Totals	10,539	12,035	7,534	8,730	11,100

Sources: U.S. Department of State, USAID

Notes: CSH = Child Survival Health; DA = Development Assistance; ESF = Economic Support Funds; FMF = Foreign Military Sales Financing; IMET = International Military Education and Training; INCLE = International Narcotics and Law Enforcement; NADR = Nonproliferation, Anti-Terrorism, Demining, & Related.

- a. These programs were suspended on September 28, 2006, under Section 508 of the Foreign Operations Appropriations Act (P.L. 109-102) and resumed on February 6, 2008.

Figure I. Map of Thailand



Source: Map Resources. Adapted by CRS.

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