

CRS Report for Congress

Received through the CRS Web

Thailand: Background and U.S. Relations

Updated September 6, 2005

Emma Chanlett-Avery
Analyst in Asian Affairs
Foreign Affairs, Defense, and Trade Division

Thailand: Background and U.S. Relations

Summary

U.S.-Thailand relations are of interest to Congress because of Thailand's status as a long-time military ally, a key country in the war against terrorism in Southeast Asia, and a significant trade and economic partner. A proposed U.S.-Thailand Free Trade Agreement (FTA), currently being negotiated, would require implementing legislation to take effect.

Despite differences on Burma policy and human rights issues, shared economic and security interests have long provided the basis for U.S.-Thai cooperation. Bangkok and Washington coordinate closely on law enforcement, intelligence, and security 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 by President Bush 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 for the Indian Ocean tsunami. The high-profile arrest of radical Islamic leader Hambali in a joint Thai-U.S. operation in 2003 underscores Thailand's role in the U.S.-led war on terrorism. If negotiations for an FTA are successful, the current U.S.-Thai bilateral trade total of \$20 billion could rise considerably. Thailand is the United States' 19th largest trading partner.

Current Prime Minister Thaksin Shinawatra and his populist Thai Rak Thai party have consolidated broad control of Thai politics, although opposition parties and others have criticized his strongman style as a threat to Thailand's democratic institutions. The central government's forceful response to a surge of violence in the southern majority-Muslim provinces also has come under fire from many observers. A series of attacks by insurgents, which has claimed over 800 lives since January 2004, has renewed concerns about both indigenous and transnational terrorism in the country. Some commentators have speculated that southern Thailand could become another front in the U.S.-led war on terrorism if more credible links to international terror networks surface.

With its favorable geographic location and broad-based economy, Thailand is poised to play a major leadership role in Southeast Asia and has been an aggressive advocate of increased economic integration in the region. A founding member of the Association of Southeast Asian Nations (ASEAN), Thailand maintains close ties with China, has reached out to India, and is actively pursuing FTAs with a number of other countries. Given its ties with the United States, Thailand's stature in the region may affect broader U.S. foreign policy objectives and prospects for further multilateral economic and security cooperation in Southeast Asia. In the context of the Pentagon's transformation and realignment initiatives, current logistical facilities in Thailand could become more important to U.S. strategy in the region. This report will be updated periodically.

Contents

Recent Developments	2
Violence in the Southern Provinces	2
Central Government Response	2
Degree of Foreign Involvement Uncertain	3
Criticism of Thaksin's Approach	4
Coping with Tsunami Disaster	4
Background: Thailand Politics and Government	5
Path to Democratization	5
Thaksin's Government Consolidates Power	5
Democracy Under Fire?	6
U.S.-Thailand Political and Security Relations	7
Recent Military Deployments	8
U.S.-Thai Partnership Elevated	8
Bilateral Security Cooperation	8
Security Assistance	8
Military Exercises	9
Training	9
Counter-Narcotics	10
Human Rights Concerns	10
U.S.-Thailand Trade and Economic Relations	11
A Protracted Process for U.S.-Thailand FTA Negotiations?	11
An Aggressive FTA Strategy	12
Thailand in Asia	12
Growing Ties with China	12
Divergence with U.S. on Burma (Myanmar) Policy	13
ASEAN Relations	14
Regional Health Issues	15
Potential Challenges and Opportunities in U.S.-Thai Relations	15
Progress in FTA Negotiations	15
Military Transformation in Asia-Pacific	16
Direction of War on Terrorism in Southeast Asia	16

List of Figures

Figure 1. Map of Thailand	18
---------------------------------	----

List of Tables

Table 1. U.S. Assistance to Thailand 2002-2006	17
--	----

Thailand: Background and U.S. Relations

A long-time American ally in Asia, Thailand has continued to pursue close ties to the United States as the political landscape of the region has evolved. Solidified during the Cold War, the U.S.-Thai relationship strengthened on the basis of shared economic and trade interests, and it has been further bolstered since the September 11, 2001 attacks by a common commitment to fight terrorism in Southeast Asia. At the same time, Thailand enjoys a strong economic and political relationship with China, positioning itself as a potential battleground for influence in the region.

Thailand has proven itself to be a significant partner for the United States and an important element of U.S. strategic presence in the Asia-Pacific. Designated as a major non-NATO ally in 2003, Thailand contributed troops and support for U.S. military operations in both Afghanistan and Iraq. Thailand has been an active partner in the U.S.-led war on terrorism, a role highlighted by the high-profile 2003 arrest of a radical Islamic leader in a joint Thai-U.S. operation. Other bilateral cooperation on transnational issues such as narcotics trafficking reinforces Thailand's standing as a primary partner of the United States in maintaining stability in Southeast Asia.

The start of negotiations in June 2004 for a U.S.-Thailand Free Trade Agreement (FTA) marked Thailand's possible entry into the United States' expanding web of trade pacts with political allies. If the negotiations are successful in working out a host of controversial issues, the current U.S.-Thai bilateral trade total of \$20 billion is likely to rise considerably.¹ Including Thailand for FTA consideration follows a pattern of linking FTA negotiating status with support for U.S. foreign policy and national security goals that former U.S. Trade Representative Robert Zoellick noted in a 2003 address.² In Asia, the United States has concluded FTAs with Australia and Singapore, also strong political allies who have supported U.S. efforts in the war on terrorism.

Thailand's position within ASEAN makes it an appealing ally for the United States. Prime Minister Thaksin Shinawatra has consolidated power at home and positioned himself to be a major leader for Southeast Asia as well by shoring up relations with neighboring countries, standing up for the ASEAN policy of non-interference in the domestic affairs of other states, and maintaining strong ties with regional giants China and India. Many analysts have predicted that Thaksin could be "the next Mahathir," referring to the charismatic former Malaysian Prime Minister credited with leading Malaysia's impressive development during his 22-year tenure.

¹ Thailand is the United States' 19th largest trading partner.

² See CRS Report RS21657, *U.S. Trade Policy and Changing Domestic and Foreign Priorities: A Historical Overview*, by Raymond J. Ahearn.

The comparison with Mahathir also reflects concerns that Thaksin sometimes resorts to authoritarian governing methods.

Recent Developments

Violence in the Southern Provinces

Since January 2004, sectarian violence between insurgents and security forces in Thailand's majority-Muslim provinces has left over 800 people dead. The civilian victims include both Buddhist Thais, particularly monks and teachers, and local Muslims. Over 34,500 residents fled the region in the first half of 2005 as a result of the violence and over 20% of the local teachers have requested a transfer out of the area.³ The southern region, which includes the provinces of Yala, Narathiwat, Pattani, and Songkhla, 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; the area has lagged behind the rest of Thailand in economic development.

After a series of apparently coordinated attacks in early 2004, the central government declared martial law in the region. 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 Takbai police station and 78 apparently asphyxiated from being piled into trucks after their arrest.⁴ The insurgents retaliated with a series of more gruesome killings, including beheadings, following the Tak Bai incident. Facing a trend of more sophisticated and coordinated attacks, observers note that such confrontations have led to an increasing climate of fear and division along religious lines.⁵

Central Government Response. The number of security forces on the ground has steadily increased, from an initial dispatch of 3,000 troops to close to 20,000 military personnel and an additional 10,000 police by mid-2005.⁶ In July 2005, Thaksin announced the lifting of martial law but replaced it with a new decree allowing him to assume emergency powers, including authority to censor the media, grant immunity to security officials, hold suspects without charge for up to 30 days,

³ "Thai Rebel Tactic: Divide the Faiths," *Christian Science Monitor*. July 20, 2005.

⁴ Independent forensic experts said that the men died piled on top of each other with their hands tied behind their backs. See Mydans, Seth, "Thai King Urges Premier to Be More Lenient in the Muslim South," *New York Times*, Nov. 2, 2004.

⁵ Chulalongkorn University professor Panitan Wattanyagorn, quoted in *Christian Science Monitor*. July 20, 2005.

⁶ Davis, Antony, "No End in Sight for Southern Thailand's Escalating Insurgency," *Jane's Intelligence Review*. March 1, 2005.

and a variety of other extraordinary measures that critics say impinge on civil liberties.⁷

In addition to the sizable military dispatch, Thaksin has adopted measures designed to soften criticism that his policy overly stressed the use of military force. The government has proposed aid packages to the south, pledged to reform the Islamic school system, and commissioned inquiries into the military's response in the April and October incidents.⁸ The Thaksin Administration approved a \$500 million economic development program for the region, although local sources complain that the funds have yet to be dispersed.⁹ In March 2005, the government created the National Reconciliation Commission (NRC), headed by former prime minister Anand Panyarachun, to address the violence. The NRC has recommended lifting martial law and has criticized the executive decree as ineffective.¹⁰

Degree of Foreign Involvement Uncertain. Many regional observers view the movement as a confluence of different groups: local separatists, Islamic radicals, organized crime, and corrupt police forces. The sophistication and coordination of the attacks support the notion that broader networks are involved, but, according to many experts, the history of resentment in the region among minority Muslims toward the central government points to a domestic impetus. Separatist groups in Pattani have reportedly received financial support from groups in other Islamic countries, and some of the leaders trained in camps in Libya and Afghanistan.¹¹ There are indications of Jemaah Islamiah (JI) presence in Thailand,¹² particularly given the 2003 arrests of Hambali, a radical figure with suspected ties to Al Qaeda, and of three Islamic leaders suspected of planning to attack foreign embassies and tourist destinations. However, most analysts stress that there is no convincing evidence to date of serious JI involvement in the attacks in the southern provinces.

Sectarian violence involving local Muslim grievances, however, provides a ripe environment for JI to become more engaged in the struggle. Prominent experts have warned that outside groups, including militant Indonesia-based groups and JI, may attempt to exploit public outrage with events like the October 5 deaths to forge

⁷ "Thai Teachers Become Targets in the South," *Washington Post*. August 12, 2005.

⁸ After public outcry over the deaths of Muslim youths by Thai troops, independent investigations led to the dismissal or reassignment of some officials but largely acquitted the government of any intentional misconduct.

⁹ Smith, Anthony L., "Trouble in Thailand's Muslim South: Separatism, Not Global Terrorism," *Asia Pacific Security Studies*, vol. 3, no. 10 (Dec. 2004).

¹⁰ "Draconian Powers for Thaksin," *Economist Intelligence Unit - Business Asia*. July 25, 2005.

¹¹ *Ibid.*

¹² Regional terrorism experts have pointed to linkages to JI in Thailand through the group Jemaah Salafi, which reportedly had contact with Hambali as he was planning major bombings in Bangkok; through personal ties with various secessionist leaders; and through the participation in the attacks of several foreign nations with JI ties.

alliances between local separatists and regional Islamic militants.¹³ Some analysts believe that the heavy-handed response by the security forces, with the open support of Thaksin, could represent a tipping point for the movement.

Criticism of Thaksin's Approach. The government's handling of the violence has been widely criticized as ineffective and inflammatory. The Thaksin Administration has yet to put forth a sustained strategy to define and address the problem, has repeatedly but arbitrarily shuffled leadership positions of those charged with overseeing the region, and has failed to implement adequate coordination between the many security and intelligence services on the ground.¹⁴

Parties outside of the Administration have expressed concern about the events. The royal family, which commands strong loyalty from the Thai public, has taken the unusual step of publicly intervening. In a move that may have forced Thaksin to soften his statements, King Bhumibol Adulyadej encouraged him to take a more measured approach. Dissent has emerged from within the elite as well: a former prime minister and ex-Army chief have criticized the use of force and called for campaign to restore peace in south,¹⁵ and a senior education official has urged the creation of a new Ministry of Islamic Affairs to address the problem.¹⁶

Thailand's neighbors also expressed alarm at the brewing insurgency, breaking the ASEAN rule of broaching internal affairs at the November 2004 ASEAN summit in Laos. Although Thaksin resisted attempts to add the discussion to the official agenda, Indonesia and Malaysian leaders met with him on the sidelines to convey their concern. Australian Foreign Minister Alexander Downer has noted the mishandling and pointed out the potential for JI to exploit local grievances.¹⁷ The U.S. State Department also has acknowledged its concern and intent to monitor the situation closely.¹⁸

Coping with Tsunami Disaster

Six provinces on the western coast of southern Thailand, particularly the Phang Nga province and the resort islands of Phuket and Phi Phi, were badly hit by sea surges stemming from the underwater earthquake off of Sumatra on December 26, 2004. Nearly 5,400 died and over 2,800 remained missing in Thailand. Officials said that about half of the dead were foreign vacationers, many from Europe. Despite rapid reconstruction and government aid packages to the affected region, the tourism industry, which brings in nearly 6% of Thailand's GDP, has suffered following the tsunami.

¹³ "Thailand 'The Next Battleground,'" *The Australian*, Dec. 1, 2004.

¹⁴ See "Southern Thailand: Insurgency, Not Jihad," International Crisis Group Asia Report, May 18, 2005.

¹⁵ "Anand, Surayud Urge Peaceful Resolution," *The Nation* (Bangkok), Nov. 16, 2004.

¹⁶ "Defusing the South," *The Nation* (Bangkok), Nov. 15, 2004.

¹⁷ "Tackling the Thai Terror Threat," *Asian Wall Street Journal*, Nov. 30, 2004.

¹⁸ *State Department Press Releases and Documents*, Oct. 29, 2004.

The emergency response in Thailand was praised by the international community: United Nations and Australian relief agency officials described effective and rapid coordination of grass-roots relief teams to distribute supplies and provide first aid. Some credit Thaksin's strong political authority to command the military and police forces. Thaksin also has come out strongly in favor of establishing a tsunami alert system in cooperation with other regional governments. Thailand also appears to have met the unique diplomatic and logistical challenges of coordinating the recovery and identification among the 38 countries that lost nationals in the disaster. A huge effort was launched to collect DNA samples from the dead, with several nations sending forensic experts to assist.

Thailand served as the logistics hub for much of the U.S. and international relief effort. U.S. relief operations by air and sea for the entire region were directed out of Thailand's Utapao air base and Sattahip naval base. Thailand's government immediately granted full U.S. access to the bases following the disaster. Representatives from several other countries and international organizations providing relief also worked out of Utapao.

Background: Thailand Politics and Government

Path to Democratization

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 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 1990's. 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.

Thaksin's Government Consolidates Power

Thailand's government, composed of the executive branch (prime minister as head of government and the king as chief of state), a bicameral National Assembly, and the judicial branch of three court systems, is currently led by Prime Minister Thaksin Shinawatra of the Thai Rak Thai (TRT) party. Until 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. King Bhumiphol,

who has served since 1946, commands tremendous respect and loyalty from the Thai public and continues to exercise a degree of influence over politics in Thailand.

The TRT party, formed by Thaksin in 1999, benefitted politically from the devastation of the 1997 Asian financial crisis on Thailand's economy, and subsequent loss of support for the ruling Democrats. Thaksin's populist platform appealed to a wide cross-section of Thais, and the TRT easily secured a clear majority in the parliament by forming a coalition with a handful of smaller parties. The Thaksin government has bolstered its standing by carefully courting several key power centers: the military, the business and banking elite, provincial political bosses, and the royal family. Many analysts contend that Thaksin and his party enjoy power unprecedented in modern Thai politics.¹⁹

Fueled by positive coverage of Thaksin's response to the tsunami, the TRT won the February 2005 parliamentary elections outright — a first in Thai politics — by capturing 376 of the 500 seats. The main opposition party, the Democrats, captured only 96 seats, short of the 201 seats needed to propose a censure debate against the prime minister. Only in the restive South did the Democrats dominate, winning 52 of 54 seats.²⁰ TRT swiftly dropped its former coalition party and formed a single-party government. By summer 2005, however, Thaksin's popularity was faltering due to a weak economy in the face of rising oil prices, coverage of a corruption scandal involving Cabinet members, and his failure to stem violence in the South. Nevertheless, Thaksin has pushed ahead with ambitious public works spending programs and a potent opposition force has yet to develop.

Democracy Under Fire?

Although Thaksin retains a strong grip on power, detractors have consistently voiced concern that his strongman style is a threat to Thailand's democratic institutions. Suspicions of cronyism and charges of creeping authoritarianism have surfaced since Thaksin took office. Previously independent watchdog agencies have reportedly weakened under his rule.²¹ Some commentators have alleged that Thaksin's administration has 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 has a record of appointing relatives and friends to prominent posts.²² Thaksin insists that political strength enhances development, citing Singapore's economic success and lack of political opposition as a model for Thailand to follow.²³

¹⁹ See Ganesan, N. "Thaksin and the Politics of Domestic and Regional Consolidation in Thailand," *Contemporary Southeast Asia*, vol. 26, no. 1 (Apr. 2004).

²⁰ "Why They All Love Thaksin," *The Economist*, February 12, 2005.

²¹ "Thaksin's Way - Thailand's Election," *The Economist*, February 5, 2005.

²² "Thailand Risk: Alert — Corruption May Still Go Unchecked," *Economist Intelligence Unit*, July 19, 2004.

²³ "One Party Rule: Opposition Does Not Need to Be Strong, Says PM," *The Nation* (Bangkok), Aug. 10, 2004.

Outside groups have 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 founded.²⁴ Shin Corporation, Thaksin's family company, bought the only independent television station; the others are owned by the government and armed forces.²⁵ Human Rights Watch claims that Thaksin has stifled criticism in the media of his Administration's controversial policies, such as the deaths of over 2,000 individuals in the government-sponsored "war on drugs," and allowed a cover-up of the government's failure to address the avian bird flu epidemic effectively.²⁶

U.S.-Thailand Political and Security Relations

A Long-Standing Southeast Asian Ally

The 1954 Manila Pact of the former Southeast Asia Treaty Organization (SEATO), together with the 1962 Thanat-Rusk communique, forms the basis of the long-standing 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 is 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.²⁷ A decade later, the United States staged bombing raids 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.²⁸ 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 solid anti-Communist ally in the region. More recently, Thai ports and airfields played a

²⁴ "Rights Group Says Libel Suit Deepens Assault on Thailand's Media," *Agence France Press*, Aug. 31, 2004.

²⁵ "Thai Vote: Democratic Backslide?" *Christian Science Monitor*. February 4, 2005.

²⁶ "Thailand: Libel Suit Deepens Assault on the Press," Human Rights Watch. September 1, 2004.

²⁷ See [<http://korea50.army.mil/history/factsheets/allied.shtml>] (official public access website for Department of Defense Commemoration of the 50th anniversary of the Korean War).

²⁸ *The Eagle and the Elephant: Thai-American Relations Since 1833* (Bangkok: U.S. Agency for International Development, 1997).

crucial role in maintaining the flow of troops, equipment, and supplies to the theater in both the 1991 and 2003 Iraq wars.

Recent Military Deployments. Thailand has strengthened its partnership with the United States by contributing troops to two American military operations since 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 are responsible for the construction of a runway at Bagram Airbase, medical services, and some special forces operations.²⁹

Although Thailand remained officially neutral during the U.S.-led invasion of Iraq, it 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.

U.S.-Thai Partnership Elevated. 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.³⁰ 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.³¹ Thaksin also authorized the reopening of the Vietnam-era U.S. airbase in Utao and a naval base in Sattahip, from which the U.S. military can logistically support forces in Afghanistan and the Middle East

Bilateral Security Cooperation

Security Assistance. The United States provides 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 market for foreign military sales in Thailand, particularly because other countries are more willing to engage in barter trade for agricultural products. See **Table 1** below for program funding.

²⁹ “Thai Soldiers Help Rebuild Afghanistan,” *The Nation* (Thailand), July 4, 2003.

³⁰ 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.

³¹ Limaye, Satu P. “Minding the Gaps: The Bush Administration and U.S.-Southeast Asia,” *Contemporary Southeast Asia*, vol. 26, no. 1 (Apr. 2004).

Military Exercises. Thailand and the United States conduct over 40 joint military exercises a year, including Cobra Gold, America's largest combined military exercise in Asia. The 2005 drill held in Chiang Mai, with a special emphasis on relief operations following the Indian Ocean tsunami, featured over 6,300 troops from the United States, Thailand, Singapore, and — for the first time — Japan. Additional observers came from China, Pakistan, Cambodia, Israel and the United Arab Emirates.

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.³² 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. Thailand is one of the largest recipients of IMET funding in the world, with approximately \$2.5 million annually.

Intelligence. Intelligence cooperation between Thailand and the United States has reportedly increased markedly since 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.³³ Close cooperation in tracking Al Qaeda operatives that passed through Thailand reportedly intensified into active pursuit of suspected terrorists following the 9/11 strikes.³⁴ The most public result of enhanced coordination was the arrest of suspected Jemaah Islamiyah leader Riduan Isamuddin, also known as 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.³⁵ The center is open to government officials from any Southeast Asian country, with the exception of Burma (Myanmar), and had trained nearly 3,900 participants by December 2004. ILEA 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,

³² In 1997, over 20,000 had received IMET training. See *The Eagle and the Elephant*, p. 143.

³³ 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*, Oct. 1, 2003.

³⁴ *Ibid.*

³⁵ ILEA-Bangkok is one of four ILEAs in the world. The others are located in Hungary, Botswana, and Roswell, New Mexico.

the Federal Bureau of Investigation, the Drug Enforcement Agency (DEA), the Department of Homeland Security, and the Internal Revenue Service.³⁶

Counter-Narcotics. Counter-narcotics cooperation between Thailand the United States is 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 elite Thai units in narcotics interdiction tactics.³⁷

Human Rights Concerns

Some members of Congress and other U.S. officials have criticized Thailand's record on human rights. The 2004 U.S. State Department Human Rights Report asserts that Thailand's record worsened in 2003 and cites excessive use of force by some members of the police and links these elements to extra-judicial killings.³⁸ Thailand has neither signed the United Nations Convention Against Torture nor joined the International Criminal Court. Human rights activists are particularly critical of Thaksin's 2003 anti-narcotics campaign, in which an estimated 3,000 suspected drug dealers were killed, according to press reports. There have been some indications of internal attention to the issue in Thailand; the National Human Rights Commission, formed in 2000 by a mandate from the 1997 constitution to protect civil liberties, has called on the government to review suspected abuse by Thai police.

Concern by international human rights groups regarding abuse of criminal suspects by Thai police forces has been exacerbated by the crackdown on Muslim militants in the southern provinces since early 2004. Human rights groups have particularly cited the disappearance of Somchai Neelapaijit, a prominent Muslim human rights lawyer, in March 2004.³⁹ The emergency decree on administrative rule announced in summer 2005 alarmed international rights groups further: the United Nations Human Rights Committee, among others, has voiced concern that the executive order and other developments are undermining Thailand's democratic process and human rights record.⁴⁰

³⁶ Course information from [<http://www.ileabangkok.com>].

³⁷ Chambers, Paul, "U.S.-Thai Relations After 9/11: A New Era in Cooperation?" *Contemporary Southeast Asia*, Vol. 26, Issue 3. December 2004.

³⁸ *Thailand Country Report on Human Rights Practices 2004*, accessible at [<http://www.state.gov/g/drl/rls/hrrpt/2003/27790.htm>].

³⁹ See Human Rights Watch report, at [<http://hrw.org/english/docs/2004/03/17/thaila8127.htm>].

⁴⁰ See the Office of United Nation High Commissioner for Human Rights website at [<http://www.ohchr.org/english/>].

U.S.-Thailand Trade and Economic Relations

Thailand, like many other countries in the region, saw its economy devastated by the 1997 Asian financial crisis. With loan and policy assistance from the International Monetary Fund, Thailand has recovered substantially, although other setbacks such as the Severe Acute Respiratory Syndrome (SARS) outbreak have hurt its progress. GDP growth is forecast to slow in 2005 due to high fuel costs (Thailand relies on oil for two-thirds of its energy), and inflation is expected to increase.⁴¹ As a major recipient of foreign direct investment, and with merchandise exports making up over half of its GDP, Thailand's economy depends heavily on its trading partners.

Economic relations with the United States are central to Thailand's outward-looking economic strategy.⁴² In 2003, the United States was Thailand's largest export market and its third largest supplier of imports, after Japan and the EU. According to the American Chamber of Commerce, the United States is second only to Japan in foreign investment in Thailand, with cumulative investment at \$20 billion and over 200,000 Thai nationals on the payrolls.⁴³ In 2004, bilateral trade in goods totaled \$23.9 billion. Many analysts and policymakers suggest that the proposed FTA would further deepen economic ties.⁴⁴

A Protracted Process for U.S.-Thailand FTA Negotiations?

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.⁴⁵ In the four rounds of talks held, market access for sugar, rice, and trucks are among the thorniest of the differences between the two sides. Further, some sources have speculated that Thaksin launched negotiations without consulting adequately with the bureaucracies in charge of the controversial areas. These factors, combined with an inexperienced Thai negotiating team, may slow the talks down considerably.⁴⁶

⁴¹ "Thailand: Country Outlook," *Economist Intelligence Unit*. August 26, 2005.

⁴² See CRS Report RS21478, *Thailand-U.S. Economic Relations: An Overview*, by Wayne M. Morrison.

⁴³ American Chamber of Commerce in Thailand press release, Oct. 22, 2003, available at [<http://www.amchamthailand.org/acct/asp/news.asp?SponsorID=60&NewsID=421>].

⁴⁴ See CRS Report RL32314, *U.S.-Thailand Free Trade Agreement Negotiations*, by Raymond J. Ahearn and Wayne M. Morrison.

⁴⁵ "Ives to Leave USTR to Take Position in Medical Trade Association," *Inside U.S. Trade*, July 16, 2004.

⁴⁶ "Talks on U.S.-Thai FTA to Kick Off in Hawaii; USTR Sees Drawn-Out Process," *Inside U.S. Trade*, June 25, 2004.

An Aggressive FTA Strategy

Thailand has been aggressively pursuing FTAs with countries other than the United States in its campaign to expand trading opportunities. Agreements have been signed with Bahrain, China, Peru, Australia, and India; the largest FTA to date is expected to be concluded with Japan by the end of 2005. Further deals are possible with New Zealand, South Korea, Chile, and the European Union (EU). Thailand has championed ASEAN regionalism, seeing the proposed ASEAN Free Trade Agreement (AFTA) as a vehicle for investment-driven integration which will benefit Thailand's outward-oriented growth strategy.⁴⁷ Many observers see Thailand's pursuit of FTAs as an indication of its shift away from multilateral approach, such as working through the World Trade Organization (WTO), and toward a bilateral or regional approach.

Thailand in Asia

Growing Ties with China

Chinese-Thailand ties have strengthened considerably under Thaksin's leadership. Thaksin came to power promoting a business-oriented, engagement approach toward the rest of Asia that de-emphasized human rights and democracy.⁴⁸ Even while re-asserting its alliance with the United States, Thailand has continued to court China, including signing agreements on technology, environmental protection, and strategic cooperation. In addition, the government has denied visas to a group of Taiwanese legislators, a decision which Thaksin defended based on Thailand's close ties to China.⁴⁹ Military-to-military ties have also increased through both exchanges and arms sales: China exports major weapons and military equipment to Thailand, continuing a practice originating in the 1980s when both countries supported Cambodian resistance groups, including the Khmer Rouge, against the Vietnamese-installed government in Phnom Penh.⁵⁰

Trade has boomed between Thailand and China: in 2004 bilateral trade totaled over \$17 billion, according to Chinese statistics.⁵¹ A limited free trade agreement covering mostly agricultural goods has been in place since 2003. Both countries have aggressively promoted the Greater Mekong Subregion (GMS) Economic Zone by

⁴⁷ Chirathivat, Suthiphand, and Sothitorn Mallikamas, "Thailand's FTA Strategy: Current Developments and Future Challenges," *ASEAN Economic Bulletin*, vol. 21, no. 1 (Apr. 2004).

⁴⁸ Chambers, Paul, "U.S.-Thai Relations After 9/11: A New Era in Cooperation?" *Contemporary Southeast Asia*, Vol. 26, Issue 3. December 2004.

⁴⁹ "Thai Visa Refusal Aids Strains to Ties with Taiwan," *Financial Times*, Jan. 22, 2003.

⁵⁰ See R. Bates Gill, "China Looks to Thailand: Exporting Arms, Exporting Influence." *Asian Survey*, Vol. 31, No. 6. June 1991.

⁵¹ "Chinese, Thai Foreign Ministers Discuss Strategic Cooperation," *BBC Monitoring Asia Pacific*. August 26, 2005.

pursuing joint infrastructure projects that link Thailand with China's Yunnan province.⁵² In May 2005, Thailand demonstrated its commitment to implement promptly the ASEAN-China Free Trade Agreement by announcing it would open four new consulates in China.⁵³

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 eventually in the political arena as well. Thaksin himself is the member of a prominent Sino-Thai family. 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.⁵⁴

Given the simultaneous emphasis on building close relationships with the United States and China, Thaksin'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 cooperation in the war on terrorism, and could be an indicator of how Southeast Asia will manage China's increasing influence.⁵⁵

Divergence with U.S. 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.⁵⁶ For Thailand, this policy minimizes the danger of a large-scale military struggle and expands Thai business opportunities in Burma.

⁵² Masviriyakul, Siriluk, "Sino-Thai Strategic Economic Development in the Greater Mekong Subregion." *Contemporary Southeast Asia*, Vol. 26, Issue 2. August 2004.

⁵³ Montaperto, Ron, "China-Southeast Asia Relations: Dancing with China." *Comparative Connections*, July 2005.

⁵⁴ Vatikiotis, Michael, "Sino Chic: Suddenly, It's Cool to Be Chinese," *Far Eastern Economic Review*, Jan. 11, 1996.

⁵⁵ Vatikiotis, Michael, "Catching the Dragon's Tail: China and Southeast Asia in the 21st Century," *Contemporary Southeast Asia*, vol. 25, no. 1 (Apr. 2003).

⁵⁶ See CRS Report RS20749, *Burma-U.S. Relations*, by Larry Niksch.

Thailand's relationship with Burma has grown closer under Thaksin's administration. During the 1990s, Thailand voiced harsh criticism of the military junta ruling Burma, particularly its crackdown on the National League for Democracy, the opposition party led by democratic activist Aung Sun Su Kyi. Thailand also has chafed at the huge inflow of illegal drugs from Burma. But the Thaksin government has placed special emphasis on maintaining normal relations with Burma, even as European countries have tightened sanctions and other Southeast Asian countries have distanced themselves from Rangoon. In December 2004, Thaksin called the continued detention of Aung Sun Su Kyi "reasonable," prompting angry reactions from some U.S. lawmakers and Administration officials. Critics have also questioned whether Thaksin's engagement with Burma is being driven by his own commercial interests: Shin Corp, his family's telecom company, has secured lucrative contracts to provide Internet service and satellite stations in Burma.⁵⁷

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.⁵⁸ Congress has passed legislation that provides money to refugees who fled Burma, particularly those in Thailand.⁵⁹

ASEAN Relations

Thailand's positive engagement with Burma complements its broader strategy of strengthening relations with Southeast Asian countries for economic and political gain. Bangkok has continued to develop strong relations with its Indochina neighbors through infrastructure assistance and other aid. In turn, Vietnam, Laos, and Cambodia provide raw materials, cheap manufacturing, and expanding markets for Thailand. Thaksin also has pursued enhanced relations with Singapore based on a common interest in liberalizing trade in the region and with the Philippines centered on a mutual interest in combating terrorism.

Relations with Indonesia and Malaysia are more complex. Tensions grew when Thaksin claimed that nationals of the two countries are involved in separatist violence in the south. Bilateral cooperation with Malaysia, predicated on both economic ties and political cooperation in dealing with border issues in Thailand's restive southern provinces, has strengthened under Thaksin. Although Kuala Lumpur has pursued JI and other militant Islamic groups aggressively, it is aware that the Malaysian public is largely sympathetic to Thai Muslim complaints of persecution based on shared ethnic, linguistic, and religious bonds. Bangkok's accusations of

⁵⁷ Chambers, Paul, "U.S.-Thai Relations After 9/11: A New Era in Cooperation?" *Contemporary Southeast Asia*, Vol. 26, Issue 3. December 2004.

⁵⁸ See *Out of Sight, Out of Mind: Thai Policy toward Burmese Refugees and Migrants*, Human Rights Watch Report, released Feb. 2004.

⁵⁹ H.R. 4818, Foreign Operations Appropriations, Section II, Bilateral Assistance.

militant camps located just over the border in Malaysia has further strained bilateral relations.⁶⁰

Regional Health Issues

Thailand's relationship with its neighbors is defined by not only traditional security concerns but also by a series of transnational public health issues that have afflicted the region. Thailand was among the earliest and hardest hit by the HIV/AIDS epidemic in the 1990s, with infection spreading rapidly among the sex worker industry and adult HIV/AIDS prevalence rates peaking at about 1.5% in 1996. Rates are now falling, due largely to an extensive prevention campaign focused on managing risk in the sex industry. Cambodia undertook similar measures, but countries such as China and Vietnam are now threatened by equally dangerous outbreaks, providing another potential arena for regional cooperation.⁶¹

In addition to its relative success in curbing the spread of AIDS, Thailand has been largely commended by the international health community for its response to outbreaks of the Severe Acute Respiratory Syndrome (SARS) and the avian bird flu. Because of the importance of tourism to Thailand's economy, government officials have, by some accounts, been reluctant to admit a public health problem but are generally effective once determined to address it. In 2003, seven cases and two deaths from SARS were reported in Thailand, but the kingdom was removed quickly from the World Health Organization's list of at-risk countries in 2003 after taking steps to curb the spread of the virus. The following year, Thailand killed millions of potentially infected chickens to contain the bird flu outbreak. Despite the measures, health officials caution that both diseases remain a threat to Thailand and the region. In September 2004, several Asian countries reported a re-emergence of the bird flu, including the death of a man in Thailand,⁶² and a new outbreak among fighting roosters was discovered in July 2005.⁶³

Potential Challenges and Opportunities in U.S.-Thai Relations

Progress in FTA Negotiations

Four rounds of talks have been held on the proposed U.S.-Thailand FTA, the latest in July 2005. If negotiations for the bilateral agreement are able to resolve the sensitive issues outlined above, Thailand would be the third Asia-Pacific country (after Singapore and Australia) to sign a comprehensive FTA with the United States.

⁶⁰ "Thai 'Proof' of Malaysian Camps," *BBC News Online*, Dec. 21, 2004.

⁶¹ Kiat Ruxrungtham, Tim Brown, and Praphan Phanuphak. "HIV/AIDS in Asia," *The Lancet*, vol. 364, no. 9428 (July 3-9, 2004).

⁶² "Lethal Bird Flu Reemerges in Four East Asian Countries," *Washington Post*, Sept. 15, 2004.

⁶³ "Thailand Uncovers New Outbreak of Bird Flu," *Asian Wall Street Journal*, July 12, 2005.

A FTA would enhance Thailand's position as a key economic as well as security partner, advance President Bush's Enterprise for ASEAN Initiative (EAI),⁶⁴ and encourage Thailand to support the U.S. agenda in multilateral WTO negotiations. Failure to reach an agreement, however, would set back these initiatives and may embarrass Prime Minister Thaksin, who has been a forceful advocate of bolstering relations with the United States. Some members of Congress have tied an improvement in Thailand's human rights record with passage of the FTA, indicating a difficult road ahead.⁶⁵

Military Transformation in Asia-Pacific

The U.S. Department of Defense initiative to transform and re-align 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. In the past few years, 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. In a State Department press release, a senior Defense Department official points to current cooperation with Thailand as an example of the military's new approach, specifically citing the annual Cobra Gold exercises.⁶⁶ Facilities used by the U.S. military in Thailand fall under the Pentagon's "cooperative security location" (CSL) concept, in which host countries provide access in exchange for upgrades and other aid.⁶⁷

Direction of War on Terrorism in Southeast Asia

Thailand has demonstrated its commitment to the U.S. campaign to fight international terrorism in Southeast Asia over the past three years. Future developments in the regional war on terrorism may take Thailand's role further. If violence in the southern provinces continues to escalate, or if links to radical Islamist networks are revealed, Bangkok and Washington may re-evaluate the scale of the insurgency, from a purely domestic movement to a more broadly-based effort. Some analysts have suggested the use of U.S. Special Forces, for example, to help Thai military and police officers combat the violence.⁶⁸ If terrorists continue strikes elsewhere in Southeast Asia, such as the September 2004 bombing at the Australian embassy in Jakarta, Thailand may expand its cooperation with the United States on

⁶⁴ The EAI aims to negotiate bilateral trade agreements with the ten ASEAN countries.

⁶⁵ Chambers, Paul, "U.S.-Thai Relations After 9/11: A New Era in Cooperation?" *Contemporary Southeast Asia*, Vol. 26, Issue 3. December 2004.

⁶⁶ "U.S. to Transform Military in Parallel with Allies — Capabilities Will Be Emphasized Instead of Numbers of Troops," *State Department Press Releases and Documents*. August 16, 2004.

⁶⁷ Kaplan, Robert D., "How We Would Fight China," *The Atlantic Monthly*. June 2005.

⁶⁸ Lumbaca, J.C., "Use Special Forces in Thailand's Troubled South," Aug. S20, 2004, published on the online *PacNet Newsletter* by the Center for Strategic and International Studies, [<http://www.csis.org/pacfor/pac0435A.pdf>].

a broader, regional level. Possible avenues for such coordination could include further integration on intelligence and law enforcement work to target terrorist operatives and financing.

Table 1. U.S. Assistance to Thailand 2002-2006

(thousands of dollars)

Account	FY2002	FY2003	FY2004 actual	FY2005 estimate	FY2006 request
CSH	1,000	1,500	0	0	0
DA	750	1,250	0	0	0
ESF*	0	0	0	992	0
FMF	1,300	1,990	881	1,488	1,500
IMET	1,650	1,768	2,572	2,500	2,400
INCLE	4,000	3,700	2,000	1,608	1,000
NADR	720	200	1,380	750	1,000
Peace Corps	1,267	1,818	1,840	2,243	2,373
PKO	0	0	500	0	0
Totals	10,687	12,226	9,173	9,581	8,273

Sources: U.S. Department of State, USAID, U.S. Department of Agriculture.

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

*Foreign operations appropriations for FY2005 (P.L. 108-447) provided \$1.5 million in FMF to Thailand and \$1 million in ESF for programs to promote democracy and press freedoms. The State Department request for FY2005 had not included ESF for Thailand.

Figure 1. Map of Thailand



Source: Map Resources. Adapted by CRS. (K.Yancey 3/23/04)