

August 28, 2014

Thailand: Background and U.S. Relations

Overview

Thailand is a long-time military ally and significant trade and economic partner for the United States. In 2013, Thailand was the United States' 24th largest goods trading partner, with \$38 billion in total two-way goods trade. For many years, Thailand also was seen as a model of stable democracy in Southeast Asia, although this image, along with U.S. relations, has been complicated by deep political and economic instability in the wake of two military coups in the past eight years. The first, in 2006, displaced Prime Minister Thaksin Shinawatra, a popular but polarizing figure who remains a focus of many divisions within Thailand. The second, in 2014, deposed an acting prime minister after Thaksin's sister, Yingluck Shinawatra, was ousted from the premiership by a Constitutional Court decision that many saw as politically motivated. The 2014 coup threatens the traditionally strong U.S.-Thai security relationship and could disrupt trade and investment links, two developments that some analysts believe could open the door to greater Chinese influence in Thailand.

The coup also exacerbates concerns of international groups, some Members of Congress, and U.S. officials regarding Thailand's human rights record. Thailand's role as a source, destination, and transit country for human trafficking has received attention following the State Department's downgrade of Thailand to the bottom-most Tier 3 of its Trafficking in Persons Report. Thailand has been criticized for alleged human rights violations as the country struggles with a separatist insurgency in the majority-Muslim southern provinces. While the ethnic Malay insurgents have sought autonomy for decades, the violence in the region has intensified since January 2004, and approximately 6,000 people have died in the conflict since then.

Political Crisis and 2014 Military Coup

In crisis since fall 2013, Thai politics was thrown into further turmoil when the Thai military seized power in Bangkok on May 22, 2014. Initially declaring martial law on May 20, Army Commander Prayuth Chan-ocha formalized the military coup two days later. The military then dissolved the Parliament, detained political leaders and academics, imposed a curfew, and restricted media outlets. Sporadic violence in the months leading up to the coup left 28 people dead, but there was no widespread bloodshed associated with the coup itself. In the weeks following the coup, Prayuth and a group of senior military leaders, known as the National Council of Peace and Order (NCPO), selected members of a new National Legislative Assembly (NLA), widely seen as a "rubber stamp" legislature. On August 21, the NLA elected Prayuth as Prime Minister.

Thailand

Capital: Bangkok
Size: Slightly more than twice the size of Wyoming
Population: 67.7 million (July 2014 est.)
Infant Mortality: 9.86 deaths/1,000 live births (U.S.=6.00)
Fertility Rate: 1.5 children born/woman (U.S.=2.06)
GDP (Official Exchange Rate): \$400.9 billion
GDP Per Capita (PPP): \$9,900 (2013 est.) (U.S.=\$49,800)
Source: CIA World Factbook, 2014.

Many observers took this as a sign that the military intends to maintain stronger control over the political process than it did following Thailand's last two coups, in 1991 and 2006. The NCPO has indicated that it will undertake comprehensive reform of the constitution, a process that will require a longer time frame than reforms after previous coups. Prayuth and his supporters see the interim as an opportunity to undertake economic reforms, including large scale infrastructure investment, free from the political obstacles that existed during the pre-coup unrest. The NCPO announced that national elections will not be held for at least a year.

While the past several years have seen many large-scale demonstrations accompanied by intermittent violent clashes, protests have ceased since the coup. Uncertainty about the health of Thailand's widely revered King Bhumiphol Adulyadej contributes to anxiety about further instability in the months ahead. At age 86, the king has been hospitalized for much of the past four years. The King provides symbolic support for the NPCO, demonstrated by his televised endorsement of the provisional constitution installing Prayuth as head of government.

U.S. Response to Coup

The United States immediately suspended an estimated \$10.5 million in foreign assistance to Thailand, cancelled a series of military exercises and Thai military officers' visits, and urged a quick return to civilian rule and early elections. The Administration has some latitude in determining how much assistance to Thailand to suspend. Aid that could continue is generally humanitarian in nature: emergency food aid, international disaster assistance, migration and refugee aid, global health (HIV/AIDS, malaria, tuberculosis) programs, child survival programs, the Peace Corps, demining, and non-proliferation programs. The State Department was specific about the suspension of several military assistance programs: immediately following the coup, \$3.5 million in unspent and unobligated

Foreign Military Financing (FMF) assistance, consisting of training and education programs, as well as the remaining \$85,000 of unspent funds this fiscal year for the International Military Education and Training (IMET) program, were suspended. Thailand receives approximately \$1.3 million in IMET annually.

After the previous coup in 2006, many observers saw the U.S. response as relatively mild. Although funding for development assistance and military financing and training programs was cut off while the military remained in power, U.S. assistance for other programs remained in place. The annual Cobra Gold exercises hosted by Thailand—the largest multilateral military exercises in Asia—continued without interruption. U.S. officials are reportedly considering relocating the 2015 exercises, a decision that could have far-reaching consequences for the alliance.

U.S.-Thailand Security Relations

In many ways, the military-to-military connection is the strongest pillar of the U.S.-Thai relationship. The recent coups therefore are particularly problematic for maintaining strong bilateral relations because U.S. aid suspension targets military assistance, cancels exercises, and chills security ties. Before the most recent coup, U.S. military leaders touted the alliance as apolitical and praised the Thai armed forces for exhibiting restraint amidst the competing protests and political turmoil. The coup put Prayuth and the Thai army at the center of politics, repudiated years of U.S. training about the importance of civilian control of military, and disrupted the momentum of the alliance. Prior to the 2014 coup, military funding had just recovered to pre-2006 coup levels.

The alliance has considerable strategic value. The access that Thailand provides to military facilities, particularly the strategically located and well-equipped Utapao airbase, is considered invaluable by U.S. strategic planners. Thailand hosts many multilateral military exercises that contribute to the U.S. strategic rebalancing to Asia. Many analysts also see 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, which is a potential strategic concern for the United States.

U.S.-Thailand Trade and Economic Relations

In 2013, Thailand was the United States' 24th largest goods trading partner, with \$38 billion in total two-way goods trade. With services included, two-way trade with Thailand totaled \$41 billion in 2012, the latest year for which such data are available. The overall U.S. trade deficit with Thailand was \$15 billion. According to the U.S. Trade Representative, some of the largest barriers to trade in Thailand are high tariff rates in selected industries, particularly in agriculture; a lack of transparency in customs policy, where Customs Department officials have "significant discretionary authority"; and the use of price controls or import license requirements in some industries. Poor protection of intellectual property rights also placed Thailand on the USTR's Priority Watch List in 2013.

Thailand's economy has performed strongly through political turmoil in the past decade, although growth slowed in 2013. Since the coup and cessation in violence, economic indicators have improved.

Thailand's Regional Relations

Thailand is important to the Southeast Asian region because of its large economy, its good relationships with numerous neighbors, including Burma and China, and, until the coups, its relatively long-standing democratic rule. Years of domestic political paralysis raise, however, concerns among its neighbors that Thailand appears increasingly unable to take a leadership role in regional initiatives. This paralysis, many argue, has implications for issues such as ASEAN's diplomacy with China over maritime disputes in the South China Sea, regional efforts to combat human trafficking, and regional economic integration.

Southeast Asia is considered by many experts to be a key arena of competition for influence between the United States and China. Sino-Thai ties, historically far closer than Beijing's relations with most other Southeast Asian states, have strengthened considerably over the past decade. Thailand has no territorial disputes with China in the South China Sea and has served as a coordinator of discussions over a potential Code of Conduct for parties in the disputed region. Thailand's trade with China has boomed under the China-ASEAN Free Trade Agreement, which entered into force in 2010.

Human Rights and Democracy Concerns

International groups, some Members of Congress, and U.S. officials have criticized Thailand's record on human rights. Alleged abuses include extra-judicial killings, curtailment of the press and non-governmental groups, restriction of freedom of expression under strict *lèse-majesté* laws, and the bloody suppression of demonstrations in 2010. The 2014 coup was Thailand's 12th since 1932, and it severely damaged the country's reputation as a democratic success, which had taken hold during the 1990s and early 2000s.

Thailand also has been criticized for alleged human rights violations in the southern provinces throughout various governments, and was recently downgraded to Tier 3 status on the State Department Trafficking in Persons (TIP) report, indicating that the government was not considered fully in compliance with the minimum standards for the elimination of trafficking. Thailand is surrounded by considerably poorer countries that drive the inflow of refugees, and economic migrants at high risk of being trafficked for commercial sexual exploitation and forced labor. Thai authorities have been criticized for overlooking these groups most at risk by characterizing cases as consensual human smuggling.

For more information, see the CRS Report on Thailand-U.S. relations (RL32593), and the CRS Insight on the 2014 military coup in Thailand.

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