Thailand: Background and U.S. Relations

(name redacted)
Specialist in Asian Affairs

(name redacted)
Specialist in Asian Affairs

(name redacted)
Research Associate

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Summary

Thailand is a long-time military ally and a significant trade and economic partner for the United States. For many years, Thailand was seen as a model democracy in Southeast Asia, although this image, along with U.S.-Thai relations, has been complicated by deep political and economic instability in the wake of two military coups in the past nine years. The first, in 2006, displaced Prime Minister Thaksin Shinawatra, a popular but polarizing figure who is currently living in exile. 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. After the 2014 coup, the military installed General Army Commander Prayuth Chan-ocha as Prime Minister. He remains head of the Thai government. The junta is drafting a new constitution, and elections are unlikely before 2017.

Thailand’s political instability stems primarily from the rivalry between Thaksin’s supporters (loosely known as “red shirts”) and his opponents (“yellow shirts”—largely urban elites, the military, and those loyal to Thailand’s King). Parties loyal to Thaksin have won the last six nationwide elections, including several that took place after the 2006 coup, but a series of prime ministers have been removed, either via coup or court action.

Following the 2014 coup, Thailand faces numerous risks to internal stability. Thaksin’s supporters, analysts warn, feel increasingly disenfranchised, and they may resort to violence to express their political grievances in the future. Concerns also surround the health of Thailand’s widely revered King Bhumiphol Adulyadej and uncertainty about the royal succession process. The royal palace is one of Thailand’s most powerful institutions, and in the past, the King has intervened in periods of internal conflict. Thailand’s government also must contend with a low-level insurgency in the country’s southern, Muslim-majority provinces, where around 6,000 have been killed since 2004.

Some analysts see U.S.-Thailand relations at an important crossroad. For decades, bilateral military-to-military cooperation has been robust in terms of security assistance, training, and military exercises. After the 2014 coup, the United States suspended security assistance funds to Thailand, and the rationale for an ongoing military relationship is challenged, given that the Thai military has overthrown several democratically elected governments. Nevertheless, some analysts contend that maintaining the U.S.-Thai relationship is vital, warning that, without it, the United States may lose access to Thailand’s strategically located military facilities and that China may become even more influential in the region. Dozens of other U.S. agencies also base their regional headquarters in Thailand, and some officials worry that political tension with Bangkok could threaten those operations as well.

U.S. interests may also be affected by Thailand’s political instability, which limits Bangkok’s ability to pursue an active foreign policy. Thailand has historically been a leader of the regional Association of Southeast Asian Nations (ASEAN), and it maintains relatively close relations with both China and neighboring Myanmar. Some believe that having a U.S. ally focused deeply on domestic instability could limit opportunities to pursue broader regional initiatives.

The United States and the international community have raised other concerns about Thailand, mainly having to do with human trafficking, the large refugee population living within the country’s borders, and human rights and democracy conditions. This report will be updated periodically.
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Overview of U.S.–Thailand Relations.

An American treaty ally since 1954, Thailand was for years praised as an economic and democratic success story. The U.S.-Thai relationship, solidified during the Cold War, expanded on the basis of shared perceptions of the two nations’ economic and security interests. Thailand is an important trade and investment partner for the United States, and U.S. access to Thai military facilities and sustained military-to-military cooperation make Thailand an important element of the U.S. strategic presence in the Asia-Pacific region. Over 50 U.S. government agencies, with regional operations, also are based in Thailand. They implement a wide range of programs, including infectious diseases research, healthcare provision, and law enforcement training.

Bangkok’s political turmoil over the past decade has harmed the bilateral relationship. Thailand’s two military coups, in 2006 and 2014, triggered U.S. suspension of some forms of assistance. With Bangkok consumed with its own political crises, analysts believe Thailand’s ability to help with regional initiatives, including those supported by the United States, is severely limited. This raises opportunity costs given the country’s central geographical location, broad-based economy, and relatively advanced infrastructure. Many have hoped that Thailand could play a larger role as a partner in the Obama Administration’s strategic rebalance to Asia.

Thailand’s struggles are almost entirely domestic and generally not destabilizing for the region, but because of them Bangkok lacks the capacity to be a more productive force. While Thailand has played helpful roles in encouraging Myanmar’s democratic transition and coordinating talks between the 10-member Association of Southeast Asian nations (ASEAN) and China on a Code of Conduct in the South China Sea, it has not claimed as much of a leadership role of ASEAN as it might if its own politics were more stable.

With the prospect that Thailand’s military may retain power for an extended period, possibly until the royal succession unfolds over several years, U.S. policymakers must judge how stridently to advocate for democratic principles in its relations with Bangkok. In the past, many analysts say Thailand has demonstrated a remarkable ability to “muddle through” its crises; despite periodic bouts of violence and political discord, accommodations have been made to allow Thailand’s government and economy to move forward. Many experts say this time may be different and that Thailand is convulsing through a historic transition. The current monarch has been in place for over 65 years. Many analysts believe the inevitable royal succession, when it comes, could reshape the role the palace plays within Thailand’s political structure.

Many critical questions about Thailand’s future remain: Without representative government, how will Thailand’s disenfranchised majority respond? Is civil war possible? What are the possible succession scenarios? How could they affect the country’s stability? What role will Thaksin and his supporters play? Will foreign investors shy away from Thailand given the uncertainties? Will the country continue to lead regional initiatives, including those supported by the United States? How stringently should the United States advocate democratic principles, particularly when doing so may strengthen the Sino-Thai relationship? If Thailand is under a military government for an extended period, what are the implications for U.S. relations with one of its Asian treaty allies and for U.S. policy in the region?

Political Crisis and Military Coup in 2013-2014

Thai politics, in turmoil for several years, was thrown into crisis when the Royal Thai military declared martial law on May 20, 2014. Two days later, the military ousted the civilian government, and Army Commander Prayuth Chan-ocha seized power. The military dissolved
Parliament, detained political leaders and academics, imposed a curfew, and restricted media outlets. Former Prime Minister Yingluck Shinawatra was placed under house arrest (she was later released). There was no widespread bloodshed associated with the coup. However, sporadic violence in the months prior left 28 people dead.¹

After seizing power, Prayuth announced that Thailand would be governed by a group of senior military leaders known as the National Council for Peace and Order (NCPO). The NCPO created a new National Legislative Assembly (NLA) and selected the Assembly’s members. On August 21, 2014, the new body elected Prayuth as Prime Minister. Prayuth has not set a date for a transition to civilian rule, and he has been reluctant to hold popular elections. After the coup, he said that elections might be held in early 2016, but later announced they would be pushed back to August or September 2016. The NCPO also created a Constitution Drafting Committee (CDC) to draw up a new constitution. While the process is ongoing, preliminary version grants immunity to individuals involved in the coup and allows the prime minister to be selected, rather than popularly elected, if he or she receives two-thirds approval of the house.²

In April 2015, Prayuth lifted martial law. Soon afterward, however, he invoked Article 44 of the interim constitution, granting his government the authority to curb “acts deemed harmful to national peace and stability.” Human rights groups immediately condemned the move as being yet another indication of Thailand’s “deepening descent into dictatorship.”³

U.S. Response to the Coup

In response to the 2014 coup, the United States immediately suspended $4.7 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.⁴ “There is no justification for this coup ... I urge the restoration of civilian government immediately, a return to democracy, and respect for human rights and fundamental freedoms, such as press freedoms,” Secretary of State John Kerry said in a statement. “While we value our long friendship with the Thai people, this act will have negative implications for the U.S.-Thai relationship, especially for our relationship with the Thai military. We are reviewing our military and other assistance and engagements, consistent with U.S. law.”⁵

The Administration did have some latitude in determining how much assistance to Thailand to suspend.⁶ Aid that could continue because of “notwithstanding” clauses was generally

¹ Before the coup, Thai politics had been dysfunctional since October 2013, when the ruling party tabled a general amnesty bill that would have cleared Thaksin from his corruption conviction (as well as several opposition leaders from charges related to earlier protests). Large-scale opposition demonstrations erupted in the streets of Bangkok. The protestors, reported to be as many as 200,000 at their peak, occupied several government compounds and created gridlock in areas of the capital city. Protest leaders called for the end of the “Thaksin regime” and demanded that a “people’s council” reporting to the King replace Parliament. New elections were held in February 2014, but the opposition Democrat Party boycotted the polls, and the courts later ruled that the election results were invalid. Until her removal by court order in early May, Yingluck remained the head of a “caretaker” government as demonstrations continued in Bangkok.
⁵ See http://www.state.gov/secretary/remarks/2014/05/226446.htm.
⁶ The Consolidated Appropriations Act, 2014 (P.L. 113-76), at Division K, provides the Department of State, Foreign (continued...)
humanitarian in nature—for instance, emergency food aid, international disaster assistance, and migration and refugee aid. Military assistance programs, however, were suspended. Immediately following the coup, the United States cut off $3.5 million in Foreign Military Financing (FMF) and $85,000 in International Military Education and Training (IMET) funds. (In recent years, Thailand has received approximately $1.3 million in IMET annually.)

However, the United States still participated in the Cobra Gold military exercise in February 2015. The exercise—which is one of the largest in the Asia Pacific—involved 13,000 troops from 24 Asian-Pacific countries. However, fewer U.S. troops participated than in previous years—3,600 in 2015 as compared to 4,300 in 2014. According to the Administration, U.S. participation will remain limited in 2016, as well.

Several years ago, many observers saw the U.S. response to the 2006 coup as having been relatively mild. Funding for development assistance, and for military financing and training programs, was cut off. Yet U.S. assistance for a range of other programs—including law enforcement training, counterterrorism and nonproliferation efforts, global health programs, and the Peace Corps—remained in place.

**Thailand Politics and Government**

**Historical Background**

The Kingdom of Thailand, a constitutional monarchy with a parliamentary form of government, is distinct from its neighbors in one important aspect: it is the only country in Southeast Asia that Europeans never colonized (it was, however, briefly occupied by Japan during World War II). Thailand also avoided the wave of communist revolutions that produced communist governments in Cambodia, Laos, and Vietnam in the 1960s and 1970s.

Thailand followed a troubled path to democracy, becoming a constitutional monarchy in 1932, but ruled primarily by military dictatorships until the early 1990s. During that period, a military and bureaucratic elite controlled Thai politics, an elite that did not allow civilian democratic institutions to develop. There were brief periods of democracy in the 1970s and 1980s, but these ended with reassertions of military rule. After Thai soldiers killed at least 50 street protestors in May 1992, a wave of demonstrations broke out, demanding an end to the military’s control of the government. Eventually, bowing to both domestic and international pressures, the military ceded

(...continued)

Operations, and Related Programs Appropriations Act, 2014, and the general provisions within that Act provides, at 128 Stat. 494, the coup foreign aid cut-off language, as follows:

Sec. 7008. None of the funds appropriated or otherwise made available pursuant to titles III through VI of this Act shall be obligated or expended to finance directly any assistance to the government of any country whose duly elected head of government is deposed by military coup d’etat or decree or, after the date of enactment of this Act, a coup d’etat or decree in which the military plays a decisive role: Provided, That assistance may be resumed to such government if the President determines and certifies to the Committees on Appropriations that subsequent to the termination of assistance a democratically elected government has taken office: Provided further, That the provisions of this section shall not apply to assistance to promote democratic elections or public participation in democratic processes: Provided further, That funds made available pursuant to the previous provisos shall be subject to the regular notification procedures of the Committees on Appropriations.

control, and allowed elections to take place four months later. The 2006 coup was the first in 15 years.

Thailand’s government is composed of an executive branch (with the prime minister as head of the 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 2001 election, the Democrat Party dominated Thai politics by instituting a series of reforms that enhanced transparency, decentralizing power from the urban centers, tackling corruption, and introducing a broad range of constitutional rights. Thaksin’s 2001-2006 tenure as Prime Minister was marked by an unprecedented centralization of power in the Prime Minister’s office, as well as the implementation of populist economic policies such as the public subsidy of health care. Some of these developments, analysts note, set the context for the military’s 2006 decision to oust Thaksin.

Social Divisions and the Thai Political Landscape

Current political 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, leading to emphatic electoral victories for his Thai Rak Thai Party. Even after the party was banned, following the coup against Thaksin in 2006, its successor parties, the People’s Power Party and the Puea Thai Party, continued to win national elections. This success threatened the traditional model of governance and the “old guard,” a combination of elite bureaucrats, the Thai military, and the royal family. Thaksin’s rise and fall—and the role he continues to play in Thai politics—did much to expose and exacerbate the country’s regional and class-based rifts.

The confrontation is not as simple as a conflict between mostly poor, rural Thaksin supporters and the urban elite, although those disparities remain significant and motivate many of the participants. The fight also involves regional rivalries. Most of Thaksin’s supporters hail from the country’s northeast and resent the control emanating from the richer governing class in Bangkok. Political divisions also are exploited by politicians motivated by their own self-interest. Many Puea Thai politicians aligned themselves with Thaksin to win votes but come from the same privileged—and often corrupt—club of powerbrokers as members of the opposition party.

When demonstrations have occurred, they have usually been between two main groups: the “yellow shirts” (with sub-groups such as the People’s Alliance for Democracy and the People’s Democratic Reform Committee) and the “red shirts” (sometimes known as the United Front for Democracy Against Dictatorship). The yellow shirts are a mix of the military, royalists, the bureaucracy, and largely urban and middle class citizens. The red shirts mostly are Thaksin loyalists who supported his populist policies that benefited the poor, rural regions of Thailand. 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 popular vote.

During the last several years, both sides have held massive public protests to air their grievances, and at times the demonstrations have turned violent. The worst violence in modern Thai history occurred in the spring of 2010 when the Democratic Party was in power. Anti-government protestors—at that time, the Red Shirts—occupied parts of Bangkok for nine weeks. The demonstrations, initially peaceful, became increasingly aggressive, as did the security forces’ response. Eventually, tit-for-tat violence spiraled into urban warfare. On May 19, 2010, armored vehicles and infantry troops stormed the protestors’ encampments. At least 90 people were killed.
2,000 were wounded, and several protest leaders surrendered. Splinter groups emerged within all of the major institutions, including the government, the military, and the police, and rogue elements—from both the security forces and the protestors—may have been responsible for the most egregious violence and damage that occurred during the stand-off. (Yellow shirt protestors organized massive rallies in Bangkok in 2008 and 2013-2014, both times shutting down parts of the city.)

Role of the Palace

The ailing King Bhumiphol Adulyadej has remained largely disengaged from the ongoing political crisis. In the past, the King was an important source of stability, mainly because of his popularity, and when demonstrations became violent, the King often would intercede, preventing further bloodshed. However, many analysts say that the King’s failing health has exacerbated political tensions in the country. There is no other arbiter of the King’s status—pointing to the weakness of Thailand’s other political institutions—and the succession process is unclear. Different political factions are jockeying for power, trying to prepare themselves for potential succession scenarios.

However, these scenarios are rarely discussed in public, only adding to the sense of uncertainty. Due to stringent lèse-majesté laws, it is a crime—punishable with a prison term of up to 15 years—to “criticize, insult or threaten” the King, Queen, royal heir apparent, or regent. According to news reports, the use of these legal provisions has soared in recent years, and thousands of websites have been blocked. In 2011, an American was arrested for lèse-majesté, drawing complaints from the U.S. embassy in Bangkok.

U.S.-Thailand Security Relations

In many ways, the military-to-military connection has been the strongest pillar of the U.S.-Thai relationship. In November 2012, then-U.S. Defense Secretary Leon E. Panetta and Thai Defense Minister Sukampol Suwannathat signed the 2012 Joint Vision Statement for the Thai-U.S. Defense Alliance. The document celebrated 180 years of cooperation and updated the goals of the alliance, putting a particular emphasis on building regional security partnerships.

However, the recent coups threaten military-to-military relations. The United States has a statutory obligation to withhold aid to militaries involved in coups against democratically elected governments and, after the 2014 coup, the United States suspended military assistance and training exercises with Thailand, chilling relations. Prior to that coup, U.S. military funding to Thailand had just recovered to pre-2006 coup levels, and 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. However, the 2014 coup put the Thai army at the center of politics, repudiating years of formal U.S. training about the importance of civilian control of the military.

Still, most observers say the strategic value of the alliance remains high. U.S. access to Thailand’s military facilities, particularly the strategically located and well-equipped Utapao airbase, is considered vital. Utapao has been suggested as a permanent Southeast Asian

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Humanitarian Assistance and Disaster Relief (HADR) hub. It can receive large aircraft (including C-17s and C-130s) and is close to a deep seaport; it also has infrastructure capable of handling command and control systems. The U.S. military used Utapao for refueling efforts during operations in both Iraq and Afghanistan in the 2000s, as well as for multinational relief efforts after the 2004 Indian Ocean tsunami and April 2015 Nepal earthquake. Thailand hosts the annual Cobra Gold exercises, the largest multilateral military exercise in Asia. Despite the coup, the 2015 exercises proceeded with U.S. participation—albeit at a lower level - and the United States has said it will also proceed with the 2016 exercises.

**Historical Background**

The U.S.-Thai security relationship has a decades-long history. In 1954, both countries signed the Manila Pact, which created the (now defunct) Southeast Asia Treaty Organization (SEATO). Even now, after SEATO dissolved, Article IV (1) of the Manila Pact—which calls for signatories to “act to meet the common danger” in the event of an attack—remains in force. In 1962, the United States and Thailand also agreed to the Thanat-Rusk communiqué, providing a further basis for the U.S.-Thai security relationship. Thailand still is considered one of the major U.S. security allies in East Asia, along with Japan, South Korea, Australia, the Philippines, and non-treaty partner Singapore.

Bilateral ties were strengthened by joint efforts in the Korean War, the Vietnam War, and in both Iraq wars. 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. 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. Thailand also sent troops to South Vietnam and Laos to aid U.S. efforts. 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 in both the 1991 and 2003 Iraq wars. In 2003, President George W. Bush designated Thailand as a “major non-NATO ally,” a distinction which allows Thailand to receive more U.S. foreign aid and military assistance, including credit guarantees for major weapons purchases.

**Bilateral Security Cooperation**

**Security Assistance**

The United States has provided funds for the purchase of weapons and equipment by the Thai military through the Foreign Military Financing (FMF) program (see Table 1, below). 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. aircraft, naval ships, and other items. The United States faces stiff competitors in the foreign military sales market in Thailand, particularly because other

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13 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.
countries are more willing to engage in barter trade for agricultural products. When the 2014 coup triggered a suspension of FMF funds, the Thais were upgrading their F-16 fighter aircraft fleet and had agreed to purchase UH-72 Lakotas, the first international customer for the helicopters.

**Military Exercises**

The United States and Thailand hold numerous joint military exercises. These are, according to many military analysts, invaluable, and foster a strong working relationship between the armed forces of both countries. Before the 2014 coup, Thailand and the United States were conducting over 50 joint military exercises each year, including Cobra Gold. For the February 2015 exercise, over 13,000 military personnel participated. The fully participating nations include Thailand, the United States, Singapore, Japan, South Korea, Indonesia and Malaysia, along with observers from several other Asian nations, including, for the second time, military officials from Burma. China also participated, albeit in a limited capacity. It only took part in non-combat exercises, such as humanitarian-assistance missions.

**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. In 2013, over 100 Thai officers received training in the United States. IMET funding was suspended following both the 2006 and 2014 coups.

**Intelligence**

Intelligence cooperation between the United States and Thailand 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 from 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. Close cooperation in tracking Al Qaeda operatives who passed through Thailand reportedly intensified into active pursuit of suspected terrorists following the 9/11 strikes. The most public result of enhanced coordination was the arrest of suspected Jemaah Islamiyah leader Hambali outside of Bangkok in August 2003. The CIA also maintained at least one black site—where terrorist suspects can be held beyond U.S. jurisdiction—in Thailand. Other intelligence cooperation efforts focus on counter-narcotics.

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17 Ibid.
Law Enforcement

The International Law Enforcement Academy (ILEA) Bangkok was established in 1998.\(^\text{19}\) It is open to government officials from all Southeast Asian countries. At the Academy, the officials receive law enforcement and legal training, and are encouraged to cooperate on cross-border issues such as human trafficking and gang suppression. 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.\(^\text{20}\)

The 2008 arrest of Victor Bout, an international arms dealer, in Bangkok was a highlight of U.S. and Thai law enforcement coordination, although the drawn-out extradition process also became an irritant to bilateral relations until his transfer to the United States in 2010.

Counter-Narcotics

Counter-narcotics cooperation between the United States and Thailand 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 the arrests of numerous 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.\(^\text{21}\)

U.S.-Thailand Trade and Economic Relations

Thailand is home to Southeast Asia’s second-largest economy. One of the region’s more developed and open economies, it has for many years been one of the region’s key destinations for foreign direct investment. According to the World Bank, Thailand became an upper-middle income economy in 2011. In recent years, the Thai economy has performed strongly, despite political turmoil. However, after the 2014 coup, the economy grew by only 0.7%, the slowest annual rate in three years. The World Bank expects economic growth in 2015 of 3.5%.\(^\text{22}\)

According to the U.S. Trade Representative (USTR), Thailand is the 25\(^{\text{th}}\)-largest market for U.S. goods exports. Two-way trade with Thailand totaled $47.4 billion in 2014 and the overall U.S. trade deficit with Thailand was $15.3 billion. Major exports from the United States include integrated circuits, computer parts, semi-conductors, cotton, aircraft parts, electronics, soybeans, and oil. Major imports to the United States include electronics, jewelry, seafood, clothing, furniture, natural rubber, auto parts, and rice.\(^\text{23}\) U.S. companies have substantial investments in Thailand. U.S. foreign direct investment (FDI) in Thailand was $14.4 billion in 2013, led by investments in the manufacturing sector. Thailand also receives substantial investment from other countries, notably Japan, China, and South Korea.

\(^{19}\) ILEA-Bangkok is one of five ILEAs in the world. The others are located in Budapest, San Salvador, Gaborone, and Roswell, New Mexico.


The USTR reports that 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;” the use of price controls or import license requirements in some industries; and poor protection of intellectual property rights. (Thailand was on the USTR’s Priority Watch List for intellectual property theft in 2013 and 2014.24)

However, observers are not only concerned about Thailand’s trade barriers. They also are worried about the country’s lack of human capital. Thailand’s education system is consistently ranked below some other Southeast Asian nations. While Thailand spends a huge percentage of its GDP on education—a higher percentage than Germany does—the results have been disappointing and, according to analysts, this is unlikely to change in the near term, particularly if the country’s schools continue to emphasize rote learning and do not attract better teachers.

Thailand is not a member of the Trans-Pacific Partnership (TPP) trade negotiations, the Obama Administration’s signature economic initiative in Asia. As Prime Minister, Yingluck Shinawatra expressed interest in joining the TPP negotiations in 2012. Yet Thailand has taken no subsequent steps toward joining the talks, and the current military government has made no statements about its position on joining.

The United States and Thailand initiated negotiations for a Free Trade Agreement (FTA) in 2004. These talks were suspended following the 2006 military coup, and no new ones have occurred since then. However, Thailand has aggressively pursued FTAs with other countries, singing trade agreements with Bahrain, China, Peru, Australia, Japan, India, and New Zealand. Further deals are possible with South Korea, Chile, and the European Union. Thailand has championed ASEAN regionalism, seeing the ASEAN Free Trade Area (AFTA, among ASEAN countries only) and the planned ASEAN Economic Community (AEC) as vehicles for investment-driven integration which will benefit Thailand’s outward-oriented growth strategy.25 However, debates over economic policy have become increasingly contentious in Thailand, mirroring the growing political divisions in the country.

As noted above, Thaksin pursued large-scale populist measures as Prime Minister, including subsidizing low-cost health care and transferring substantial revenues from the central government to states and townships. His sister, Yingluck, also implemented populist policies. While Prime Minister, her government announced a rice-subsidy plan in 2012 that would buy rice from Thai farmers at prices around 50% above market rates and stockpile it before selling it on the open market. Many observers criticized the plan as fiscally unsustainable. The value of Thailand’s public debt rose from 41% of GDP in 2011 to 46% in early 2014, and many observers argue that the 2013 economic slowdown was at least partially caused by the fiscal burden of subsidizing rice farmers.26 Amidst the political turmoil, Yingluck’s opponents filed an impeachment charge against her for the policy—the motion was still pending when she was ousted by the Constitutional Court. When Prayuth came to power, the Thai government ended the subsidy.

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Thailand in Asia

Thailand is important to the region because of its large economy, its working relationships with numerous neighbors, including Burma and China, and, until the coups, its relatively long-standing democratic rule. Its years of political turmoil raise concerns among its neighbors that Thailand appears increasingly unable to take a leadership role in regional initiatives. That, many argue, has negative 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 under a planned ASEAN Economic Community (AEC).

According to some U.S. analysts, Southeast Asia is a key arena of competition between the United States and China. They worry that China is gaining more leverage in Thailand—particularly given the chill in U.S.-Thai relations. Another concern relates to the Obama Administration’s “strategic rebalancing”—or “pivot”—to Asia. Without a strong U.S.-Thai relationship, analysts warn that it will be increasingly difficult to strengthen treaty alliances and regional multilateral organizations such as ASEAN. However, according to other analysts, such concerns are overblown. They argue that the United States and Thailand have strong and enduring ties. Thailand, they add, is averse to becoming overly dependent on China.

Thailand-China Ties

Historically, Sino-Thai ties have been quite close, particularly when compared to China’s relations with most other Southeast Asian states. After the mid-1970s U.S. withdrawal from Vietnam, Thailand pursued a strategic alignment with China in order to contain Vietnamese influence in neighboring Cambodia. Thailand also restored diplomatic ties with Beijing in 1975, long before other Southeast Asian nations did. Over the past decade, Sino-Thai relations have become even stronger.

There is a sizeable ethnic Chinese population in Thailand, and they have assimilated relatively easily into Thai society. They have become a strong presence in the country’s business and political worlds, and they were some of the largest—and earliest—investors in China following that country’s economic opening in 1979.

Thailand has no territorial disputes with China in the South China Sea, unlike Vietnam, the Philippines, Malaysia, and Brunei. In 2013 and 2014, Thailand coordinated discussions between ASEAN and China over a potential Code of Conduct in the South China Sea. It was an attempt to restart negotiations after several years of stasis. However, the talks have failed to make substantial progress in the wake of rising tensions between China and the other claimants, and Singapore became their formal coordinator in 2015.

Bilateral trade between Thailand and China has boomed under the China-ASEAN Free Trade Agreement, which entered into force in 2010. That same year, China replaced the United States as Thailand’s largest trading partner. Thai-China trade grew 42% between 2010 and 2014. Thai-U.S. trade, by comparison, grew only 27% during the same period. In 2014, overall Thai-China trade was 66% larger than Thai-U.S. trade.27 Thailand also has signed agreements with China on infrastructure development, environmental protection, and strategic cooperation.

Sino-Thai military ties have increased, as well. Starting in the 1980s—when both China and Thailand opposed Vietnam’s intervention in Cambodia—China began selling Thailand advanced

weapons and equipment. Thailand still purchases military hardware from China—most recently submarines—and in 2015 both countries agreed to conduct more joint military exercises.\(^2^8\)

Already, China and Thailand conduct joint patrols. In October 2011, a Burmese minority group operating in a Thai-controlled portion of the Mekong River killed 13 Chinese soldiers. The incident spurred greater Sino-Thai military cooperation, and in December 2011 they began conducting patrols together—eventually including Laotian and Burmese forces, as well—along the Mekong River.\(^2^9\)

**Thailand-Burma Ties**

Historically, Thailand has had an uneasy, albeit peaceful, relationship with Burma—and in the past when Burma was controlled by the military and currently with the military ceding some control to the country’s civilian politicians. The boundary between the two countries stretches 1,120 miles, and on the Burma side ethnic-minority militias—several of which are opposed to the Burmese central government—control most of the territory along the border. In the absence of government control, narcotics, militants, and migrants—including refugees and victims of human trafficking—move across the border with relative impunity. Thailand wants to improve its border protections, and that has become one of the country’s main foreign policy priorities.

Until the Obama Administration began pursuing an opening with the Burmese military regime in 2011, Bangkok’s approach toward Burma was seen as conflicting with U.S. policy. While the United States pursued strict economic and diplomatic sanctions against the regime, Thailand led ASEAN’s “constructive engagement” initiative, which favored integration and incentives to coax Burma to reform. A Thai energy company, known by its acronym PTT, also made substantial investments in Burma’s natural gas sector, making Thailand one of the largest investors in the country. From Thailand’s perspective, engagement served to expand opportunities for Thai business. Thai-Burma trade totaled $7.4 billion in 2013, according to the Bank of Thailand.\(^3^0\)

Previously, when the Burmese government was largely isolated, Thailand had more access to the regime than other nations. After Cyclone Nargis hit in 2008, the Burmese government did not allow international groups to provide humanitarian relief in the country. Yet Thai assistance and aid workers were allowed to enter. In the wake of recent reforms in Burma, Thailand, like much of the region, is assessing whether Burmese reforms are real and sustainable, and is seeking to build relationships in the country and encourage the continuation of those political reforms. In 2013, Thailand invited two Burmese Army officers to observe Cobra Gold military exercises, and some analysts argue that Thailand could take a leadership role in bringing the Burmese military into other regional security initiatives.

Some U.S. congressional leaders have criticized Bangkok for its treatment of Burmese refugees, migrant workers, and political dissidents living in Thailand. Backed by reports from human rights groups, some U.S. lawmakers charged Thai security forces with arresting and intimidating Burmese political activists, as well as repatriating Burmese migrants seeking political asylum.\(^3^1\)


\(^2^9\) It is worth noting that the Mekong is increasingly used for trans-border trade (“China Deploys Patrols Along the Mekong,” *Wall Street Journal*, December 11, 2011).


In the past, Congress has passed legislation that provides money to refugees who fled Burma, particularly those in Thailand.\footnote{H.R. 4818,Foreign Operations Appropriations,Section II,Bilateral Assistance.}

**Intra-ASEAN Relations**

Thailand’s “local” foreign policy with fellow ASEAN members (Indonesia, Malaysia, the Philippines, Singapore, Brunei Darussalam, Vietnam, Laos, Burma, and Cambodia) is complicated. Thailand is considered one of ASEAN’s leaders, or at least it was prior to the 2014 coup. It is one of the largest and most economically developed ASEAN countries, and it has promoted ASEAN’s significance in global affairs—an attempt, according to analysts, to increase the country’s own international clout.

Bangkok has developed strong relations with its mainland Southeast Asian neighbors through infrastructure assistance and other aid. In turn, Vietnam, Laos, and Cambodia provide raw materials, low-cost manufacturing, and expanding markets for Thailand. 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 to Preah Vihear, a temple situated along the Thai-Cambodian border. In February 2011, several consecutive days of shelling around the temple left at least 10 people dead, and Cambodia eventually called on the United Nations to intervene. In November 2013, the International Court of Justice ruled that the temple and the area immediately surrounding it were Cambodian territory. Though Thai and Cambodian troops remain in the area, the ruling has been peacefully received.

Relations with Malaysia have been complicated by the insurgency in Thailand’s majority-Muslim southern provinces, which border Malaysia (see next section). 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. Thailand and Malaysia have cooperated periodically on efforts to hold talks with separatist groups in the South. However, many separatist leaders reside in northern Malaysia—a point of contention between Thai and Malaysian authorities.

**Violence in the Southern Provinces**

Thailand has endured a persistent separatist insurgency in its Muslim-majority southern provinces, which include Yala, Narathiwat, Pattani, and—to a lesser extent—Songkhla. Since January 2004, violence involving insurgents and security forces has left around 6,000 people dead and over 11,000 wounded, according to press reports. However, since 2013, levels of violence have declined—a result, according to analysts, of the NCPO’s “enhanced counter-insurgency measures,” including creating District Protection Units drawn from local volunteers.\footnote{“Southern Thailand:Dialogue in Doubt,”International Crisis Group Asia Report No.270,July 8, 2015.}

The groups fighting the government generally are poorly understood, and their motives are difficult to characterize. Many analysts believe that the groups are mostly focused on local autonomy, but even the Thai government has a poor understanding of the various factions active in the south. Many experts characterize the movement as a confluence of different groups: local separatists, Islamic radicals, organized crime, and corrupt police forces.
Most regional observers stress that there is has been no convincing evidence of serious Jemaah Islamiyah (JI, a regional Al Qaeda affiliate) 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. Some of the older insurgent organizations, which previously were linked to JI, reportedly have 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 between Thailand and Malaysia, since many of the insurgents’ leaders are thought to cross the border fairly easily. Despite these links, foreign elements do not appear to have engaged significantly in the violence.

**Background to the Current Conflict**

Thai Muslims have long complained about discrimination and about the fact that their provinces lag behind the rest of Thailand in terms of economic development. Since the 1960s, a separatist insurgency has been active in southern Thailand, although it was thought to have mostly died out in the early 1990s. The dead and injured include suspected separatists killed by security forces, as well as victims of the insurgents, including police and military forces. The overwhelming majority of casualties, however, are civilian: both Buddhist Thais, particularly monks and teachers, and local Muslims.

After a series of apparently coordinated attacks by the insurgents in 2004, the central government declared martial law in the region. Since then, a pattern of violence has developed—usually small-scale shootings or bombings carried out by the insurgents, followed by counterattacks from the security forces. The 11-year-old insurgency has become the deadliest conflict in East Asia. Security forces sometimes engage in extra-judicial killings, and the insurgents employ improvised explosive devices (IEDs), drive-by shootings, arson attacks, and, occasionally, beheadings.

The region remains under martial law—even after the government invoked Article 44 of the interim constitution in the rest of the country—and security forces are allowed to arrest suspects without warrants and detain them for up to 30 days. Since 2007, a more concentrated counter-insurgency campaign known as “Operation Southern Protection” has led to far more arrests, but many analysts say the mass detentions are fueling local resentment. Human rights groups have continued to criticize the military for its alleged mistreatment of Muslim suspects.

Since the 2014 coup, the military has implemented several new counter-insurgency measures, and violence in the south has declined even further. The Thai generals deployed more troops to restive provinces. They created self-defense units—drawn from local civilians—and they installed security cameras and alarm systems around educational facilities which often are targeted by the insurgents.

**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. The government’s inability to establish an authority with whom to negotiate has limited its ability to resolve the conflict peacefully. In February 2013, Yingluck’s government made an effort in this regard, announcing that it would initiate peace talks with the Barisan Revolusi National (BRN), a group whose

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leaders largely reside outside Thailand. BRN reportedly suspended the talks in August 2013. Had the effort been successful, it is unclear how it would have influenced the actions of groups on the ground.\textsuperscript{36} The NCPO recognizes the importance of talks as well and has, at times, signaled its willingness to negotiate with the insurgent groups. Yet, so far, no official talks have been held.

**Human Rights and Democracy Concerns**

International observers, along with some Members of Congress, have criticized Thailand’s record on human rights. Alleged abuses include: extra-judicial killings, bloody suppression of civilian demonstrations, and the curtailment of the press and non-governmental groups. Also, the Thai government has a poor record on combating human trafficking, and its security forces have been accused of human rights violations in the southern provinces throughout the country’s various administrations.

For decades, many observers have been concerned about Thailand’s democracy. Previously, they had reason for optimism. In 1997, a new constitution was drafted. It entrenched the country’s democratic institutions, created a system of checks and balances, and provided greater human rights protections.\textsuperscript{37} However, after the 2006 coup, a new constitution was drafted. According to some, it moved away from the ideals of the 1997 document, raising questions about whether established power centers had truly accepted the democratic system. Those questions have persisted, and the imposition of martial law by the military in 2014 only deepened observers’ concerns.

**Trafficking in Persons (TIP)**

Thailand is surrounded by considerably poorer countries, and many economic migrants—particularly from neighboring Burma—illegally cross into Thailand. Once they arrive, they often are exploited. Many become forced laborers in garment factories and in seafood-related industries. Some work as domestic helpers. Others, including children, are victims of sex trafficking, and they become involved in the country’s sex-tourism industry. In the south, some insurgent groups even recruit children. According to reports, the children then become foot soldiers, carrying out attacks against Thai government facilities.

In 2014, Thailand was downgraded to “Tier 3” status—the lowest ranking—in the State Department’s Trafficking in Persons (TIP) report, released in July 2015. The country, the report concluded, “does not fully comply with the minimum standards for the elimination of trafficking.”\textsuperscript{38} According to the report, while Thailand has improved its trafficking data collection efforts, the country has not substantially improved its law enforcement capabilities, and corruption remains a major problem.

Some observers thought that Thailand should have been downgraded earlier. They noted that Thailand had been on the Tier 2 Watch List for four years, and that the country had received two waivers, delaying the downgrade. The United States, they alleged, had not dropped Thailand to Tier 3 status, because U.S. policymakers were worried about angering an ally. Other observers, though, said that Thailand should be given more time. According to them, collecting trafficking


\textsuperscript{38}See http://www.state.gov/j/tip/rls/tiprpt/countries/2014/226832.htm.
data is extremely difficult, especially when there are dramatic regional differences in trafficking patterns, as there are in Thailand.

Prior to the 2014 report, Thailand sought to prevent the downgrade. The government submitted a report to the State Department detailing substantial declines in the numbers of trafficked persons in 2013 and increasing budgets for the government’s anti-trafficking efforts. Despite the reported improvements, some NGOs said Thailand’s report considerably understated trafficking of non-Thai citizens who have traditionally made up a large proportion of Thailand’s trafficking victims.39

In 2013 and 2014, media reports alleged that Thai government and military personnel were involved in trafficking Rohingya migrants, a persecuted Muslim minority group in Burma. A report from the Reuters news service described direct military involvement in sending tens of thousands of Rohingya refugees into trafficking networks. (The report later won a 2013 Pulitzer Prize for international reporting.40) Thailand argues that many cross-border issues, including the plight of the Rohingya in Thailand, involve human smuggling rather than human trafficking. Although there is a distinction (smuggling involves illegal, but voluntary, cross-border movements), undocumented migrants are often vulnerable to trafficking-like exploitation by smugglers.41

Refugees in Thailand

According to the United Nations High Commissioner for Refugees (UNHCR), over half a million “stateless” people from 40 different nationalities currently live in Thailand.42 Ethnic minorities, who face discrimination in their home countries, often seek refuge in Thailand. The immigration controls are relatively loose, and the Thai authorities have a reputation for being lenient. Recently, North Korean asylum-seekers have been heading to Thailand—in part because of Thailand’s relative tolerance, but also because of anti-refugee crackdowns in other countries. A strong network of international humanitarian organizations exists in Thailand to provide assistance to refugees.

The Burmese are, by far, the largest refugee group in Thailand. In 2014, UNHCR estimated that around 120,000 Burmese refugees lived in nine camps along the Thai-Burmese border.43 About 40,000 of these were not registered with the Thai government. Thailand generally has sought to accommodate these refugees. Yet successive Thai governments have become increasingly frustrated with the number of asylum seekers within Thailand’s borders. The camps, Thai officials say, were meant to be temporary, not permanent. The United States has tried to lessen some of the pressure on Thailand, and has resettled more than 73,000 Burmese in the United States since 2005.44

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Table 1. U.S. Assistance to Thailand 2007-2014

(thousands of dollars)

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Sources: U.S. Department of State; U.S. Agency for International Development.

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

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 1. Map of Thailand

Source: Map Resources. Adapted by CRS.
Author Contact Information

(name redacted)
Specialist in Asian Affairs
#redacted@crs.loc.gov , 7-....

(name redacted)
Research Associate
#redacted@crs.loc.gov, 7-....

(name redacted)
Specialist in Asian Affairs
#redacted@crs.loc.gov7-....
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