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## **Thailand: Background and U.S. Relations**

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# 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 with ongoing relevance to U.S. logistical operations in Iraq, 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 military operations. 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 serving 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 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.

Current Prime Minister Thaksin Shinawatra and his populist Thai Rak Thai party have consolidated broad control of Thai politics and continue to enjoy widespread public support, 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 of Thailand has also come under fire from some observers. A series of attacks by insurgents, which has claimed over 500 lives, 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 further 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 deepening ties with the United States, Thailand's growing 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. Asia-Pacific strategy. This report will be updated periodically.

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# Thailand: Background and U.S. Relations

A long-time American ally in Asia, Thailand has become increasingly close with 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.

Although U.S. military alliances with Japan and South Korea dominate coverage of America's strategic presence in East Asia, Thailand has emerged as a significant and reliable partner for the United States. Designated as a major non-NATO ally in 2003, Thailand contributed troops and support for recent 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 arrest of a radical Islamic leader in a joint Thai-U.S. operation. Other bilateral cooperation on transnational issues such as money laundering and narcotics trafficking reinforces Thailand's standing as a primary partner of the United States in maintaining stability in the region.

The start of negotiations on June 28, 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. 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 U.S. Trade Representative Robert Zoellick noted in a 2003 address.<sup>1</sup> In Asia specifically, 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. The comparison with Mahathir also reflects concerns that Thaksin sometimes resorts to authoritarian governing methods.

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<sup>1</sup> See CRS Report RS21657, *U.S. Trade Policy and Changing Domestic and Foreign Priorities: A Historical Overview*, by Raymond J. Ahearn.

## Recent Developments

### 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. The official death toll in Thailand stood at 5,303 dead and 3,396 missing, with most of the missing presumed dead.<sup>2</sup> Officials said that about half of the dead were foreign vacationers, many from Europe. Many oceanfront properties, particularly hotels, were destroyed. Compared to other affected nations, however, the infrastructure in Thailand was left relatively unscathed: the regional electricity grid and telecommunication network continued to function, and the transportation system and water supply in Phuket were largely unaffected.

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 has also 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 is 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 Japan, Singapore, the United Nations, the World Food Program, and the World Health Organization are also working out of Utapao.

Beyond the concerns of dealing with the dead, Thailand may suffer economically, at least in the short term, because of the blow to its tourism industry. The industry brings in about \$8 billion annually, nearly 6% of Thailand's GDP. Because the tsunami struck at the peak of tourist season in Thailand, millions of visitors are expected to cancel their plans, immediately costing operators about \$750 million, analysts estimate.<sup>3</sup> Many analysts are optimistic, however, that the industry will rebound quickly, as only about 5-10% of Thailand's hotels were affected and rebuilding is expected to be swift. Some reports said that many visitors had opted to stay at the unaffected hotels in the area, and by December 31, 2004, major international chains were already planning how to win back visitors without appearing insensitive. The Thai government reassured investors that it intended to spend \$768 million to repair infrastructure in the area.

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<sup>2</sup> *CNN News*, Jan. 11, 2005.

<sup>3</sup> "Thailand Death Toll Could Reach 2,000," *CNN.com*, Dec. 28, 2004.

## Violence in Southern Provinces

Since January 2004, sectarian violence between insurgents and Thai security forces in Thailand's majority-Muslim provinces has left over 550 people dead.<sup>4</sup> Most of the civilian victims have been Buddhist Thais, particularly monks and teachers; others were police and military personnel. 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 and contributes only 1.4 percent of the country's GDP

After a series of apparently coordinated attacks in early 2004, the central government declared martial law in the region and sent 3,000 troops south. (The number has since grown to over 15,000, with an additional 10,000 committed for the one-year anniversary of the upsurge in violence.) 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.<sup>5</sup> The insurgents retaliated with a series of more gruesome killings, including beheadings, followed the Tak Bai incident.

**Central Government Response.** In addition to the sizable military dispatch, Bangkok 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, exploring the reform of the Islamic school system, and commissioned inquiries into the military's response in the April and October incidents. 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.<sup>6</sup> The government has also announced plans to sponsor more Islamic schools and ban the use of foreign funds and influence over the schools. Reflecting a belief that the violence is being fomented in madrassas with foreign links, police have arrested several Indonesia-educated teachers in the Islamic schools. 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.

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<sup>4</sup> Reports from *BBC News* and the *Los Angeles Times*.

<sup>5</sup> 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.

<sup>6</sup> Smith, Anthony L., "Trouble in Thailand's Muslim South: Separatism, Not Global Terrorism," *Asia Pacific Security Studies*, vol. 3, no. 10 (Dec. 2004).

**Possible Foreign Involvement.** 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 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.<sup>7</sup> There are indications of Jemaah Islamiah (JI) presence in Thailand,<sup>8</sup> 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 alliances between local separatists and regional Islamic militants.<sup>9</sup> 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.

Thai authorities have reluctantly adjusted their position on the threat of Islamic extremism, possibly with financial and operational ties to international terrorist groups, on Thai soil. Initially, government spokesmen insisted that most of the attacks were the work of local criminal gangs. After the October 25 incident, Thaksin said that the militants were local but could be getting assistance from extremists abroad through “personal contacts,” distinct from an organized transnational network.<sup>10</sup>

**Criticism of Thaksin's Approach.** The government's handling of the violence, particularly the response to the detainee deaths, has been widely criticized as ineffective and inflammatory. Thaksin backtracked on his initial defense of the security force's actions on October 25 and the accusation that many of the deaths were a result of Ramadan fasting, acknowledging the military's mistakes and expressing regret at the loss of life. However, he did not commit to changing his approach to the south; the military also said they intended to continue their policy of using force. Parties outside of the Administration have expressed concern about the events. The royal family, which commands strong loyalty from the Thai public, has

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<sup>7</sup> Ibid.

<sup>8</sup> 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.

<sup>9</sup> “Thailand ‘The Next Battleground,’” *The Australian*, Dec. 1, 2004.

<sup>10</sup> “Killings in Songkhla Raise Fears Violence is Spreading,” *The Nation* (Bangkok), Nov. 17, 2004.

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,<sup>11</sup> and a senior education official has urged the creation of a new Ministry of Islamic Affairs to address the problem.<sup>12</sup>

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.<sup>13</sup> The U.S. State Department also has acknowledged its concern and intent to monitor the situation closely.<sup>14</sup>

## **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 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. King Bhumiphol, who has

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<sup>11</sup> "Anand, Surayud Urge Peaceful Resolution," *The Nation* (Bangkok), Nov. 16, 2004.

<sup>12</sup> "Defusing the South," *The Nation* (Bangkok), Nov. 15, 2004.

<sup>13</sup> "Tackling the Thai Terror Threat," *Asian Wall Street Journal*, Nov. 30, 2004.

<sup>14</sup> *State Department Press Releases and Documents*, Oct. 29, 2004.

served since 1946, holds little formal political power but commands tremendous respect and loyalty from the Thai public. 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.

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.<sup>15</sup>

TRT was expected to easily maintain its majority in the February 6, 2005 parliamentary elections. The main opposition, the Democratic Party, was hoping to capture 201 seats in the House of Representatives in order to maintain the minimum number needed to propose a censure debate against the prime minister.<sup>16</sup> Although some pundits thought that Thaksin's handling of the violence in the south may hurt his popularity, his response to the tsunami disaster was viewed favorably.

While Thaksin remains popular with the general public, detractors have 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. 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.<sup>17</sup> 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.<sup>18</sup> Thaksin insists that political strength enhances development, citing Singapore's economic success and lack of political opposition as a model for Thailand to follow.<sup>19</sup>

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<sup>15</sup> See Ganesan, N. "Thaksin and the Politics of Domestic and Regional Consolidation in Thailand," *Contemporary Southeast Asia*, vol. 26, no. 1 (Apr. 2004).

<sup>16</sup> Salayakanond, Wirasak. "Sound and Fury of Thaksin's Re-election Begins," *Business Day*, Jan. 11, 2005.

<sup>17</sup> "Thailand Risk: Alert — Corruption May Still Go Unchecked," *Economist Intelligence Unit*, July 19, 2004.

<sup>18</sup> "Rights Group Says Libel Suit Deepens Assault on Thailand's Media," *Agence France Press*, Aug. 31, 2004.

<sup>19</sup> "One Party Rule: Opposition Does Not Need to Be Strong, Says PM," *The Nation* (Bangkok), Aug. 10, 2004.

## 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.<sup>20</sup> 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.<sup>21</sup> 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 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.<sup>22</sup>

Although Thailand remained officially neutral during the U.S.-led invasion of Iraq, it joined the coalition to reconstruct Iraq by committing over 450 troops, including medics and engineers, to the southern city of Karbala. The Thai troops assisted in building roads and buildings and sent medical teams into the surrounding areas. The deployment proved unpopular with the Thai public, particularly after the

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<sup>20</sup> 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).

<sup>21</sup> *The Eagle and the Elephant: Thai-American Relations Since 1833* (Bangkok: U.S. Agency for International Development, 1997).

<sup>22</sup> “Thai Soldiers Help Rebuild Afghanistan,” *The Nation* (Thailand), July 4, 2003.

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 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.<sup>23</sup> 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.<sup>24</sup> Thaksin also authorized the reopening of the Vietnam-era U.S. airbase in U-Tapao and a naval base in Sattahip, from which the U.S. military can logistically support forces in Afghanistan and the Middle East. Thailand and the United States also conduct over 40 joint military exercises a year, including Cobra Gold, America’s largest combined military exercise in Asia. The 2004 drill included nearly 20,000 troops — 13,500 Americans, 5,500 Thais, and additional participation from the Philippines, Mongolia, and Singapore — as well as from ten other observer nations in Asia and Europe.<sup>25</sup> Tens of thousands of Thai military officers have received U.S. training under the International Military Education and Training (IMET) program.<sup>26</sup> U.S. Army personnel have trained Thai units in narcotics interdiction tactics on the Thai-Burma border.

## Intelligence Cooperation

Intelligence cooperation between Thailand and the United States has reportedly increased markedly since the September 11, 2001 attacks. The Counter Terrorism Intelligence Center (known as the CTIC) provides the centerpiece of the bilateral cooperation by combining personnel from Thailand’s intelligence agency and specialized branches of the military and armed forces. Established in early 2001, the CTIC 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.<sup>27</sup> Close cooperation in tracking Al Qaeda operatives that passed through Thailand reportedly intensified into active pursuit of suspected terrorists

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<sup>23</sup> 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.

<sup>24</sup> Limaye, Satu P. “Minding the Gaps: The Bush Administration and U.S.-Southeast Asia,” *Contemporary Southeast Asia*, vol. 26, no. 1 (Apr. 2004).

<sup>25</sup> “Thailand — Annual War Games Underway,” *Periscope Daily Defense News Capsules*, May 14, 2004.

<sup>26</sup> In 1997, over 20,000 had received IMET training. See *The Eagle and the Elephant*, p. 143.

<sup>27</sup> 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.

following the 9/11 strikes.<sup>28</sup> The most public result of enhanced cooperation to date was the arrest of suspected Jemaah Islamiyah leader Riduan Isamuddin, also known as Hambali, outside of Bangkok in August 2003.

Some observers suggest that heightened cooperation with the United States has not been without consequences for Thailand. Initially the joint efforts were carried out with discretion; some Thai security officials even claim that the public maintenance of Thailand's neutrality was part of the strategy to lure potential terrorists to the country in order to track their movements.<sup>29</sup> Some say that Thailand's higher profile cooperation with the United States has raised regional and intra-Thai tensions. Press reports cite frustration on the part of Indonesian and Filipino security officials after arrested terrorist suspects, including Hambali, were detained by U.S. and Thai officials without allowing other regional powers to question the suspects.<sup>30</sup> The highly publicized joint operation that captured Hambali may have fueled perceptions in the region that the CIA is directing the joint operations, in contrast to Malaysia and Singapore, which reportedly carry out surveillance and police work largely on their own.

## Joint Law Enforcement Efforts

Bilateral cooperation with Thailand in law enforcement has moved forward with the involvement of other Southeast Asian countries. In 1998, the International Law Enforcement Academy (ILEA) Bangkok was established to provide legal training for officials to combat transnational crime.<sup>31</sup> The center is open to government officials from any Southeast Asian country, with the exception of Burma (Myanmar), and had trained over 3,100 participants by September 2003. ILEA aims to enhance law enforcement capabilities in each country, as well as to encourage cross-border cooperation.

The curriculum offered at ILEA-Bangkok includes a six-week core program of courses that emphasize human rights, officer safety, investigation techniques, computer crime, and a variety of transnational issues such as money laundering, drug and human trafficking, and regional terrorism. Other specialized courses are available in various investigative methods and intelligence analysis. 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.<sup>32</sup>

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<sup>28</sup> Ibid.

<sup>29</sup> Ibid.

<sup>30</sup> Lopez, Leslie, "U.S. Grip on Terror Suspect Irks Some Asian Officials — After Cooperative Manhunt Led to Hambali's Capture, Governments Seek Access," *Asian Wall Street Journal*, Aug. 20, 2003.

<sup>31</sup> ILEA-Bangkok is one of four ILEAs in the world. The others are located in Hungary, Botswana, and Roswell, New Mexico.

<sup>32</sup> Course information from [<http://www.ileabangkok.com>].

Counter-narcotics cooperation between Thailand and the United States is extensive and pre-dates the foundation of ILEA-Bangkok. Coordination between the U.S. 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.

## Human Rights Concerns

Some members of Congress and other U.S. officials have criticized Thailand's record on human rights. The 2003 State Department Human Rights Report cites excessive use of force by some members of the police and links these elements to extra-judicial killings.<sup>33</sup> Thailand has neither signed the UN Convention Against Torture nor joined the International Criminal Court.<sup>34</sup> 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 in 2004. Human rights groups have particularly cited the disappearance of Somchai Neelapaijit, a prominent Muslim human rights lawyer, in March 2004.<sup>35</sup> Some observers have suggested that abuse by the Thai police has increased and gone unpunished because of Thailand's cooperation with the U.S.-led campaign against terrorism, citing a loss of American moral authority due to the Abu Ghraib prison abuse revelations.<sup>36</sup> Reports in December 2004 emerged that Bangkok was exploring the possibility of creating an Internal Security Act — similar to those used in Singapore and Malaysia — that would allow the police to hold suspects indefinitely without charge.<sup>37</sup> These developments have led to increased concern that Thailand is undermining its democratic process and human rights record.<sup>38</sup>

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<sup>33</sup> *Thailand Country Report on Human Rights Practices 2003*, accessible at [<http://www.state.gov/g/drl/rls/hrrpt/2003/27790.htm>].

<sup>34</sup> Crispin, Shawn. "Thailand: In the South, an Iron First in a Velvet Glove," *Far Eastern Economic Review*, Aug. 12, 2004.

<sup>35</sup> See Human Rights Watch report, at [<http://hrw.org/english/docs/2004/03/17/thaila8127.htm>].

<sup>36</sup> Crispin, Shawn. "Human Rights — Torture in Thailand," *Far Eastern Economic Review*, Aug. 12, 2004.

<sup>37</sup> "Deep South : Severe Security Decree Mulled," *The Nation* (Bangkok), Dec. 1, 2004.

<sup>38</sup> Kessler, Glenn. "Crackdown by Premier Strains Thailand's Friendship with U.S.," *Washington Post*, Dec. 25, 2004.

## U.S.-Thailand Trade and Economic Relations

### 1997 Economic Crisis Recovery

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. Growth in the past few years has been strong: Thailand saw 6.2% real GDP growth in 2002, 6.7% in 2003, and is expected to grow on average 7% in 2004-2005.<sup>39</sup> 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.

### Central U.S. Role

Economic relations with the United States are central to Thailand's outward-looking economic strategy.<sup>40</sup> 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.<sup>41</sup> Many analysts and policymakers suggest that the proposed FTA would further deepen economic ties.<sup>42</sup>

### 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, textiles, telecommunications, agriculture, electronic commerce, and government procurement.<sup>43</sup> Analysts expect market access for sugar, rice, and trucks to be among the thorniest of the differences between the two sides. A January 2004 U.S. International Trade Commission ruling set the stage for imposing tariffs on Thailand shrimp exports to the United States, which could pose another obstacle to reaching agreement. Further, some sources have speculated that

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<sup>39</sup> Economist Intelligence Unit — Business Asia.

<sup>40</sup> See CRS Report RS21478, *Thailand-U.S. Economic Relations: An Overview*, by Wayne M. Morrison.

<sup>41</sup> 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>].

<sup>42</sup> See CRS Report RL32314, *U.S.-Thailand Free Trade Agreement Negotiations*, by Raymond J. Ahearn and Wayne M. Morrison.

<sup>43</sup> "Ives to Leave USTR to Take Position in Medical Trade Association," *Inside U.S. Trade*, July 16, 2004.

Thaksin launched the 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.<sup>44</sup>

## **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. Further deals are possible with Japan, 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.<sup>45</sup> 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**

Thailand traditionally has enjoyed a stronger relationship with China than have 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. 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. 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. As other regional powers tentatively began to explore commercial relationships with China, investment from Sino-Thai companies flourished in the 1990's, fueling a rebirth of interest in Chinese language and culture in Thailand.<sup>46</sup> Regional observers have also noted a large influx of new, mostly illegal Chinese migrants from Yunnan province into Thailand to take advantage of economic opportunities in the Mekong Delta region.

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<sup>44</sup> "Talks on U.S.-Thai FTA to Kick Off in Hawaii; USTR Sees Drawn-Out Process," *Inside U.S. Trade*, June 25, 2004.

<sup>45</sup> Chirathivat, Suthiphand, and Sothitorn Mallikamas, "Thailand's FTA Strategy: Current Developments and Future Challenges," *ASEAN Economic Bulletin*, vol. 21, no. 1 (Apr. 2004).

<sup>46</sup> Vatikiotis, Michael, "Sino Chic: Suddenly, It's Cool to Be Chinese," *Far Eastern Economic Review*, Jan. 11, 1996.

Chinese-Thailand political ties have also strengthened, particularly under Thaksin's leadership. In early 2003, Bangkok denied visas to a group of Taiwanese legislators, a decision which Thaksin defended based on Thailand's close ties to China.<sup>47</sup> The administration came under harsh criticism for the move; an editorial by the *Bangkok Post* pointed to Taiwan and Thailand's close economic relations (according to the report, Thais represent nearly 40% of the foreign workforce in Taiwan, and Taiwan is the third largest foreign investor in Thailand) and asserted that "the government must build the courage to conduct an independent foreign policy, or prepare to be forever accused of appeasement [to Beijing]."<sup>48</sup>

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.<sup>49</sup>

## **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.<sup>50</sup> For Thailand, this policy minimizes the danger of a large-scale military struggle and expands Thai business opportunities in Burma.

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 congressional leaders and administration officials.

U.S. congressional focus on Burma has been consistently critical and punitive. During the 108<sup>th</sup> Congress, both chambers overwhelmingly passed a bill (H.J.Res. 95, S.J.Res. 36, S.J.Res. 39, P.L. 108-272) that renewed trade sanctions against

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<sup>47</sup> "Thai Visa Refusal Aids Strains to Ties with Taiwan," *Financial Times*, Jan. 22, 2003.

<sup>48</sup> Editorial: "Thailand Need Not Kowtow to Anybody," *Bangkok Post*, Jan. 22, 2003.

<sup>49</sup> Vatikiotis, Michael, "Catching the Dragon's Tail: China and Southeast Asia in the 21<sup>st</sup> Century," *Contemporary Southeast Asia*, vol. 25, no. 1 (Apr. 2003).

<sup>50</sup> See CRS Report RS20749, *Burma-U.S. Relations*, by Larry Niksch.

Burma to express opposition to the anti-democratic regime. Another set of measures (H.R. 2330, S. 1182, S. 1215, P.L. 108-61) banned imports from Burma, a strategy to target the assets of the country's leaders. A third bill (H.R. 4818, Foreign Operations Appropriations, Section II, Bilateral Assistance) would have provided \$7 million to refugees from Burma, particularly those who flee to Thailand. Some congressional leaders have also criticized Thailand for its treatment of Burmese refugees and migrant workers. 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.<sup>51</sup>

## 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 has also 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 militant camps located just over the border in Malaysia has further strained bilateral relations.<sup>52</sup>

## 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

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<sup>51</sup> See *Out of Sight, Out of Mind: Thai Policy toward Burmese Refugees and Migrants*, Human Rights Watch Report, released Feb. 2004.

<sup>52</sup> "Thai 'Proof' of Malaysian Camps," *BBC News Online*, Dec. 21, 2004.

countries such as China and Vietnam are now threatened by equally dangerous outbreaks, providing another potential arena for regional cooperation.<sup>53</sup>

In addition to its relative success in curbing the spread of AIDS, Thailand has also been mostly 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.<sup>54</sup>

## **Upcoming Challenges and Opportunities in Bilateral Ties**

### **Progress in FTA Negotiations**

The first round of preliminary talks to negotiate the terms of a bilateral FTA was held on June 28-July 2, 2004 and have proceeded slowly. 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. 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),<sup>55</sup> 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.

### **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

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<sup>53</sup> Kiat Ruxrungtham, Tim Brown, and Praphan Phanuphak. "HIV/AIDS in Asia," *The Lancet*, vol. 364, no. 9428 (July 3-9, 2004).

<sup>54</sup> "Lethal Bird Flu Reemerges in Four East Asian Countries," *Washington Post*, Sept. 15, 2004.

<sup>55</sup> The EAI aims to negotiate bilateral trade agreements with the ten ASEAN countries.

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.<sup>56</sup>

## **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.<sup>57</sup> 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 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.

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<sup>56</sup> “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.

<sup>57</sup> 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>].

**Table 1. U.S. Assistance to Thailand**  
**FY2002-FY2005**  
(\$ in millions)

| <b>Program</b>                                              | <b>FY2002</b> | <b>FY2003</b> | <b>FY2004<br/>estimate</b> | <b>FY2005<br/>estimate</b> |
|-------------------------------------------------------------|---------------|---------------|----------------------------|----------------------------|
| <b>Economic Assistance</b>                                  |               |               |                            |                            |
| Child Survival/Health (CSH)                                 | 1.0           | 1.5           | 0.0                        | 0.0                        |
| Development Assistance (DA)                                 | 0.8           | 1.3           | 0.0                        | 0.0                        |
| Peace Corps                                                 | 1.3           | 1.8           | 2.1                        | 2.6                        |
| <b>Total Economic Assistance</b>                            | <b>3.1</b>    | <b>4.6</b>    | <b>2.1</b>                 | <b>2.6</b>                 |
| <b>Security Assistance</b>                                  |               |               |                            |                            |
| International Narcotics & Law Enforcement (INCLE)           | 4.0           | 3.7           | 2.0                        | 2.0                        |
| International Mil. Education & Training (IMET)              | 1.7           | 1.8           | 2.5                        | 2.5                        |
| Foreign Mil. Sales Financing (FMF)                          | 1.3           | 2.0           | 1.0                        | 1.5                        |
| Nonproliferation, Anti-Terrorism, Demining & Related (NADR) | 0.7           | 0.2           | 0.4                        | 0.8                        |
| <b>Total Security Assistance</b>                            | <b>7.7</b>    | <b>7.7</b>    | <b>5.9</b>                 | <b>6.8</b>                 |
| <b>Total Economic and Security Assistance</b>               | <b>10.7</b>   | <b>12.2</b>   | <b>7.9</b>                 | <b>10.3</b>                |

**Source:** Department of State, USAID, U.S. Dept. of Agriculture.

**Figure 1. Map of Thailand**



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