Asian Studies Center

Backgrounder

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NEW OPPORTUNITIES FOR U.S.- THAI RELATIONS

INTRODUCTION

The Prime Minister of Thailand, Prem Tinsulanond, meets Ronald Reagan on April 13th as part of a four day official visit to the United States. The visit comes just two weeks prior to the President's trip to China and at a time when several contentious issues have arisen in U.S.-Thai relations. Thus the Prime Minister's visit to Washington provides an opportunity for the Reagan Administration to shore up relations with Thailand, which have been foundering in the six months since the cancellation of the President's trip to Bangkok. Although Washington has professed great interest and support for Thailand and the Association of Southeast Asian Nations (ASEAN), actual policies have not corresponded to the pronouncements.

While no crisis exists in the U.S.-Thai relations, numerous issues must be addressed satisfactorily if Washington and Bangkok are to restore the extraordinarily close ties that date to the founding of the Southeast Asia Treaty Organization (SEATO) in 1954 and continued throughout the agonizing Vietnam War and its aftermath.

Many of the principal issues that concern Thailand in 1984 derive from the legacy of the Vietnam War: The Vietnamese military threat to Thailand's security, Hanoi's occupation of neighboring Kampuchea, and the continued flight of thousands of refugees from Laos, Kampuchea and Vietnam to Thailand. While the U.S. consistently has sympathized with Bangkok's adverse situation, the Thais have been seeking more active U.S. support. Specifically, Thailand is requesting approval of its purchase of F-16A advanced jet fighters from General Dynamics, is seeking to put more pressure on Hanoi to withdraw from Kampuchea, and is soliciting broader international financial and resettlement support to deal with the refugee problem. In assessing each of these problems, as well as important bilateral trade relations with Thailand, the

United States can refashion relations with Bangkok into a cornerstone for broader relations with ASEAN's members--Thailand, Singapore, Malaysia, Indonesia, the Philippines and Brunei. By directly addressing ASEAN's security and economic concerns through Thailand, President Reagan has an opportunity to continue a reordering of U.S. priorities in Asia by focusing on the needs of America's traditional allies.

BACKGROUND

The Kingdom of Thailand has maintained an independent existence throughout five centuries of colonialism and several major wars in East Asia. Thailand, or land of the "free," prides itself on its unique Buddhist cultural tradition and stable monarchy at the center of social and political life. Thailand always has attempted to maintain good relations with its neighbors.

In 1982, Thais celebrated the 200th anniversary of their Chakri dynasty. Despite losing absolute power in 1932 the Thai monarch, now the ninth Chakri king, still wields enormous influence in Thai society and remains the official head of state. Only during the past decade, however, has a multi-party democracy taken root in Thailand. Prior to that time numerous military leaders ruled the country, the most prominent being Thanom Kittikachorn from 1963 until 1973. No freely elected government lasted for a full term of office until the present one led by General Prem Tinsulanond. Prime Minister Prem came to office in January 1980, following the parliamentary election in April 1979. A coup attempt by "young Turks" failed in April 1981 and elections proceeded as scheduled in April 1983. Prem's three-party coalition won 208 out of 324 seats in the parliament. Thailand appears likely to consolidate democratic rule in the country in the future. As such, Thailand has become a dramatic example of a developing country, threatened by a hostile totalitarian neighbor, managing to forge a successful democratic system.

U.S.-THAI RELATIONS

Since the end of World War II, the United States has enjoyed particularly close relations with Thailand. In 1954, Thailand signed the Manila agreement forging the Southeast Asia Treaty Organization. Thailand remained the centerpiece of this agreement, providing valuable logistical support for the U.S. in the area, particularly by permitting U.S. Air Force bases in Thailand. Despite threats from China and Vietnam, as well as Soviet hostility, Thailand continued cooperating closely with the U.S. throughout the Vietnam War. They sent their own armed forces to Vietnam as part of the collective Asian response to North Vietnamese aggression. The United States military bases in Thailand became the staging areas for air support in the war effort, particularly B-52 bomber attacks on the Ho Chi Minh trail, and later against North Vietnam itself. Only with the withdrawal of American forces from Vietnam and later slashes in aid to Saigon, did Thailand

decide to distance itself from the United States, requesting that the U.S. bases on their soil be closed. They nonetheless reaffirmed the validity of SEATO.

From 1946 to 1981, the United States provided Thailand with $819.6 million in economic and $1.8 billion in military assistance. Over $2 billion of this total was in the form of grants, with only $327 million in loans. Assistance in both categories fell after the end of the Vietnam conflict. But with the rise of aggression by Hanoi, particularly with their invasion of Kampuchea, assistance began rising again in 1980. Total American aid to Thailand rose from about $67 million in fiscal year 1981 to over $117.4 million in 1982. Bilateral U.S. assistance will rise again in the current fiscal year. Beyond this, in fiscal year 1983 the U.S. has helped facilitate $393.1 million in loans to Thailand by the World Bank and $210 million from the Asian Development Banks.

Washington has vigorously reasserted its security commitment to Thailand as the Vietnamese threat to the Thai border has grown. The U.S. Seventh Fleet has become more conspicuous in the area with frequent port stops in Thailand. In June 1982, the U.S. engaged in a very large joint exercise, "Cobra Gold '82," with Thai Marines. In spring 1983, Vietnamese troops crossed into Thailand and attacked refugee camps. The U.S. responded by dramatically accelerating arms shipments to Thailand and publicly warned Hanoi not to cross the Thai border. As part of its now annual spring offensive, up to 300 Vietnamese soldiers crossed the border on March 29, 1984. Thai forces captured 40 Vietnamese soldiers in Thai territory and protested to the United Nations against the unprovoked "armed aggression" by Vietnam.

Even though the United States no longer has military bases in the country, the possibility of still closer cooperation in the future should be explored during Prime Minister Prem's visit to Washington. Thailand has become the front line state in the effort to contain Vietnamese expansionism. Similarly, Thailand is the pivotal country in the region affecting the degree of influence that the People's Republic of China will have in Southeast Asian politics. Thailand and ASEAN can only continue to progress economically and politically in a secure regional environment. The United States can contribute substantially to this process through enhanced military and economic cooperation. Otherwise some countries may rely too much on China, while others will be alienated by any larger role by Beijing in the region; this could fatally divide ASEAN.

KAMPUCHEA

The U.S. has allowed ASEAN to take the lead in dealing with problems posed by the Vietnamese occupation of Kampuchea. Yet it has become increasingly clear that the Vietnamese remain unwilling to negotiate or take steps to end to their occupation of Kampuchea, such as allowing internationally supervised elections. The Thai Foreign Minister, Sitthi Sawetsela, has indicated consistently that ASEAN would not seek special U.S. military assistance for

the Democratic Kampuchean Coalition Government (DKCG) which is struggling against the Vietnamese occupation of Kampuchea. This is an understandable public statement given the non-military character of ASEAN and its emphasis on a political solution to the Kampuchea problem. However, it is particularly important for the United States to let the Thais know of the U.S. willingness to assist directly the non-communist groups of the Kampuchean resistance movement. These are the 12,000-man Khmer People's Liberation Front led by former Prime Minister Son Sann and the 5,000-man Moulinaka led by the former Kampuchean head of state and current DKCG leader, Norodom Sihanouk.

When Son Sann visited Washington in September 1983, he pleaded with the United States to provide military equipment for this force. He contended that he had several thousand more men willing to fight the Vietnamese, but could not do so without arms. In contrast, the 30,000-man Khmer Rouge, which is well armed by Beijing, has recently attacked Vietnamese forces in the interior of Kampuchea.

As long as the Vietnamese believe that they can prevail in the military conflict, as they have over the past three years, they will try to outlast the Kampuchean resistance and their supporters in ASEAN and elsewhere. This appears to be the lesson they have learned from their previous conflicts with France, South Vietnam and the United States. The worst development in Kampuchea would be acceptance of Vietnamese hegemony, as has happened in Laos. Next worst would be a return to power by the Khmer Rouge in wake of a Vietnamese defeat or withdrawal.

Washington should indicate that it will provide support to ensure that a genuinely neutral, democratic government eventually comes to power in Kampuchea under internationally supervised elections. Thai and ASEAN leadership on this issue should continue, but with renewed U.S. support. The U.S. should not support the PRC's policy on Kampuchea--the return to power of the Khmer Rouge following the withdrawal of Vietnamese forces.

By forcing Vietnam to withdraw from Kampuchea the problems of Thai security are simultaneously resolved. With Cambodia as a neutral state, Vietnam could neither directly threaten Thailand, nor provide significant logistical support for any guerrilla movement designed to destabilize the Thai government.

JET FIGHTER SALES

One of the more controversial issues that must be addressed during Prem's visit is the sale of American-made advanced fighter aircraft to Thailand. In December 1983, Bangkok indicated it was interested in purchasing a squadron of F-16A jet fighters from General Dynamics Corporation. In early March, the Thai Supreme Commander General Athit Kamlangek stated that approval of the sale would "demonstrate that the U.S. still considers Thailand to be a country with which it will remain through thick and thin." Thus to Thai military leaders the sale has become a litmus test of American commitment to the security of Thailand. Prime Minister

Prem undoubtedly will raise the issue of the sale with the Reagan Administration.

The matter, in fact, may be broader than the sale of a more sophisticated aircraft to Thailand. In a hearing before the House Foreign Affairs Committee on March 28, 1984, Administration witnesses and defense industry officials discussed advanced jet fighter sales to ASEAN countries in the context of existing guidelines, which encourage the sale of intermediate, so-called FX aircraft, to various Third World countries. Since the start of this policy under the Carter Administration in 1977, however, neither one of the two new intermediate fighters developed, Northrop's F-20 and General Dynamics's F-16/79, have been sold. Instead, Third World countries have opted for a more advanced American plane, most notably the F-16 (subsequently sold to Pakistan, Venezuela and Korea), or for a more advanced British or French jet. Overall, the only nation to indicate any interest in an intermediate aircraft has been Singapore, which ordered eight F-16/79s last month.

The continued growth of Vietnam's military forces, including aircraft, poses a direct threat to Thailand. As Richard L. Armitage, Assistant Secretary of Defense for International Security Affairs recently testified, "in terms of numbers, the force balance between Thailand and Vietnam, for example, heavily favors Hanoi: 485 Vietnamese combat aircraft (including 180 MiG-21s) versus 179 (including 50 F-5s) for the Thais. We have observed that Soviet security assistance to client states is characterized by an upgrade and modernization of the client's force structure that these decisions are often based on factors other than the threat."*

Some Thai sources say that MiG-23s already have been seen in air bases in Vietnam. Most analysts believe that the Soviet Union will upgrade Vietnamese military aircraft to the MiG-23 regardless of what aircraft Thailand acquires. Thus in order to deal with the numerical superiority of Vietnamese aircraft and the prospect of more advanced fighters threatening them, Thailand believes that it needs the F-16A. It will not be possible to conclude the review process of the sale of advanced jets, such as the F-16A, to ASEAN prior to the visit of the Thai Prime Minister. But the United States should assure Thailand that assessments of their security needs will receive priority consideration beyond arbitrary limits on such sales established by the Carter Administration in 1977.

REFUGEES

The refugee problems in Indochina will be reduced substantially only when the Vietnamese withdraw from Kampuchea and Hanoi

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* Before the House Subcommittee on East Asian and Pacific Affairs, of the House Foreign Affairs Committee on March 28, 1984, p. 3 of written testimony.

ceases its domestic policies of repression. The number of refugees from Laos, Kampuchea and Vietnam in camps in Thailand has declined from about 300,000 in 1980 to 132,250 in 1984. This does not include up to 200,000 Cambodians "temporarily" settled along the border. In 1983, Western countries reduced the number of refugees they would take from Southeast Asia; this has created understandable concern in Thailand. Thus even though the number of refugees has diminished, a fear exists that many of the refugees may never be resettled in third countries and thus become a permanent burden on Thailand.

More than any other Asian country, Thailand has had to deal with the problem of Indochinese refugees. The United States has taken an estimated 68 percent (or 295,000) of all Indochinese refugees eventually resettled (including "boat people"). However, Thailand has to contend with the worst problems that newly arrived refugees create. As such, President Reagan should commend the Thai government for its extraordinary effort in dealing humanely with the refugees. And Bangkok should be given additional financial support to care for the refugees. This particularly pertains to the problem of pirate attacks on defenseless refugees at sea. The United Nations Commissioner for Refugees' program of $2.6 million to combat piracy was denounced by the Thai National Security Council Chief, Prasonj Soonsri, as "chicken feed." Until more resources are allocated for this vital program, further reductions in such attacks are unlikely.

ECONOMIC RELATIONS

Trade

Trade between the United States and Thailand increased dramatically in the 1970s. The value of bilateral trade jumped from $300 million in 1970 to a record high of $2.4 billion in 1980. Because of the worldwide recession, total trade value declined to just under $2 billion in 1981 and to $1.8 billion in 1982. In 1983 it recovered, reaching $2.1 billion, and is expected to continue to increase in 1984.

Of great concern has been a persistent and growing deficit in trade by the Thais. Low commodity prices may continue to depress the value of major Thai exports in 1984.

U.S. exports to Thailand, which stood at $1,006 million (1981) and $914 million (1982), are made up mainly of heavy equipment (electrical machinery and parts, earth moving equipment, warehousing equipment, and compressors), electronic components, aircraft and parts, plastic goods and raw cotton. U.S. imports from Thailand ($914 million in 1981 and $869 million in 1982) include mainly tin, metallic minerals, integrated circuits, textiles and clothing, and canned products.

Investment

In 1982, total direct U.S. investment in Thailand was $594 million as compared to $361 million in 1980, an increase of 65

percent over a two year period. To a large extent, this increase was due to the Thai government's investment promotion campaign and to the American response, especially in the area of oil and natural exploration, mining and high technology, and manufacturing (especially microprocessors).

At present, U.S. direct investment in Thailand remains modest in comparison to its investment in other Asian countries, accounting for less than 10 percent of total U.S. investment in the ASEAN region. This is due to some extent to the American investors' nervousness with the frequent change of governments in Thailand and the uncertain threat posed by the presence of the Vietnamese troops in Kampuchea.

There are over 300 American companies doing business in Thailand, the largest being the oil firms (Texas Pacific, Union Oil, Exxon, Amoco, Pecten, Sun Oil).

Trade Issues

Having a market oriented economy and a century-and-a-half of commercial relations with the U.S., Thailand is looking for substantial increases in bilateral trade with the U.S. as well as more American investment. This involves several specific issues:

1. Access to the American Market

Perhaps the most sensitive issue in the Thai-U.S. trade relations is the question of agricultural commodity exports to the U.S. Evidently, Thai exports (like those of most developing countries) cannot meet certain standards set by the Food and Drug Administration. Consequently many ships with containers of these exports have been blocked at U.S. ports. The rejection of these commodities (most recently, rice and rice products) has not only hurt Thailand economically, but has also injured its pride. Bangkok has proposed that FDA establish an office in Thailand to provide technical assistance for the Thais to meet its standards. The FDA recently sent a mission to Bangkok to undertake preliminary discussion on resolving this issue. But the character of the standards themselves need to be reexamined by the Reagan Administration to ensure that only legitimate health standards are protected and not special interests in the U.S.

2. Generalized System of Preference (GSP) and Tariff Concessions

For the past four years, the U.S. has granted privileges to Thai products under the GSP arrangement; 200 Thai products are now covered by GSP. The present GSP program will last only until January 1985. Thus Thailand would like to have extension of the arrangement beyond the terminal year. In general this would enhance the growth of more competitive trade through lower prices.

Since 1982, a number of Thai products have become eligible for tariff concessions under the 1979 Tokyo-Round Meeting of the Multilateral Trade Negotiations. Washington should respond to Bangkok's request that a Memorandum of Understanding between the U.S. and Thailand providing for the continuation of current GSP privileges be fully implemented.

3. Export Competition

As the world's fifth largest grain exporter, Thailand has felt the effects of U.S. grain sales abroad, particularly in Europe. Thailand views various forms of U.S. government aid for exports (such as PL 480 aid) as incompatible with the principle of free trade.

4. Existing Economic and Commercial Agreements

The basic agreement governing U.S.-Thai commercial and economic relations is the Treaty of Amity and Economic Relations signed in May 1966. A number of other U.S.-Thai agreements cover air transport, civil use of atomic energy, sales of agricultural commodities, cotton textile exports and investment guarantees. Thailand appears to be concerned about the lack of progress in the implementation of these bilateral arrangements. Numerous bureaucratic procedural problems in the U.S. have prevented existing agreements from functioning. One example which is often cited in this matter is the air transport arrangement according to which an open sky policy is envisioned by both countries. In reality, however, American aircraft could land any time in Thailand while Thai International Airlines is restricted to only three flights a week to the U.S. (going to Houston via Seattle).

POLITICS AND HUMAN RIGHTS

Individual freedoms and liberties are an essential part of Thailand's political culture. In fact, Thais pride themselves upon the importance of basic freedoms and individual rights in their history. In the 1930s, Thailand adopted a democratic constitution. Nevertheless only in recent years has Thailand's political system been transformed into a soundly democratic one. In 1979, Thai military ruler, General Kriangsak Chomanan, granted free parliamentary elections for the lower house. However, in order to maintain a large role for the military in Thai politics, the 225-man Senate remained under the control of those appointed by the Prime Minister, who was a military leader. The Constitution of 1978 mandated that the power of the Senate diminish in 1983; the lower House thus now effectively rules the country. From 1979 to 1983 Thai military leaders debated whether the country could return to a process of regularly scheduled elections. But during that time the process worked and one coup attempt in 1981 by a group of military officers failed. For the first time an elected parliament completed its full four year term and new elections were held in April 1983.

These elections led to a victory by Prime Minister Prem Tinsulanond who then rearranged only slightly his coalition of support. He put together an alliance of four major parties which held 208 of the 324 seats in the new Parliament. This alliance consisted of the Social Action Party (SAP), the Democratic Party, the Prachakorn (Urban People) Party, and the National Democracy. Cabinet posts were allocated in proportion to the seats won in the election. The only significant change involved the departure from the pre-election coalition of the Chart (Citizens) Thai Party led by the former deputy premier Pramarn Adireksarn.

Party	Seats in Parliament	Cabinet Position
Social Action	92	15
Chart Thai	73	0
Democrats	56	9
Prachakorn Thai	36	6
National Democracy	18	3

With the success of a freely elected government Thailand has become even more a free and open society. Bangkok is the home for one of the most vigorously independent presses in Asia, privately owned and often very critical of almost all aspects of the government. The universities, often the center of dissent in the past and occasionally violent confrontations with authorities, have been peaceful for the last several years. In recent years the Thai government has changed tactics in dealing with subversion in the countryside, using political pursuasion to lure paramilitary forces, including communist guerrilla groups, to disband or surrender to the government. Increasingly nationalism in Thailand, confronted with a growing Vietnamese threat coupled with less Chinese support for anti-government guerrillas, has led to a drastic reduction of violent opposition to the government.

In short, few countries in the Third World have succeeded to the degree Thailand has in engineering political development. Thus President Reagan should strongly commend the Bangkok government for its efforts and cite Thailand as an excellent showcase of how a democratic system can work and how the people benefit from such a system.

CONCLUSION

The Reagan Administration came into office with a determination to improve relations with many traditional U.S. allies around the world. This effort began with the visit of President Chun Doo Hwan from Korea to Washington during the first month of the new Administration. Though reciprocal visits with Prime Minister Nakasone of Japan as well as President Chun, the United States has restored excellent working relations with America's traditional friends in Northeast Asia.

With the visit of Prime Minister Prem Tinsulanond to Washington on April 13th, the United States has an opportunity to strengthen relations with Thailand directly and with ASEAN indirectly. Moreover, since Thailand is the "front line" ASEAN nation in terms of the conflict in Kampuchea, the other members of ASEAN will judge America's security commitment to the region by its relation with Thailand.

The ASEAN countries have been the fastest growing trading area for the United States in the past decade and have moved decisively toward promoting political change in a democratic direction.

Thailand has developed one of the most vigorous democratic systems of government in the entire Third World, despite difficult social and economic problems posed by hundreds of thousands of refugees and instability and conflict in neighboring countries. As the "front line" ASEAN state facing the large Vietnamese occupation army across the Cambodian border, Thailand has pressing security needs.

The United States should indicate a willingness to provide Thailand with military equipment to deter potential Vietnamese aggression. This may entail a review of existing restrictions on the type of jet aircraft available for sale to ASEAN countries.

In the economic realm, the United States needs to expand the access of Thai products to the American market, both to encourage Thailand's free market economic system and to enable Bangkok to reduce its large trade imbalance.

Finally, Washington should increase assistance for refugee resettlement from Thailand. However, the U.S. should render assistance realizing that this problem can only be resolved ultimately by the withdrawal of Vietnamese troops from Cambodia. Hence the United States should also directly assist the non-communist elements of the Democratic Kampuchean coalition. Only through such assistance can the Vietnamese be convinced of the futility of their continued intransigence concerning a negotiated settlement. Similarly, only through significant assistance to the non-Marxist factions of the coalition can Pol Pot and the Khmer Rouge be thwarted from seizing power again in Phnom Penh.

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