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WITH CHINA AND AMERICA:
MORE BEIJING, LESS WASHINGTON

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ISEAS YUSOF ISHAK
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Trends in Southeast Asia

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FOREWORD

The economic, political, strategic and cultural dynamism in Southeast Asia has gained added relevance in recent years with the spectacular rise of giant economies in East and South Asia. This has drawn greater attention to the region and to the enhanced role it now plays in international relations and global economics.

The sustained effort made by Southeast Asian nations since 1967 towards a peaceful and gradual integration of their economies has had indubitable success, and perhaps as a consequence of this, most of these countries are undergoing deep political and social changes domestically and are constructing innovative solutions to meet new international challenges. Big Power tensions continue to be played out in the neighbourhood despite the tradition of neutrality exercised by the Association of Southeast Asian Nations (ASEAN).

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Thailand's Post-Coup Relations with China and America: More Beijing, Less Washington

By Ian Storey

EXECUTIVE SUMMARY

- Since the Thai military seized power in May 2014, Thailand's relations with the United States have significantly deteriorated, while the People's Republic of China (PRC) has quickly emerged as the Kingdom's closest Great Power partner.
- U.S.-Thai defence cooperation has been the main casualty of the coup, and represents a setback for the Obama administration's pivot or rebalance towards Asia, the success of which depends in large part on strengthening bilateral alliances and increasing America's presence in Asia. Thailand occupies a critical strategic location in Southeast Asia and hosts important air and naval facilities which America has found harder to access post-coup. Due to political sensitivities, the United States does not have equivalent access to alternative military facilities in other mainland Southeast Asian countries such as Vietnam and Myanmar.
- Even before the coup the U.S.-Thai alliance was facing difficulties. Since Washington announced the pivot in 2011, neither civilian nor military leaders in Thailand have evinced genuine support for the strategy. Many Thais consider the pivot to be aimed at containing China, and that Thailand's association with the strategy would be detrimental to the country's positive relations with the PRC. Moreover, unlike some of its Southeast Asian neighbours — especially those that have maritime disputes with China — Thailand does not perceive the PRC as a source of strategic instability; to the contrary, Thais overwhelmingly view China as a valuable economic and security partner.

- In contrast to U.S.-Thai relations, Sino-Thai relations have blossomed since the putsch. Beijing's hands off approach to Thailand's domestic political situation is much appreciated by the junta, and has allowed the two sides to focus on strengthening economic ties and defence cooperation. The "rice for rail" deal — under which China will provide Thailand with high-speed rail technology and buy surplus rice from Thailand — is back on track. The Thai and Chinese air forces have conducted a combined exercise, and Bangkok's decision in principle to buy three Chinese-manufactured submarines will make Thailand China's closest defence cooperation partner in Southeast Asia, if the deal goes ahead.
- The United States has repeatedly called on the junta to hold new elections, and emphasized that relations cannot return to normal until civilian rule is restored. However, a return to democracy in Thailand is not in prospect any time soon. The rejection of the draft constitution in September 2015 means that the armed forces will retain political power until at least 2017 and conceivably beyond. As a result, U.S.-Thai relations will continue to experience strain while Sino-Thai cooperation strengthens.

Thailand's Post-Coup Relations with China and America: More Beijing, Less Washington

By Ian Storey¹

INTRODUCTION

On 1 July 2015, Thailand and the People's Republic of China (PRC) celebrated the fortieth anniversary of the establishment of diplomatic ties. Since that historic moment in 1975, almost every facet of the bilateral relationship — political, trade, investment, military-to-military, people-to-people — has experienced strong growth. It would not be an exaggeration to state that Thailand today is China's closest partner in Southeast Asia. While the United States has remained a significant economic partner of Thailand, over the same period of time the U.S.-Thai alliance has lost cohesion and diminished in importance. Following the Thai military's seizure of power in May 2014, both of these trends have sharply accelerated.

Since the mid-1970s, a leitmotif of Thai foreign policy has been the political elite's propensity to nurture, and balance, relations with all the major powers, but particularly with the United States and the PRC, the two primary external players in Southeast Asia. Since the coup, however, Thailand has leaned closer to China, while U.S.-Thai relations have rapidly hit rock bottom and are unlikely to improve as long as the army retains power.

Thailand's domestic political situation has largely determined the country's tilt towards Beijing. The junta has expressed appreciation for China's understanding that after nearly a decade of political turmoil, the

¹ Ian Storey is Senior Fellow at the ISEAS–Yusof Ishak Institute and editor of *Contemporary Southeast Asia*.

Kingdom requires a period of stability that only the army can provide. The Thai government contrasts this with Washington's repeated calls for the immediate restoration of democracy, and has rejected as unfair and hypocritical U.S. allegations that Thailand's human rights and people trafficking situation has deteriorated since the coup. As Thailand's GDP growth has faltered post-coup, China's economic role has become more salient. As China is Thailand's largest trade partner, and the biggest economy in Asia, it is unsurprising that the junta has looked to strengthen commercial ties with the PRC so as to help alleviate the country's economic problems. Meanwhile, despite an earlier pledge to do so, Thailand showed no interest in participating in negotiations for the twelve-country Trans-Pacific Partnership (TPP) — which the Obama administration views as the cornerstone of its economic policy in the Asia-Pacific region — and now cannot because the U.S. State Department has assigned it a Tier 3 ranking in its human trafficking index. Chinese and U.S. responses to the coup have strengthened the Thai narrative that since the late 1970s, the Kingdom has always been able to rely on China's support in times of crisis, while America behaves as a fair weather friend.

Even before the coup, the U.S.-Thai alliance was facing difficulties. In 2011 the Obama administration announced its pivot or rebalance towards Asia, and has sought to strengthen strategic ties with its treaty allies and partners across the Asia-Pacific region. However, an attempt by Washington in 2012 to rejuvenate its alliance with Thailand failed to gain traction because of divergent threat perceptions. Unlike some of its Southeast Asian neighbours, Bangkok does not view China as a source of strategic instability. Indeed, to the contrary, it sees China as a valued and reliable political, economic and military partner, and that Thai support for the pivot would be detrimental to Sino-Thai relations. The May 2014 coup has almost completely derailed U.S. attempts to invigorate the alliance. In the immediate aftermath of the coup, Washington slashed military aid to Thailand, downsized combined exercises and suspended high-level dialogue. In response, the junta has seemingly been less willing to allow America unfettered access to its military bases. Due to political sensitivities, America does not have equivalent access to alternative military facilities in other mainland Southeast Asian countries such as Vietnam and Myanmar. As U.S.-Thai military ties have suffered,

defence cooperation between Thailand and China has blossomed. The two countries have exchanged high-level visits, conducted a combined air force exercise and, most significantly, Bangkok has agreed in principle to purchase three Chinese-manufactured submarines. If the deal goes ahead, it will be Thailand's largest defence acquisition from the PRC to date, and will lead to a significant tightening of Sino-Thai military-to-military relations.

This paper examines Thailand's relations with the United States and China since the Thai military seized power in May 2014.² It begins by looking at Washington's response to the coup, the restrictions it placed on military-to-military ties and the negative impact on the Obama administration's pivot towards Asia. It goes on to examine the rapid development of political, economic and defence ties between Bangkok and Beijing. The final section summarizes the main points of the paper.

THAI-U.S. RELATIONS POST-COUP

On 20 May 2014, in response to six months of political crisis, General Prayuth Chan-o-cha, Commander-in-Chief of the Royal Thai Army (RTA), declared martial law. Two days later, General Prayuth removed the caretaker — but democratically elected — government of Prime Minister Yingluck Shinawatra and appointed himself as head of government. In August, the RTA appointed national legislature approved Prayuth as prime minister.

A few weeks after the coup, Scott Marciel, U.S. Principal Deputy Assistant Secretary of State for East Asia and the Pacific, succinctly captured the central challenge facing America's Thailand policy: Washington must impress upon Thailand's military leaders the urgent need to restore democracy, while at the same time strengthening the U.S.-Thai alliance.³ In the year and a half since the coup, that challenge

² The author would like to thank Michael Montesano, John Bradford and three anonymous reviewers for their insightful comments on an earlier draft of this paper.

³ "US says Thai military rule likely to last longer than expected", Reuters, 25 June 2014.

has remained unmet: America has demonstrably failed to persuade the junta to hold early elections, and the military-to-military ties that bind the alliance together have been weakened.

As expected, Washington condemned the coup and urged the Thai military to immediately restore civilian rule by holding fresh elections, release political detainees and respect fundamental civil and human rights including freedom of expression, assembly and the press.⁴ Subsequently, senior U.S. officials have repeatedly stressed that while America values its friendship and alliance with Thailand, the coup presents a clear challenge to bilateral ties and that U.S.-Thai relations cannot return to normal until full democracy has been restored.⁵ But a return to democracy is not in prospect any time soon. On seizing power the junta established the National Council for Peace and Order (NCPO) to rule the country, repealed the 2007 Constitution, issued an interim constitution which granted the NCPO draconian powers and appointed a Constitutional Drafting Committee (CDC) to draw up a new constitution that would ensure the military retained decisive political influence. Soon after the coup, Prayuth promised fresh elections within fifteen months, but the date of those elections was pushed back to September 2016. On 6 September 2015, the NCPO-appointed National Reform Council (NRC) rejected the draft constitution. As a consequence, a new constitution will have to be written, thereby pushing elections back to mid-2017 or possibly beyond.⁶

In the eight months prior to the NRC's rejection of the proposed new constitution, U.S.-Thai political relations had gone from bad to worse. In January 2015, Daniel Russel, U.S. Assistant Secretary, Bureau of East

⁴ Coup in Thailand, Press Statement, John Kerry, Secretary of State, Washington D.C., 22 May 2014.

⁵ See, for instance, Remarks at the Institute of Security and International Studies, Daniel R. Russel, Assistant Secretary, Bureau of East Asian and Pacific Affairs, Chulalongkorn University, Bangkok, Thailand, 26 January 2015, available at <<http://www.state.gov/p/eap/rls/rm/2015/01/236308.htm>>.

⁶ James Hookway, "Thailand's Reform Council Rejects Charter, Delays Elections", *Wall Street Journal*, 7 September 2015.

Asian and Pacific Affairs, became the highest level U.S. official to visit Thailand since the coup. However, comments in a speech he delivered at Chulalongkorn University that the recent impeachment and corruption charges against former Prime Minister Yingluck were politically motivated, and that the political reform process lacked inclusivity, touched a raw nerve with the junta.⁷ Prayuth responded angrily to Russel's comments, telling a Japanese newspaper that the United States "does not understand our efforts to maintain political stability".⁸

In June the U.S. State Department issued two reports which put bilateral relations under further strain. The first, the *2014 Human Rights Report*, alleged that Thailand's human rights record had deteriorated since the coup.⁹ The second, the *2015 Trafficking in Persons Report*, labelled Thailand a source, destination and transit country for human trafficking, and rebuked the government for failing to make significant efforts to eliminate the problem.¹⁰ It maintained Thailand's status at Tier 3, the State Department's lowest ranking in the report, and the lowest of any ASEAN country (Vietnam is categorized as a Tier 2 country while Myanmar, Cambodia, Laos and Malaysia are ranked as Tier 2 Watch List) and alongside countries such as North Korea, Iran and Zimbabwe. The junta chided the State Department for not taking into account efforts it had undertaken to crack down on human trafficking since taking power.¹¹ When the report was released, several observers pointed out that Myanmar had maintained its Tier 2 status notwithstanding the Rohingya

⁷ Remarks at the Institute of Security and International Studies, Daniel R. Russel, op. cit.

⁸ "Thai leader emphasizes equal distance from Japan, China", *Nikkei Asian Review*, 10 February 2015.

⁹ *Thailand 2014 Human Rights Report* (Washington, D.C.: US Department of State, 2015), available at <<http://www.state.gov/documents/organization/236692.pdf>>.

¹⁰ "Thailand: Tier 3", *2015 Trafficking in Persons Report* (Washington, D.C.: US Department of State, 2015), available at <<http://www.state.gov/j/tip/rls/tiprpt/>>.

¹¹ Nopparat Chaichalearmmongkol, "Thailand Disputes its Human Trafficking Designation", *Wall Street Journal*, 28 July 2015.

refugee crisis, and that Malaysia had been upgraded from Tier 3 to Tier 2 despite the discovery of mass graves at human trafficking sites along its border with Thailand.¹² In the case of Malaysia, some observers suggested that Washington's motives in raising the country's status from Tier 3 to Tier 2 were purely political as the U.S. government cannot negotiate trade deals with Tier 3-ranked countries, and Malaysia is a participant in the TPP process.¹³

The absence of a U.S. ambassador to Thailand for ten months after Ambassador Kristie Kenney left her post in November 2014 did not help matters. The long delay was largely the result of the time-consuming Senate approval process for diplomatic nominations, but was perceived in Thailand as yet another U.S. punitive measure in the wake of the coup. In August 2015 the Senate finally confirmed veteran diplomat, and former special envoy for North Korea, Glyn Davies as U.S. ambassador to Thailand. Davies' main priority will be to try to mend bilateral relations, a challenging task now that elections have been postponed until at least mid-2017.

U.S.-Thai Military Cooperation and the Impact on America's Asian Rebalance

U.S.-Thai military cooperation — described by a 2015 U.S. Congressional report as being in many ways the central pillar of the bilateral relationship — has been the main victim of the coup.¹⁴ In the wake of the putsch, and in accordance with legislative obligations, Washington immediately withheld US\$4.7 million in military and security aid to Thailand. This included Foreign Military Financing (used for the acquisition of U.S. defence equipment, services and training), International Military

¹² Thitinan Pongsudhirak, "TIP shows a Thai-US alliance under strain", *Bangkok Post*, 31 July 2015.

¹³ See, for instance, Shawn W. Crispin, "US-Thailand Relations on a Razor's Edge", *The Diplomat*, 11 August 2015, available at <<http://thediplomat.com/2015/08/us-thailand-relations-on-a-razors-edge/>>.

¹⁴ Emma Chanleet-Avery, Ben Dolven and Wil Mackey, *Thailand: Background and U.S. Relations* (Washington, D.C.: Congressional Research Service, 29 July 2015), p. 6, available at <<https://www.fas.org/sgp/crs/row/RL32593.pdf>>.

Education and Training (grants for training and educating foreign military personnel at U.S. institutions) and Peacekeeping Operations funding (used to support multilateral peacekeeping and stability operations).¹⁵ U.S.-Thai bilateral naval exercises under the annual Cooperation Afloat Readiness and Training (CARAT) programme (which Thailand has participated in since 1995) were cancelled and the Royal Thai Navy (RTN) was disinvited from the 2014 Rim of the Pacific (RIMPAC) exercise, the world's largest maritime warfare exercise hosted by the U.S. Pacific Fleet in Hawaii. High-level dialogue between senior U.S. and Thai military officials was also suspended.

Other military cooperation programmes also came under review, including the Cobra Gold combined exercises which have been held annually since 1982, and which in recent years have become something of a barometer of U.S.-Thai relations. In an obvious display of displeasure with the Thai military for initiating the putsch, Washington indicated that it might cancel the exercises in 2015 or even move them to another country.¹⁶ The NCPO, however, seemed unfazed by this gambit and reportedly asked the U.S. government to justify why it wanted to hold Cobra Gold in Thailand anyway.¹⁷ Later in the year, however, and in the interests of preserving the alliance's totem, Washington decided to proceed with a scaled-down version of Cobra Gold that would exclude the amphibious landing component and instead focus on Humanitarian Assistance and Disaster Relief (HA/DR) operations. Cobra Gold 2015 was held over a nine-day period in February 2015. The United States contributed 3,600 military personnel to the exercise, down from 4,300 in 2014 (and 13,000 in 2000).¹⁸

¹⁵ U.S. State Department Daily Press Briefing, Washington, D.C., 11 June 2014.

¹⁶ "US cuts more Thailand aid, considers moving exercises", *Channel News Asia*, 25 June 2015.

¹⁷ "Junta keeps US waiting over Cobra Gold", *The Nation*, 14 July 2014.

¹⁸ U.S. participation in Cobra Gold has fluctuated over the years, depending on the state of U.S.-Thai relations and U.S. military commitments in other parts of the world. In 2002, 14,000 U.S. military personnel took part in Cobra Gold; this fell to 3,600 in 2007, before rising to 9,500 in 2013. Information provided by the Public Affairs Office, U.S. Marine Corps Forces, Pacific Command.

In April 2015, the postponement of a preparatory meeting between Thai and U.S. military officials for Cobra Gold 2016 led to speculation that the United States was considering cancelling the exercise in protest at the junta's repeated deferment of popular elections.¹⁹ In June, however, U.S. Assistant Secretary of State Scott Marciel confirmed that the exercises would take place in 2016, though once again they would be limited in size and restricted to HA/DR cooperation.²⁰ While both sides appear keen to continue the annual exercises, the future of Cobra Gold is likely to depend on political developments in Thailand over the next few years. Cancellation of the exercises cannot be ruled out.

In 2015 there was a partial restoration of U.S.-Thai military cooperation, even as political relations deteriorated. In September, the Thai Navy participated in a CARAT exercise with the U.S. Navy and U.S. Marine Corps at Sattahip Naval Base.²¹ A month later, naval liaison officers from the Thai Navy took part in the U.S.-led Southeast Asia Cooperation and Training Exercise (SEACAT) at the Changi C2 Centre in Singapore, together with their counterparts from the United States, Singapore, Brunei, Indonesia, Malaysia and the Philippines.²² The focus of the small-scale simulated exercise was counter-piracy and combatting other transnational threats in the Straits of Malacca and South China Sea.²³ According to Ambassador Davies, U.S. and Thai officials

¹⁹ Wassana Nanuam, "US scraps Cobra Gold preparation meeting", *Bangkok Post*, 15 April 2015.

²⁰ Marisa Chimprabha and Naphakhun Limsamarnphun, "US decision on 2016 Cobra Gold welcomed", *The Nation*, 13 June 2015.

²¹ "Missilex, Comrels and Band Performances Highlight of Successful CARAT Thailand", Press Release, Destroyer Squadron 7 Public Affairs, 2 September 2015, available at <http://www.navy.mil/submit/display.asp?story_id=90868>.

²² Erik Slavin, "Navy joins multilateral piracy exercise in Southeast Asia", *Stars and Stripes*, 5 October 2015.

²³ Greg Adams, "SEACAT: A Southeast Asian Multilateral Powerhouse", Navy Live, 8 October, available at <<http://navylive.dodlive.mil/2015/10/08/seacat-a-southeast-asian-multilateral-powerhouse/>>.

may resume high-level strategic dialogue in December 2015.²⁴ Press reports also suggest that Admiral Harry Harris, the recently appointed Commander of U.S. Pacific Command based in Hawaii, is planning to visit Thailand in the near future.²⁵

Nevertheless, the overall downgrading of U.S.-Thai military-to-military relations post-coup represents a setback for the Obama administration's Asian rebalance. Thailand is America's oldest ally in the region (dating back to a bilateral treaty signed in 1833) and has been a formal treaty ally since the signing of the Manila Pact in 1954. Of America's five treaty allies in the Asia-Pacific region, Thailand is the only one in mainland Southeast Asia.²⁶ During the first few decades of the Cold War, America and Thailand forged a tight strategic partnership to contain the spread of communism in Asia. The United States provided Thailand with massive economic and military aid during the 1950s and 1960s; U.S. bombers operated from U-Tapao and other airbases and U.S. Navy ships utilized Sattahip during the Vietnam War; Thailand itself contributed over 10,000 ground troops to the conflict in South Vietnam. Following the end of the war in 1975, the U.S. withdrew its forces from Thailand but military cooperation between the two countries remained extensive.

As the Cold War drew to a close, however, the alliance began to lose cohesion in the absence of a commonly perceived threat. It experienced a brief rejuvenation post-9/11 as Thailand and the United States intensified counter-terrorism cooperation and the government of Prime Minister Thaksin Shinawatra provided low-key support for the Bush administration's military interventions in Afghanistan and Iraq. However, America was forced to curtail its military engagement with Thailand following the Thai military's ouster of Thaksin in September

²⁴ "US ambassador hopes for early return of democracy", *The Nation*, 16 October 2015.

²⁵ Kavi Chongkittavorn, "Welcome to Thailand's diplomatic jamboree", *The Nation*, 19 October 2015.

²⁶ The other four are Japan, South Korea, the Philippines and Australia.