



The Asia Foundation

BILATERAL CONFERENCE ON
UNITED STATES-THAILAND
RELATIONS IN THE 21ST CENTURY

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BILATERAL CONFERENCE ON
UNITED STATES-THAILAND
RELATIONS IN THE 21ST CENTURY

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U.S.-THAILAND RELATIONS IN THE 21ST CENTURY

INTRODUCTION

On March 11-13, 2002, The Asia Foundation organized and convened a conference on “United States-Thailand Relations in the 21st Century” in Washington, D.C. The conference brought together 10 senior Thais from government, business, academia, and the media to discuss with their American counterparts issues important to the bilateral relationship. The panel discussions over the course of two days focused on a range of concerns related to regional security, international economic developments, Thailand’s domestic challenges, and U.S.-Thailand relations.

This discussion was The Asia Foundation’s first examination of the U.S.’s longest bilateral relationship in Asia since before the end of the Cold War. Although official U.S.-Thai relations are by and large cooperative, particularly in the security sphere, political and economic relations have at times become strained — from the U.S.’s refusal to provide ancillary funding to the financial support package provided by the International Monetary Fund (IMF) in 1997, to Thailand’s initially expressed position of “neutrality” on the U.S.-led war in Afghanistan in 2001. The irritants felt by both the United States and Thailand can be exacerbated by the inherent asymmetry of the relationship, in which Thais feel that the U.S. tends either to ignore Thailand or tries to dominate it. In this climate, it is probably not surprising that U.S.-Thai relations were alternately praised and criticized by participants throughout the two-day conference.

The following is a synopsis of those meetings. In order to make the discussion more conducive to candor, it was agreed that conference participants could be quoted but only on a not-for-attribution basis. The only identification used in this conference report is whether the participant is a Thai or an American. We hope that this

conference report provides a useful insight on the current state of U.S.-Thai relations and how they can be nurtured in the 21st century.

The Asia Foundation wishes to thank the GE Fund and Northwest Airlines for their generous support of this project, and to thank all the Thai and American participants who so willingly gave of their time to contribute thoughtfully and constructively on these important issues.

HISTORICAL OVERVIEW

The U.S.-Thailand relationship boasts a long history, with the first diplomatic ties established through the Treaty of Amity and Commerce in 1833 during the administration of Andrew Jackson. Since then, Thailand has been a staunch U.S. ally. Thai King Mongkut offered U.S. President Abraham Lincoln elephants to use in battle during the U.S. Civil War, and Thai troops fought alongside American soldiers in World War I, Korea, and Vietnam. Commercial relations also grew in the early 19th century, as ships crossed the ocean for trade. Later efforts included humanitarian, cultural, and philanthropic causes. After World War II, government-to-government and people-to-people ties grew more extensive as each nation recognized the increasing importance and benefits of maintaining positive relations.

In recent decades, the changing international environment has led to fluctuations in the relationship. In this regard, a Thai participant noted that the relationship was most fruitful when it was based on “concurrent interests.” For many years, Thailand enjoyed a uniquely positive relationship with the United States because it was viewed as a front-line state in the war against communism, and as such was privy to substantial U.S. military and development assistance. After the Vietnam

War, American interest in Thailand waned, the relationship was largely neglected, and U.S. foreign assistance to Thailand was slashed. Since the end of the Cold War, many Thais have come to the conclusion that the U.S. considers its relationship with their country as only marginally important, or, as one participant described it, “benign.” Without those strategic linkages, many Thais lack confidence in sustained U.S. commitment and support.

The 1997 Asian financial crisis was a low point in the relationship, when the U.S. was blamed for the harsh IMF conditions attached to the country’s aid package. Political and economic relations were sometimes contentious in the late 1990s, for instance, after the failure of the U.S. to pledge back-up loans as part of the financial support package provided by the IMF, and upon its refusal to support Thai Deputy Prime Minister and Commerce Minister Supachai Panitchpakdi’s candidacy for the post of Secretary General to the World Trade Organization in 1999.

For its part, the U.S. has been disappointed at times by a perceived lack of support from Thailand at the United Nations, and Thailand’s reluctance to take a stronger stand during the EP-3 reconnaissance plane incident with China, particularly given the U.S.-Thailand bilateral defense treaty. Recently, both the U.S. government and other organizations have expressed concern about press censorship in Thailand related to articles published in foreign magazines, and the shut-down of radio programs viewed as critical of the Thai government. However, the September 11, 2001 crisis and the focus on international terrorism have once again turned U.S. attention toward Thailand as security issues have again taken primacy in American foreign policy.

On the whole, the conference participants agreed that while Thailand may no longer enjoy a “special relationship” with the United States, Thailand’s role in the region complements American political, economic, and security interests in important and positive ways. As an emerging democratic state surrounded by authoritarian

regimes, Thailand’s effort to become a legitimate parliamentary democracy is exemplary. Many Thais who have contributed to their country’s democratic development have been educated in America and know the U.S. well. Yet with many new faces assuming leadership roles in Washington and Bangkok, it is important that official contacts and people-to-people exchanges are maintained and developed to ensure that officials and opinion leaders in both nations fully understand each other’s respective views and policies, even when they sometimes disagree.

THAILAND IN THE GLOBAL CONTEXT

In reference to the current security situation in Southeast Asia, one American participant observed that the “global order has seldom if ever been so subject to radical and unpredictable change.” Indeed, the volatility and diversity of challenges facing both the United States and Thailand makes maintaining the relationship possibly more complex than ever before. In addition to relations with other members of the Association of Southeast Asian Nations (ASEAN), Thailand’s relations with China, Japan, and the United States are extremely important given the significant roles these external powers play in the region.

THE IMPACT OF EXTRA-REGIONAL POWERS

As China’s political and economic clout grows, its role in the region is largely considered the “most complex,” since it represents both a challenge and an opportunity. In response to China’s economic dominance in the region, Thailand needs to become a more attractive place for investment, while also remaining attentive to China’s expanding political and security reach. A Thai participant said that China is not perceived as an expansionist power, but rather that the Chinese are viewed as “relatives.” He said China had offered Thailand “real

and substantial help” during the 1997 financial crisis when it pledged US\$1 billion in back-up loans (in addition to the IMF funds) to assist Thailand during its economic difficulties, and it did not devalue its currency which would have put even greater pressure on the Thai baht. Despite these points, the participant went on to say that Thailand’s political philosophy was more closely aligned with the United States than with China. Indeed, according to an American participant, Thailand must carefully balance its relations with China without jeopardizing its longstanding ties to the U.S.

Japan continues to have influence in Thailand and the region as a whole, but it has lost some leverage as it continues to pull back on development aid. In 1997-1998, Japan contributed US\$4 billion to the IMF rescue package and another US\$8 billion to an insurance program directed toward facilitating trade and project financing. By all standards Japan remains a major benefactor in the region, but its economic weakness raises questions for its future role in the region’s economic development and overall balance of power. According to an American participant, Japanese Prime Minister Koizumi is aware of Japan’s weakness and is concerned over China’s economic inroads into the region. Soon after assuming office he took a trip around Southeast Asia and called for an expansion of official and educational exchanges.

The United States remains the ultimate guarantor of security in the region, but one Thai participant said there exists a “deep mistrust of America.” Thailand and the United States are linked by two defense agreements: the 1954 Manila Pact and the Thanat-Rusk communiqué of 1962, so that an armed attack on either country would prompt the other to “act to meet the common danger in accordance with its constitutional processes.” Thailand’s role as a long-time U.S. ally was often voiced throughout the two-day conference, but also expressed was Thailand’s sense that the traditionally strong relationship with the United States was drifting. An American participant said the United States is perceived by Thailand to be withdrawing due to a number of consulate closures in the northeast and southern parts of the country. He

noted that the United States was unable to effectively address and listen to the people of Thailand outside of Bangkok and Chiang Mai due to this scaled-back presence in the country.

The September 11, 2001 attacks changed the focus of U.S. foreign policy. During his trip to Asia in February 2002, President George W. Bush focused almost exclusively on security concerns related to terrorism in Asia. In Washington in December 2001, Prime Minister Thaksin and President Bush pledged continued collaboration against terrorism, and Thailand expressed its willingness to participate in the reconstruction of Afghanistan. In addition, this visit saw the signing of a Memorandum of Understanding on the Framework on Economic Cooperation — a document that acknowledged both the long bilateral relationship, and perhaps more importantly for Thailand, a strengthened economic partnership. A number of Thai participants noted the lack of U.S. interest in Thailand before September 11. Renewed U.S. interest after September 11 led one Thai participant to liken the focus on terrorism to the U.S. focus on communism, in that the new security calculation led to rekindled American interest in Thailand. However, he also noted that Thailand was no longer willing to accept a “big brother” relationship with the United States. Many participants questioned how U.S.-Thai relations would be affected by the rise of China. Participants from both sides said that for Thailand to strengthen ties with China without harming relations with the United States would be a difficult balancing act. One Thai participant suggested that the United States should strengthen its ties with Southeast Asia to balance China and Northeast Asia. He said China would make headway into the region, especially if the United States and European Union withdrew their influence. Another Thai participant said Thailand would need to balance and cooperate with both the United States and China, favoring neither. One participant explained that Thailand was now more focused on dealing with its neighbors on issues such as illegal immigration, drug trafficking, and cross-border crime.

Other nations that play a role in the region include India and Russia. According to an American participant, Russian President Vladimir Putin has demonstrated his desire for Russia to re-establish itself as a global power, though it is not yet a major actor in Southeast Asia, as was manifested further by Russia's withdrawal from a naval base at Vietnam's Cam Ranh Bay. India has sought greater involvement and recognition in Southeast Asia as well. As part of its "Look East" policy, India plans to build a road through Burma to Thailand in order to facilitate trade and investment in the region. Thailand will invest in this project as it desires to facilitate trade and investment with India and elsewhere in South Asia. Nevertheless, China, the United States, and Japan remain the key external actors for Thailand.

REGIONAL RELATIONS

Politically, Thailand also hopes to position itself favorably among its neighbors and desires a multilateral approach to resolving problems in the region. In particular, the Thaksin administration seeks to promote Thailand's commercial links within the region. Thailand has established good relations with its immediate neighbors by taking a conciliatory stance towards Burma¹ and Laos and making favorable overtures toward Vietnam. Despite U.S. pressure to isolate countries like Burma, Thailand favors "constructive engagement." Thailand's policy of constructive interaction with Burma is a source of friction with the United States, which wants to isolate the country because of Burma's poor human rights record and refusal to acknowledge the results of the 1990 parliamentary elections. Thailand also supports the Shan ethnic minority, who live on the Thai-Burma border, against the United Wa State Army, which exports approximately one billion methamphetamine tablets

into Thailand annually. Tensions between Burma and Thailand over this drug trade continue to cause broader friction between the two countries.

Thailand has also sought to establish an effective working relationship with Laos, including plans to develop investment and trade cooperation in agriculture and communications. An American participant noted that some mistrust still exists among Laotians who fear Thailand will dominate their economy.

With regard to Vietnam, an American participant noted that there is some controversy over the alleged use of Thailand for anti-regime Vietnamese engaging in cross-border activities, whereas Thailand asserts that it will not allow its territory to be used to destabilize the Vietnamese government. Meanwhile, economic relations between Thailand and Vietnam remain modest.

An American participant stated that Indonesia was a concern to many countries in the region due to its great size and increasing instability, noting that beyond Indonesia's fragile political situation, the country is "muddling through" economically. He said all the other ASEAN states were watching Indonesia with "intense interest and concern." For its part, Bangkok has given the Megawati government its full support.

Malaysia is also under a watchful eye due to concerns over the possible existence of terrorist groups within its borders.² A Thai participant said that anti-Americanism is growing in Thailand, and that Malaysian Prime Minister Mahathir has become the voice of "pro-Asia and anti-West" sentiment among ASEAN members. He went on to say that the Philippines is politically stable and seeks favorable ties with all nations. Both American and Thai participants noted the potential for instability to be exported from one country to another in the region.

¹ In 1989, Burma's military government changed the name of the country from Burma to Myanmar, a written form of the official name in Burmese. Political opposition groups within the country, and some other nations including the United States, do not recognize this change because of the military government's human rights abuses and refusal to hand over power to an elected civilian government. As a fellow member of ASEAN, Thailand recognizes the country as Myanmar. For purposes of this paper, the country will be called "Burma," but the authors recognize the difference in how the U.S. and Thailand refer to the country.

² The Thai government in 2003 acknowledged the existence of terrorist cells in the southern provinces adjacent to Thailand's border with Malaysia.

One Thai participant suggested that the ASEAN Regional Forum (ARF) could try to create a concert of powers, but admitted that past attempts to solve problems in the region on a multilateral basis had not been successful. Most participants agreed that ARF has proven incapable of creating a unified authority in Southeast Asia to address the region's problems. An American participant described ASEAN as "weak and faltering," and a Thai participant complained that in every crisis, "bilateral relations take over." In these volatile times, both American and Thai participants agreed that the diversity of values and political systems makes it difficult to strengthen multilateral organizations such as ARF. Further, in Southeast Asia intervention is generally seen as setting a dangerous precedent, making strong action through a multilateral cooperation even more unlikely.

ECONOMIC CHALLENGES

Prime Minister Thaksin has implemented many of his election promises, and Thailand's economic performance was reasonable in 2001. The Thai government continues to advance its populist agenda, including a Bt1 million (US\$23,000) fund for the country's 77,000 villages and the development of universal healthcare. To this end, state-owned banks and public financial institutions are issuing loans, often at lower than market interest rates and without collateral, which could lead to an increased number of non-performing loans. There is also concern that Thailand's sectoral policies favor vested interests connected to Prime Minister Thaksin and his associates. According to the Economist Intelligence Unit (EIU), the Thai government has planned deficit spending for 2001 to 2002 of 3.6 percent of gross domestic product (GDP), with a portion going toward a controversial economic stimulus package. According to their report,

the economy grew by 1.8 percent in 2001, with the largest growth in the fourth quarter, while 2002 growth is at 2.7 percent.³ Inflation remained low at 1.7 percent, as has unemployment at around 3.7 percent. The EIU also forecasts an increase in exports of goods and services in 2002 and 2003, led by solid growth in private consumption. The agricultural sector is expected to expand, the manufacturing sector is expected to recover, and construction will have positive growth during 2002 to 2003. Nevertheless, Thailand's external environment continues to struggle with Japan in a recession and a slowdown in both Europe and the United States, all of which has caused export demand to contract.

A major theme in the discussions was the possibility that Thailand might reposition itself as a regional hub for the countries in ASEAN. Indeed, many participants said that a regional approach to economic growth would be most successful considering the current economic challenges. Participants suggested that Thailand lead efforts to develop the ASEAN Free Trade Area (AFTA). With China entering the World Trade Organization (WTO), both Thai and U.S. participants predicted that foreign direct investment (FDI) will increasingly be funneled into China. Nevertheless, a Thai participant noted the recent slight growth in foreign investments between the ASEAN-Plus-Three nations (China, Japan, and South Korea), with most investment going to Singapore and Hong Kong. He suggested a stronger focus on regional integration and trade could make Thailand the hub for Southeast Asia. Furthermore, he said that Thailand had a geographical advantage for trade with China and other Southeast Asian nations and should focus on regional markets.

According to a Thai participant, Thailand must create an environment where moderation and cooperation will allow the country to lead the region's development. He

³ In November 2002, the Thai Finance Ministry announced that the economy would grow by 4.8 percent, the best economic growth registered since the financial crisis in 1997-1998. Although this economic growth is impressive, skeptics question whether the domestic consumption can continue to sustain the country's economic growth.

said Thailand turned inward and “missed an opportunity to integrate all the forces in the region” because of its “out-dated” model of nation building. He went on to explain that the one-party, one-leader model is not flexible enough to contend with the realities of a quickly changing global world. He said a more advanced vision of the region would encourage competition for excellence in science and technology as a driving force to make Southeast Asia an incubator for development in areas where each country has its advantage. Currently, more than 700 U.S. companies are located in Thailand, and the United States is the second largest investor with investment at approximately US\$15 billion.

Another Thai participant suggested that Thailand’s strength in software development, design, and value-added services related to information technology (IT) would be a good development strategy for Thailand. He described the Thai government’s efforts to develop the IT infrastructure and the software industry. He said Thailand could provide value-added services, such as design, but would require U.S. and Indian technical aid and venture capital. He mentioned Thailand’s 1999 “e-Thailand” and “e-citizen” initiatives as examples that would aid in creating an educational network, but noted that such initiatives could also cause immigration problems.

Overall, China’s growth and entry into the WTO were seen as economic threats for Thailand, but a free trade area with China and ASEAN could improve investment opportunities. Moreover, most participants agreed that Thailand’s “special relationship” with both the United States and China gave it an advantage. China’s position in the world economy has become increasingly more worrisome for its Southeast Asian neighbors as China absorbs the largest portion of the world’s foreign direct investment and becomes an economic threat. The participants all predicted that China’s economic influence would grow with its inclusion in the WTO. A Thai participant suggested that Southeast Asia, as a region, would need to balance China’s growth by becoming a more appealing place for investment. Another participant

was more skeptical of China’s growth, citing its weak institutional development as a hindrance to sustained growth. An American participant said that China’s integration with the rest of the world would become more important as various new free trade agreements facilitate greater trade liberalization.

Other participants praised Thailand’s reform successes. For example, a participant noted that countries have a tendency to suffer from a “crick cycle,” or incomplete reforms due to the pain encountered in the reform process. However, Thailand addressed its debt overhang and is both tackling non-performing loans and encouraging investment. He said that though Thailand was “not out of the woods yet,” he was more “optimistic” due to these encouraging signs.

U.S.- THAILAND BILATERAL RELATIONS

Throughout the conference, the bilateral relationship was alternately praised and criticized. Both sides agreed that what was perceived as America’s slow support for Thailand in 1997 hurt the relationship. A Thai participant said that many Thai citizens blamed the crash in 1997 on U.S. pressure to liberalize politically and economically. He described the IMF aid package as the “wrong medicine” which led 15 Thai banks to become foreign-owned. He said as anti-Americanism grows, more people are attracted to Malaysian Prime Minister Mahathir Mohamad’s pro-Asia and anti-West message. He noted that Thailand Prime Minister Thaksin Shinawatra won the election on an overwhelmingly nationalist, anti-American platform, and that Thailand was distancing itself from the United States on the war on terrorism. Moreover, he said many Thai Muslims were suspicious of U.S. motives as they questioned the legality of the American war in Afghanistan. Other Thai participants also commented on Thailand’s negative reaction to some international issues, such as U.S. policy towards the Middle East, and particularly the way the United States is handling the Israeli-Palestinian conflict.

A Thai participant also mentioned banking and finance laws passed by the Thai government during the Asian financial crisis which were perceived by many Thais to favor the financial services sector in the West, especially those headquartered in America. Similarly, the Tropical Forest Conservation Fund was viewed by some Thai participants as a manipulative and controlling American tool. The Tropical Forest Conservation Fund provides for the cancellation of a portion of public debt owed to the United States in exchange for a commitment to make local currency payments to support domestic forest conservation activities. Another participant said many Thais were concerned that the United States was pressuring Thailand to approve the construction of two power plants in the southern part of the country despite local opposition due to environmental concerns. An American participant said that social problems that occur as a result of modernization are often seen as a threat to culture and as the product of “American influence,” such as traffic, pollution, deforestation, crime, and divorce. He claimed that “nationalistic, anti-globalist, and xenophobic, anti-American sentiments are growing.”

Others criticized the United States for lacking a clear foreign policy toward Southeast Asia, and placing the region subordinate to its policy for Northeast Asia. An American participant said that one perspective on U.S.-Thai relations is that Thailand plays a decreasing role in American foreign policy goals since September 11, and that its role is overlooked because the country is neither Muslim nor unstable. Another perspective is that September 11 necessitated even stronger ties between the two nations, as Thailand represents a pro-Western, stable presence in Southeast Asia.

Overall, American participants emphasized the influence of domestic factors on foreign policymaking for both sides. They also acknowledged that Thailand’s political, economic, and social developments have “gone under the radar screen,” mostly because Thailand is “seen as more like the U.S.” On the other hand, acts like Thailand’s threat to expel two journalists from the Far Eastern Economic Review have been viewed by some American

and Thai participants with concern and disappointment, as Thailand has demonstrated, for the most part, a serious commitment to press freedom and open government since the promulgation of the 1997 constitution.

Other participants were not so pessimistic about the bilateral relationship. One American pointed out that Thailand and the United States were cooperating on military exercises, called “Cobra Gold.” These multilateral military exercises occur every year and include tens of thousands of troops from Thailand, the United States, and, since 2000, Singapore (with Australia, the Philippines, Indonesia, South Korea, Japan, Mongolia, Sri Lanka, France, and Malaysia as observers). The exercises are meant to improve Thailand’s ability to defend itself and to prepare for peacekeeping tasks in the region. The two sides are also working together against narcotics trafficking, to improve Thailand’s criminal justice system, against trafficking in women, in HIV/AIDS research, and in the war on terrorism. A Thai participant praised the increased people-to-people contacts and cooperation on transnational problems such as trafficking, money laundering, and terrorism. She suggested that the United States conduct more public diplomacy with Thailand to nurture the relationship and encourage increased exchanges.

In many discussions, the participants on both sides noted the asymmetry of the bilateral relationship. This asymmetry is one cause of the vacillating sentiments from Thais toward the United States. A number of Thai participants mentioned the imbalance between the United States and Thailand in terms of economic importance. The United States is an important trading partner for Thailand, but Thailand is not as important for U.S. trade. One Thai participant said Thailand had “no negotiation power and no bargaining power” with the United States. Problems over agriculture were particularly emphasized. Thai participants complained that one-third of the Thai population relied on rice production, and the United States had hurt the Thai farmers by suppressing the world price for rice through U.S. farm subsidies. Although 40 percent of Thailand’s population

is engaged in some form of agriculture, farmers contribute only 10 percent of Thailand's GDP. Disputes in areas such as tariff reductions, farm subsidies, and anti-dumping have also soured bilateral relations. Further exacerbating the situation, overall investments in Thailand by the United States and Japan dropped in 2002. In particular, Thai participants expressed displeasure with U.S. economic "unilateralism," which has spurred anti-Americanism and anti-globalization sentiments. Areas where the two sides could cooperate, according to one Thai participant, include food safety, defining direct farm payments from Europe, U.S. development support, cooperating in a committee to fix non-tariff measures, and the restructuring of the Asia Pacific Economic Cooperation forum (APEC).

Many participants also discussed the impact of September 11 on the bilateral relationship. Prime Minister Thaksin's initial aloof response to waging war in Afghanistan was negatively received in the United States, even if Thailand's intent was to hold a neutral position. An American participant suggested two scenarios: either there would be little change in the relationship because the United States assumes Thailand is peripheral to U.S. interests and is a stable and democratic country, or President Bush would realize that the United States cannot unilaterally stamp out terrorism and that Thailand would therefore be seen as an important partner in the anti-terrorism campaign. Another participant said terrorism was a priority for the United States, but not for Thailand, and both sides acknowledged that the United States had not fully explained Thailand's stake in the global war on terrorism. For example, there was opposition in Thailand to U.S. aircraft using U-Tapao air base for refueling as part of the campaign in Afghanistan, despite the logistics pact between the two sides that allows the U.S. military to use Thai bases. Given these different priorities in the war on terrorism, a Thai participant questioned whether the United States would possibly shift attention back to Thailand any time soon. To counter American indifference, a number of participants said Thailand would have to do more to re-establish U.S. interest in Thailand

through other means, such as public diplomacy and increased contacts with political leaders across the political spectrum. In overall terms, participants generally agreed that the United States, for its part, should mediate its "arrogant" and "unilateralist" image and recognize the different priorities of other countries. And at the same time, Thailand should recognize that the United States, as a global power, has broad interests and concerns that stretch far beyond Thailand and Southeast Asia.

LOOKING AHEAD: THAILAND IN THE 21ST CENTURY

One of Thailand's biggest concerns is instability on its western border and the resulting methamphetamine trafficking from Burma. In 2000, the Thai government identified the proliferation of this drug into the country as its "biggest national security threat." The drug problem spills over into Thailand as drug use rises and drug money is used to support the Wa minority group in the border areas. In addition, refugee migration due to the instability on the Thailand-Burma border is a constant problem and exacerbates the drug trade. Only 50 kilometers of the 2,401 km border has been demarcated, and hundreds of thousands of refugees and illegal migrants periodically cross the porous Thai-Burma border. Differences over how to handle Burma are "heated" between the United States and Thailand. An American participant said that the United States is constrained in its ability to deal with the drug problem because it lacks complete relations with Burma. She suggested that ASEAN could serve as a forum for resolving problems when state-to-state relations do not exist. However, a Thai participant said that ASEAN was reluctant to address the issue because it might set a precedent for foreign interference in internal matters.

The participants recognized that Thailand's challenges include a shortage in skilled manpower, an underdeveloped technology sector, low professional levels in the sciences, and poor infrastructure. An American partici-

participant suggested that improvements in the education system in Thailand would raise the skills of Thai workers and make them more competitive in the global workforce, thereby encouraging more foreign investment. Thai participants also acknowledged that globalization made education and manpower more important, and that Thailand could not compete with China in human development. A Thai participant said Thailand ranked 66 out of 120 countries for human development, according to the United Nations. While Thailand possesses one of the region's highest adult literacy rates at 94 percent, 80 percent of Thai workers have no more than a primary or lower secondary education. This presents a major challenge for Thai policymakers as they attempt to transform from a labor-intensive manufacturing nation to a knowledge-intensive producer of goods and services. Though the National Education Act of 1999 required the whole system to be reformed by August 2002, a Thai participant noted that problems continued to exist. In particular, Thailand's modest economic growth has presented difficulties for the government to meet quantitative and qualitative challenges in this key issue of the country's development strategy, despite the 26 percent of the budget earmarked for education. Newly proposed improvements in the system include a free 12-year education, strengthening community colleges for technical training, and supporting training institutes. Other suggestions discussed by the group included bolstering English language and technical training, "homecoming" incentives that attract overseas skilled labor to return to Thailand to counter the "brain drain," exchange programs, improved public-private coordination, and increased civic education.

Protecting the environment is another challenge that Thailand faces in the 21st century. For decades, environmental degradation in Thailand has been attributed to an increase in population, poverty, and a shortage of funding and manpower. An American participant commented that corruption, problems in implementing environmental protection laws, and political opportunism were often the cause of environmental problems like deforestation and pollution. However, he praised

the rising awareness of environmental issues, a growth in environmental non-governmental organizations (NGOs), and increased local involvement. A Thai participant added that it was crucial to garner public participation on environmental issues, without which environmental preservation would be unsustainable. It was suggested that the United States share some of its experience in formulating environmental preservation policies with Thailand, particularly in areas that could improve enforcement and compliance mechanisms.

The problems of AIDS and human trafficking are also prominent challenges. Thailand is home to the largest number of people with HIV in East Asia, with approximately one million people carrying the virus today. AIDS has become the main cause of death in the country, according to a senior Thai health official in a BBC report. One Thai participant said that two Thais die of AIDS every 10 minutes, and 30,000 new victims contract AIDS every year. He said 2 percent of all men and 1 percent of all women have AIDS, with 90 percent of AIDS victims between 20 and 44 years old. He attributed the problem to the accepted habit of Thai men visiting brothels, the difficulty in buying condoms, poor quality or improperly used condoms, and the lack of affordable medication. Thailand is also a major transit point for human smuggling from Burma, Laos, Cambodia, and southern China. He said corruption in the immigration office and lack of strong legislation have allowed the problem to persist. It is believed that more than one million people work in the sex industry in Thailand. However, the profile of AIDS victims is changing to include intravenous drug users, married women, children born to parents with HIV, and young people. Although Thailand has the largest number of HIV/AIDS cases in the region, it is also viewed as having the most imaginative, effective, and innovative AIDS prevention programs. Despite these programs, the group acknowledged widespread speculation that the government is losing its sense of urgency on this issue, as spending on AIDS prevention has declined in recent years, due to revenue shortfalls.

FUTURE OF U.S.-THAILAND RELATIONS

The future U.S.-Thai relationship has a number of possibilities, according to one American participant. He said Thailand might choose to be more international, so that formal and informal ad hoc groups can work together on different issues. Alternatively, nationalism could increase. Thailand could also choose a more communal perspective so that issues such as religion, ethnicity, or localism drive the search for identity. On the other hand, he noted that the United States might choose a unilateral approach, which emphasizes force and pressure. The United States might also grow tired of its global responsibilities and withdraw. Alternatively, the United States might choose a “partnership” with Thailand, in which strengths and perspectives are shared. It was observed that the perception that U.S.-Thai relations are based on a patron-client relationship could prove problematic in any case. A Thai participant suggested that the relationship be carefully nurtured, and recommended that the United States avoid taking a unilateralist approach. He said he still believes security will be emphasized, but expressed a desire for bilateral and multilateral partnerships for the mutual benefit of all concerned.

STRENGTHENING THE BILATERAL RELATIONSHIP

Participants from both countries recommended that Thailand reposition itself as a priority country for the United States. They expressed that the two nations need to identify issues and problems in which both have a stake. For example, the United States has not delineated

Thailand’s place in the U.S. war against terrorism, while Thailand needs to show the United States the areas where the two sides can cooperate in working toward similar goals. These issues might include AIDS cooperation, trade and agriculture, restructuring APEC, and cooperation on food safety.

On the issue of Burma, the group acknowledged that the United States should realize Thailand’s need to address issues where problems in Burma spill over and affect Thailand, such as the drug trade, cross-border instability, and human trafficking. It was suggested by many of the Thai participants that the United States might benefit from a positive Thai-Burma relationship because America’s own diplomatic relationship with Burma’s military government is strained.

Both sides recommended increased public diplomacy efforts such as exchanges and people-to-people contacts to maintain and develop the bilateral relationship. Such contacts would build mutual understanding and improve communication between the countries. Such contacts might also include parliamentary exchanges between the two democracies. It was pointed out that 40 percent of Thailand’s Parliament is made up of new members, elected for the first time in January 2001. Many of these new Parliamentarians are unfamiliar with the United States, and it would benefit both Thai Members of Parliament and U.S. Members of Congress to better understand one another’s respective views and policies. In addition, it was recommended that the United States and Thailand foster international exchanges for local-level participants, and promote foreign language education by sending Americans as English teachers to Thailand.

PROGRAM

MONDAY, MARCH 11

(Carnegie Endowment for International Peace)
6:30-9:00 p.m.

Opening Dinner: **Thailand-United States Relations: An Overview**

Host: **Mr. Terrence B. Adamson**,
Executive Vice President,
National Geographic Society;
Member, The Asia Foundation
Board of Trustees

Speaker: **H.E. Nitya Pibulsonggram**,
Senior Advisor, Ministry of
Foreign Affairs

TUESDAY, MARCH 12

(Carnegie Endowment for International Peace)
8:00 a.m. - 4:15 p.m.

Welcome: **Dr. Gordon Hein**,
Vice President, The Asia
Foundation

Session I: **Extra Regional Powers and Their Impact on Politics and Security for Thailand and Southeast Asia**

Moderator: **Dr. Gordon Hein**,
Vice President, The Asia
Foundation

Speakers: **Dr. Robert A. Scalapino**,
Professor Emeritus, University
of California, Berkeley;
Member, The Asia Foundation
Board of Trustees

Discussants: **H.E. (Dr.) Surin Pitsuwan**,
Member of Parliament and
former Minister of Foreign Affairs

Discussants: **Ambassador William Itoh**,
Ambassador-in-Residence, The
Kenan Institute; Former U.S.
Ambassador to Thailand

Discussants: **Dr. Surachart Bamrungsuk**,
Associate Professor of Political
Science, Chulalongkorn
University

Session II: **Extra Regional Powers and Their Impact on Trade, Investment, and Information Technology for Thailand and Southeast Asia**

Moderator: **Dr. Pasuk Phongpaichit**,
Professor of Economics,
Chulalongkorn University

Speakers: **Mr. Kiat Sitttheamorn**, Deputy
Secretary General, Board of Trade
of Thailand/Vice Chairman of the
International Chamber of
Commerce Thailand National
Committee

Speakers: **Dr. Marcus Noland**, Senior
Fellow, Institute for International
Economics

Discussants: **Dr. Wuttipong Pongsuwan**,
Chair, e-Government Committee,
Office of the Prime Minister

Mr. Michael Gadbaw, Vice President and International Trade Counsel, The General Electric Company

Luncheon: **United States-Thailand Relations: A Congressional Perspective**

Host **Dr. Gordon Hein**, Vice President, The Asia Foundation

Speaker: **The Honorable Jim Leach**, Chairman, Asia Pacific Subcommittee, U.S. House of Representatives

Session III: **Political and Security Dynamics in U.S.-Thai Relations**

Moderator: **Dr. James Klein**, Thailand Representative, The Asia Foundation

Speakers: **H.E. Kraissak Choonhavan**, Chairman, Senate Foreign Relations Committee

The Honorable Darryl Johnson, United States Ambassador to Thailand

Ms. Nongnuth Phetcharatana, Deputy Chief of Mission, Royal Thai Embassy

Dr. Clark D. Neher, Professor Emeritus, Northern Illinois University

Discussant: **Dr. Pranee Thiparat**, Director, Institute of Strategic and International Studies/Thailand

Mr. William Wise, President, The Sorrento Group

Discussion

WEDNESDAY MARCH 13

(Carnegie Endowment for International Peace)

9:00 a.m. - 4:45 p.m.

Session IV: Trade, Investment, and Information Technology in U.S.-Thai Relations

Moderator: **Dr. Borwornsak Uwanno**, Director, King Prajhadipok Institute

Speaker: **Dr. Karl Jackson**, President, U.S.-Thailand Business Council; Director, Southeast Asian Studies, School of Advanced International Studies, Johns Hopkins University

Mr. Kiat Sitttheamorn, Deputy Secretary General, Board of Trade of Thailand/Vice Chairman of the International Chamber of Commerce Thailand National Committee

Discussant: **Mr. William Ichord**, Vice President, The Unocal Corporation

Dr. Pasuk Phongpaichit, Professor of Economics, Chulalongkorn University

Session V: Legislative Perspectives of U.S.-Thailand Relations

Moderator: **Ms. Frances Zwenig**, Senior Director, U.S.-ASEAN Business Council

Speaker: **Senator Kraisak Choonhavan**, Chairman, Senate Foreign Relations Committee

Ms. Deborah DeYoung, Legislative Assistant, Office of Representative Tony Hall

Mr. Everett Eissenstat, International Trade Counsel, Senate Finance Committee

Luncheon: U.S.-Thailand Relations in a Post-September 11th World

Host: **Dr. Robert A. Scalapino**, Professor Emeritus, University of California, Berkeley; Member, The Asia Foundation Board of Trustees

Speaker: **The Honorable James A. Kelly**, Assistant Secretary, Bureau of East Asian and Pacific Affairs, U.S. Department of State

Session VI: Thailand's Challenges in the 21st Century — Education, Human Resources, the Environment, Narcotics, AIDS, and Human Trafficking: Can the U.S. Help?

Moderator: **Mr. John Brandon**, Director, International Relations, The Asia Foundation

Speakers: **Mr. Kavi Chongkittavorn**, Executive Editor, The Nation Multimedia Company

Dr. Clark D. Neher, Professor Emeritus, Northern Illinois University

Dr. Borwornsak Uwanno, Director, King Prajadipok Institute

Dr. David I. Steinberg, Director, Asian Studies, Georgetown University

Discussant: **Ms. Catharin Dalpino**, Fellow, Foreign Policy Studies, The Brookings Institution

H.E. (Dr.) Surin Pitsuwan, Member of Parliament and former Minister of Foreign Affairs

Session VII: The Future of U.S.-Thailand Relations?

Moderator: **Dr. James Klein**, Thailand Representative, The Asia Foundation

Discussants: **Dr. Robert A. Scalapino**, Professor Emeritus, University of California, Berkeley

H.E. Nitya Pibulsonggram, Senior Advisor, Ministry of Foreign Affairs

Closing Remarks: **Mr. John Brandon**, Director, International Relations, The Asia Foundation

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ABOUT THE ASIA FOUNDATION

The Asia Foundation is a non-profit, non-governmental organization committed to the development of a peaceful, prosperous, and open Asia-Pacific region. The Foundation supports programs in Asia that help improve governance and law, economic reform and development, women's participation, and international relations. Drawing on nearly 50 years of experience in Asia, the Foundation collaborates with private and public partners to support leadership and institutional development, technical assistance, exchanges, policy research, and educational materials.

With a network of 17 offices throughout Asia, an office in Washington, D.C., and headquarters in San Francisco, the Foundation addresses these issues on country and regional levels. In the past fiscal year of 2002, the Foundation provided grants, educational materials, and other resources of more than \$50 million to 22 countries and territories in Asia and through its Books for Asia program has distributed over 750,000 books to over 4,000 schools and other regional educational institutions. During the past five years, the Foundation has supported more than 800 public interest non-governmental organizations.

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The Asia Foundation

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