**Shopping Diplomacy: The Thai Prime Minister’s Visit to the United States and its Implications for Thai-US Relations**

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**EXECUTIVE SUMMARY**

- Prime Minister Prayut Chanocha’s visit to the United States on 2-4 October 2017 marked a normalisation of Thai-US relations after the coup in 2014. Above all, US endorsement helps boost the regime’s international legitimacy.

- The visit also benefits Trump’s “America First” policy. The focus on trade deals with Thailand aims to show the American public that restored ties with the junta help boost American exports and jobs.

- The other beneficiaries are the military of both nations. The US military can now resume regular contacts with its Thai counterparts for its defence strategy, while the latter can proceed with their arms procurement plans.

- However, this “shopping diplomacy” aiming to please everyone in exchange for their support is not sustainable. It will face limits in Thailand’s budget and affect Thai producers and consumers. Also, military rule is vulnerable to international criticism and complicates Thailand’s ability to maintain foreign policy balance.

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INTRODUCTION

Thai-American relations have experienced a difficult time since the Thai military staged a coup in May 2014. As a result of the coup, the Obama administration suspended military assistance, training, and arms sales to Thailand. However, the new administration of US President Donald Trump has signalled a reset of ties, regardless of Thailand’s democratic failure and poor human rights record.

In March 2017, President Trump telephoned three Southeast Asian leaders—those of the Philippines, Singapore, and Thailand—with invitations to Washington. Bangkok warmly welcomed his invitation. The initial plan for General Prayut’s visit at the end of July was postponed, but the visit finally took place on 2-4 October 2017.

This Perspective asserts that it is too optimistic to view the visit as a success in foreign policy rebalancing on Bangkok’s part. Without political legitimacy, the military government possesses limited policy tools. Now, Thailand is employing “shopping diplomacy” to symbolise its willingness to buy more American products in exchange for US recognition of the regime.

The paper firstly provides the history that shaped Thai-American relations. It then offers an analysis of the recent visit and of factors surrounding it. Finally, the paper notes some of the implications of this meeting between the two leaders and assesses the prospects for bilateral ties.

THE RISE AND FALL OF THAI-AMERICAN RELATIONS

The zenith of Thai-US relations was based on shared regional and domestic interests during the Cold War. Washington wanted Southeast Asia to be the main supplier of natural resources to and a market for Japan’s reconstruction project. Securing Thailand within the “free world” was essential to this endeavour. Thailand joined the American security umbrella under the Southeast Asia Collective Defence Treaty of 1954 and the Thanat-Rusk Joint Communiqué of 1962, which has thereafter served as a basis for the Thai-American security alliance. Thailand provided military assistance to the US throughout the series of Indochinese wars against the expansion of communism. In return, Thailand received substantial development and military assistance from the US.¹ American political support for the Thai establishment also helped maintain authoritarian rule in Thailand.

Post-Cold War Uncertainties

The focus on economic liberalisation in post-Cold War US foreign policy, however, posed new bilateral tensions. In the 1990s, trade disputes over free and fair trade dominated

Thai-US relations. Washington often threatened Bangkok with trade retaliation under the Special 301 provision of the Omnibus Trade Bill. A survey suggested that the Thai public widely resented this harsh policy, starting in the late 1980s.\(^2\)

The Asian Financial Crisis of 1997 was a turning point that deepened anti-Americanism in Thailand. The US backed the IMF’s austerity programme without giving any significant help, while other Asian powers offered additional rescue packages such as China’s US$1 billion rescue package and its willingness to stabilise the value of the Yuan. Thai leaders saw China’s leadership as an example of real friendship. Bangkok’s pivoting to China and Asia since the early 2000s reflected resentment of the US.\(^3\)

Although security ties were generally unbroken, a subtle change took place. Thailand was increasingly reluctant to accommodate US policies. For instance, Bangkok denied the US access to its military facilities, notably, in 1993 and 2013. Thailand was also unwilling to give strong support to the US Global War on Terrorism in the early stage, although it eventually jumped on the bandwagon after US strong pressure.\(^4\)

Thailand’s unreliable support for US policy can be seen in two contexts. First, the US’s unresponsive policy towards Thailand throughout the post-Cold War era disappointed Thailand, considering the countries’ longstanding alliance. It shaped discontent not only among members of the public but also in a large segment of the Thai elite. Second, China became indispensable in Thailand’s policy calculations, both in security and economic areas. Therefore, Thailand tended to avoid taking any action that would directly or indirectly damage Thai-Chinese relations.\(^5\)

*Rolling Down the Hill*

The military coup of May 2014 deepened the strains in Thai-US ties. American law requires Washington to cut military aid and high-level contacts with governments that take power through military coups.\(^6\) In fact, this is a standard procedure expected by both sides. However, there are two differences between the most recent Thai coups and earlier ones. First, it was common practice in the post-Cold War period, as in 1991 and 2006, for the coup-maker to appoint a civilian interim government and to organise elections roughly within a year. The current regime has not followed that practice and instead wants to maintain its influence in Thai politics and weaken the political base of former Prime

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\(^5\) Ibid.

Minister Thaksin Shinawatra. It also sought, before the death of King Bhumibol a year ago, to ensure that the royal succession took place smoothly.

Another difference stemmed from US strategy in the context of the Obama administration’s Rebalance toward Asia. The promotion of democracy and human rights were essential parts of this strategy. The military coup in Thailand thus frustrated Washington as it put the US in a dilemma between security goals and principles. The longer Thailand was under authoritarianism, the more difficult it would be for Washington fully to utilise bilateral alliance for strategic purposes. An approach of criticism and shaming was thus adopted, to pressure Thailand to restore democracy. However, the success of this has been moderate. Thailand’s military government had alternatives to offset America’s reduced support, including China and Russia. China’s endorsement of the coup has helped deepened Sino-Thai relations in recent years, while General Prayut visited Russia in late May 2016, the first visit by a Thai leader in 11 years.

There was an attempt slowly to restore ties between Washington and Bangkok. The US invited Prayut to the ASEAN-US Summit in February 2016, and it used the Trans-Pacific Partnership (TPP) as a way to engage with Thailand. However, the momentum waned, both because of the US presidential election campaign and because of Thailand’s decision-making processes. Despite Prayut having shown support for the TPP, Thailand was still reluctant to join. Bangkok may have considered Beijing’s position, reflecting the Thai foreign ministry’s advice that both the US and ASEAN countries needed to find ways to harmonise the TPP with the Regional Comprehensive Economic Partnership or RCEP, in which China is an active party.

“SHOPPING DIPLOMACY” – BUY AMERICAN FIRST!

General Prayut’s visit to Washington certainly marked a significant upgrading of his regime’s international standing. The American stamp of approval helps justify the junta’s political roadmap at home. During his remarks, Trump mainly talked about his upcoming missions to Puerto Rico in the aftermath of Hurricane Maria and to Las Vegas in the wake of the mass shooting there. Besides that, the discussion during the visit focused on economic deals. For the US, embracing the junta serves President Trump’s “America First” campaign at home. He emphasised increasing American exports to Thailand.

I do want to say that our relationship on trade…is becoming more and more important…I think we're going to try and sell a little bit more to you now, make that a little bit better if that's possible.9

The US has listed Thailand as one of 16 nations that run significant trade surpluses with it and are subject to reassessment for unfair practices,10 US trade deficits with Thailand have increased from US$9.8 billion in 2000 to around US$19 billion in 2016.11

Therefore, trade and investment deals symbolise Thailand’s attempt to narrow the gap in trade account. The “shopping list” revealed in public includes the following.12

- **Lifting the import ban on American pork and poultry products**: Previously, Thailand banned these items because of the detection of ractopamine in pork and highly pathogenic avian influenza (HPAI) in poultry.

- **The purchase of Boeing aircraft**: Thailand agreed to purchase 20 Boeing airplanes for Thai Airways.

- **The purchase of American coal**: The Siam Cement Group (SCG) agreed to buy 155,000 tons of coal from the US.

- **Boosting investment**: The two parties signed an MOU to promote and facilitate investment in each other’s country. Thailand agreed to make investments in the US worth US$6 billion to create more than 8,000 jobs, while the Thai petroleum company PTT agreed to invest in shale gas factories in Ohio. In return, Thailand is seeking Boeing’s investment in a maintenance hub in its new economic zone on the Eastern Seaboard.

- **Arms purchase**: Thailand agreed to buy arms and military equipment, including four Blackhawk and Lakota helicopters, a Cobra gunship, five Harpoon Block II missiles, and upgrades to its F-16s.

Certainly, this is what Trump wants to see and to tell his supporters about. For the junta, the deals seem worth paying for Washington’s approval. In fact, these deals are minimal in terms of trade volume. Some items in the list had been covered under previous trade negotiations and companies’ plans or suspended because of the military coup, especially those involving military equipment. For American meat products, it is agreed that importers must put a label on packages, so that Thai consumers can differentiate the

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American from domestic products. The Boeing aircraft deal just adds an additional three planes to the 17 in Thai Airways’ original plan. The SCG’s coal deal is also minimal relative to its import demand of six million tons annually. The PTT investment in Ohio had already been in the company’s plans.

The discussion of regional security issues including North Korea, Rakhine State, and the South China Sea brought no significant breakthroughs. The official Joint Statement indicated that the US wants to see Thailand take a lead in ASEAN to curb ties with North Korea, to support international law in the South China Sea conflict, and to persuade Myanmar to allow ASEAN to play a humanitarian role in Rakhine State. A Thai military expert suggests, nevertheless, that Washington has at least succeeded in pressuring Thailand to share the US position on these regional issues, which Bangkok never showed clearly in the past. However, the real policy impact and effectiveness are yet to be seen.

PROSPECTS AND CHALLENGES AHEAD

General Prayut’s visit surely relieves his supporters at home. However, the dynamics of the relationship also face possible challenges.

Restoring the Thai military’s legitimacy: Improvement in Thai-US relations helps lift the morale of the Thai military and buttresses its role. Although Thailand has strengthened its military cooperation with other powers, especially China, a large group of military officers and other members of the Thai elite still have relatively strong ties to and memories of cooperating with their American counterparts. More importantly, the improvement in relations enables the Thai military to resume acquiring military technology and weapons from the US.

Benefiting US military strategy: Apart from Trump’s domestic goal of rectifying the trade imbalance with Thailand, the push to fix ties is likely to come from the US security

15 “Et si chi sue thanhin makan chi di-khonsong mai phaeng lot siang lang indo song sanyan chai thanhin makkhuen” [SCG Is to Buy American Coal, Points out Good Quality, Low Transport Cost, and Risk Reduction after Indonesia’s Coal Use to Increase], Khao sot, October 4, 2560, https://www.khaosod.co.th/economics/news_549048.
apparatus. A Thai security official confirms that the Pentagon and US National Security Council were the main driving force behind this diplomacy, and that the State Department played a less important role.\textsuperscript{18} The Pentagon’s move to restore military ties, in fact, took place earlier, when the US Pacific Commander Admiral Harry Harris visited Thailand during the Cobra Gold exercise in February 2017.\textsuperscript{19}

The Joint Statement indicated the eagerness for both sides to resume their military alliance for strategic reasons.\textsuperscript{20} After all, Thailand’s cooperation is still valuable to the US security strategy. The US military’s goal is to improve surveillance of trade routes and military movements throughout Southeast Asia and the Indian Ocean.\textsuperscript{21} Restoring cooperation with Thailand strengthens the US presence and ability to pursue this goal in the region, where China’s influence is increasing.

Militarily, maintaining access to Thai military facilities is also an advantage to the US. Thailand’s military facilities have served the US forward deployment since the end of the Cold War. U Tapao airfield was an important base during the Gulf Wars in the 1990s and for US military operations in Afghanistan during the Global War on Terror. US intelligence ran a secret prison in its old military airport in Udon Thani for terrorist interrogation until it was revealed in the media.\textsuperscript{22} NASA also once requested use of U Tapao for scientific study of climate change in Southeast Asia.

Also, considering Trump’s hawkish approach towards North Korea,\textsuperscript{23} diplomatic means might fail, resulting in the pursuit of military options in its worst-case scenario. The US ability to access the military facilities of its allies and partners across the region, including Thailand, will give it options for possible logistic support in its plan for such a scenario.\textsuperscript{24}

\textsuperscript{18} Personal communication on 3 October 2017.
\textsuperscript{20} The White House, “Joint Statement between the United States of America and the Kingdom of Thailand.”
Possible trade disputes: However, there is some incompatibility between this military focus and Trump’s economic goals. The trade negotiations during the visit are not done deals. Detailed discussions continue, and the final agreements may be different. The experience of Thai-US free trade and TPP negotiations suggests that the US will push Thailand to open its market for other items in the future. For example, the issue of intellectual property rights—notably, patents for pharmaceutical products—was a topic of fierce contention in past negotiations. If agreed upon, the price of medicines in Thailand will be higher and affect a majority of the Thai population, especially in the low-income group. There is also a lobby for lifting the import ban on inorganic pesticides, which will benefit American agrochemical and biotechnological industries at the expense of Thai farmers’ and consumers’ health.

Therefore, tensions could reappear if negotiations fail to improve the US’s trade balance with Thailand. If eventually identified as practicing discriminatory practices, Thailand may face more pressure and trade retaliation from the US. The bilateral relationship may face another round of trade disputes similar to those in the 1990s. Amid Thailand’s slow growth, prolonging trade disputes will invite more tensions between the two nations and deepen negative perceptions of the US in Thailand.

Disagreements and critics at home and abroad: Although the Thai government is celebrating its achievement in fixing ties with the US, disagreements have emerged at home. Critics question whether the deals indicate that Thailand is trying to please Trump and serve his domestic interest.25

The Swine Raisers Association has expressed its concern that the import of American pork will harm Thai consumers and domestic suppliers.26 Even within the government, the agriculture minister has also noted that importing American pork will have negative consequences for Thai farmers.27 As for the coal deal, the Association against Global Warming requests that the Thai government and the SCG reconsider the use of coal, as it causes environmental impacts and violate the Paris Agreement on Climate Change.28 An anti-coal mining group questions the need for importing coal from the US, considering the

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27 “‘Bik Chat’ khan namkhao mu saharat cho tham chutyuen po no klang ko ro mo” [“Big Chat” Opposes Importing American Pork, to Ask Commerce Ministry’s Position in the Cabinet Meeting], Matichon, October 9, 2017, https://www.matichon.co.th/news/690427.
distance and transport cost involved, while the existing supply from Indonesia is sufficient.

Critics at home and abroad also worry that US approval of the regime will worsen the human rights situation in Thailand. Human Rights Watch is disappointed with US apathy towards state violations of human rights in the kingdom.\textsuperscript{29} Many also question Prayut’s statement at the White House regarding promised elections in 2018. Deputy Prime Minister Prawit Wongsuwan later corrected the statement to say that Prayut only meant that the announcement of the poll date would be sometime in 2018, not organisation of the polls themselves.\textsuperscript{30} Because of public pressure on this issue, Prayut later announced that the election should be held in November 2018.\textsuperscript{31} However, the history of many postponements in the past renders the prospect of elections still uncertain.

CONCLUSION: IMPLICATIONS FOR THAI FOREIGN POLICY

Despite the fact that Thai-American relations have returned to normalcy, it is still a challenge for Thailand to keep its balance. On the surface, it may look like Bangkok is trying to rebalance its foreign policy. However, its current tactics appears to be about pleasing everyone merely to secure the junta’s legitimacy from great powers, including China, Russia and now the US.

However, Thailand may still face uncertainty with the US card.

As long as Thailand is under authoritarian rule, the question of political legitimacy will always be a thorn in Bangkok’s flesh. In trying to maintain normal relationships, especially with liberal democracies, the regime is in an underdog position. The endorsement of the Thai military government is like a carrot, when Washington discards human rights and democracy issues. Certainly, Trump is pragmatic, but his pragmatism serves his policy objectives. Human rights and democracy might make their way back into his policy in the future if other tools are exhausted. As a smaller power, democratic deficit is a liability and not a source of leverage in Thailand’s foreign relations.

Moreover, it remains to be seen if President Trump’s executive decisions on improving ties with Thailand will pass muster with Congress and other interest groups in the US. For instance, US law forbids Washington from extending full military assistance to foreign governments that have come to power by means of military coups. Trump may find his


hands tied by Congress, and existing laws, which curtail the president’s actions in areas such as arms sales.

Eventually, Bangkok cannot throw the China card out. In contrast, Thailand even has to reassure Beijing that its renewed ties with the US will not be at the expense of Thai-Chinese relations. More policy concessions to China may come, to help secure trust and support from the Middle Kingdom. It will eventually complicate Thailand’s foreign policy if the tension between China and the US is intensified in the future.

Without other effective bargaining power, therefore, Thailand has recently used its only available tool — “shopping diplomacy.” However, shopping diplomacy is not sustainable. Thailand cannot afford to keep buying weapons or granting trade concessions to other powers just to maintain their support. The government will eventually face budget constraints and widespread domestic opposition to the impacts of such diplomacy on Thai consumers and industries.