



The Centre of Gravity series

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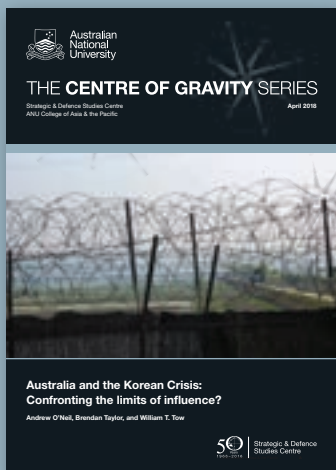
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Introduction

William Tow

At a time when historic structural changes are taking place in the Indo-Pacific security environment, much concern is directed toward intensifying great power (and especially Sino-American) strategic competition. Enduring and largely positive bilateral relationships between middle and smaller powers often attract less attention. Yet how successful countries such as Australia, Japan and South Korea are in broadening and sustaining their economic, cultural, diplomatic and strategic ties with various member-states of the Association of Southeast Asian Nations (ASEAN) will likewise be a major factor in shaping future Indo-Pacific stability and prosperity.

As two long-standing regional neighbours and friends, Australia and Thailand present an appropriate and highly timely case study on how well bilateralism will fare in an increasingly dynamic and complex Indo-Pacific setting. With this in mind, Thammasat University and the Australian National University (ANU), along with the Australian Embassy in Bangkok, convened a day-long seminar on 9 December 2019 at the Impact Forum, Impact Muang Thong Thani on 'Australia-Thai Relations in a Changing Region.' This event was coordinated under the auspices of Thammasat University's Bualuang Chair Professorship Program instituted by Thammasat University with the ANU to undertake collaborative research activities and produce joint publications on important policy issues. The seminar featured opening addresses by Associate Professor Soranit Siltharm, Permanent Secretary for Thailand's Ministry of Education, Science, Research and Innovation and H.E. Mr Alan MacKinnon (AO), Australia's Ambassador to Thailand. Invited scholars and analysts from Thammasat and the ANU along with representatives from other Thai, Australian and regional universities and from the Australian Embassy in Thailand delivered presentations and/or served as participants and commentators at the workshop.

The seven essays that follow offer key insights derived from the seminar or in subsequent analysis which that event's deliberations generated. Among various findings, several major themes emerge from the analysis: (1) the challenges that Australia and Thailand confront in pursuing a more comprehensive 'strategic partnership' at a time of increasing geopolitical and economic uncertainty, especially during a time of global pandemic; (2) adjudicating similarities and differences in the two countries' policy efforts in reaction to China's rise in the region and beyond; and (3) building on past successes and identifying new ways to harness their economic identities and cultural strengths.

The organisers of this project are grateful to those who participated in the workshop project or provided logistical support for its organisation and management. Associate Professor Suphat Suphachalasai, Director of Thammasat University's Institute of Asian Studies (TIARA), in particular, rendered tireless efforts to make this seminar event a successful one. So too did the members of the TIARA staff and their counterparts at Thammasat's Australian Studies Centre. Special thanks must also be extended to Associate Professor Gasinee Witoonchart, Rector of Thammasat University; Mr. Hugh Robilliard, Counsellor (Political and Economic Affairs), The Australian Embassy, Thailand; and Professor Siriwan Suebnukarn, DDS, PhD, Thammasat University's Vice Rector for Research and Innovation.

Thailand-Australia Relations and Regional Geopolitics: A Thai View

Jittipat Poonkham

Executive Summary

- ✦ Given their long standing and solid bilateral and multilateral foundations, Thailand and Australia are aspiring to become more comprehensive strategic partners for the remainder of this decade and beyond.
- ✦ Both Thailand and Australia prefer to hedge: while maintaining military ties with the US, they engage with the PRC economically in numerous and diverse ways.

Policy Recommendations

- ✦ Combining an increasingly strong bilateral Thai-Australian partnership with the adoption of a leading-from-the-middle strategy will enable Thailand and Australia to better navigate the changing configurations of power in the Indo Pacific region

Australia is often contemptuously referred to by some Asian observers as America's unwavering deputy sheriff in the Indo-Pacific region. For Thailand, however, Australia is seen as a relatively reliable partner with a strong bond and close neighbor to ASEAN.¹ It is asserted here that since the establishment of diplomatic relations in 1952, Thai-Australian relations are viable partners bound by solid and sustainable foundations. Their partnership today however is faced with key challenges, most notably the emerging twenty-first century regional geopolitical architecture shaped by power transitions, prestige struggles and contending strategic postures. The objective here is how to navigate – or actualise – this partnership in concrete and effective ways.

What has been done – so far?

For Thailand, Australia is a potential partner and player in the Indo-Pacific region in four major ways. First, Thai-Australian relations have been built on strong diplomatic ties since their formalisation in 1952. In 2005, Thailand and Australia concluded a treaty-level Agreement on Bilateral Cooperation. Symbolic but important exchanges of high-level visits were subsequently pursued. Recent examples include Prime Minister Prayut Chan-o-cha's attendance at the Australia Special Summit with ASEAN Leaders in Sydney in March 2018 and Foreign Minister Marise Payne's visit to Bangkok in January 2019. Senior officials' bilateral talks are held on a regular basis.

Close Thai-Australian military and defence cooperation can also be cited. Since the onset of the Cold War, both countries have developed a wide range of military training, port visits, and joint military exercises with Exercise Chapel Gold, hosted in Bangkok in 2019 being illustrative. While a Defence Cooperation Program was formally launched in 1972, security cooperation has been broadened in recent decades to include counter-terrorism cooperation and a memorandum of understanding (MoU) on Counter-terrorism was signed in 2002. Thailand also supported Australian-led United Nations-mandated intervention in East Timor undertaken in 1999. Since then, both Thai and Australian armed forces personnel have served in various United Nations operations in Cambodia, Somalia and Iraq.

**Since ... 1952,
Thailand and Australia
have been viable
partners bound by
solid and sustainable
foundations.**



Economic interdependence between the two partners has also been substantial. Thailand's trade with Australia (in terms of both exports and imports) has increased every year. In 2018, Australia was Thailand's seventh largest export destination. Following the conclusion of bilateral and regional Free Trade Agreements (FTAs), in 2005 and 2010 respectively, trade in goods has since tripled. One of the key policy questions in the economic domain is how to diversify Australian investment in Thailand, in particular a shift from stock investment to joint venture development. Moreover, since Payne's visit to Bangkok in 2019 highlighted the signing of a MoU on Cyber and Digital Economy, how to develop this emerging and critical sector of commercial activity has become a central concern for both partners.

Fourth, the Thai-Australian bilateral partnership must be seen in a larger context of stronger Australia-ASEAN relations. Canberra has reiterated its continued support for ASEAN centrality in its 2017 Foreign

Policy White Paper. That document stated that Australia's first foreign policy priority is to 'increase [its] efforts to ensure [Australia] remain[s] a leading partner for Southeast Asia'.² ASEAN and Australia are building a more comprehensive dialogue leading to more focused and systematic cooperation. The first ASEAN-Australia Special Summit held in Sydney in March 2018 accentuated this trend. Canberra supported Thailand's chairmanships of ASEAN and the East Asia Summit in 2019, while also endorsing the ASEAN Outlook on the Indo-Pacific (AOIP). Both states are participating in negotiations for the Regional Comprehensive Economic Partnership (RCEP). Although some have proposed that Australia seek formal ASEAN membership, this approach is less suitable and less effective for it than being ASEAN's strong and beneficial dialogue partner outside the bloc, prioritising ASEAN centrality and promoting mutual cooperation.³

That said, overall Thai-Australian relations look relatively promising. Given their long-standing and solid bilateral and multilateral foundations, Thailand and Australia are aspiring to become more comprehensive strategic partners for the remainder of this decade and beyond.

Both Thailand and Australia ... prefer to hedge: while maintaining military ties with the US, they engage with the PRC economically in increasingly concentrated ways.

What are opportunities and constraints?

As noted above, there are three key regional contexts instrumental in shaping Thailand-Australia relations. First, the changing hierarchy of power and the concomitant intense great power competition in the region are quite evident. This has largely occurred due to the hegemonic power transition (or at least the appearance thereof) between the US and China. Some observers even claim that the world is shifting toward a nascent bipolar system.⁴ The rising assertiveness of China causes grave geopolitical anxiety among key regional actors, both middle and small. Geopolitical competition intensifies as the US and China entertain two distinct strategic visions: liberal democratic and more socialist and hierarchical visions of the future world order, respectively.

Second, the ongoing and largely state-centric struggle for international prestige and influence is a stark reality. States are seeking their own status and recognition in global and regional architectures. This struggle had led to structural changes in the Indo-Pacific focusing on those power dynamics generated by a widespread quest for greater hierarchy of prestige, with the US and China on the top of this pyramid of rivalry and Australia and ASEAN somewhere in the middle.

Third, the novelty of strategic postures in an Indo-Pacific setting must be acknowledged. Though various regional actors defined the term differently, the so-called free and open Indo-Pacific (FOIP) strategy is first and foremost the United States' new approach to regional gamesmanship. It is best viewed as the emerging and dominant narrative of the US in order to cope with the changing configuration of regional power and as a strategy to constrain an assertive China. The Indo-Pacific is therefore a truly strategic concept, reprioritising the geopolitical competition, recognising China as a true strategic competitor, and precipitating the minilateral Quad with Japan, India, Australia, and the United States as a counterweight to growing Chinese power.

Sino-American geopolitical dynamics have thus largely shaped the strategic agendas of regional players. However, both Thailand and Australia remain cautious and careful actors seeking to avoid siding too openly with either of the two superpowers' contending visions for regional order. They both prefer to hedge: while maintaining military ties with the US, they engage with the PRC economically in numerous and diverse ways.

What is to be done?

Cultivating a viable Thai-Australian partnership in a rapidly changing Indo-Pacific region requires more than just applying traditional strategies of balancing or bandwagoning. Both approaches, either by themselves or collectively, are not really effective for avoiding the trap of an intensifying regional security dilemma. They are too risky and costly for the national interests of middle and small states relative to what gains might be realised by pursuing them.⁵

Rather, Thailand and Australia as the Indo-Pacific actors should pursue a leading-from-the-middle posture, which is a combination of heading a collective and comprehensive security strategy. Leading from the middle is defined as a strategic vision that a small-to-middle state pursues in order to hedge with the great powers, bind them within a rule- or norm-based order while simultaneously initiating region-wide politico-diplomatic innovations and advocacy. The strategy aims at seeking to reduce strategic uncertainty for small and middle states amid great power rivalries.



Thailand and Australia, as Indo-Pacific actors, should pursue a leading from-the-middle posture, which is a combination of hedging and collective/comprehensive security strategy.

To avoid a regional security dilemma outcome, which could eventually force the regional players to choose between China and the US is paramount. Yet that outcome would seem largely unavoidable if more zero-sum approaches were pursued without modification. Hedging alone and by itself, for example, increases the potential and pitfalls of the so-called Thucydides's Trap, precipitating hegemonic warfare between the rising and declining powers.

Leading-from-the-middle strategy by contrast reinforces hedging's more positive attributes. Strengthening the bargaining leverage for a group of middle powers (such as ASEAN and Australia) to compel the US and China to respect its own interests and, in the long term, to avoid succumbing to the temptation of bandwagoning is preferable. Otherwise, always attempting to balance between the US and China could lead to an increasingly tense regional security environment.⁶

To conclude, by coupling the pursuit of an increasingly strong bilateral Thai-Australian partnership with the adoption of a leading-from-the-middle strategy, both Thailand and Australia would better navigate the changing configurations of power in the Indo-Pacific region. The legacy of policy cooperation between the two countries provides a sound basis for embarking on such a broad and highly positive venture.

✦ Combining an increasingly strong bilateral Thai-Australian partnership with the adoption of a leading-from-the-middle strategy will enable Thailand and Australia to better navigate the changing configurations of power in the Indo Pacific region

Endnotes

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Australia-Thailand Relations, ASEAN and Regional Geopolitics: An Australian View

John Blaxland

Executive Summary

- ✦ Any stronger Thai-Australian bilateral security partnership would build on a range of mechanisms and institutions already facilitating politico-security, economic and diplomatic ties and between Thailand and Australia.
- ✦ In considering future directions in ties between Thailand and Australia, both have an interest in retaining a clear-eyed and respectful engagement with China and the United States.

Policy Recommendations

- ✦ Thailand and Australia need to think as middle powers, collaboratively, about the collective effect they can help generate through networking, institution-building and more systematic bilateral cooperation in a variety of policy sectors
- ✦ An Australia-Thailand regional studies institute could be established to facilitate more creative mutual approach to great power contestation, looming environmental catastrophe, pandemic control, and the full range of governance concerns in the Indo-Pacific.

ASEAN is an extraordinary institution – maligned by some, and under appreciated by others; particularly those who forget how much has happened to bring prosperity and stability to the region since its creation in the midst of the Cold War in 1967 and its constructive role in the consolidation at the Cold War's end from 1989 onwards. The fact that ASEAN has helped keep the peace for the last 50 years should be enough of a plaudit, enough of a reason to celebrate. In terms of its original objectives, it has been remarkably successful. In this context, ASEAN's legacy for promoting regional stability throughout Southeast Asia is highly compatible with Australia's own national security interests.

Indeed, security is the bedrock of stability and prosperity. I was fortunate to be the intelligence officer for the Australian Brigade that deployed to East Timor in 1999, deploying with the Thai infantry battalion with which I had been on a military exercise only four months previously – before anybody had any idea we would end up together in East Timor. One of the striking things about that experience is that when Australia needed a friend in a time of need then Thailand was a friend indeed. No other country in ASEAN volunteered to go alongside Australia until Thailand did first.

**A stronger
Thai-Australian
bilateral security
partnership
would build on
the mechanisms
in place already
between Thai
and Australian
counterparts.**

It is worthwhile reflecting on the significance of that experience, because while the challenges faced today are not the ones faced in 1999, they are informed by that experience. Today, the region faces a spectrum of challenges which can be distilled down to a grouping of three: great power contestation, looming environmental catastrophe and a range of overlapping governance challenges. The latter includes cyber threats, organised transnational criminal gangs and terrorism. These are challenges beyond any one single government department, beyond any one academic discipline, and beyond any known institution, let alone any one country. It is clear, however, that Australia and Thailand both confront these challenges with similar interests and policy objectives.

When thinking about opportunities for increased Australian collaboration with Thailand and other ASEAN states, therefore, there is a range of mechanisms at work, such as the expert working groups associated with the ASEAN Defence Ministers Meeting Plus (ADMM-Plus) – a construct formed about a decade ago. The ADMM Plus group includes the ASEAN ten, with eight other countries: India, Japan, China, Russia, South Korea, Australia, New Zealand, and the United States. The ADMM Plus construct forms a series of expert working groups that value add today on a range of issues. These include expert working groups that meet routinely to discuss cyber security, military medicine, humanitarian assistance and disaster relief (HADR), countering terrorism, maritime security and mine countermeasures. These forums provide remarkable opportunities for collaboration amongst participating nations.

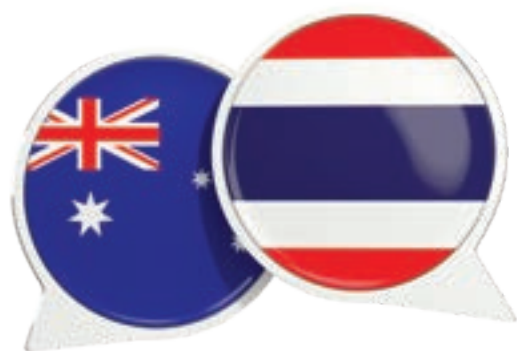
To be sure, ASEAN as a whole as well as Australia and Thailand as distinct but critical regional security actors face significant constraints. Southeast Asia and Oceania are not equivalent to the European

Union. ASEAN has no central governing authority; but it is a remarkable institution, the centrality of which is in Australia's interests and in Thailand's interests to maintain. When thinking about the South China Sea Declaration on the Code of Conduct, which was announced first in 2002, it is right to point out that there is still no clear outcome.

In considering future directions in ties between Thailand and Australia, both have an interest in retaining a clear-eyed and respectful engagement with China and the United States, as well as everyone else that is interested, be it Japan, South Korea, India, or other powers or groupings like the countries of the European Union. Many in Australia recognise the significance of ASEAN centrality and the importance of ASEAN unity as an aspiration, if not a realisation. As the eminent Thai security analyst Titinan Pongsudhirak has observed, a stronger Thai-Australian bilateral security partnership would build on the mechanisms in place already between the Thai and Australian counterparts in the Department of Foreign Affairs and Trade, Defence and Home Affairs, covering trade, policing, immigration, education, and other ties.

In this context, it is interesting to reflect on what Australia and Thailand share. Such commonality is much like what Australia shares with other regional actors such as Japan, the Philippines, Malaysia, Singapore, Indonesia, and Vietnam. Both Thailand and Australia are the beneficiaries of the rules-based global order. That term has become a little bit hackneyed, but the fundamental truth of it remains enduring. It has come to be challenged by an American leadership that is more transactional and unilateral, and a Chinese presidency that is more and more illiberal and assertive. We have come to see that, much like oxygen, one only fully appreciates it when one realises it is missing. We are on the cusp of losing out on some of this, so when thinking about what Australia and Thailand can actually do on their own it is worthwhile remembering the additional global weight that accrues from bilateral diplomatic, economic and cultural collaboration.

Thai-Australia relations are only limited by the two countries' imagination. Today both face challenges the likes of which have not been witnessed in our lifetime.



Australia is a middle power with small power pretensions, struggling to rise above the chip on its shoulder about being a former British colony or American outpost or a deputy sheriff. Yet in this age, with so much in flux, Thailand and Australia need to think as middle powers, collaboratively, about the collective effect they can help generate. In light of these challenges, Thailand and Australia have more in common, more shared concerns, greater threats, and greater opportunities, than either has allowed themselves to imagine before now.



In considering a way forward for cultivating Thai-Australian bilateral ties, there is scope to build on the foundations laid by the New Colombo Plan. Drawing on the Australian alumni of the Colombo Plan (dating back over 60 years), and other scholarship opportunities in Australia, deeper ties should be explored. This could include greater interaction between government agencies, the education sector, industry, the military, Australian chambers of commerce, and the various alumni.

There is scope for an Australia-Thailand regional studies institute to be established, perhaps a building on the extant networks, to form an institution that goes beyond advocacy into collaborative research. There are extra opportunities for collaborative activities. I suggest that Thai-Australia relations are only limited by the two countries' imagination. Today both face challenges the likes of which have not been witnessed in our lifetime. The idea that there is an option to just sit back and watch them happen is dangerous and misplaced. There is a genuine need to act and it is far more constructive if that action is collective, with a shared and clear understanding of the scale of the challenges to be faced in terms of great power contestation, looming environmental catastrophe, pandemic control, and the full range of governance concerns.

Policy Recommendations

- ✦ Thailand and Australia need to think as middle powers, collaboratively, about the collective effect they can help generate through networking, institution-building and more systematic bilateral cooperation in a variety of policy sectors
- ✦ An Australia-Thailand regional studies institute could be established to facilitate more creative mutual approach to great power contestation, looming environmental catastrophe, pandemic control, and the full range of governance concerns in the Indo-Pacific.

Australia-Thailand Relations: Regional and Economic Dynamics

Suphat Suphachalasai

Executive Summary

- ✦ Longstanding economic cooperation between Thailand and Australia has been a significant contributing factor to the prosperity and dynamism of the Asia Pacific region.
- ✦ Both countries are facing dynamic economic situations in the region that have increased security connotations.

- ✦ Developing the ASEAN trading conduit to the greatest extent possible would allow Australia to achieve greater trade diversity, whilst Thailand can work with Australia to facilitate Australia's economic presence in mainland southeast Asia.
- ✦ Thai policymakers can collaborate with Australian counterparts to generate and implement effective diplomatic strategies for Australia and ASEAN designed to encourage the development of the Indo-Pacific as a genuine zone of stability and prosperity.

Australia and Thailand have enjoyed good relations for almost the last seven decades since they first established diplomatic relations in 1952. Apart from the usual cooperation in terms of development projects, three significant initiatives have been accomplished together. First is establishing the Cairns Group within General Agreement on Tariffs and Trade (GATT) in 1986 by liberalising agricultural trade during the Uruguay Round with 14 other countries. Secondly, Australia's contribution in building a friendship bridge completed in 1994 linking Vientiane of People's Democratic Republic of Laos and Mookdanarn province of Thailand, which can be considered a landmark of cooperation. Thirdly, the completion of Thailand's first Free Trade Area with Australia that elevated trade volume between the two countries significantly since its inception in 2005.

Significant cooperation between Thailand and Australia has been based upon mutual economic interest between the two countries, including trade and investments. This long-standing trend warrants examination as it is a significant contributing factor to the prosperity and dynamism of the Asia-Pacific region. Beyond the trade and investment factor, however, a focus on ongoing selected regional developments; and how Australia and Thailand might collaborate in response will also be briefly discussed.

Australia and Thailand have not really been extensive economic partners.

Trading and Investment Trends

Australia and the ASEAN states are not each other's paramount trading partners. In 2018, for example, China was the principal trade partner of Australia, followed by ASEAN in a distant second place, then the EU, and the United States, respectively (Table 1). Trade volume between Australia and China was A\$ 192,382 billion during that year. This far exceeded Australian trade with ASEAN that totaled only A\$ 90,588 billion. Moreover, Australia ranked well below China, the European Union, and the US in terms of ASEAN trade partners with a share of only 2 percent in 2018 (Table 2).

Regarding investment, Australia's financing abroad has largely directed toward the European Union and the United States with a share of 23 and 17 percent, respectively, in 2018 (Table 3). It is interesting to note, however, that ASEAN ranks a distant third with a share of 6 percent. China, including Hong Kong, only constituted a share of 2 percent. Most of the Australian investment in the ASEAN region was in Singapore (61 percent) and Malaysia (15 percent) (Table 4).

In this context, Australia and Thailand have not really been extensive economic partners. Indeed, Australia was the seventh-largest export destination of Thailand, while Thailand ranked thirteenth for Australia in 2018. That said, since the Thailand-Australia Free Trade Agreement (TAFTA) came into force in January 2005, trade volume between Thailand and Australia has increased fourfold (Table 5). Thailand's exports products to Australia are mainly labour-intensive manufacturing products while Thailand mainly imports raw materials and primary products from that country. In terms of investment, by contrast, Thailand is one of the top 10 countries invested in Australia with an investment value of around A\$ 5 billion a year for 2017 and 2018 (Table 6). Further, Australia invested in Thailand around A\$ 1.3 to 1.7 billion each year for the last five years (Table 4).

It can be concluded that Thailand and Australia are of moderate economic importance to the other. Australia relies heavily on its exports to the Chinese market. Australian investment has concentrated on the European Union and the United States. China, the United States and Japan have been Thailand's most significant export destinations. In 2019 China surpassed Japan as Thailand's top foreign investor, supplanting the latter's status held over the previous five decades.

The Economic-Security Nexus


Thailand and Australia are facing dynamic economic situations in the region that have increased security connotations. These are the intensifying US-China trade war and the increased diversification of regional initiatives that can be characterised as cooperative hegemony which have spilled over to sharpen international competition.

The trade war between the United States and China has recently worsened and has damaged world economic trade and growth for the last couple of years. Australia, however, has actually been a benefactor of this trend with China's import value from Australia having increased markedly. China has become the major export destination of Australia with a share of 34 percent in 2018, far exceeding Australia's second-largest export market ASEAN accounted for only 11 percent of Australia's in 2018 (Table 1). Therefore, the Australian economy has relied heavily on China's market for mineral resources and primary products. Thanks largely to the TAFTA, Thailand is Australia's ninth-largest goods and services and trading partner and the second-largest in ASEAN.

However, Thailand and the other ASEAN states could not begin to supplant China as an alternate source for Australia's potential loss of sales to the Chinese market. Beijing has accused the Morrison government of colluding with the US to pressure for an independent investigation of how the initial Coronavirus-19 outbreak was managed by Chinese policymakers in Wuhan. As a signal of its indignation over this development, China has exercised its status as the major export market destination of Australia by imposing a massive 80 % tariff on Australian barley exports, claiming that it is against trade rules.¹ China has also suspended selected beef imports from Australia, contending that the four abattoirs it has designated have violated inspection and quarantine requirements.² China has warned Australia that unless it distances itself more clearly from the Trump administration's hardline China policies, Sino-Australian relations could be damaged beyond repair.³



Thailand and Australia are facing dynamic economic situations in the region that have increased security connotations.



The role of Australia and Thailand relations in such a fluid and highly dynamic geo-economic and geopolitical environment is increasingly significant.

For the last decade, regional architecture operating throughout the Indo-Pacific has become increasingly politicised rather than based on traditional economic rationales. This is particularly true as various regional institutions and architectures have come to overlap in terms of purpose and membership. Notwithstanding the often-promoted goals of achieving greater community-building and equal benefits via association, it is, in fact, increasingly hegemonic aspirations that are now the driving factor underlying regional institutional building.⁴ Illustrative are the Trans-Pacific Partnership or TPP Free Trade Area, Free Trade Areas of the Asia Pacific or FTAAP, and the Regional Comprehensive Partnership or RCEP. The TPP, a free trade area that did not include China, was nevertheless advertised as an inclusive free trade agreement within APEC. Initiated by the United States under the Obama administration, the TPP agreement was concluded between the member-states but not ratified by the US Senate and shunned by Obama's successor. After President Donald J. Trump rejected the TPP, China moved quickly to fill the void on several fronts. It had already pushed for the revitalisation of the Free Trade Area of Asia and Pacific or FTAAP, which had not included the US as a member. It subsequently advocated that the RCEP — an agreement involving ASEAN plus Australia,

China, India, Japan, New Zealand, and South Korea — as a preferred regional trade model to the TPP because it was less stringent in relinquishing its members' sovereign prerogatives. Partially due to the US defaulting on the TPP, China benefitted from this process of regional economic order-building, enhancing its own hegemonic aspirations throughout East and Southeast Asia.⁵

Another significant aspect of economic-security spillover is the emergence of so-called cooperative hegemony based on institutional realism. Cooperative hegemony entails a great power initiating economic ties with smaller or weaker states in the name of advancing the latter development aspirations but with the principal motive of locking those client states into a relationship of greater dependence on itself.⁶ China's One Belt One Road Initiative or OBOR reflects this trend. Apart from OBOR, which is China's attempt to control much of the future infrastructure within ASEAN and beyond, Beijing has also engaged heavily in cooperative development projects in the Greater Mekong Subregion project (GMS) in mainland Southeast Asia. It is gradually replacing the Asian Development Bank or ADB - the founder of this initiative in 1992 – and backed by largely Japanese funding.⁷ There are many other regional development programs and projects in which China is involved. These include the Asian Infrastructural Investment Bank or AIIB and Lancang-Mekhong Cooperation or LMC. The sheer momentum of China's economic diplomacy has clear strategic implications for Thailand and Australia, acting as a disincentive for Australia, Thailand and other traditional US security allies and partners to openly coalesce against China at a time when the US seems to be increasingly turning inward and limiting its involvement with multilateral institutions.

Conclusion

The role of Australia and Thailand relations in such a fluid and highly dynamic geoeconomic and geopolitical environment is increasingly significant. Both countries have an interest in working together when possible to avoid a regional environment dominated by great power hegemony and to preserve a regional balance of power. Accordingly, Thailand has the interest in working with Australia as a traditional friendly regional middle power to realise such a balance. Australia is increasingly aware that it needs to diversify its trading behavior so as not to become overly dependent on the Chinese market. Developing the ASEAN trading conduit to the greatest extent possible would allow Australia to achieve greater trade diversity.

Even though Australia is a free enterprise country where the government plays a minor role in the economy, its government can still play a constructive part by encouraging the Australian private sector to diversify its marketing strategies and activities. As it strives to rebuild its own economy during the COVID-19 era, Thailand can work with Australia to facilitate Australia's economic presence in mainland Southeast Asia. Thai policymakers can also collaborate with their Australian counterparts to generate and implement effective diplomatic strategies for Australia and ASEAN designed to encourage the development of the Indo-Pacific as a genuine zone of stability and prosperity.

Policy Recommendations

- ✦ Developing the ASEAN trading conduit to the greatest extent possible would allow Australia to achieve greater trade diversity, whilst Thailand can work with Australia to facilitate Australia's economic presence in mainland southeast Asia.
- ✦ Thai policymakers can collaborate with Australian counterparts to generate and implement effective diplomatic strategies for Australia and ASEAN designed to encourage the development of the Indo-Pacific as a genuine zone of stability and prosperity.

TABLE 1: Australia's Trade with ASEAN, China, European Union, and the United States in 2018

	Export		Import		Trade Value		Balance of Trade A\$ billion
	A\$ billion	% share	A\$ billion	% share	A\$ billion	% share	
European Union	17.6	5	55.5	18	73.1	11	-37.9
United States	13.4	4	33.3	11	46.7	7	-19.8
China	118.4	34	74.9	24	193.3	29	43.5
ASEAN	38.2	11	52.4	17	90.6	14	-14.2

Source: Australian Government Department of Foreign Affairs and Trade, 2019, pp. 68, 83-85.

TABLE 2: ASEAN's Trade with Australia, China, European Union, and the United States in 2018

	Export		Import		Trade Value		Trade Balance US\$ billion
	US\$ billion	% share	US\$ billion	% share	US\$ billion	% share	
China	200.8	14	292.0	20	492.8	17	-91.3
European Union	166.1	11	130.8	9	296.9	10	35.3
United States	163.5	11	105.6	7	269.1	9	57.9
Australia	39.6	3	28.1	2	67.6	2	11.5

Source: International Trade Centre, 2019

TABLE 3: Australia's Direct Investment Abroad 2014-2018

	2015		2016		2017		2018	
	A\$ billion	% share	A\$ billion	% share	A\$ billion	% share	A\$ billion	% share
Total all countries	568	100	597	100	635	100	695	100
European Union	116	20	111	19	123	19	163	23
United States	109	19	121	20	128	20	121	17
ASEAN	35	6	37	6	40	6	39	6
China (includes Hong Kong)	19	3	18	3	18	3	19	3

Source: Australian Bureau of Statistics, 2019, Table 5 Australian Investment Abroad: Level of Investment by Country and Country Groups by type of investment and year

TABLE 4: Australia's Direct Investment in ASEAN 2015-2018

	2015		2016		2017		2018	
	A\$ million	% share	A\$ million	% share	A\$ million	% share	A\$ million	% share
ASEAN	35,014	100	37,955	100	40,442	100	39,652	100
Singapore	18,721	53.4	20,108	53	20,192	50	24,437	61
Malaysia	5,504	15.7	5,579	14.6	5,922	14.6	6,001	15
Indonesia	5,553	15.8	6,241	16.4	7,547	18.6	2,283	5.7
Vietnam	1,362	3.8	1,549	4	2,021	5	np	np
Thailand	1,490	4.2	1,749	4.6	1,749	4.6	1,386	3.5
Others	2,384	6.8	2,729	7.1	3,011	7.4	np	np

np: not available for publication but included in totals where applicable, unless otherwise indicated

Source: Australian Bureau of Statistics, 2019, Table 5 Australian Investment Abroad: Level of Investment by Country and Country Groups by type of investment and year

TABLE 5: Thailand's Merchandise Exports under Thailand-Australia FTA

	2005	2010	2015	2018
Total export to Australia (US\$ m)	3,175	9,369	9,768	10,776
Export under TAFTA (US\$ m)	2,122	5,613	8,385	9,266
% share	66.8	59.9	85.8	86.0

Source: Thailand Department of Foreign Trade, 2019

TABLE 6: Foreign Investment in Australia 2015-2018

	2015		2016		2017		2018	
	A\$ billion	% share	A\$ billion	% share	A\$ billion	% share	A\$ billion	% share
Total	774.4	100.0	837.7	100.0	883.8	100.0	967.5	100.0
1. United States	183.9	23.7	194.5	23.2	193.5	21.9	214.3	22.1
2. Japan	91.9	11.9	97.4	11.6	97.1	11.0	105.9	10.9
3. United Kingdom	64.9	8.4	74.7	8.9	87.1	9.9	98.7	10.2
4. China (includes Hong Kong)	48.3	6.2	52.3	6.2	54.2	6.1	56.5	5.8
5. Canada	24.8	3.2	27.8	3.3	32.2	3.6	36.9	3.8
6. Singapore	29.2	3.8	23.3	2.8	25.9	2.9	28.0	2.9
7. Malaysia	10.8	1.4	12.3	1.5	13.4	1.5	13.9	1.4
8. New Zealand	5.6	0.7	5.9	0.7	5.7	0.6	6.6	0.7
9. Thailand	5.6	0.7	4.7	0.6	5.4	0.6	5.8	0.6
10. South Korea	3.2	0.4	4.4	0.5	4.6	0.5	5.2	0.5

Source: Australian Bureau of Statistics, 2019, Table 2 Foreign Investment in Australia: Level of Investment by Country and Country Groups by type of investment and year

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The Foundations of Australia-Thailand Security Ties, 1945-65

Sue Thompson

Executive Summary

- ✦ Mutual security aims through membership of multilateral groupings are a feature of the early history of Australia-Thailand post-war security ties.
- ✦ Alliances such as SEATO combined the stated purpose of containing communism with aspiration for mutual social and economic cooperation to ensure the development of security and stability within Southeast Asia.

Policy Recommendation

- ✦ The foundations of Australia-Thailand security relations came out of aligned interests in the early years of the Cold War. It is important to recognise that bilateral ties between and mutual interests of Thai and Australian policymakers originally cultivated through early postwar trading networks and memberships in security alliances have since had a fundamental and lasting influence relations between these two countries.

Mutual security aims through membership of multilateral groupings are a feature of the early history of Australia-Thailand post-war security ties. Multilateral relations became increasingly important as a response to the emerging Cold War. Security ties developed between Australia and Thailand based on a number of shared aims, and relations were further strengthened through multilateral organisations such as the South East Asia Treaty Organisation (SEATO) and the Colombo Plan.



Post-war Dynamics

The onset of the Cold War shaped the development of many security relationships as nations sought to achieve peace and stability. In Southeast Asia, communist movements were challenging the renewal of colonial power in the region. In Vietnam, the Vietminh started resisting the return of the French. The Malay Communist Party launched a rebellion in 1948 against British rule and in the Philippines a wartime guerrilla group attempted an armed uprising in 1946. An independence struggle was underway in the Dutch East Indies and communist forces were advancing in a civil war in China.

When the Chinese Communists swept to power on 1 October 1949, many Asian nations were cautious about being included openly into either a communist or a western camp. Thailand, which had never been ruled by a colonial power, had traditionally taken a neutral approach as a means of maintaining its own independence. Bangkok was not prepared to be included openly in an anti-Soviet bloc, nor did it want to join a military alliance, despite a general desire to develop a common approach towards a communist regime in China.¹

However, a military coup in Thailand in 1947 had led to a request for military aid from the United States. Washington was reluctant at first, but then responded to this appeal in late 1949 over concerns about communist influence increasing in Southeast Asia. By early 1950, the United States had also established a technical and economic mission in Thailand.²

Australia too was influenced by the developing Cold War. At the end of the Second World War, Canberra campaigned for some form of security alliance that would be underwritten by the United States and Britain, despite the Americans initially ruling out an ongoing defence relationship with Australia. But, after the victory of the Chinese Communist Party, the outbreak of the Korean War, and America's decision to end its occupation of Japan, Australia, New Zealand and the United States ratified a security treaty in 1952. An additional multilateral treaty, the Southeast Asia Treaty Organisation (SEATO) was established on 19 February 1955, with its headquarters in Bangkok. The organisation consisted of eight member countries, most residing outside the region: Australia, France, New Zealand, Pakistan, the Philippines, Thailand, the United Kingdom and the United States. These nations agreed to consult and cooperate with each other against communist subversion or open attack. SEATO created not only multilateral obligations, but it set the scene for the creation of bilateral ones as well, as the western members supported the defence and economic development of the Asian member states.

While SEATO's stated purpose was to contain communism, it also included aspirations for mutual social and economic cooperation to ensure the development of security and stability within the region, thus combining the dual aims of security and economic assistance. The Colombo Plan for Co-operative Economic Development in South and Southeast Asia was another such organisation. By the late 1950s, membership comprised of Australia, Burma, Cambodia, Canada, Ceylon, India, Indonesia, Japan, Laos, Nepal, New Zealand, Pakistan, the Philippines, Thailand, the United Kingdom, Malaya, British Borneo, the United States and South Vietnam. The organisation was viewed as an important non-political forum where most of the non-communist nations of Asia interacted with Western nations and discussed economic development.

SEATO created not only multilateral obligations, but it set the scene for a range of bilateral ones as well.



Australia-Thailand Relations

After establishing diplomatic relations in 1952, Australia-Thailand relations developed steadily through mutual recognition of their common aims that were being shaped by the evolving Cold War. These aims were reiterated when the Australian Prime Minister, Robert Menzies, visited Thailand in 1957. There he questioned the role of the newly declared Afro-Asian group, and he was reassured by Thailand's Foreign Minister, Prince Wan, that Thailand, along with Japan and the Philippines, were leaders within the Afro-Asian group of a movement towards positive opposition to Communism.³

While bilateral trade between the two countries steadily increased, relations were strengthened through SEATO and the Colombo Plan. In 1962, Canberra introduced a new program to counter communism in which Australia would provide £3 million for expenditure on an assistance programme for Asian members of SEATO as well as South Vietnam. This was in addition to the £500,000 commitment to the existing program of economic assistance for SEATO defence. In 1956, Australia gave £2 million for aid in support of SEATO powers for defence and in 1958 a further £1 million was provided.⁴

Australia's activities in SEATO were important for its relations with Thailand and vice-versa. This was because Australian military planning and commitments directly involved Thailand and SEATO membership proved Thailand's willingness to base its defence upon a military alliance with the West. Indeed, Thai leaders such as the Foreign Minister from 1959-1971, Thanat Khoman, tended to rely on individual SEATO allies for military assistance and support. And, in particular, they viewed the United States, Australia, New Zealand, and to a lesser extent Great Britain, as the 'inner group' of close allies.⁵

Under the Colombo Plan, Australia-Thailand relations were strengthened through scholarships in Australia for Thai students and the provision of Australian specialists in the fields of medicine, education, radio, engineering, and geology. An Australian Air Force Squadron was also stationed in Thailand to help with the defence of Thailand's north east provinces.⁶ In the years from 1951 to 1965, it was reported that Australia was the second largest donor of grant aid to Thailand behind the United States.⁷

While alliances such as SEATO strengthened bilateral ties between Thailand and Australia, it had its drawbacks as well. In 1961 it was reported that some Thai commentators claimed that SEATO

had become an obstacle for friendlier relations between Thailand and its non-aligned neighbours such as Burma, Cambodia and Indonesia.⁸ Indeed, this trend continued into the 1970s as Thailand joined other regional initiatives with its neighbours, such as ASEAN, supported the military disbandment of SEATO and a regional Zone of Peace Freedom and Neutrality. This happened while the United States planned for a phased military withdrawal from Southeast Asia. By 1975, Thailand did not mind seeing the Americans leave their region.

Conclusion

The foundations of Australia-Thailand security relations came out of aligned security interests during the early years of the Cold War. These mutual interests led to closer bilateral relations through increased trade between the two countries, increased economic aid from Australia to Thailand and the stationing of Australian air force personnel in Thailand because of their mutual membership in a security alliance. By the mid-1960s, security ties had been firmly established. While these relationships were to change into the 1970s, it is important to recognise that these foundations nevertheless had a fundamental and lasting influence on future Thai-Australian bilateral relations.



Australian military planning and commitments directly involved Thailand and SEATO membership proved Thailand's willingness to base its defence upon a military alliance with the West.

Policy Recommendation

- ✦ The foundations of Australia-Thailand security relations came out of aligned interests in the early years of the Cold War. It is important to recognise that bilateral ties between and mutual interests of Thai and Australian policymakers originally cultivated through early postwar trading networks and memberships in security alliances have since had a fundamental and lasting influence relations between these two countries.

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Growing Together & Learning from Each Other

Supruet Thavornyutikarn

Executive Summary

- ✦ Cultural and educational linkages between Thailand and Australia are essential and supportive to overall ties.

Policy Recommendations

- ✦ Thailand and Australia should establish a benchmark for pursuing areas of consultation and cooperation. These could include the dissemination of impartial information relating to multiculturalism and the implementation of more objective processes for supporting education and socialisation.
- ✦ Additionally, Australian TAFE programmes provide a framework of how Thai labour can be trained and strengthened by cultivating a multitude of new skills for an evolving labour market.

Australia-Thailand relations have been long-established, spanning over five decades. Well before the two countries extended official diplomatic recognition to each other in 1952, Australians had a glimpse of Thai culture through its language: the name of the Australian's all-time-greatest race horse Phar Lap, literally means lightning, and this legendary steed chalked up his wins during the late 1920s and early 1930s. As much as other aspects of Thai-Australian relations, their cultural and educational linkages are essential and supportive to their overall ties. What follows below is a case for cultivating and encouraging us to reassess similarities and togetherness of Australia and Thailand as both countries endeavor to strengthen their relationship over the next decade and beyond.

Strong Presence of Like-minded People

It is worth noting that, from Australians' point of view, over 20,000 Australian expatriates reside in Thailand.¹ That country is ranked 12th in term of Australians' worldwide presence and ranked 3rd in Asia. Interestingly, there are more Australians in Thailand than in China² (while Chinese are the largest group of Asian emigrants to Australia).

Likewise, there are more than 100,000 Thai emigrants living in Australia, making Australia the number two destination for Thai expatriates after the United States of America.³ Australians with Thai ancestry has now surpassed 66,000 people. This signifies a substantial Thai community establishment in Australia, one that continues to grow.⁴

Moreover, Thais and Australians share strong cultural traits that allow them to enjoy significant compatibilities. Thais, like their Australian counterparts, are extremely accommodating to changing circumstances and very adaptive. Moreover, Thai expatriates located in Australia adjust themselves into Australian culture rapidly – much faster than most of non-English speaking immigrants. This is thanks, in large part, to Australia's unique multiculturalism and a merit-based immigration system which combines nicely with the open and welcoming minds of Australians.

Thais and Australians are like-minded; they are accommodating, adaptive and share their passion for culinary culture.

Passion for Culinary Culture

Australians and Thais are avid diners. Their love of food is prominent. In Australia, there are more than 85,000 food outlets throughout the country.⁵ Given the size of Australia's population, this total makes Australia one of the world's highest concentrations of restaurants or cafes at one food outlet per 294 persons. Such a configuration naturally generates stiff competition among the country's culinary establishments but reflects most favorably on the quality of food they serve. With a myriad of immigrants from every corner of the world, multiple food cultures have supplanted the previous dominance of British and Empire-oriented cuisine and are gradually making Australian cuisine a world-leading fusion food. Thai food is one of the most popular in Australia. It is worth noting, outside Thailand, Australia has the highest concentration of Thai restaurant per capita.⁶ Similarly, Thais, being very adaptive, are welcoming diversified cuisines from around the world. Many of these imported dishes have turned into local staples and ingredients, such as chilis and papayas. Non-Thai cuisines are popular in Thailand too.

Australia's Welcoming Factors for Thai Immigrants

As mentioned earlier, Australia is the second destination for Thai immigrants because Thais are welcomed and valued. The Australian Bureau of Statistics, for example, reported that Australia's Thai-born resident population increased from nearly 20,000 in 1996 to just under 53,000 in 2011. This trend is due to two main contributing factors: i) the merit-based immigration system and ii) multiculturalism.

Australia uses the merit-based and point-based system of immigration. This is a very neutral approach and offers strong incentives directed at target groups of citizens able to contribute to Australian economy and society, without concern on nationality or other discriminatory properties. That means giving up the tie with British tradition, while taking in much outside knowledge and diverse skills from far and wide while still keeping a proper balance with humanitarian immigration policy objectives. Accordingly, all immigrants to Australia value themselves on their own merits and this can pave the way for successful multiculturalism.

A merit-based immigration system and multiculturalism are strongholds of Australia's society.





Multiculturalism could be considered as the best social construct of Australia. Underpinned by its merit-based immigration criteria, a multicultural Australia serves the purpose of solving skilled labour shortages and allows immigrants to adjust to their lives in their newly adopted country more readily. Previously, Australia's strong linkage with British tradition was a big impediment to such facilitation. Breaking away from such tradition and emphasising multiculturalism, in the late 1970s, throughout the 1980s, and unceasingly updated until now, enabled Australia to implement comprehensive multiculturalism more smoothly. Leaving other attributes of new immigrants' origin behind and focusing only on their merits and potential contributions to the national well-being, Australians started to embrace very different cultural, religious, spiritual, and social aspects than what they traditionally prioritised because such attributes are no longer as relevant to their own lives. Simultaneously, Australian legislation was tailored to respect those differences and encourage Australians to have high tolerance towards such cultural diversity.

The success of this policy is reflective that 30 percent of Thai immigrants are students (in contrast with a mere 3.3 percent of Thais in the US) and only 1.58 percent are ordinary workers (low-skilled or semi-skilled) as opposed to 11.43 percent in the US.⁷ Thai graduates would soon be offered the opportunity to work in Australia and that particular case is reflective how Australia can assure the constant supply of skilled labour emanating from overseas locales.

Moreover, Australia has done well to develop vocational education and life-long learning opportunities to re-equip people with new and various skills, such as Technical and Further Education (TAFE), in response to the inherent lack of labour supply in the country because of its relatively sparse population. This enhances the mobility of Australia's labour force and benefits immigrants who want to change their career paths over time. Since many of them have already accrued skills by pursuing their original motivations, they have a high probability of readapting themselves to a new job quickly. Workers could also train themselves through TAFE to be multipotentialites, giving them higher ability to shift between jobs.

What Thailand could learn from Australia

Most of us overlook how serious Thailand's labour shortage continues to be. That has been why Thailand has so many ethnic groups of foreign origins and has continuously accepted significant immigration since the time of Ayudhaya. Many waves of immigrants have arrived into the country since. Thailand, previously Siam, has naturally developed multiculturalism due to this labour shortage and a heritage of Buddhist resilience. Thailand have enjoyed similar diversification in the past. But the threat of colonialism around the end of the 19th and beginning of the 20th century caused consternation in Thailand, leading it to overly adhere to the concept of nationality, to discriminate in favour of Thais at the expense of non-Thais. Thailand, thus, lost opportunities at different times to attract skilled workers in favour of providing overprotection to its nationals. As a result, complications for immigrants materialised and Thai businesses have to bear high costs of hiring labour – not in term of wage but hidden administrative costs. It is also adversely disincentivises Thai labourers to improve their skills.

Thailand now confronts a visibly aging demography.

As Thailand now confronts a visibly aging demography, it needs to react quickly to remove cultural Thai-ness myths embedded within the veil of nationality to deal with immigration properly. One lesson that Thailand could learn from Australia in its own pursuit of multiculturalism is how to bust the myth of the inferior immigrant through the dissemination of more accurate, unbiased, impartial information and the implementation of more objective processes for supporting education, and socialisation. Australia's TAFE programmes provide a graphic example of how Thai labour can be retrained and strengthened by cultivating a multitude of new skills to be learned by its work force which includes both its native and newly immigrated components. By doing this more efficiently, Thailand can better cope with the urgent need to develop a more sophisticated labour market. More generally, it will have established a benchmark for pursuing other areas of Thai-Australian consultation and mutual learning in broader areas of potential Thai-Australian cooperation.

Policy Recommendations

- ✦ Thailand and Australia should establish a benchmark for pursuing areas of consultation and cooperation. These could include the dissemination of impartial information relating to multiculturalism and the implementation of more objective processes for supporting education and socialisation.
- ✦ Additionally, Australian TAFE programmes provide a framework of how Thai labour can be trained and strengthened by cultivating a multitude of new skills for an evolving labour market.

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Thailand, Australia and the Belt and Road Initiative in mainland Southeast Asia

Glynnis-Anne Buckley and Greg Raymond

Executive Summary

- ✦ The strategic geography of mainland Southeast Asia is changing through new land infrastructure projects, linking the sub-region more closely with China. Australia and Thailand have a shared interest in fostering the strategic autonomy of the region in line with ASEAN's stated goals of openness, transparency, inclusivity, a rules-based framework, good governance, respect for sovereignty, and non-intervention.
- ✦ Thailand seeks a balance of foreign influence by contending great powers, a preference shared by nearly all of the mainland Southeast Asian countries. Thailand shares with Australia the challenge of managing China's increasing economic influence, and the constriction of their strategic space.

Policy Recommendations

- ✦ A stronger Thai-Australian relationship should encompass discussion of the geo-economic and security implications of the increasing foreign-funded connectivity and investment projects in mainland Southeast Asia, including the Belt and Road Initiative.
- ✦ Thailand and Australia should consider upgrading their relationship to a strategic partnership, to allow for greater scope for consultations on other areas where Australia and Thailand have overlapping interest, such as cyber security, new technologies such as artificial intelligence, disaster management and transitioning to low or zero-carbon economies.

Today mainland Southeast Asia's rapidly changing geography matters immensely to both Thailand and Australia. This issue means more than control of the Mekong river. Through its Belt and Road Initiative (BRI), China is rapidly building its regional presence in the form of infrastructural, digital, oceanic, satellite, hydro and health silk belts and roads. While acknowledging that all states have the right to develop economically, Australia and Thailand have a shared interest in fostering the strategic autonomy of the region in line with ASEAN's stated goals of openness, transparency, inclusivity, a rules-based framework, good governance, respect for sovereignty, and non-intervention. A stronger Thai-Australian relationship should encompass discussion of the geo-economic and security implications of the increasing foreign-funded connectivity and investment projects in mainland Southeast Asia, including the Belt and Road Initiative.

Why does mainland Southeast Asian Regional Geography Matter?

Physical geography influences state relations. Since antiquity, the nexus between geography and politics, has affected a nation's sovereignty, wealth, power and security. Mainland Southeast Asia's geography has begun to change profoundly in recent years, as China consolidates its presence, power and influence in the region.

In recent years, when outsiders have looked at mainland Southeast Asia, it has been the looming environmental crisis caused by the damming of the Mekong River which has most captured attention. But other development trends also deserve scrutiny. We are now seeing mainland Southeast Asian

countries connecting to China's ingenious infrastructural network of approximately 5 million km of road, 76,000 km of railroads, 20,000 tunnels and 230 airports. Two of China's six economic corridors - the China-Indochina Peninsula corridor and the Bangladesh-China Myanmar corridor - will pass through mainland Southeast Asia, also known as the CLMVT countries (Cambodia, Laos, Myanmar, Vietnam and Thailand).¹

What will be the potential implications? As Singapore's eminent diplomat Bilahari Kausikan recently noted, China's influence in Southeast Asia is being strengthened by infrastructure projects that will effectively merge southwest China and mainland Southeast Asia into one economic space.

There is a long way to go, however, before this occurs as the economies of mainland Southeast Asia, especially Vietnam, Cambodia and Thailand, remain strongly outward facing. In 2017, the trade within the Greater Mekong subregion (the CLMVT countries plus the southern Chinese provinces of Yunnan and Guangxi) was less than ten per cent of the region's total trade. Moreover, Thailand and Vietnam are strongly connected by sea, with three container ports in the world's top fifty busiest ports by volume.

Nonetheless the emerging south China-mainland Southeast Asia land connections are significant, if only because they are historically unprecedented. For centuries the borderlands of China and mainland Southeast Asia lay at the fringes of states and empires. Mountainous topography, geographic inaccessibility, and complex ethnic makeup made them difficult to incorporate into either Chinese states or Southeast Asian states. In the 19th century, as the historian Bryan Eyer has noted, it was quicker to sail to Paris from Saigon than travel overland to Luang Prabang in modern-day Laos. Could these emerging economic corridors fundamentally shift the CLMVT countries towards greater economic integration with China and with each other? Would a more Sino-centric pattern of economic activity bring with it greater political influence, indeed making mainland Southeast Asia a Chinese sphere of influence?

China's influence has been most newsworthy in Cambodia, where in 2012 Chinese aid and investment allegedly induced the Cambodian government to block an ASEAN communique condemning China's actions in the South China Sea. More recently and disturbingly, speculation has grown suggesting that Cambodia may be preparing to host Chinese military forces on permanent bases. China's ambitious BRI initiatives in highspeed rail, road, digital, oceanic, satellite, hydropower and recently health silk roads therefore warrant greater scrutiny. China may be seeking to harness its physical geography to extend its influence and networks beyond its borders while consolidating its own political legitimacy. Indeed, centuries ago Chinese strategist Sunzi professed, 'skilful strategists defeat enemies without battle, capture cities without laying siege and overthrow enemy states without protracted war'.

We are now seeing mainland Southeast Asian countries connecting to China's ingenious infrastructural network of 5 million km of road, 76, 000 km of railroads, 20, 000 km of tunnels and 230 airports.





The emerging South China-mainland Southeast Asia land connections are significant, if only because they are historically unprecedented.

India, South Korea and Australia, are seeking to provide Southeast Asian countries with infrastructure alternatives.³ In 2019 Japan's infrastructure spending in the six biggest economies of Southeast Asia exceeded China's, especially in Vietnam. Japan, through its leadership of the Asian Development Bank and its regional forum the Greater Mekong Subregion, is ensuring that infrastructure projects also run east-west as well as China's preference of north-south. Over time, this will mean the region has greater connectivity with the Indo-Pacific's other rising power, India. Japan's contributions will also complement Thailand's ambitions to remain the premier sub-regional actor, leveraging its unique geographic centrality between China and maritime Southeast Asia.

China's southwestern Yunnan and Guangxi provinces in southwest China share 3964 km of land border with Laos, Myanmar and Vietnam. Further connection via high speed rail and road through these countries and Thailand and Cambodia would give China express access to the Indian and Pacific oceans and other ASEAN economies. At present these plans are moving forward quickly in some places, slowly in others. The Laos-China highspeed rail project is on track to link Kunming, the capital of China's southwestern province, Yunnan, with the Laos capital Vientiane by 2021. But thereafter there is uncertainty. Thailand has paused plans to build its section linking Vientiane with Bangkok while it pushes on with its domestic Eastern Economic Corridor project. In 2014, Myanmar cancelled an agreement to build a railway from Kunming to Kyaukphu. Vietnam has chosen Japan to build its highspeed rail linking Hanoi to Ho Chi Minh city.²

While China is a master of patience for a cause and will bide time, any plans Beijing has for monopolising influence in the region will face two significant obstacles. Firstly, other external actors, especially Japan but also the United States,

Mainland Southeast Asia's 'Balancing'

A second obstacle to binding Chinese control over the CLMVT is the natural preference for nearly all of the mainland Southeast Asian countries to seek a balance of foreign influence, especially when they start to feel confined. For Thailand, still an ally of the United States despite its slide towards authoritarianism, and Vietnam, now expanding relations with the United States, this is obvious. But even in the cases of Myanmar, Laos and Cambodia, vulnerable and poorer states more prone to Chinese influence, signs of balancing can be found. Myanmar's highest export destination is China and China is also the biggest source of its imports. But in 2011, when China's Myitsone dam project triggered a Kachin insurgency, Myanmar's military junta froze the project, and commenced a trajectory towards limited democracy, in part to open to the West. Laos has always maintained equally strong links with Vietnam as with China, and while its north is dominated by Chinese immigration and investments in rubber and hydroelectricity, in its southern provinces Vietnamese and Japanese investment predominates. After the sovereignty and societal ramifications of the Laos-China rail project became clearer, it was notable that the plan's key architect Deputy Prime Minister Somsavad Lengsavad stepped down in the Laos communist party's five-yearly reshuffle, despite the absence of age limits. Even Cambodia has recently announced it was open to resuming military cooperation with the United States after a three year hiatus.

Yet, Southeast Asia's infrastructure deficit, combined with the trend towards reduced infrastructure lending from traditional Western-dominated agencies such as the World Bank, means openings for China to use its wealth, political will and diasporas will remain, if not intensify. Where these openings arise, whether through unwary negotiators, corruption, or state fragmentation (as in the case of Myanmar and its ethnic armed organisations), China can still entrench a deep presence.

Alongside the much touted debt traps, and under the appellation of belt and road interconnectivity, up to 90-year leases of generous patches of CLMVT sovereign territory can result.⁴ When this occurs, some countries, some regions or people will benefit while others have to live with the consequences of land and livelihood loss, through environmental degradation and political upheaval. With weak governance and law enforcement in both the CLMVT states and southern China, the risk that human and narcotics trafficking, money laundering, wildlife, timber and gem trade will flourish are high. These risks are magnified by the erratic manner in which BRI projects are managed. They often interlink state, provincial, private and proxy institutions. Blind eyes are often turned to safeguard lucrative deals with high profit margins, often with views to either secure territory, consolidate political alignments or foster a complex network of relationships that can be used at a later date.

The Thai-Australian Dimension

So, what are the implications of BRI initiatives for Australia – Thailand cooperation? Thailand and Australia both face the challenge of managing China's increasing economic influence, and the constriction of their strategic space. Both countries have an interest in maintaining sovereignty and freedom of decision-making. Thailand for example, wishes to avoid Chinese dominance of its tourist sector while the Australian federal government must respond to separate Australian states such as Victoria making independent arrangements to participate in the BRI. Both countries want to ensure that no global power gains overwhelming influence either through military or economic predominance. Both have an interest in ensuring that infrastructure in the region improves lives and spreads social benefit.

While Thailand's fractious relationship with democracy will continue to cause turbulence, Australia should elevate its relationship with Thailand to the level of a comprehensive strategic partnership. The relationship is already strong in areas such as defence, non-traditional security, trade and education, but more regular strategic consultations would be pragmatic and wise from both side's perspectives and would provide scope for more discussions on geo-economic issues. Strategic partnership would also allow scope for consultations on other areas where Australia and Thailand have overlapping

Thailand and Australia both face the challenges of managing China's increasing economic influence, and the constriction of their strategic space.

interests: new technologies such as artificial intelligence and transitioning to low or zero-carbon economies. Both Australia and Thailand will suffer serious effects from climate change. Thailand's low elevation means that sea level rise will leave large parts of Bangkok and coastal areas increasingly vulnerable to storm surges, flooding and inundation. Australia has just endured the worst drought and fire season in its history. Climate scientists predict a continuing drying of the continent even under the best scenarios. Australia is starting to think more seriously about a zero carbon Indo-Pacific. It has vast resources of solar and wind power in its north and is beginning to think seriously about how to export this energy. Thailand should think seriously about using it.

The challenge facing both Australia and Thailand as regional middle powers only multiplies in an era of historic structural change. This is true in both the regional and international arenas and intensified geostrategic competition between them. Policymakers in both states are better able to face the complexities of regional structural change by adopting sound middle power strategies in which opportunities for mutual and productive bilateral collaboration may well arise. It is on this basis that both Thailand and Australia can face and adjust to such initiatives as BRI, preserving the ability to better shape their own destinies and enhance regional stability, economic prosperity and human security in the process.

Policy Recommendations

- ✦ A stronger Thai-Australian relationship should encompass discussion of the geo-economic and security implications of the increasing foreign-funded connectivity and investment projects in mainland Southeast Asia, including the Belt and Road Initiative.
- ✦ Thailand and Australia should consider upgrading their relationship to a strategic partnership, to allow for greater scope for consultations on other areas where Australia and Thailand have overlapping interest, such as cyber security, new technologies such as artificial intelligence, disaster management and transitioning to low or zero-carbon economies.

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Thailand and Australia: Time for a strategic re-set?

Bill Paterson

Executive Summary

- ✦ Thailand is risk-averse and has traditionally sought to maintain its independence though balancing competing interests. An overt, formal strategic partnership between Thailand and Australia, therefore, is improbable – at least over the short-term.
- ✦ In a post COVID-19 world, globalisation won't disappear but may well look different – harnessed more closely to national rather than global objectives. This will make multilateral cooperation in the region and beyond more difficult unless it serves clearly shared national objectives.

Policy Recommendations

- ✦ Australia should anticipate that Thai policymakers will prefer to hedge and will not openly ally with China. They will seek to maintain the goodwill and practical support of traditional partners like the US, Japan and Australia, in a sophisticated approach to hedging, but will not enter formal 'strategic partnerships'.
- ✦ But stepped up military-to-military exercising and training, cooperation in maritime surveillance, intelligence sharing and cyber security, aimed at increased capability and interoperability, should not be ruled out - indeed they should be pursued. This would send a clear but measured signal that Australia and Thailand are mutually determined to build resilience and thereby to resist divide and rule efforts of potential rising hegemon.

With the rapidly shifting power equation in the Indo-Pacific, there's plenty to recommend a closer strategic partnership between Thailand and Australia. The two countries share a legacy of longstanding bilateral defence and security cooperation and enjoy a wide and substantial spectrum of economic, trade and investment links. Both countries have long pursued security cooperation in such areas as maritime security, counter-terrorism, transborder crime and multilateral approaches to regional order-building.

But it's not easy to see Thailand being prepared to take on the burdens of a significant reset in its evolving strategic outlook. Thailand is risk-averse, and has traditionally sought to maintain its independence through balancing competing interests. The current Thai government is embracing closer economic and security ties with China, arguably playing down its traditional defence ties with the US — Australia's key ally — at the same time. If this trend continues a closer and substantive strategic alignment and closer defence cooperation with Australia — longstanding objectives of Australia's regional policies — may well be an elusive aspiration.

The Regional Setting

Geopolitics and economics are set to shift markedly in the post COVID-19 world, re-shaped by the need in many if not most countries to repair massive budget deficits, fortify public health systems, revive manufacturing and domestic supply chains, rebuild employment and reduce dependence on single suppliers from overseas locations. As a consequence, we may be entering a period where countries increasingly turn inward to achieve recovery, although most national objectives will still only be achievable by continuing to trade, invest and cooperate extensively across borders.

Globalisation won't disappear but may well look different – harnessed to national rather than global objectives. Pursuing and realising domestic priorities will likely mean multilateral cooperation in the region and beyond becomes more difficult unless it serves clearly shared national objectives.

Hence a significant reshaping of the Indo-Pacific strategic environment is, for many countries, inevitable. The pre-coronavirus world was already one of looming strategic uncertainty and darkening clouds. Powerful drivers of change have been converging throughout the region:

- Economic growth is shifting the distribution of power across the region
- Competition over the character of the future regional order is sharpening
- Rules, norms and institutions are under pressure
- The region's most critical relationship – between the US and China – is strained, competitive and adversarial
- China's assertiveness, both before and after the outbreak of coronavirus, deepens concerns that it seeks to replace the US as the pre-eminent power in the region, one whose authoritarian values are at odds with the predominantly liberal international order.

For America's alliance partners, the scale and burden of the COVID-19 crisis within the US is likely to continue its retreat from global leadership, whether there will be a second Trump term or a Democratic president. The US is no longer leading international responses to global or regional



challenges, despite its continuing capacity, and post-pandemic it will be forced to focus heavily on domestic repair. Within the Indo-Pacific, there is a growing perception of the US retrenching as a geopolitical player in that region. The USS Theodore Roosevelt aircraft carrier's unplanned withdrawal earlier this year from patrolling from Southeast Asian waters due to a COVID-19 outbreak on that ship, sharpened disputes with the Republic of Korea over the sharing of costs of US deployment there and threats to reduce the US military presence on the peninsula, and rotations replacing basing of American strategic bombers in Guam are recent examples. Mixed signals from the Trump administration on the sanctity of alliance commitments haven't helped. For US treaty partners like Australia and Thailand, and others who have become uneasy about US direction and the value of the US commitment, difficult reckonings may lie ahead.



Thailand is risk-averse, and has traditionally sought to maintain its independence though balancing competing interests.

What does this mean for our region, and in particular for both Thailand and Australia? We have both relied on US engagement since the Second World War, including the US forward deployed military presence, to underpin the Indo-Pacific region's remarkable stability and growth. Postwar US power has traditionally underwritten the fostering of a rules-based order, free and open trade and investment and enabled the growth of multilateral institutions that have given the region confidence to embark on unprecedented economic growth.

The short answer is both Australia and Thailand will have to take more responsibility for our own futures, but many of our mutual objectives will not be achieved by go-it-alone approaches. For both countries, it will be essential to step up cooperation with like-minded partners significantly, most notably to ensure a stable and independent Indo-Pacific region as they work through the current challenges and beyond.

Power Factors and Calculations

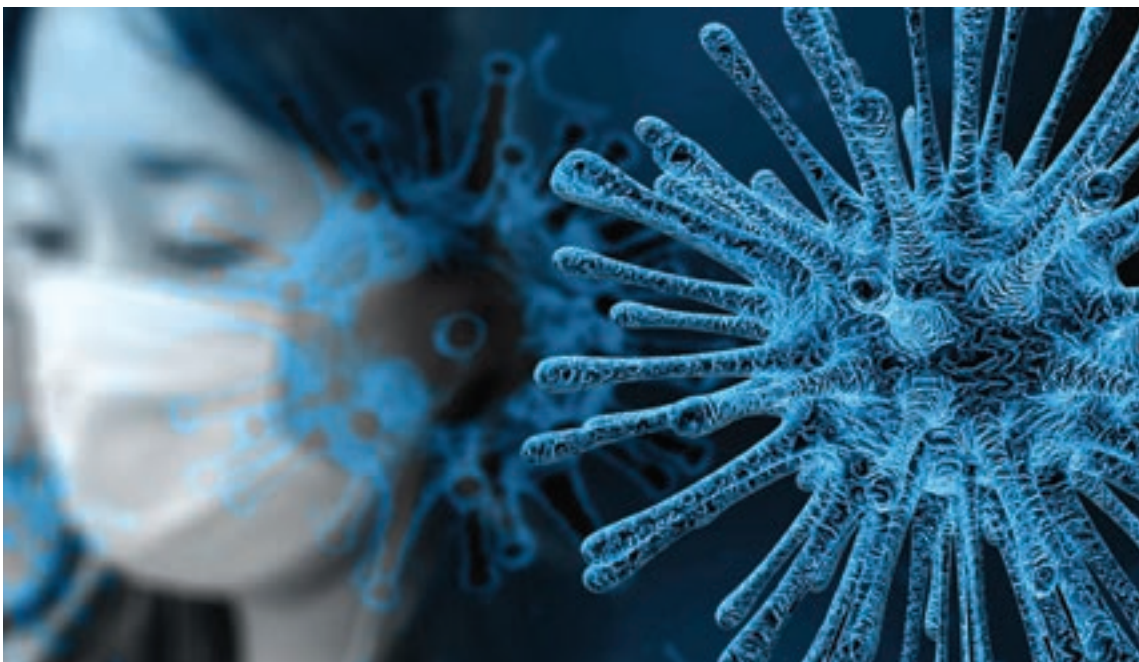
Growing great power competition, however, presents both Thailand and Australia with unwelcome challenges. Unlike Australia, Thailand has been reluctant to articulate strongly its commitment to a US-led liberal regional order, concerned that this will incur the displeasure of China. Bangkok's sense of caution reflects the Thai Buddhist and Confucian desire for harmony. But it is also cognisant of its vulnerabilities and in particular the economic costs that could be imposed.

Thailand's distancing from Washington also reflects its worries that too much American influence over its own policy behaviour may put it at odds with some of its ASEAN partners, creating frictions in a body which attaches importance to consensus. Like others, including Australia, China has become Thailand's largest trading partner. Thailand has been reluctant to call out the regime in Beijing over its incursions in the South China Sea, its damming of the upper reaches of the Mekong River, its human rights record or, most recently, China's response to COVID-19. It is increasingly hedging between the two great powers.

Thailand's position is unquestionably complex: it shares a key river system with China; its business elite is largely Sino-Thai in origin, with strong business linkages; it is heavily dependent on exports to China and tourism from China; Chinese investment is growing; and its mainland Southeast Asian neighbours (especially Cambodia and Laos) have built very close relationships with China. Accordingly, proximity (though Thailand has no actual borders with China), geography, and the alignment of its neighbours, as well as trade and economics, weigh on Thailand's outlook. Hence Thailand's response to sharpened competition in the region has been to support local and regional balances of power, developing its relationship with China while maintaining qualified but important ties with the US and a strong relationship with Japan. Thailand has developed a growing military relationship with China and sees potential in Belt and Road projects which would develop infrastructure linkages in the region. Thailand has historically accommodated rising powers and has usually sought a position of equidistance.

Yet there are good reasons for Thailand to be both wary and robust: its experience with Communist China goes back to a costly Chinese-backed insurgency in Thailand in the 1960s and 70s to China's domination of Cambodia, its close relationship with Laos and repeated damming of the Mekong upstream, risking the viability and ecology of the river system. China's illegal territorial claims and militarisation of the South China Sea poses a threat to Thailand's critical maritime trade routes as well as to ASEAN cohesion. And - despite the mixed record of its military-led government - Thailand does not, by and large, share the values of increasingly authoritarian China, which imposes on others to accommodate its interests and its predominance.

**Thailand's position
is unquestionably
complex.**



Never colonised, Thailand thus has good reasons to be wary of a new hegemon.

The mixed signals sent to the region by the US, most sharply by the Trump administration, have exacerbated Thailand's dilemma. China has seen opportunities to exploit Western discomfort over Thailand's repeated military coups, in response to which the US has reduced military cooperation and political contact for extended periods. While US concerns at the Thai military's history of overturning democracy is understandable, intermittent US distancing has cost it friends in Thailand. In a comprehensive study¹, Thai military officers saw US interference as a threat, and growing China as more benign. The US decision early in the Trump administration not to pursue a Trans-Pacific Partnership (TPP), though Thailand was not a party, and its failure to prioritise and give teeth to operationalising its proclaimed Indo-Pacific policy, has reduced both Thai and wider spread confidence in US leadership, support and staying power.

Future Bilateral Cooperation: Prospects

Against this background, is there scope for Australia and Thailand, faced with similar strategic challenges and uncertainties, but different historical, geographic and economic experiences, to together contribute toward a more unified and effective approach in the region?

The bilateral Australia-Thailand relationship provides a solid base: it is longstanding, close, warm, largely trouble-free and broadly policy compatible. Thailand is an increasingly significant investor in Australia, and Australia in Thailand; trade flows are major for both countries and underpinned by a successful Free Trade Agreement (FTA). Tens of thousands of Thais have been educated in Australia. Defence cooperation has long been a key part of the two countries common approach to regional security – Thailand was the first regional country to join Australia in the East Timor peacekeeping operation in 1999, sent a large contingent and for a time led INTERFET. Police and other forms of selected security cooperation has been longstanding, a model of cooperation on narcotics, terrorism, organised crime and response to natural disasters.

Desirable as an enhanced strategic partnership may be, is it realistic?



Building on this foundation of trust and substance, taking the relationship to a proclaimed new level via development of a strategic partnership looks to be a natural and desirable step towards furthering our respective national interests in a stable region. But what would this mean, beyond comforting paragraphs in joint communiqués? After all, Australia has had a 'comprehensive strategic partnership' with China, but the relationship is mired in differences.

Strategic partnerships have for Australia normally been proposed where there is a broad alignment of values and interests and a solid history of cooperation. While they have become a diplomatic term of art, they have been proposed by Australia to signify not simply a congruence of interests, but a preparedness to act jointly in defence of those interests – particularly shared security interests. Establishment of a regular pattern of meetings of defence and foreign ministers and agreement on a program of enhanced cooperation in defence and security matters lies at their heart.

As a first step, Thailand and Australia should continue – separately, but ideally also together and in broader contexts like ASEAN – to work to encourage the US not to vacate an integral regional role. Key US interests – strategic and economic – are engaged across Asia. It is heavily invested in the region, including in defence cooperation, and its presence underpins confidence of others. A continuation of these trends are clearly in Thailand's interests, as they are for Australia.

Stepped up military-to-military exercising and training, cooperation in surveillance, intelligence sharing and cyber security aimed at increased capability and interoperability would send a clear signal that countries in the region such as Australia and Thailand are determined to resist divide and rule efforts of potential rising hegemony. Such initiatives would also better ensure continued freedom of sea and other lines of communication across the Indo-Pacific. This sort of bilateral or even multilateral security cooperation between Australia and Thailand or between Australia and other ASEAN states would send a strong message to external powers about regional resolve and resilience. It would also potentially stiffen ASEAN's resolve to act collectively in the face of the potential challenges to that organisation's and its members' freedom of movement and sovereignty.

An Australia-Thailand strategic partnership would conform to the broader Indo-Pacific security trend of US allies and partners collaborating with one another more directly on selected regional security issues. However, such an initiative would be sure to attract the ire of Beijing and may involve Chinese imposition of economic and other penalties. Moreover, for Australia, a commitment to strategic partnership would be pretty meaningless without some real substance in the form of material resources, shared activity and popular support by both countries' populaces underwriting the diplomatic commitment.

Desirable as an enhanced strategic partnership may be, is it realistic? Absent a shock which would provoke Thailand into a major re-think of its strategic settings, it is likely to continue to prefer equidistance and to seek to avoid taking sides in the major power competition in the region. Bending with the prevailing wind may have historically served Thailand well enough, but in the period ahead it may not be sufficient to help to ensure outcomes which best serve Thailand's interests. Thai policymakers, therefore, seem likely to opt for hedging or favouring one power (China) without relinquishing the goodwill and selective ties with others (the US, Japan and Australia in particular) to be the most optimum approach for Thailand to pursue in the current regional strategic environment.

If so, it may mean there's a limit on how far Australia can take its interest in building a strategic partnership with Thailand. But the stakes in realising concrete order-building in the Indo-Pacific are now so high, Australia and Thailand should give weight to pursuit of such closer strategic cooperation. Both have few other partners more congruent and compatible, underpinned by a solid basis of trust between them built over an extended period. If they fail to do so they will have missed a key opportunity to mitigate the negative ramifications of the sharpening great power competition in the region.

Policy Recommendations

- ✦ Australia should anticipate that Thai policymakers will prefer to hedge and will not openly ally with China. They will seek to maintain the goodwill and practical support of traditional partners like the US, Japan and Australia, in a sophisticated approach to hedging, but will not enter formal 'strategic partnerships'.
- ✦ But stepped up military-to-military exercising and training, cooperation in maritime surveillance, intelligence sharing and cyber security, aimed at increased capability and interoperability, should not be ruled out - indeed they should be pursued. This would send a clear but measured signal that Australia and Thailand are mutually determined to build resilience and thereby to resist divide and rule efforts of potential rising hegemony.

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