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Thailand and Myanmar: permanent enemies turned friends?

Pornpimon Trichot

Abstract

Historically Thailand has viewed Burma/Myanmar as the "national enemy." Until the end of the Cold War, the main stakeholders of Thai foreign policy towards Burma were the security agencies which viewed Burma in this light. Yet on the ground, the long border developed a vibrant economy. Policy was reoriented in the late 1980s. The Burmese government wanted better relations with Thailand in order to deal with political threats, spur its economy, and solidify relations with ASEAN. In Thailand, business-based politicians took power and became new stakeholders in making foreign policy. Under policies initiated in the Chatichai era and upheld by every government since, Myanmar has developed as an export market for Thai goods, a location for Thai investment, and as a plentiful source of energy and natural resources needed for Thai development.

I start with what Phama (Burma/Myanmar) means to the Thai state and then go from that point, because what we think of Burma is the foundation of my investigation. The meaning is complicated because there are many stakeholders in the Thai state when dealing with Phama and they do not share the same perception.

The word Phama brings back a bitter memory of "Thailand's national enemy." Thus in casual perceptions, Phama means Thailand's enemy. This fact is well accepted, even expected. Naturally, against an enemy you raise a defense.

The Thai state's policy toward Burma is founded on this perception as an enemy, based on the historical memory of many invasions and two conquests. This bitter memory is kept alive in Thai nationalist sentiment. Studies done by many Thai scholars reaffirm the fact. The Thai military and also the National Security Council (NSC) adopt this perception and assume responsibility to guard the country against the threat of Burma. At one time, they

were the main agents setting the agenda for Thai foreign policy towards neighboring countries including Burma. This policy was based on national security. The military served as the front-line to resist any intrusion from Burma, with the NSC as support. To keep the Burmese army at a distance, a buffer zone was created along the 2,401 kilometers of border. In the Cold War era, when the "Burmese Way to Socialism" was adopted and the whole country was run by military men under the strong rule of General Ne Win, Thailand was closely aligned with the United States of America and the free world. All the Thai stakeholders with responsibility for national security agreed on the policy of keeping socialist Burma at a distance.

But to fill out the picture, we also need to look specifically at the border area where the real action takes place, and where the "buffers" or "big bumper" in the way of an intrusion is placed. Who were risking their lives to safeguard Thai territory, and why?

Western scholars who have written on this matter include Martin Smith, Bertil Lintner, Ananda Rajah, Joseph Silverstein, and André and Louis Boucaud. The Burmese version can be read from the state-run New Light of Myanmar. In short, Thailand allied closely with armed groups from the ethnic minorities that opposed the Yangon government. Thailand was happy to have these groups to patrol the border, and the minorities were happy to have Thailand as a sanctuary whenever they were cornered by the Burmese army.

These armed groups also served as "brokers" channeling consumer goods into the Burmese black market. The Thai-Burmese border areas boomed and busted with border trades in which Thai, Burmese, Karen, Karenni, Mon, and Shan traders exchanged goods and made profits. At the frontier, relations were close and profitable. The central authority on the Thai side understood the dynamic of this relationship at the local level, but was powerless to control it. Yangon was helpless owing to the limitations of the Burmese army's capability. This was the situation through to the end of the Cold War.

After the Cold War drew to a close, and the antagonism between democracy and communism faded, economic cooperation flourished between neighboring countries. Thailand followed this
global movement, looking for economic opportunities in neighboring countries and elsewhere in the region.

As a country full of national resources, Burma had new attractions for Thailand. A new perception toward Burma emerged during the Chatichai Choonhavan government (1988–91), when foreign policy was reoriented from security to economy. Indochina and Burma were viewed as new markets and as wonderful places stocked with abundant natural resources and raw materials to supply Thailand.

The Foreign Ministry formulated policies to help Thailand gain access to the markets of Burma and Indochina by gaining the trust and confidence of neighboring states. Thai ambassadors in these countries were directed to help find economic opportunities as well as facilitate Thai businessmen to gain access to these new markets. The Commerce Ministry also played a back-up role. These governmental agencies gained the support of the government and private sector in the neighboring countries so that Thai firms could make their deals. Once the private sector moved ahead, officials followed to finalize the paper work.

The role of the NSC in this era was to persuade the ethnic armed groups along the border to conclude ceasefire agreements with the Yangon government in order to clear away potential obstacles to economic cooperation. The New Mon State Party and the Karenni National Progressive Party fell in line with this policy, making it possible to transform the borders into channels for investment and trade.

In the Chatichai era, Thai policy aimed to build trust among Burma’s top leaders in order to gain access to natural resources such as natural gas, timber, fish, and gems, and to penetrate Burma’s domestic market. Border trade expanded into international trade between Thailand and Burma with the foreign and commerce ministries playing facilitating roles.

This economic-oriented approach was continued by the government of Anand Panyarachun, Chuan Leekpai I, Banharn Silpa-archa, Chavalit Yongchaiyuth, Chuan Leekpai II, and Thaksin Shinawatra. Since the coup of 19 September 2006, no government has proposed any new policy towards Myanmar.
Historical background: the "national enemy"

Since the last fall of Ayutthaya in 1767, Siam/Thailand has regarded Burma as an enemy that demands constant vigilance. In the early Chakri era, border towns were designed as fortresses to protect the capital city of Bangkok against any Burmese intrusion. Ethnic minorities such as Mon and Karen were assigned to work as intelligence agents, monitoring what was going on inside Burma and reporting to Thai authorities. Some leaders of ethnic minorities, such as Mon and Karen, were appointed governors of border towns, including Ratchaburi and Kanchanaburi, to guard against any Burmese invasion. Only after Burma was conclusively defeated in the last Anglo-Burmese war in 1886 did Siam cease to be concerned over potential Burmese incursions.

During the colonial era, relations between the two countries were remote. Siam kept up its guard against any British expansion. Siam avoided colonial rule by allowing Western influence and foreign advisors to enter the country and help create a modern state. Western influence was most pronounced in government, law, education, diplomacy, and the military. Until World War Two, Burmese and Thais had little or no contact across their common frontier, and knew very little of the changes taking place in each other's country.

Burmese independence in 1948 began an era of transition. The historical lack of mutual trust again began to shape the relationship. The Karen and other minorities fell into conflict with the new Burmese government. Thailand secretly supported the ethnic insurgencies along the border to create a buffer against any possible invasion. The Burmese government observed what was happening in the border areas but was too weak to do anything about it. Relations between Thai and Burma soured from that point forward.

Through the 1950s, Thailand and Burma were absorbed in their own internal political transformations, and paid little attention to the cross-border relationship. Burma's attention was also focused on the possibility of Chinese Kuomintang (KMT) forces fleeing from Yunnan into the Shan States. Thailand was concerned about the possibility of communist ideology spilling over from China. The US, working through the CIA, helped to establish intelligences networks to monitor Chinese communist activities.
throughout Southeast Asia. Burma suspected Thailand of supporting US activities in the Shan States. Only after Burma expelled the KMT remnants with Chinese help in the 1960s was this issue resolved.

With this historical background, Thailand viewed Myanmar as a threat against which the country must always be vigilant.

Over the period from Burmese independence in 1948 to its political transformation in 1962, Thai policy towards Burma ran along two separate tracks. On the one hand, the ethnic minorities became a crucial element in Thailand's policy towards Burma. They formed a "buffer zone" which kept the Burmese army at a distance. They provided intelligence. They attacked the Burmese army, thus reducing the potential of Burma's threat to Thailand. On the other hand, the Thai state entered into formal relations with its Burmese counterpart. It was not a close relationship, yet it was reasonably cordial. Official visits were exchanged. The Burmese prime minister U Nu visited Thailand in March 1955, while Thai prime minister Field Marshall Plaek Phibunsongkhram returned the visit in December of the same year. Thai officials escorted U Nu to Ayutthaya so he could see the ruined temples and mutilated Buddha images. A treaty of peace and friendship was signed a year later. In 1960, the Thai king and queen visited Burma for the first time.5

Relations between Thailand and Myanmar deteriorated after Burma's political transformation in March 1962. General Ne Win, the commander-in-chief of the Burmese army, seized power from U Nu's civil government by coup, formed a "Revolutionary Council" to administer the country, repealed the constitution, dissolved the legislature, and promulgated the "Burmese Way to Socialism."

By this time, Thailand had defined itself as a democratic country opposed to the spread of communism and socialism. When Burma declared itself to be a socialist country, the Thai state was bound to pay greater attention to the relationship. From the 1960s to the 1980s, Burma adopted a pose of neutrality and isolation, and hence formal relations between Thailand and Burma were somewhat estranged. But the border remained an ever-present reality. The threat now was not so much an invasion by arms, but an invasion of ideology. The role of the ethnic minorities remained
important in serving as a buffer. The Thai state quietly allowed them to seek temporary sanctuary on Thai soil in times of crisis.

**Border zones: Thai traders and ethnic insurgents**

While the government-to-government relationship was cool in this era, the situation at the border was totally different. The attempt to impose a socialist economy in Burma, and the disaffection of the ethnic minorities, created the conditions for vibrant border trading.

According to the “Burmese Way to Socialism”, the country turned inward, and a rigid socialist system was instituted. Some 15,000 firms and business were nationalized. The country was cut off from the outside in a military-imposed cocoon. In 1963, General Ne Win stipulated that the state would nationalize the production, distribution, import, and export of all major commodities and prohibit the formation of new private industries. The Burmese government was determined to limit the private sector to retail trade. Currency regulations, and trade and production restrictions forced around 200,000 non-citizen Indians and Pakistanis, some of whom had lived in Burma for decades, to leave the country without their assets.

With state control, corruption expanded, production of consumer goods fell, and imports dropped. Yet the population kept rising and so too did demand. The lack of even the most common necessities such as clothing, soap, medicine, cooking oil or kerosene, and high food prices worked together to expand an already pervasive black market. Yet in the view of the Burmese scholar, Michael Aung Thwin, the black market failed to deliver a regular supply of essential commodities. Its main role was to provide supplies of luxury goods, as well as a window of information to and from the outside world. Thailand, China, and India were the main countries supplying the black market, but with its 2,401 kilometers of border studded with over a hundred passes, Thailand was by far the most active. In Chiang Rai, the crossing from Mae Sai to Tachilek became a major market. From Thailand, consumer goods flowed into the Shan States and Burma’s urban areas. From Burma came precious stones, jade, forestry products, and antiques to sell in
Thai markets. Mae Sot in Tak province and the Three Pagodas Pass in Kanchanaburi developed on the same model. At these two posts, armed groups of ethnic minorities especially the Karen and Mon, played significant roles in cross-border trading.

The military wing of the Karen National Union (KNU), also known as the Karen National Liberation Army (KNLA), controlled territory approximately 800 kilometers long, from Taungoo southwards to Tavoy. They did not hold the main towns, but established a series of strongholds protected by a network of trenches and concrete bunkers. The most important strongholds were at Palu, Wang Kha, and Maw Po Kay, to the north and south of the route linking Myawaddy in Burma to Mae Sot in Thailand. Taxes levied on the border trade served to finance these groups. In 1978, the Karen insurgents collected US$ 3 million from their customs posts, as well as profits from smuggling rare woods, tungsten, antimony, tin, and jade. Mae Sot, once an overnight stop for travelers between Bangkok and Chiang Mai, blossomed into a trading town with a daily turnover of 10 million baht. The nearby Karen custom posts collected 500 million kyat in its peak year in 1983.

During the era of the “Burmese Way to Socialism” between 1962 and 1988, the cross-border trade reached its peak. All of the ethnic minority insurgent groups along the Thai-Burmese border were involved in this illegal trade in one way or another. The large revenues enabled these groups to strengthen their armies. Money was also raised by granting logging concessions to Thai businesses. The areas bordering Thailand were thickly forested with valuable timber, especially teak. Leaders of the ethnic insurgency such as General Bo Mya of KNU, Nai Swe Kyin of the New State Mon Party, and Tu Reh of the Karenni National Progressive Party were drawn into deals with businessmen on the Thai side for mutual benefit. The ethnic leaders gained cash and friends. The local people on the Thai side did not view the ethnic groups as a threat to sovereignty but as friends and business partners.

The Thai government understood the situation at the border but chose not to intervene, partly because of the “buffer zones” policy. Thailand feared that Burma was moving closer to China.

In sum, through the era of the “Burmese Way to Socialism”
(1962–88), official relations between Thailand and Burma at the state level were minimal, yet at the local level there was an active exchange between businessmen and the ethnic insurgents.

**Stakeholders and their interests**

The ethnic insurgents and Thai border traders established business networks that have survived to this day. They had a shared interest in maintaining the situation on the border and the large profits which that situation delivered. They did not see the Burmese government as a threat, but as an active party in creating the border situation from which they profited.

A local trader in Mae Sot told me that the 1970s were a golden age for Mae Sot. “We were doing business with piles of silver and gold” because Burmese traders used gold and silver ingots to buy Thai goods. Business was growing rapidly. “There was no time to count the silver and gold. Once collected, it was thrown into a room.”12 There was an endless flow of customers in the shops. Shop owners were so busy selling products that they had no time to count the proceeds. The trade turnover in Mae Sot was over 100 million baht per day.

The second group of stakeholders was the Karen National Union (KNU) which provided armed escorts for caravans transporting goods from Mae Sot to Myawaddy and onwards to Yangon, the capital of Burma. The KNU gave protection only to traders and charged money for their services. All types of goods were taxed when passing through Karen territory. André and Louis Boucaud, two French journalists who went to the field in search of stories, reported that income from tax rose up to US$ 7 million per annum during the 1970s and 1980s.13 As a result, the KNU grew stronger and could fight against Burmese armies for many years.

The third stakeholder was the Thai army operating on the frontier. They implemented the policy of protecting Thai border from foreign invasion. The army was aware of the border trade between Thai businesses and the ethnic minority armed groups who did not threaten the Thai forces, but opposed Burmese armies. The Thai army turned a blind eye to the border trade. As long as there was no intrusion into Thai territory, the activity on the border was
not considered a threat to Thailand. The army’s major mission was still to guard against a Burmese invasion onto Thai soil.

Yet throughout the time from 1962 to 1988, the Thai army’s mission was complicated because the Burmese army would launch an attack on the ethnic insurgents every dry season. Over the six months from November to April, fighting would continue. When the rainy season began, the Burmese armies would withdraw, allowing the Karen to resume business as usual. In the perception of the Thai army on the frontier, Burma was still “dangerous” because Burmese armies often pursued the ethnic minority insurgents into Thai territory. The long border passed through areas overseen by the First, Third, and Fourth Armies. Although Burma was no longer defined as an “enemy” as in the past, it was still a “threat” that was real and constant enough to mean that in practice Burma remained an “enemy” to Thailand. Only after General Chatichai Choonhavan became prime minister of Thailand in 1988 did this perception change.

Chatichai Choonhavan and new challenges in Thai policy

In 1988 General Chatichai Choonhavan introduced a new policy towards neighboring countries including Burma under the heading, “turning battlefields into marketplaces.” The aims of this policy were: to promote international peace and non-intervention in each other’s internal affairs and to find peaceful solutions to conflicts; to improve both economic and political relations, especially market expansion among the members of ASEAN; and to develop closer and more constructive engagement with neighboring countries holding different principles.

Government encouraged Thai entrepreneurs to invest more in Burma. The cabinet passed a resolution on economic cooperation between Thailand and Burma. Under this resolution, the Foreign Ministry would have responsibility for concluding an economic agreement with Burma. The major measures to promote mutual economic relations would be: extension of the privileges of most-favored nation in imports, exports, and facilities at merchant ports; formation of a committee to foster mutual economic cooperation; consideration of strategies to enhance trade between both sides; and
free convertibility between the two currencies.

On 1 April 1988 a memorandum of understanding was signed on the establishment of a Regional Border Committee to deal with problems, especially clashes that occurred when Burmese armies crossed in hot pursuit of ethnic insurgents. This committee was established in order to preserve good relations between the two states.

Around this time, Burma gained cooperation from China to deal with ethnic insurgents at the Burma-China border. As a result, the insurgent groups in that zone agreed to negotiate a truce with the state and cease their opposition. The Communist Party of Burma also capitulated. This allowed Burma to deploy more troops against the Karen, Mon, Karenni, and Shan rebel groups near the Thai border. China also supplied Burma with modern weapons for this task. As a result, the Burmese army reclaimed large territories formerly under rebel control, and many ethnic minority refugees fled into Thai territory.

Burma also negotiated with Thailand to cease supporting the ethnic minority insurgents, offering in return to allow Thai entrepreneurs access to opportunities inside Burma. Thai business supported this proposal, and the Chatichai government agreed to the new arrangement. On 11–13 April 1989, Second Lieutenant Prapat Limpaphan, deputy foreign minister, visited Burma equipped by the cabinet with full powers to negotiate an economic agreement. Two bilateral pacts were signed on trade and on investment protection. Under these agreements, Thailand offered academic and technological cooperation, and Thai business gained access to opportunities for logging, mining, and other activities. Logging concessions in forty-eight areas were granted to Thai entrepreneur along the frontier in Chiang Rai, Mae Hong Son, Chiang Mai, Tak, Ratchaburi, Kanchanaburi, Prachuab Khirikan, and Ranong. These forty-eight forest areas were mostly in zones occupied by the ethnic minority insurgents of Mon, Karen, Karenni, and Shan.

The logging business severely threatened the ethnic minority armed groups. Private companies from Thailand started building roads deep into the forests in order to facilitate the transportation of equipment and timber. Where the forests had once served as
fortresses for the insurgents, the roads opened them up to the Burmese army. Burmese government forces were now able to attack the rebel bases with much greater ease, and to counter-attack against rebel actions much more swiftly. The grant of logging concessions from 1989 onwards resulted in the insurgent groups rapidly losing territory to the Burmese army. As a result of losing bases and territory, the insurgent groups also lost their business opportunities on the border. The taxes they collected from border trade declined. Their budgets for arms and other equipment were squeezed. From 1990 onwards, many groups had no choice but to accept a ceasefire proposed by the Burmese government.

From the point of view of the Burmese government, the change in policy in the late 1980s was a great success. Thailand abandoned its policy of maintaining a "buffer zone" of ethnic insurgency, and restricted its support for the ethnic minorities to the provision of humanitarian aid to refugees.

In fact, internal factors had largely forced Burma into agreeing to the Thai proposals for a new era of relations. There were four interlocking reasons at work. First, in 1988 the Burmese government faced strong opposition from students, monks, and democracy activists. Some opponents escaped to the border zones and forged links with the ethnic minority insurgents. If Thailand had continued its support of the insurgent groups, the Burmese government would have been at greater risk. Besides, the Burmese government also feared that any violent suppression of the insurgents might provoke international opposition, and even international action like the USA's earlier support for the remnants of the Kuomintang.

Second, the Burmese government needed resources for strengthening the army and developing the economy, and these could be found by selling off natural resources through logging and fishery concessions. From the Burmese point of view, it made sense to allow Thailand's businessmen access to its resources and markets in return for funds and facilities to defeat the ethnic insurgency in the border zone.

Third, Burma perceived that Thailand, as a leading player in ASEAN, was key to ensuring that the region as a whole continued to adopt a friendly attitude towards Burma. Singapore had already
leapt at the opportunity to invest in Burma and was already playing a role in bridging Burma to the rest of the region, but Burma saw the importance of adding Thailand to its list of regional allies. In fact, at meetings of ASEAN, Thailand took the lead in proposing a good relationship with Burma, and adopted the same stance in its own foreign policy.

Fourth, once the Burmese government had secured the support of China, it was in a strong position to coax Thailand into abandoning its support of the ethnic minorities in favor of closer government-to-government relations.

Hence in 1988 Thailand and Burma both had interests in transforming the basis of their relationship from security to economy and business. Thailand wanted access to Burma’s resources to assist its reorientation toward export-oriented industrialization. By 1994, Thailand invested US$ 264.6 million in twenty-three projects and was second only to Singapore as an investor in Burma with a 19.8 percent share of total investment. Later in March 1995, Thailand’s investment in Burma rose to US$ 410.91 million in twenty-six projects. In 1994, Thailand’s exports to Burma reached Bt 6,004 million.19

From its side, Burma wanted not only economic but also political benefits from the new relationship. When Burmese forces suppressed pro-democracy demonstrations in late 1988, and when the Burmese government annulled general election results in 1990, the Thai government looked the other way, following its policy of “non-intervention in Burma’s internal affairs.” These incidents induced widespread condemnation from the global community. Many nations boycotted trade and imposed economic sanctions against Burma, but the Thai government continued adhering to its policy.

Emergence of new stakeholders

The ranks of stakeholders with an interest in policy towards Myanmar now expanded. The security forces which had the duty of maintaining national defense still believed in keeping Myanmar at a distance. New business stakeholders now had an interest in treating Myanmar as an ally able to supply Thailand with plentiful natural
resources. In truth, the business groups on the border had long viewed Myanmar in this light, but now a wider and more powerful business lobby came into play. Thailand’s strategies towards Myanmar were restructured to balance the elements of defense and reconciliation.

Sujit Boonbongkarn argues that policy-making on Myanmar was now no longer monopolized by the military, National Security Council, and Foreign Ministry, but could be influenced by politicians with business background through the parliamentary system. Politicians affiliated to parties in the governing coalition could lobby ministers, including the prime minister, for foreign policies supportive of foreign trade and investment. This reorientation to trade affected policy not only towards Asian neighbors, but also countries in the Middle East, Africa and Latin America. According to Khatharya Um, whereas previously there had been competing lobbies in favor of fighting and trading respectively, there now emerged a consensus that economic imperatives should be the central determinants of Thai foreign policy.

This was a major change in orientation. Even though it entailed a shift in security policy, the NSC fell into line, but the military was less convinced. The border area was still unstable because of fighting between the Myanmar army and the ethnic insurgents. The harsh political repression in 1988 propelled many refugees to seek asylum in Thailand. As a result, the Thai army retained a strong presence on the Myanmar border, and the army and NSC worked together to develop policy on refugees.

Therefore, the major challenge in defining Thai foreign policy towards Myanmar was how to find a balance between “national interests” and “national security.” Leaning too far towards either side could prejudice the other one. Too much emphasis on economic matters could allow the security situation to get out of hand. Too much attention to security might ruin the atmosphere for trade and investment.

Constructive engagement and the emergence of business groups

Chatichai was ejected by a military coup on 23 February 1991, and Anand Panyarachun formed a government under the aegis of the military, with Asa Sarasin as foreign minister. Policy towards
Burma remained essentially unchanged. The term “constructive engagement” to describe the policy towards Myanmar was first articulated by Asa at this time. In essence, it meant that Thailand would maintain its economic links with Myanmar, would consider politics to be Myanmar’s internal affair, and would not allow anti-junta movements to conduct political activities inside Thailand.23

During Anand’s premiership, PTT Exploration and Production (PTTEP), a subsidiary of the state-owned petroleum corporation, signed a contract worth Bt 500–1,000 million with Myanmar to develop natural gas sources in the Andaman Sea. In this venture, PTTEP held 30 percent of the shares, while the remainder were held by the Myanmar government and the French company, Total. The Electricity Generating Authority of Thailand (EGAT) invested US$ 600 million in several dam projects in Myanmar to generate electrical power of at least 6,400 megawatts. These projects included a dam on the upper Salween River with a capacity of 21,100 million cubic meters at a cost of around Bt 75 billion, and another on the lower Salween River with a capacity of about 245 million cubic meters and a price tag of Bt 21.45 billion.24

Even though the military had returned to influence with the 1991 coup, policy towards Myanmar did not turn back to a traditional security stance regarding Myanmar as a “threat” or “enemy.” Rather, the policy continued the Chatichai-era focus on reaping economic benefits by avoiding political issues. Subsequent elected governments from Chuan Leekpai (1992–5) to Thaksin Shinawatra (2001–6) stuck to the same course. Chuan’s government took a stronger public stance on human rights, but was careful not to allow this to complicate Thailand’s good relations with Myanmar. Throughout this era, foreign policy was governed by the over-arching aim of developing Thailand into “the hub of economy, finance, transport and communications in the region.”25 From Chatichai onwards, Thailand’s elite had a new view of Myanmar.

Myanmar as Thailand’s new business opportunity

To make the transition from the irregular border economy to proper state regulation, Myanmar passed an investment law in 1988
and installed a new tax system. Over the following years, economic intercourse between Thailand and Myanmar increased rapidly.

In 1988 Myanmar ranked thirteenth among destinations for Thai overseas investment with seven companies investing US$ 78.7 million.26 Trade between the two countries increased steadily from US$ 74.09 million in 1988 to US$ 277.86 million in 1993.27 By 2006, total trade had grown to Bt 117.5 billion (c. US$ 3.1 billion), consisting of imports of Bt 28.8 billion and exports of Bt 88.7 billion. Major export items include refined fuel, steel and stainless steel, plastic compounds, chemical supplies and products, beverages, vegetable and animal oils, textile fabrics, cosmetics, soap and skin care products, rubber products, and cement. Major import products included natural gas, timber, poultry products, ore and metal, metal scraps, seafood, coal, fresh fruits and vegetables, diamonds, gems, silver bar and gold, plants and plant products, and live animals.28 In short, Thailand exported mainly manufactured goods to Burma, and imported mainly primary products and raw materials.

Between 1988 and January 2006 the Myanmar Investment Commission approved 398 FDI projects worth US$ 7,785.9 million from twenty-seven countries, led by the United Kingdom, Singapore, and Thailand. The total investment from Thailand is US$ 1,345.6 million in fifty-six projects in energy, hydroelectricity, fisheries, hotels, and the tourism industry.29

To facilitate trade and investment, Thailand’s eighth plan (1997–2001) proposed to develop key border zones as gateways.30 These included Mae Sai in Chiang Mai province, Mae Sot in Tak province, and Ranong. These plans included investment in the infrastructure of highways and bridges, but also institutional development to involve provincial chambers of commerce and industry associations in local development. In fact, such local organizations already had long-standing arrangements with counterparts across the border. The Mae Sai chamber of commerce dealt with its Tachilek counterpart, and those of Tak and Mae Sot with organizations in Myawaddy area of Kayin state. Such local organizations have played a key part in progressing government policy. For example, it was reported in 2004 that,
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The Tak Province Chamber of Commerce has proposed the Thai government loan 500 million baht to the Myanmar government to develop the transportation system between Thailand and Myanmar. It is expected that the improvement of the transportation system will increase exports by over 20,000 million baht per year. The border trading statistics show a two-fold increase in volume, of around 5 to 6 million baht in 2004, giving a total export value of over 10 billion baht. Thus, in order to increase the boom of trade, Thailand has already invested over 120 million baht for the construction of the road from Myawaddy to Tawansri Hill. The road is only 17 km long.

In the era when Thailand’s foreign policy was dominated by security issues, there was little interest in developing transport infrastructure for fear it would promote illegal migration, smuggling, and drug trafficking. That perspective had now completely altered. The ninth plan (2002–6) aimed to “promote cooperation in developing the transport and communication system between Thailand and neighboring countries with an aim to become a central hub of land transport in the region.” The Asian Development Bank (ADB) provided loans and technical assistance for infrastructure plans within the Greater Mekong Subregion (GMS), including ten highway projects for an East-West Economic Corridor connecting Myanmar, Thailand, and Laos and a North-South Economic Corridor connecting Thailand through Laos and Burma to China. As part of the East-West Corridor, a 198 km road is being built from Mae Sot through Myawaddy to Pha-an and Tha-Ton to link Thailand and India through Burma. The Thai government is financing the first 18 km and providing loans for the rest. As part of the North-South Economic Corridor, a highway of 1,850 kms is planned from Bangkok through Burma (Tachilek) to end at Kunming in China. Thailand has supported the construction of a bridge at Mae Sai, and of the road from Tachilek to Kengtung. In addition Thailand is supporting construction of highways from Kanchanaburi to Tavoy and Taninthayee. The Mekong is also being developed as a route to China.

From the Thai perspective, Burma is thus seen both as an economic opportunity for Thai trade and investment, and also as a link to the mega-economies of India and China that will be significant markets in the future.
Myanmar as a source of energy

The first deal on energy was initiated under the Chuan government on 9 September 1994. Subsequently on 2 February 1995 the Petroleum Authority of Thailand (PTT) concluded a 30-year agreement for the delivery of gas from Burma’s Yadana field from 1998 onwards. A similar agreement was later concluded for gas from the Yetagun field, and PTT’s subsidiary took a 14.17 percent share in the Yetagun project. Thailand is the major customer for Burma’s gas output, buying more than one billion cubic feet of gas per day at a cost of some US$ 1 billion a year, all from the Yadana and Yetagun projects in the Andaman Sea.

Paichit Thienpaitoon, deputy ministry for energy, said at the twenty-third ASEAN Ministers on Energy Meeting in July 2005:

We also need to seek for oil and gas reserves abroad to increase our energy security. Thai companies are encouraged to invest or joint venture in energy projects overseas. So far, Thailand has acquired a growing number of concessions in Myanmar.\(^{37}\)

A senior PTT official, speaking on condition of anonymity, said that “Oil and gas is top of the agenda between Thailand and Myanmar.”\(^{38}\) In all PTT has six energy projects in Burma, including a 2006 stake in the newly found Shwe field in the Gulf of Bengal off Arakan. Thaksin Shinawatra led a delegation including top energy officials to Myanmar’s new capital at Naypyidaw to negotiate this deal. PTTEP is proposing to build a 1,100 kilometer underwater pipeline from the Bay of Bengal to join up with its existing 670 kilometer pipeline bringing gas to Thailand from Yadana and Yetagun.\(^{39}\)

Salween dam: another alternative for Thailand

Thailand has a high demand for electricity of 1,448 Kilowatt-hour (Kwh) per capita, compared to 827 Kwh in China, 286 Kwh in Vietnam, and 68 Kwh in Myanmar.\(^{40}\) Increasingly, Thailand has sought overseas sources of electricity generation. Dr. Prommin Lertsuridej, minister of energy, said in 2004,

As of now the Ministry of Energy is looking for hydropower electricity sources for the year 2010 and onward, in order to
reduce electricity costs in the long run. First consideration will be given to existing purchasing agreements with neighboring countries, and then to new locations in areas such as Laos, Myanmar, and China. The proportion of electricity from hydropower is expected to increase from the current 3 percent to 10 percent by the year 2010.41

Kraisi Kanasut, governor of EGAT, said in October 2004 that the Thai and Myanmar governments would sign a contract to coordinate research and development of four hydroelectric power station development projects; Hutgyi with a capacity of 600 MW; Myanmar northern upper border line project with 5,600 MW; southern border line with 900 MW; and Taninthayee with 600 MW.42

In total EGAT has been involved in fourteen hydroelectric power development projects in Burma since 1979. The idea of a dam on the Saleween was first discussed in the early 1990s. In 1996, Thailand signed an MOU with Burma to buy 1,500 MW of electricity and cooperate on new dam construction projects in the future. In 2002, the EGAT governor visited Myanmar to discuss two dams on the Salween. These projects were included in the National Electricity Policy (2002–26) under the “ASEAN Power Grid” program. In 2005, EGAT signed with Myanmar Electricity Authority to collaborate in building four dams along the Salween River and one on the Taninthayee River.

The Hutgyi dam on the Salween will cost US$ 1 billion and will export some 60 percent of its electricity to Thailand.43 China's leading hydropower company, Sinohydro Corporation, is set to act as the major investor and contractor for the design, procurement, and implementation of the dam. However, the construction will be carried out by Thailand’s privately owned and well connected MDX, a real estate and infrastructure construction company based in Bangkok. One of its advisors, Dr. Subin Pinkayan, was formerly a commerce minister in the Chatichai cabinet.44

PTT, EGAT, and MDX have become major players and stakeholders in the development of energy projects in Burma. But energy projects are highly susceptible to politics. Thailand's heavy reliance on energy from Myanmar constrains the country to maintain cordial relations based on a foundation of goodwill and mutual trust.
Conclusion

In Thailand's history, the capital was twice lost to the Burmese. Through the era of "nation building," Burma served as the "enemy" that helped unify the nation. This message was built into the culture through the educational system, media, and literature from both the court and folk traditions. Thais could scarcely avoid perceiving Burma as the "national enemy."

In the era following World War Two, this vision remained appropriate for Thailand’s foreign policy. The Burmese government was at war with insurgent groups of Karen, Mon, Kayah, and Shan along the common border. The fighting occasionally spilled over into Thailand. The border needed to be managed. The army, NSC, and Foreign Ministry were the key stakeholders in making Thailand’s foreign policy towards Burma with a priority on national security. Their key strategy was to use the ethnic minority insurgents as a buffer to keep the Burmese state at a distance. The Thai military developed close relations with the ethnic insurgents, often raising the suspicions of the Burmese government about Thailand’s intentions. The Burmese government’s suppression of democratic activism, culminating in the crisis of 1988, added another complication by spilling refugees across the border in search of asylum.

A major change came in the late 1980s. The ending of the Cold War transformed the international context. Facing critical economic decline, the Burmese government was forced to abandon the "Burmese Way to Socialism" and begin marginally to open up its economy. Facing a political crisis, the Burmese government was obliged to negotiate with its neighbors of China and Thailand to cooperate with the Burmese government’s policy to suppress the ethnic minority insurgencies. In Thailand, the transition from the military-dominated government of General Prem to the elected and business-dominated government of Chatichai made it possible for Thailand to move beyond the security-dominated era of foreign policy and make economics the new guiding principle.

In this new era, business stakeholders dominated Thailand’s foreign policy making. Even when government was again captured by the military in 1991–2, foreign policy did not waver from this new course. Myanmar was now perceived as a market for Thai
manufactured exports, a location for Thai investment, a source of raw materials for Thai processing, a convenient source of energy from gas and hydropower, and an access route to the emerging mega-economies of China and India.

The growing importance of Myanmar to the Thai economy has required Thailand to change its perspective towards Myanmar, and to abandon the image of the “national enemy” for the sake of economic development. Thai visitors to Myanmar now appreciate the way that Myanmar has preserved its “Southeast Asian” culture and its Buddhist religion.

While a business perspective now dominates the relations between the two neighbors, national security has not been totally abandoned. The border still has the potential to be an irritant, though more now from trafficking of goods, drugs, and humans than the threat of armed clashes. Both business and security stakeholders need to play a role. But clearly economics is the dominant factor.

Notes

1 The name was changed in 1989, and the usage in this article roughly follows that division.
3 Silverstein, ‘Some Thoughts,’ p. 6.
4 Silverstein, ‘Some Thoughts,’ p. 6.
8 Steinberg, Burma: A Socialist Nation, p. 79.
12 Interview with an entrepreneur (unwilling to be named) at the border trade in Mae Sot District.
13 Boucaud and Boucaud, *Burma's Golden Triangle*, p. 73.
14 Interview with an army officer in service on the Thai-Myanmar frontier in Mae Sot District. He said this practice continued to the present.
15 Corinne Phuangkasem, ‘Nayobai tang prathet khong thai’ (Thai foreign policy), lecture handout, Faculty of Political Science, Thammasat University, 2002.
17 Ratchanida Yernying, ‘Sueksa priap thiap nayobai thai to sahaphap mianma nai yuk phon ek prem tinsulanon kap yuk lang phon ek prem tinsulanon’ (A comparative study on Thai foreign policy towards Myanmar in the era of General Prem Tinsulanond and the era following), MA thesis, Department of International Relations, Chulalongkorn University, 1996, p. 123.
19 Ministry of National Planning and Economic Development, Union of Myanmar.
22 Khatharya ‘Thailand and the dynamics,’ p. 246.
24 *Siam Post*, 4 October 1995, p. 15.
26 Committee of Myanmar investment promotion center quoted in Ratchanida, ‘A comparative study,’ p. 11.
27 Same as previous note.
28 Office of Border Trade Promotion and Special Trade Measures, Department
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29 Data from Thailand Ex-Im Bank, June 2006.

30 "Focus on development in subregions and border areas, to strengthen and create economic opportunities in cities, communities and local populations' abilities. By establishing stability in regional' central cities and border provinces that has capability to become trade gateways, enabling international relation with neighboring and foreign countries." Office of the National Economic and Social Development Board, Complete Summary of the 8th National Economic and Social Development Plan, at: www.nesdb.go.th/plan8/data/m1.doc (accessed 14 February 2007).


33 The GMS includes Thailand, Lao PDR, Cambodia, Vietnam, Myanmar, and Yunnan province of China.

34 Office of Transport and Traffic Policy and Planning, Ministry of Transport, General Information in Development of Transportation Routes between Thailand and Neighboring Countries

35 Thailand, Myanmar, Lao PDR, and China have an agreement on commercial navigation along the Mekong River under the Economic Quadrangle Cooperation.

36 Road construction through Myanmar will provide a link between Thailand and India.


44 Nance, ‘Unplugging Thailand, Myanmar energy deals.’