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泰國與台灣雙邊關係研究 (1992-2022)

- 經濟連結和人與人互動

A Study of Thailand and Taiwan Bilateral Relations
(1992-2022) - Economic and People-to-People Connectivity

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中華民國 111 年 7 月

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Abstract

This thesis examines Thailand and Taiwan relations between 1992 and 2022 in the context of unofficial diplomatic relationships resulting from the One-China policy. Despite this, Thailand and Taiwan's fields of collaboration have expanded and become more fruitful during the past three decades. Particularly the economic interaction and people-to-people connectivity in all facets of the bilateral relations.

The thesis argues that Thailand and Taiwan have evolved a new formula involving the establishment of semi-official representative offices on both sides during the past decades by examining international relations theory associated with realism and liberalism. Using this methodology, the study will investigate the relationship between Thailand and Taiwan to answer the following fundamental questions: What is the status of Thailand and Taiwan's economic, investment, education, labor, and sociocultural relations? How can Thailand maintain a healthy relationship with both Taiwan and China? What will be the next step in Thailand and Taiwan relations? This thesis also applies a soft power model analytic method to evaluate the high-level, middle-level, and low-level factors that have affected the interactions of both sides to understand Thailand and Taiwan relationships comprehensively.

Keywords: Thailand, Taiwan, China, Thailand Trade and Economic Office, Taipei Economic and Cultural Office

摘要

本論文在「一個中國」政策產生的非官方外交關係的背景下，進行研究 1992 年至 2022 年間的泰台關係。儘管如此，泰國和台灣的合作領域在過去的三十年中不斷擴大，並取得了豐碩的成果。尤其是雙邊關係各個方面的經濟互動和人文交流。

本研究以現實主義和自由主義相關的國際關係理論為研究基礎，認為泰國和臺灣在過去幾十年中演變出一種新的模式，包括在雙方設立半官方代表處。本研究利用這種方式，調查泰國與台灣之間的關係，以回答以下基本問題：泰國與台灣的經濟、投資、教育、勞工和社會文化關係的現狀如何？泰國如何與台灣和中國保持健康的關係？泰台關係下一步將何去何從？本論文還運用軟實力模型分析的方法，對過去幾十年影響泰台互動的高層、中層、低層因素進行評估，以全面了解泰台關係。

關鍵詞：泰國，台灣，中國，泰國貿易經濟辦事處，台北經濟文化辦事處

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List of Abbreviations

ACD	Asia Cooperation Dialogue
ACFTA	ASEAN-China Free Trade Area
ACMECS	Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy
ADB	Asian Development Bank
AFTA	ASEAN Free Trade Area
AIIB	Asian Infrastructure Investment Bank
APACL	Asian Peoples' Anti-Communist League
APEC	Asia-Pacific Economic Cooperation
ARATS	Associations for Relations Across the Taiwan Straits, People's Republic of China
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
BCG	Bio-Circular-Green Economic Model
BOI	Board of Investment of Thailand
BRI	Belt and Road Initiative
CCP	Chinese Communist Party
CDIC	Central Deposit Insurance Corporation, Republic of China (Taiwan)
CECC	Central Epidemic Command Center
CEO	Chief Executive Officer
CLA	Council of Labor Affairs, Executive Yuan, Republic of China (Taiwan)
CLA	Council of Labor Affairs, Republic of China (Taiwan)
CNFI	Chinese National Federation of Industries
CP	Charoen Pokphand
CPT	Communist Party of Thailand
CSTA	Cross-Strait Trade in Services Agreement
DDP	Democratic Progressive Party
DOE	Department of Employment of Thailand
ECFA	Economic Cooperation Framework Agreement
EEC	Eastern Economic Corridor
EU	European Union

EV	Electric Vehicle
FBA	Foreign Business Act
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
FTI	Federation of Thai Industries
GDP	Gross Domestic Product
HES	Huayu Enrichment Scholarship
ICAO	International Civil Aviation Organization
ICDF	International Cooperation and Development Fund
JTC	Joint Trade Committee
KMT	Kuomintang
LMC	Lancang-Mekong Cooperation
MAC	Mainland Affairs Council, Republic of China (Taiwan)
MFA	Ministry of Foreign Affairs of Thailand
MND	Ministry of National Defense, Republic of China (Taiwan)
MOC	Ministry of Culture
MOE	Ministry of Education, Republic of China (Taiwan)
MOEA	Ministry of Economic Affairs, Republic of China (Taiwan)
MOFA	Ministry of Foreign Affairs, Republic of China (Taiwan)
MOL	Ministry of Labor
MOST	Ministry of Science and Technology, Republic of China (Taiwan)
MOU	Memorandum of Understanding
NATO	North Atlantic Treaty Organization
NCCU	National Chengchi University
NCHU	National Chung Hsing University
NCKU	National Cheng Kung University
NPC	National People's Congress
NPUST	National Pingtung University of Science and Technology
NSP	New Southbound Policy
NTD	New Taiwan Dollar
NTNU	National Taiwan Normal University

NTU	National Taiwan University
NTU	National Taiwan University, Republic of China (Taiwan)
OCAO	Overseas Chinese Affairs Office
OEM	Original Equipment Manufacturer
PLA	People's Liberation Army
PRC	People's Republic of China
ROC	Republic of China
RTA	Regional Trade Agreement
SEATO	Southeast Asia Treaty Organization
SEP	Sufficiency Economy Philosophy
SME	Small and Medium-sized Enterprise
SOE	State-Owned Enterprise
STF	Strait Exchange Foundation, Republic of China (Taiwan)
TAITRA	Taiwan External Trade Development Council
TEC	Taiwan Education Center
TECO	Taipei Economic and Cultural Office in Thailand
TETO	Taipei Economic and Trade Office
THB	Thai Baht
TICA	Thailand International Cooperation Agency
TPP	Trans-Pacific Partnership
TTBA	Thai-Taiwan Business Association
TTEO	Thailand Trade and Economic Office in Taiwan
UN	United Nations
UNESCO	United Nations Educational, Scientific and Cultural Organization
UNGA	United Nations General Assembly
UNSC	United Nations Security Council
USD	United States Dollar
WHA	World Health Assembly
WHO	World Health Organization

CHAPTER 1

INTRODUCTION

The goal of the introduction is to provide an overview of the thesis. Firstly, it provides a brief history of Thailand-Taiwan relations since 1949, focusing on 1992 when both sides established the representative offices that serve de facto as an embassy in the unofficial diplomatic relations. Next, the following sections provide an overview of the research motivation, objectives, research questions, delimitations, and limitations. This is to establish a guiding perspective for the remainder of the study.

1.1 Background and Significance of the Study

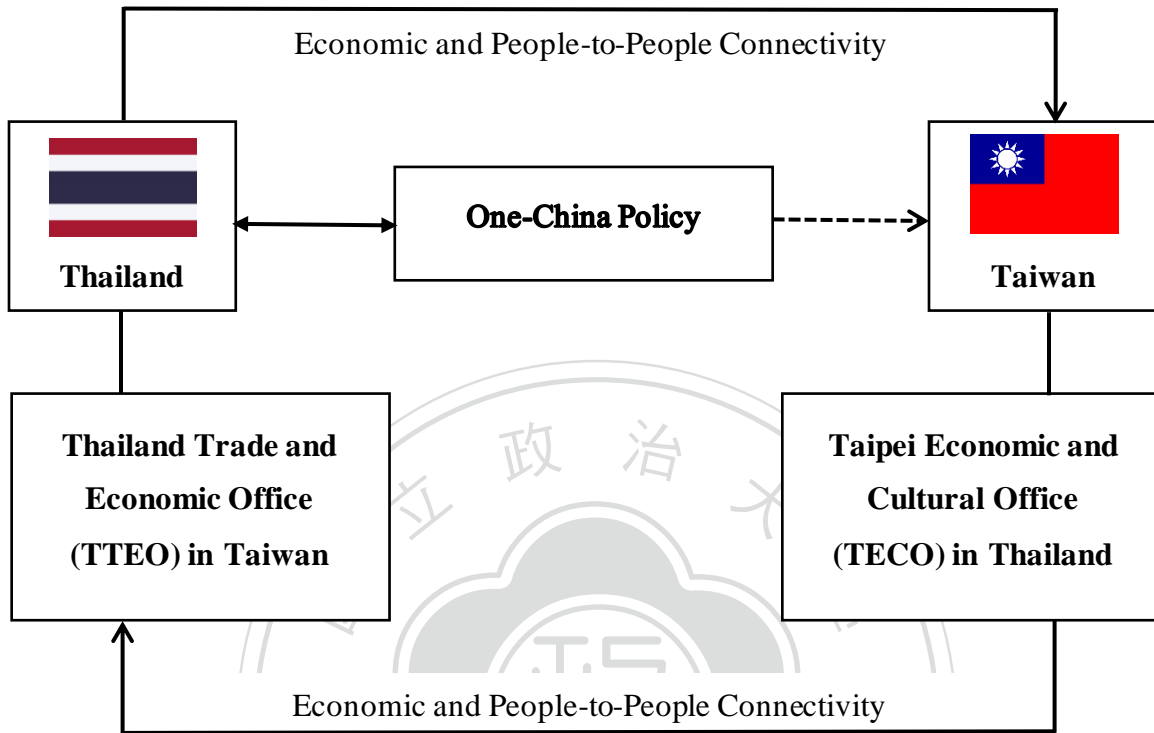
Thailand and Taiwan had enjoyed a long-standing and cordial relationship. During the Cold War, both were significant allies of the United States against communist China, and Thailand recognized the Republic of China (ROC). The relationship reached a golden age in 1963 when King Bhumibol Adulyadej and Queen Sirikit visited Taiwan and were greeted by President Chiang Kai-shek.¹ Furthermore, Taiwan assisted the Royal Project Foundation in 1970 with the cultivation of alternative crops to opium and developing more sustainable and profitable cash crop plants, successfully promoting reforestation and helping local farmers increase their earnings.²

In 1975, the Thai government officially started diplomatic relations with the People's Republic of China (PRC) due to domestic and international pressures. Thailand, as a result, does not have full diplomatic relations with ROC. Despite this, Thailand and Taiwan continue to have stable relations. In addition, the Taiwanese representative office in Thailand and the Thai representative office in Taiwan have significantly improved their status through name changes and expanded functions and privileges. The dynamic of the relationship is shown in the framework of Thailand and Taiwan relations from September 1975 to 2022 (Figure 1.1).

¹“Royal Friends from Thailand”, *Taiwan Today*, June 1, 1963, <https://taiwantoday.tw/news.php?unit=4&post=7196>.

² Sitthiphon Kruarattikan, “*The Ties That Bind: King Bhumibol Adulyadej’s Relations with Taiwan*”, Paper presented at the International Conference on “Modern Taiwan and Southeast Asia: The 10th Anniversary of the Taiwan Study Research Center”, International Conference Hall, National Taiwan Library, Taiwan, November 24, 2017.

Figure 1.1: The Framework of Thailand and Taiwan Relations
From September 1975 to 2022



In September 1975, the Taiwanese embassy was closed down and replaced by the representative of China Airlines in Thailand. After that, the office was upgraded and was renamed several times; the Far East Trade Office in February 1980, the Taipei Economic and Trade Center in 1991, and the Taipei Economic and Trade Office in Thailand in May 1992. Finally, the Taiwanese representative office in Thailand has been known as the Taipei Economic and Cultural Office (TECO) since 1999 to maintain and strengthen the substantial ties and traditional friendship between the Taiwanese and Thai peoples.³

While the representative office of Thailand in Taiwan was initially formed in February 1976 as the Thai Airways International Office, it was renamed Thailand Trade and Economic Office (TTEO) in 1992. The main function is to promote close relations and cooperation in the economic, investment, education, and cultural sectors. In addition, the TTEO, like other Royal Thai Embassies, provides other consular services, such as issuing visas to Taiwanese and other

³ TECO, *About Us*, June 24, 2020, https://www.roc-taiwan.org/th_en/post/1693.html.

nationals traveling to Thailand, issuing new Thai national identification cards and passports, and providing necessary assistance to Thai nationals in need.⁴

Later, Thailand and Taiwan established a bilateral economic dialogue system. As a result, both sides have signed numerous agreements from the early 1990s regarding investment promotion and protection, traffic rights exchange, agricultural technical cooperation, employment of Thai workers, and educational cooperation.

The cooperation between Thailand and Taiwan has gradually increased in many projects and frameworks. Taiwan has been a significant trade and investment partner of Thailand for an extended period, and Thailand has long been one of Taiwan's most favored locations for Foreign Direct Investment (FDI) within the Association of Southeast Asian Nations (ASEAN). As a result, Thailand received the second-largest amount of Taiwanese FDI in ASEAN in 1998. In addition, Taiwanese businesses have shifted their focus to textiles and electrical appliances in response to low labor costs in Thailand.⁵

During the 1990s, Taiwan actively participated in the economic development of Thailand, becoming one of Asia's topmost dynamic and influential agents of regional economic change. Therefore, it is reasonable to explain that Taiwanese investment in Thailand increased as a result of several factors as follows:

Firstly, Thailand, located in the heart of the Indochina Peninsula and bordered by the South China Sea and the Indian Ocean, occupies a critical geopolitical position and plays a critical role in the ASEAN Community. As a result, Taiwanese investors have stepped up their efforts to develop emerging markets in Thailand.

Secondly, the Thai government has consistently offered foreign investors investment incentives and streamlined procedures for factory establishment and visa applications to attract Taiwanese investment. For instance, Foreign Minister Surakiart Sathirathai made it abundantly clear that Thailand's affairs would not be ideologically driven but business-driven in every respect. In addition, Prime Minister Thaksin Shinawatra established a Chief Executive Officer (CEO)

⁴ TTEO, *About the Office*, <https://shorturl.asia/32oKW>.

⁵ Bunluasak Pussarungsri, "Taiwanese Investment in Thailand" in Tain-jy Chen, ed., *Taiwanese Firms in Southeast Asia: Networking Across Borders* (Cheltenham: Edward Elgar Publishing, 1998).

ambassador program, in which Thailand's envoys were instructed to prioritize economic interests and procedural efficiency as chief executives.⁶

Third, the Thai government has implemented policies to address productivity concerns while boosting short-term to medium-term economic growth, including Thailand 4.0, the Eastern Economic Corridor (EEC), and other industrial policy initiatives.⁷ In addition, the EEC policy actively invests in infrastructure development to create extensive industrial and commercial parks. This investment-friendly environment has resulted in numerous opportunities and possibilities and significant foreign investment—similarly, the current environment favors Taiwanese industries in terms of investment and trade with Thailand.

Fourth, Taiwan played a leading role in utilizing its economic advantages to mitigate China's political isolation in the early 1990s. Taiwan proposed subsidizing attractive trade, outward investment, loans, as well as agricultural and industrial technical assistance programs to promote economic interactions in Asia.⁸ As a result, Taiwan improved relations with its major trading partners, and Taiwan has gained greater international acknowledgment than in the past.

Fifth, President Lee Teng-hui visited Thailand, Indonesia, and the Philippines in 1994 and offered his highest official endorsement of the Go South policy. The trips significantly increased Taiwanese firms' investment confidence in these specially targeted industries. In addition, Taiwanese capital inflows into Thailand and Southeast Asia have begun to change the economic and political relations between the Asia-Pacific region.⁹

Sixth, Taiwan has been promoting the New Southbound Policy (NSP) since 2016, and its government has actively integrated resources from all sectors to establish mechanisms of discussion and consultation with the ASEAN. In addition, it has actively aided Taiwanese businesses in their expansion into New Southbound countries, with automotive components being the primary sector assisted for Thailand.

According to statistics compiled by the Board of Investment of Thailand (BOI), the cumulative amount of Taiwanese investment in Thailand between 1959 and 2020 was

⁶ Benjamin Zawacki, *Thailand: Shifting Ground between the US and a Rising China (Asian Argument)* (London: Zed Books, 2017), p. 106.

⁷ Archanun Kohpaiboon, "Thailand 4.0 and its Challenges", *East Asia Forum*, April 17, 2020, <https://www.eastasiaforum.org/2020/04/17/thailand-4-0-and-its-challenges/>.

⁸ Erland Heginbotham, "Taiwan's Economic Role in East Asian Development", in William Oscar Johnson, and Robert G. Sutter, eds., *Taiwan in World Affairs* (New York: Routledge, 2020).

⁹ Xiang-ming Chen, "Taiwan Investments in China and Southeast Asia: Go West, but Also Go South", *Asian Survey*, vol. 36, no. 5 (1996).

approximately USD 16,000 billion, and the number of approved investment projects totaled 2,535, making Taiwan the seventh-largest source of foreign investment for Thailand. The investment projects mainly promised the manufacturing industry, including electronic components, mechanical equipment, power equipment, chemical materials, and retail and wholesale.¹⁰

Even though Thailand and Taiwan relations continue to be successful, there are still some areas of weakness in the relationship at times. For example, Thailand began developing labor export programs in the early 1970s to earn foreign currency and alleviate domestic unemployment. As a result, Taiwan has been the most popular destination for Thai workers since 1993, accounting for between one-third and two-thirds of the overall Thai foreign labor.¹¹ The majority of them are unskilled general workers. They work in manufacturing, construction, social welfare (kindergarten), and agriculture. Thai workers can send at least THB 6,000 million back to Thailand annually.¹² However, there has been a significant decrease in the number of Thai workers employed in various locations around Taiwan.¹³, from 105,152 in 1994 to 56,954 in 2021.

Before 2007, Thai workers were Taiwan's largest source of foreign workers. However, Vietnamese, Indonesians, and Filipinos have since surpassed them. This is partly due to the restructuring of the migrant labor market, which has led to a growth in domestic service employment, where Thais have historically been slightly, and a steady reduction in foreign workers hired for construction projects, where Thais were once the majority. In addition, due to a shortage of Thai workers, Taiwanese industries hire workers from other countries. However, Thai workers have not fallen out of favor with Taiwanese employers.¹⁴

The labor trade resulted in severe political scandals in Thailand and Taiwan, including a large riot by Thai workers on the Kaohsiung metro line in 2005, which contributed to the fall of Thai labor exports to Taiwan. Taiwanese and Thai politicians allegedly conspired to exploit Thai workers by charging them between THB 80,000 and THB 130,000 for their jobs.¹⁵ It was revealed

¹⁰ Taiwan External Trade Development Council, "Thailand", *TAITRA Source*, July 14, 2021, <https://www.taitraesource.com/total01.asp?AreaID=00&CountryID=TH&Item=w01>.

¹¹ Ching-lung Tsay, "Labor Migration and Regional Changes in East Asia: Outflows of Thai Workers to Taiwan", *Japanese Journal of Southeast Asian Studies*, vol. 40, no. 3 (2002), p. 373.

¹² TTEO (Labor Affairs Office), *ตลาดแรงงานไทย* (trans. *Thai Labor Market*), January 15, 2020, <https://shorturl.asia/5XiMU>.

¹³ Ching-lung Tsay, "Labor Migration and Regional Changes in East Asia: Outflows of Thai Workers to Taiwan", *Japanese Journal of Southeast Asian Studies*, vol. 40, no. 3 (2002), p. 375.

¹⁴ Worrarat Taniguchi, "ตามกรมการกงสุลเยี่ยมแรงงานไทยในไต้หวัน (trans. Following the Department of Consular Affairs: Visiting Thai Labor in Taiwan)", *Matichon* (2014).

¹⁵ "Taiwan/Thai Riot Inquiry Finding; Employer, Bad Conditions Blamed", *The Nation*, September 1, 2005.

that the illegal fees benefitted senior officials, legislators, and policy advisors. At the same time, the Ministry of Labor (MOL) officials has benefited from the fees.¹⁶

In addition, the wages in Taiwan are unattractive in the eyes of Thai workers. The minimum wage in Taiwan has stayed unchanged for extended periods. From 1997 through 2007, for instance, it remained at NTD 15,840.¹⁷ At that time, Taiwan's salary rises have lagged behind productivity advances.¹⁸ During economic troubles in 2001, the Taiwanese Council of Labor Affairs (CLA) enabled employers to deduct from the pay of foreign employees for previously free food and accommodation.¹⁹ With these salary deductions, the minimum wage employers paid foreign workers in 2016 (NTD 13,508) was less than two decades ago (NTD 15,840) in 1997.

As evidenced in the preceding discussion, while Thailand and Taiwan relations have strengthened over the years, there is always room for more advanced cooperation and deeper integration. On the contrary, we found that several issues persist to the present day. Therefore, the study aims to analyze the relationship between Thailand and Taiwan to propose solutions and recommendations for raising the Thailand and Taiwan relationship level in the coming years.

1.2 Research Motivation

As previously stated, Thailand and Taiwan are significant partners in regional affairs. Due to their geographical proximity, Thailand and Taiwan have always had strong historical ties and were viewed as strategic allies during the Cold War against communists in Asia. Moreover, Thailand and Taiwan are committed to economic and investment cooperation ideals. On the other hand, Thailand has been a close ally of China in all spheres of economics and culture since 1975. As a result, Thailand has maintained formal diplomatic relations with China under the One-China policy while maintaining unofficial relations with Taiwan.

However, few discourses have been devoted to the perspective of Thailand and Taiwan on their relationship. In addition, a limited amount of research employs international relations theories to analyze Thailand and Taiwan relations comprehensively. Therefore, this thesis will analyze and

¹⁶ “Kaohsiung Riot: Employer Is to Blame, Task Force Says”, *The Nation*, September 2, 2005.

¹⁷ Jen-te Hwang, Chieh-hsuan Wang, and Chien-ping Chung, “Is it Possible to Decouple Foreign Workers’ Wages From the Minimum Wage in Taiwan?”, *Economic and Labor Relations Review*, vol. 22, no. 2 (2011).

¹⁸ Xin Ya ge, “Taiwan, Agreement Reached on Increase in Minimum Wages”, *Asia News*, March 9, 2014, <https://www.asianews.it/news-en/Taiwan,-agreement-reached-on-increase-in-minimum-wages-32051.html>.

¹⁹ Robert Tierney, “The Guest Labor System in Taiwan: Labor Market Considerations, Wage Injustices, and the Politics of Foreign Labor Brokerage”, *Critical Asian Studies*, vol. 39, no. 2 (2007).

examine Thailand and Taiwan relations, including the triangle relationship with China, through the lens of international relations theory and soft power while remaining compliant with the One-China policy.

1.3 Objectives of the Study

This thesis aims to review, clarify, and evaluate the relationship between Thailand and Taiwan. More specifically, this research is oriented toward a detailed as follows:

- To thoroughly assess the relevant studies and develop an analytical framework for Thailand and Taiwan relations.
- To determine how China influences Thailand and Taiwan ties and how Thailand contributes to maintaining a healthy balance between the triangle relations.
- To provide insights on the prospects for opportunities and obstacles to Thailand's relations and cooperation with Taiwan.
- To make recommendations on the future direction of Thailand and Taiwan relations.

1.4 Research Questions

This thesis is primarily an analysis of Thailand and Taiwan relations under the One-China policy. As noted, China established a fundamental policy requiring all countries seeking diplomatic relations with China to officially recognize its position that there is only one Chinese government and refrain from diplomatic relations with Taiwan. Thailand signed a joint communique with China in 1975 to initiate diplomatic relations. This means Thailand has acknowledged the One-China policy and Taiwan as a part of China.²⁰

Nevertheless, Thailand has also continued informal relations with Taiwan until the present. As a result, Thailand and Taiwan have maintained robust economic and people-to-people connectivity. While the study is predicated on the proposition that Thailand's official relations with China will influence Thailand's level of relations with Taiwan. Consequently, this study aimed to answer the following questions:

²⁰ Chulacheeb Chinwanno, "Rising China and Thailand's Policy of Strategic Engagement", *The Rise of China: Responses from Southeast Asia and Japan*, no. 4 (2009), p. 88.

- 1) What is the mechanism of cooperation between Thailand and Taiwan?
- 2) What is the relationship status between Thailand and Taiwan in the economy, investment, labor, and people-to-people connectivity from 1992 to 2022?
- 3) How does Thailand balance its relationship with Taiwan and China?
- 4) What will be the next step in Thailand and Taiwan relations?

1.5 Methodology and Material Sources

The study will use a qualitative methodology. The information is collected from primary sources, secondary sources, and in-depth interviews to conduct the research.

Document Reviews

Many documents, both Thai and English, were examined in this study. Primary documents contain official government announcements, economic reports, and agreements. It can discover these classified sources in electronic files on the website of the Ministry of Foreign Affairs of Thailand (MFA), the Ministry of Foreign Affairs of the Republic of China (MOFA), the TTEO, and the TECO.

The secondary sources consist of a review of academic journals, research papers, news articles, and books in both Thai and English. This data was compiled from a variety of sources, including the Ministry of Commerce, the Ministry of Labor (MOL), the Ministry of Education (MOE), and others. Aside from that, the research includes other relevant information gleaned from electronic sources when applicable. These documents are helpful for learning more about the relationship between Thailand and Taiwan.

In-depth Interviews

The third source for this study comes from interviews with key informants at the national administrative level of government. They have extensive knowledge of Thailand, Taiwan, and China relations. These include Mr. Twekiat Janprajak, the executive directors of the TTEO in Taipei, and Mr. Paul Shek, the former deputy representative of TECO in Thailand, conducted interviews in English, with each interview lasting about 1-2 hours being voice-recorded on audio files. The interviews transcribed all responses, using both handwritten notes and digital records. The data gathered during the interviews are supplement the author's textual analyses for this study.

Given that the thesis is about Thailand and Taiwan relations, it employs a historical perspective and the methodologies above to evaluate the evolution of Thailand and Taiwan relations within the context of the One-China policy.

1.6 Delimitations and Limitations of the Study

Due to the thesis's objective of analyzing and evaluating Thailand and Taiwan relations, the study spans the 1990s, when Thailand established the TTEO in 1992 and Taiwan renamed the representative office in Thailand to the TECO in 1999. Furthermore, the study was conducted up to the present, which means the events occurring within the relationship between the two parties will end by early 2022.

After Thailand established an official relationship with China, the research focused on the relationship between Thailand and China rather than the relationship between Thailand and Taiwan. As a result, it lacked Thai-language documents relating to the relationship between Thailand and Taiwan. However, some Thai scholars have researched and authored English articles in newspapers and books on Thailand and Taiwan relations with the support of international institutions. Thus, the study will collect documents from the various aspects of Thai and international scholars, both Thai and English, to analyze and examine Thailand and Taiwan relations comprehensively.

1.7 Literature Review

Several academics have previously examined the evolution of Thailand and Taiwan relations over the last decade. For instance, scholars have demonstrated that the change influences Thailand and Taiwan relations in domestic and regional economics, the dynamic of economic cooperation, and people-to-people connectivity. As a result, the relevant literature will be analyzed to understand Thailand's connection with Taiwan better.

The change of domestic and regional economics

Scholars argue that Taiwan's internal economic environment has also shifted since the 1990s. Taiwan had lost some international competition due to high-priced labor and land and stringent environmental requirements and was no longer in a position to provide a more favorable environment for labor-intensive industries. Taiwan no longer benefited from Western countries'

preferential treatment as a developed country. Taiwan had been urged to seek economic cooperation and end its international isolation by the global economic trend.²¹

The increase in East Asian exports as a percentage of their Gross Domestic Product (GDP) from the 1990s to the 2000s is proof that the region's economies are particularly trade-friendly. Consequently, economic integration in this region has developed during the past few years. This tendency has been mirrored in the rapid expansion of intraregional trade, intraregional investment, and trade agreements. Therefore, trade figures suggest that East Asia's exports are becoming less dependent on the European and American markets and more on China and other growing Asian countries.²²

Following the Asian Financial Crisis in July 1997, East Asia's economic integration was institutionalized and accelerated along with several bilateral Free Trade Agreements (FTAs) and plurilateral Regional Trade Agreements (RTAs). However, unlike in the past, recent integration in East Asia has been driven by government policies, with numerous FTAs and RTAs influenced politically. While, Taiwan was absent from current policy-driven East Asian integration, despite its significant contribution to the previous period of market-driven integration.²³

Dynamic of Economic Cooperation

If Taiwan continues to be excluded from East Asia's free trade zones, there is a rising fear that its businesses may face significant disadvantages due to increasing import tariffs and trade obstacles.²⁴ This school's scholars discuss Taiwan's economic cooperation policy evolution with Southeast Asian countries. Stiglitz emphasizes in his paper how in some East Asian countries, success has been attributed to cooperative relationships between government and private sectors, workers and employers, and small and large businesses. However, the scope of this collaboration has been overstated. A range of organizations and practices foster cooperation, which appears to

²¹ Chun-hung Lin, "Critical Assessment of Taiwan's Trade and Investment Relationship with ASEAN Countries in the Past, Present & Future", *Miskolc Journal of International Law*, no. 7 (2010), p. 68.

²² Zhao Hong, "Taiwan-ASEAN Economic Relations in the Context of East Asian Regional Integration", *International Journal of China Studies*, vol. 2, no. 1 (2011), p. 39.

²³ Tain-jy Chen, and Ying-hua Ku, "Taiwan and East Asian Integration", in Peter C.Y. Chow, ed., *Economic Integration, Democratization and National Security in East Asia Shifting Paradigms in US, China and Taiwan Relations* (Cheltenham: Edward Elgar Publishing, 2007).

²⁴ Zhao Hong, "Taiwan-ASEAN Economic Relations in the Context of East Asian Regional Integration", *International Journal of China Studies*, vol. 2, no. 1 (2011), p. 48.

have positive outcomes.²⁵ Thus, Taiwan's policy must improve relations with its southern neighbors, particularly the ASEAN five (Indonesia, Malaysia, Singapore, the Philippines, and Thailand).²⁶

Hsu also noted that it is essential to note that the Go South policy enhanced awareness of the Southeast Asian community in Taiwan and assisted in developing business networks for Taiwanese firms in various Southeast Asian countries. Moreover, by transferring manufacturing industries to the region, the Go South policy helped develop production networks and value chains dominated by Taiwanese investors and their local partners during the 1990s and early 2000s.²⁷

Chen analyzed that these deliberate policies reflect Taiwan's aggressive effort to seize the chance to continue advancing Taiwan's position in the capitalist world economy through internationalizing state-business relations, not during a period of global economic contraction, as world-system theory suggests for peripheral economies, but during an expansionary period in the Asia-Pacific region.²⁸

Glassman focused on the Taiwan government launching the NSP to offset Taiwan's substantial investments in China by strengthening ties with Southeast Asia. Furthermore, Taiwan has invested in northern Thailand, and the effects of the NSP remain uncertain throughout the country.²⁹ As discussed, Taiwan's southern neighbors, including more affluent Southeast Asia, have developed into attractive Taiwanese trade and investment markets. Additionally, Taiwan views Thailand as a critical link in its southward strategy.

People-to-People Connectivity

There are at least three meanings to the people-to-people connectivity. First, it is a metaphorical paver that provides a firm social and public opinion foundation to establish sound interstate relations. If violence is the final resort in international affairs, culture is always the first tool utilized. Second, it is a delicate method with a greater emphasis on humanities than other

²⁵ Joseph E. Stiglitz, "Some Lessons From the East Asian Miracle", *The World Bank Research Observer*, vol.11, no. 2 (1996).

²⁶ Gerald Chan, "Sudpolitik: the Political Economy of Taiwan's Trade with Southeast Asia", *The Pacific Review*, vol. 9, no. 1 (1996), p. 99.

²⁷ Tsun-tzu Kristy Hsu, "A Review of Taiwan's Old and New Go South Policy: An Economic Perspective", *Prospect Journal*, vol. 18 (2017).

²⁸ Jie Chen, *Foreign Policy of the New Taiwan: Pragmatic Diplomacy in Southeast Asia* (Cheltenham: Edward Elgar Publishing, 2002), p. 463.

²⁹ Jim Glassman, *Bounding the Mekong: the Asian Development Bank, China, and Thailand* (Honolulu: University of Hawai'i Press, 2010).

methods such as trade transactions and military relations. Thirdly, it is a social practice that is difficult to replace. It is less costly to trade and the military but encompasses larger areas and scales and involves more participants. Finally, it might be claimed that the people-to-people connectivity is less constrained by location and time and is, therefore, more likely to facilitate the formation of solid social foundations for public opinion between the involved countries.³⁰

According to Ferenczy and Jerzewski, Taiwan has developed unique and effective engagement methods with its international partners, strengthening people-to-people ties. In the Taiwanese context, people-centric legislative diplomacy enables a more obscure strategy of semi-official engagements, allowing the country to avoid immediately provoking the Chinese Communist Party (CCP)'s backlash and resistance. Furthermore, it contributes to Taiwan's international exposure among political elites and the general public, resulting in a more sustainable approach.³¹

Yang noted that the Taiwanese government emphasizes a people-to-people foreign policy. This approach avoids sensitive issues that could provoke retaliation from China. However, this does not mean the government has wholly abandoned economic cooperation. In contrast, Taiwan's administration constantly works to build economic relations, but the absence of formal relations and China's interference impede economic progress. As a result, the push for people-to-people connectivity has gained significance.³²

According to scholars at this school, the education and tourist exchanges have made more progress than economic cooperation with South Asian countries. The people-to-people connectivity approach recognizes Taiwan's cultural ties to the region.³³ This policy aims to (re)establish ties between Taiwanese and Southeast Asian peoples. Its objective is to draw attention to Taiwan's historical ties to the region.³⁴ Taiwan is not only introduced to Southeast Asia through this policy. In addition, it introduces Southeast Asian culture to Taiwanese daily life.

³⁰ Yong-tao Liu, "People-to-People Exchanges in Chinese Diplomacy: Evolutions, Strategies, and Social Practice", *Stosunki Międzynarodowe*, vol. 51, no. 4 (2015), pp. 240-41.

³¹ Marcin Jerzewski and Zsuzsa Anna Ferenczy, "Legislative Diplomacy: A key to Taiwan's People-Centric Engagement with the World," in *Common Wealth*, December 13, 2021, <https://english.cw.com.tw/article/article.action?id=3137>.

³² Alan H. Yang, "Unpacking Taiwan's Presence in Southeast Asia: The International Socialization of the New Southbound Policy", *Issues & Studies*, vol. 54, no. 1 (March 2018), p. 13.

³³ Mumin Chen and Saheli Chattaraj, "New Southbound Policy in India and South Asia", *Prospect Journal*, vol. 18 (2017).

³⁴ Ja Ian Chong, "Rediscovering an Old Relationship: Taiwan and Southeast Asia's Long, Shared History", *National Bureau of Asian Research (NBR)* in Washington, D.C. (2018), <https://www.nbr.org/publication/rediscovering-an-old-relationship-taiwan-and-southeast-asias-long-shared-history/>.

The people-to-people connectivity aims to reform Taiwan's human resource base, fostering more significant ties with Southeast Asia. The government provides a stipend to new residents and their children. In Taiwan, these individuals are cross-border spouses. The majority of these immigrants originated from Southeast Asia. The government anticipates that these young people will help strengthen ties between Taiwan and the Southeast Asia countries.³⁵

Taiwan's economic activities may be aided by the island's vast population of Southeast Asian immigrants. This community consists of second-generation families with members of Taiwanese and Southeast Asian descent and a substantial number of Southeast Asian students enrolling in Taiwanese schools and universities. This element mitigates some negative consequences of cultural differences in cooperative arrangements.³⁶

It was also emphasized by the scholars at this school that Taiwan played a significant influence in reorienting Thai labor migration. Taiwan began importing contract workers from Thailand in 1990, and Taiwan is also a popular destination for Thai laborers, owing to its high wages and appreciating currency.³⁷

Since Thailand and Taiwan have unofficial diplomatic relations, the people-to-people connectivity between the two sides primarily focuses on non-political issues such as economics and social culture contexts. Thailand and Taiwan governments remain the main actors, but both are constrained to function. As a result, non-state actors must also be involved. Thai students and other non-state actors such as Thai workers, Thai spouses, and Thai business people are expected to assist state actors in establishing such relationships.

1.8 Analytical Framework

This study examined the substantive relationship between Thailand and Taiwan in this challenging time. Several important concepts in international relations will be discussed in this section. This section will introduce the realist, liberal, and soft power concepts.

³⁵ Alan H. Yang, "Unpacking Taiwan's Presence in Southeast Asia: The International Socialization of the New Southbound Policy", *Issues & Studies*, vol. 54, no. 1 (March 2018), p. 17.

³⁶ Nhan Thanh Thi Hoang, Hoan Quang Truong, and Chung Van Dong, "Determinants of Trade Between Taiwan and ASEAN Countries: A PPML Estimator Approach", *SAGE Open*, vol. 10, no. 2 (2020), p. 12.

³⁷ Ching-lung Tsay, "Taiwan: Labor Importer", *ASEAN Economic Bulletin*, vol. 12, no. 2 (1995); Ching-Lung Tsay and Ji-ping Lin, "Impacts of Labor Importation On The Unemployment of Local Workers: An Exploration Based On Survey Data", Paper Presented at the Proceedings of the International Workshop on International Migration and a Structural Change in the APEC Member Economies, Chinese Taipei, October 19-20, 2000.

1.8.1 International Relation Theory

In international relations, realism is the most enduring model. It is the result of a lengthy historical and philosophical history. It is premised on the theory that individuals are self-centered and power-hungry. Individuals are grouped into states, each of which cohesively pursues its own national interest, as defined by its power.³⁸ These nations function inside an anarchic international environment devoid of hierarchical authority. In this state of anarchy, states in the international system can only rely on themselves. Consequently, their principal objective is to minimize their susceptibility to the anarchic system. They heavily rely on the balance of strength and deterrence to preserve an intact and non-threatened international order.³⁹

According to Art and Jervis, political realism holds that politics, like society as a whole, is governed by objective norms rooted in human nature. To reform society, one must first comprehend its governing laws. Due to the insensitivity of these regulations to men's desires, men will only fight them at the risk of failure. Max Weber, another renowned German social scientist, observed that men's behavior is directly influenced by their "interests." The concept of interest expressed in terms of power characterizes political realism uniquely. Thus, realism and neo-realism maintain that their basic concept, power, is an objective and universally valid category. However, they do not supply this notion of a permanent solution.⁴⁰

Among the several reinterpretations of realism, as defined by Kenneth Walt, whose critiques embody what is referred to as defensive realism. He supports the power materialist concept, which holds that institutions, ideas, complex interdependence, and regimes can have autonomous effects but eventually revert to power politics. Considered the state of being a business that must strive for survival, emphasizing the economic dimensions of foreign relations to comprehend them.⁴¹ Consequently, competition for market share does not need to be incorporated into traditional power politics; it has already become a fundamental element.

Mastanduno argues that economic and security relations are inextricably linked at both the state and systemic levels of analysis. Economic relations are viewed as a tool of state power

³⁸ Scott Burchill, "Realism and Neo-realism", in Scott Burchill and Andrew Linklater, eds., *Theories of International Relations* (New York: Palgrave Macmillan, 1996), p. 70.

³⁹ Karen A. Mingst, *Essentials of International Relations* (New York: W.W. Norton & Co., 2003), pp. 67-68.

⁴⁰ Robert J. Art, Robert Jervis, *International Politics: Enduring Concepts and Contemporary Issues* (New York: Pearson Education Inc., 2005).

⁴¹ John F. Copper, "Believe Realist Theory and Say Good-Bye to Taiwan?", *American Journal of Chinese Studies*, vol. 21, no. 2 (2014).

by state leaders. Realists anticipate security allies to engage in cooperative economic relations at the systemic level, while security adversaries will exercise caution when trading with the enemy and, in extreme cases, engage in economic warfare against one another.⁴²

In a low-risk environment, state leaders will seek to foster economic cooperation to maximize the absolute benefits of economic exchange. However, as threats and security uncertainty grow, state leaders become more concerned about relative gains or the possibility that, while both parties benefit from the economic exchange, a potential adversary may benefit proportionately and thus pose a more formidable security threat than it would have otherwise.⁴³ In short, realists anticipate that economic connectivity will be shaped by security concerns, for better or worse.

In the international political economy, liberalism is an important idea. Nowadays, most international economic organizations and state economic policies are influenced by liberal ideas. If permitted to operate freely, liberalism also assumes that foreign economic connectivity can be mutually beneficial and a zero-sum game.⁴⁴

Liberalism maintains that human nature is fundamentally good and that this inherent goodness enables society's growth. According to Immanuel Kant, humans will eventually learn to avoid war, albeit the path will not be simple. Liberalism in the nineteenth century reconstructed the rationality of the 18th century Enlightenment by emphasizing democracy over aristocracy and free trade over national economic self-sufficiency.⁴⁵

Robert O. Keohane illustrates that, since 1970, liberalism has been reincarnated as neoliberalism. According to neoliberal ideology, individuals have no natural predisposition to collaborate due to their species' natural features. The prisoner's dilemma, in which it was in the self-interest of both parties to collaborate, provides neoliberals with a rationale for cooperation in a system devoid of such norms. This type of collaboration occurs as a result of the fact that cooperation is in the best interests of all parties involved.

⁴² Joanne Gowa, *Allies, Adversaries, and International Trade* (New Jersey: Princeton University Press, 1994); Michael Mastanduno, *Economic Containment: Cocom and the Politics of East-West Trade* (New York: Cornell University Press, 1993).

⁴³ Joseph M. Grieco, *Cooperation among Nations: Europe, America, and Non-tariff Barriers to Trade* (New York: Cornell University Press, 1990).

⁴⁴ Theodore H. Cohn, *Global Political Economy: Theory and Practice* (New York: Longman, 2016), pp. 94-95.

⁴⁵ Karen A. Mingst, *Essentials of International Relations* (New York: W.W. Norton & Co., 2003), pp. 63-64.

Institutions can be formed that influence the possibility of cooperation, but they do not ensure cooperation. Instead, institutions guarantee a framework for connectivity; they imply the possibility of future encounters. These contacts will occur across various international concerns, including economic ones. Institutionalism among Neo-liberals provides a comprehensive foundation for comprehending the state's activity. It assumes that states act in their own self-interest and focuses on broad institutional characteristics that can influence a state's ability to negotiate mutually beneficial solutions. Self-interested individuals coordinate their conduct to achieve joint gains in the context of conventions, regulations, and practices that govern activities and establish expectations.⁴⁶

Neo-theoretical liberalism's framework is based on integration, interdependence, and regimes. Since the postwar era, interdependence has been the defining element of global politics. Economically and technologically, the world has become increasingly intertwined. Interdependence refers to circumstances in which countries or actors in separate countries have reciprocal impacts. Interdependence does not always imply an equitable profit allocation among the involved parties. The term "asymmetric" refers to a situation in which one actor is less dependent on the other, and this relationship might be leveraged to resolve an issue. With globalization, countries are confronted with the issue of adapting to the fast-paced changes in the global economy.⁴⁷

Interdependence is a mutual dependency between two or more parties; it can be asymmetrical or symmetrical, but it always results in consequences or reciprocal effects for all parties as a result of the actions of any one party. Furthermore, it is necessary to comprehend the concepts of sensitivity and vulnerability to ascertain how parties would be impacted by their interdependence relationships.⁴⁸

According to Smith and Schumpeter, Commercial Pacifism rests on the premise that market societies are inherently anti-war. They highlight the pacifying effects of markets and commercial capitalism on the global community. They believe that representative government contributed to the establishment of peace, but commerce is the actual cause of peace. Adam Smith clearly stated this concept, which Joseph Schumpeter expanded into the general theory of capital

⁴⁶ Robert Axelrod and Robert O. Keohane, "Achieving Cooperation Under Anarchy: Strategies and Institutions", *World Politics*, vol. 38, no. 1 (October 1985).

⁴⁷ Robert O. Keohane and Joseph S. Nye, *Power and Interdependence* (London: Scott Foresman and Company, 1989).

⁴⁸ Ibid.

pacifism. According to Adam Smith, the pursuit of money not only gratifies human needs but might even lead to moral perfection if adequately organized. A “natural liberty” system in which the state respects fundamental freedoms enable individuals to form cooperative, productive companies and meet consumer needs. Smith argues for the economic prosperity of free enterprise and, as a liberal political and moral economist, for the effect of commerce on individual and state prosperity.⁴⁹

It is interesting to note that Thailand’s relationship with China and Taiwan represents official and unofficial advocacy while altruistically advancing Thailand’s national interests. Such a desire to reimagine the connection between the two parties is consistent with the tenets of political realism and human behavioral theories.

China will always adhere to its “One-China policy” rationally. China can sustain and project its political influence through this notion. On the other hand, Taiwan would seek recognition as a democratic state with a market economy. Under its foreign policy framework of development diplomacy, Thailand would always consider it prudent to engage with China and Taiwan in whatever way possible, consistent with its international obligations.

1.8.2 Soft Power

According to Nye, “soft power” or “co-optive power” is the capacity to achieve goals through the attraction and persuasion of others.⁵⁰ While the bulk of soft power research conforms to this definition, other researchers extend the notion of soft power beyond countries to encompass regions, organizations, and even people.⁵¹ Soft power is a country’s potential to deploy its material power resources.⁵²

Lin contends that Taiwan considers soft power a far larger term than Nye’s original definition, excluding economic power. The idea is that “soft power is an umbrella that incorporates power factors other than military strength and punitive penalties that improve a country’s allure. These factors include culture, political system, the openness of the information society, education, ideology, economic models, economic competitiveness, innovation in information technology,

⁴⁹ Adam Smith, *Wealth of Nations*, H.R. Campbell and A.S. Skinner, eds., (Oxford: Oxford University Press, 1976), p. 412.

⁵⁰ Joseph S. Nye, *Soft power: The Means To Success In World Politics* (New York: Public Affairs, 2004).

⁵¹ Hong-ying Wang and Yeh-chung Lu, “The Conception of Soft Power and Its Policy Implications: A Comparative Study of China and Taiwan”, *Journal of Contemporary China*, vol. 17, no. 56 (2008).

⁵² Xuetong Yan, “中国软实力有待提高 (trans. The path for China to Increase its Soft Power)”, *China and World Affairs*, no. 2 (2007).

foreign investment, and artificial international intelligence.⁵³ According to the concept, culture has been used to bolster the state's soft power. According to Hudson, culture influences foreign policy decisions in three ways: first, culture is the organization of meaning; second, culture is the value of preference; and third, culture serves as a model for human strategy. In addition, culture can be considered a force that shapes and influences the perspectives of foreign relations actors. Thus, culture became a diplomatic tool and a vital link between sending and receiving societies.

As we find a previously overlooked source of soft power—economic temptation—if state A provides economic opportunity to state B, then state B will refrain from provoking state A on non-economic topics. Thus, state A exerts soft power over state B by influencing it to adopt policies that are advantageous to state A. Nye agrees with the concept that economic pressure can be transformed into either hard or soft power: sanctions can be employed to exert pressure on a nation, while prosperity can be used to attract them. However, economic temptation from state A to state B, as a perception by state B that there are enormous opportunities for benefiting from economic ties with state A and enormous losses from harming such ties with state A, is neither a form of coercion nor payment from state A to state B, but an invisible force of attraction for state B to change its behaviors voluntarily, and thus a form of soft power by state A over state B.⁵⁴

Scholars have discussed the most crucial soft power resource. For instance, Gao argues that culture is the core of soft power.⁵⁵ Yan, however, considers political value as the primary source.⁵⁶ Nevertheless, Taiwan's economic and socio-cultural sectors are appealing resources, and Taiwan should make better use of them to strengthen its soft power.

Kurlantzick argues that soft power can be high in level, directed at political elites, or low in power level, directed at the general public. These two soft power components are distinct for two reasons. First, a high level of soft power is more direct than a low level since political elites may exercise a more significant direct effect on policymaking than the larger public. Another view

⁵³ Bih-jaw Lin, "Wielding Soft Power to Open a New Round in the Cross-Strait Relations", *The China Times* (Taipei), May 12, 2004, p. A15.

⁵⁴ Janice Bially Mattern, "Why Soft Power isn't so Soft: Representational Force and the Sociolinguistic Construction of Attraction in World Politics", *Millennium*, vol. 33, no. 3 (2005), p. 588.

⁵⁵ Zhanxiang Gao, *Cultural Power*, (Beijing: Beijing University Press, 2007).

⁵⁶ Xuetong Yan, "中国软实力有待提高 (trans. The path for China to Increase its Soft Power)", *China and World Affairs*, no. 2 (2007).

is that soft power in the hands of high-ranking politicians does not always imply soft power in the hands of the broader public.⁵⁷

While Huang and Ding add a layer of soft power at the middle level, targeting interest groups has a more significant direct impact on a country's decisions than the general public but less than high-level political elites. Business associations, ethnic groups, labor unions, and non-governmental organizations are all examples of interest groups.⁵⁸

The scholars argue that there are three virtual channels through which a country can use soft power to influence another country: formal diplomacy, economic diplomacy, and public diplomacy. Taiwan has engaged in "economic diplomacy," which entails deploying significant economic resources for international support. This significant expansion of economic ties began in early 1990 when the Go South policy was implemented. President Lee launched the strategy to reduce Taiwan's economic dependence on China.⁵⁹ As a result, Taiwanese businesspeople were encouraged to invest in Southeast Asian countries, including Thailand, and conduct business under this strategy.

Along with the investment, Taiwan has used development aid to strengthen ties with Southeast Asian countries. In fact, development aid has become one of the three most prominent aspects of Taiwan's economic profile in Southeast Asia.⁶⁰ Taiwan's government dispatched its first foreign agriculture mission in the 1950s. The government merged the two committees in charge of technical assistance and financial cooperation in 1997, creating the International Cooperation and Development Fund (ICDF), which the MOFA administers. In 2001, the ICDF began offering humanitarian aid to developing countries in addition to its typical technical and economic assistance.⁶¹

Taiwan has been attempting to incorporate "public diplomacy" into its overall foreign policy. President Chen Shui-bian advocated the concept of people diplomacy. This idea speaks,

⁵⁷ Joshua Kurlantzick, *China's Charm: Implications of Chinese Soft Power*, vol. 47 (Washington D.C.: Carnegie Endowment for International Peace, 2006).

⁵⁸ Yan-zhong Huang and Sheng Ding, "Dragon's Underbelly: An Analysis of China's Soft Power", *East Asia*, vol. 23, no. 4 (2006).

⁵⁹ Wen-cheng Lin, "The Limits of Democratic Appeal and Economic Leverages: Relations with ASEAN Countries", in Steven Tsang, ed., *Taiwan and the International Community*, (Bern: Peter Lang AG International Academic Publishers, 2008), p. 193.

⁶⁰ Jie Chen, *Foreign Policy of the New Taiwan: Pragmatic Diplomacy in Southeast Asia* (Cheltenham: Edward Elgar Publishing, 2002), p. 107.

⁶¹ Hong-ying Wang and Yeh-chung Lu, "The Conception of Soft Power and its Policy Implications: A Comparative Study of China and Taiwan", *Journal of Contemporary China*, vol. 17, no. 56 (2008), p. 443.

on the one hand, to the participation of Taiwanese individuals in global activities. Nonetheless, there are similarities between this concept and Nye's conception of public diplomacy. It helps Taiwanese citizens communicate with their counterparts in other countries, strengthening Taiwan's international appeal.⁶²

Furthermore, Taiwan's investment in education is a perpetual enterprise. For example, the MOE, MOFA, and the National Science Council established the Taiwan Scholarship Program for international students in 2003. As a result, by the 2019 academic year, the total number of international degree-seeking students had surpassed 63,000, and the total number of international students had crossed 130,000 for the first time, confirming Taiwan's excellent record of fostering international talent.⁶³

Taiwan views this as an opportunity to boost its reputation as the authentic representative of Chinese culture, including the Chinese language. In addition, Taiwan's Mandarin education strategy has been reconsidered due to the increased global interest in the language. Consequently, by the end of 2020, there were 62 Mandarin Chinese Language Centers affiliated with Taiwanese universities offering a year-round range of Chinese courses to suit all ages, interests, and study objectives, up from 13 in 1996.⁶⁴

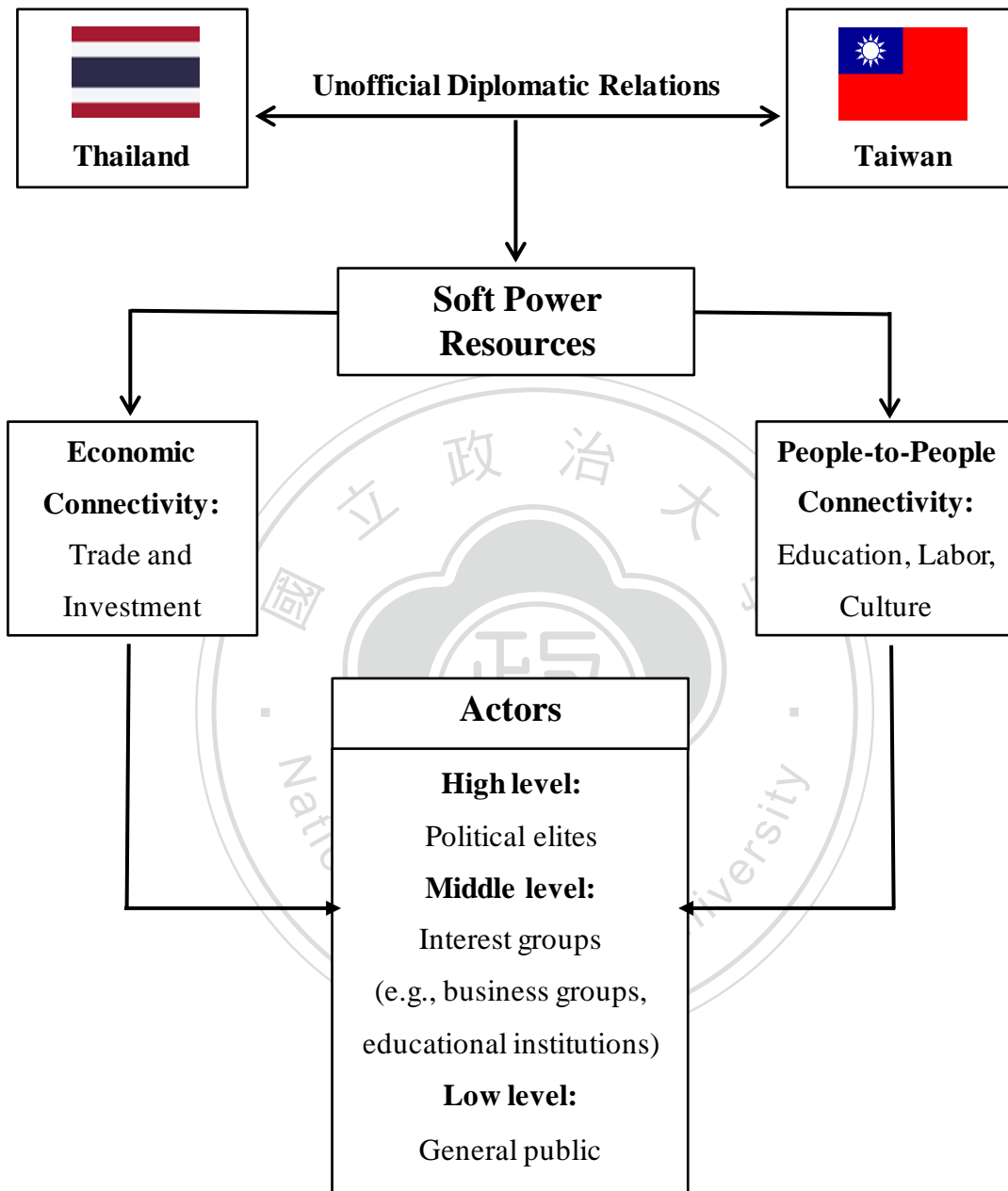
Compared to Taiwan's history, economic prosperity has been engrained in Taiwan's soft power of its image throughout Asia. Therefore, its economic experience will determine Taiwan's worldwide desirability, albeit this will most likely be accomplished via investment networks. Meanwhile, Taiwan's image is bolstered via people-to-people diplomacy. The Taiwan government is responsible for promoting the Taiwanese new brand while also navigating the shifting global landscape brought on by China's rising political, economic, and cultural spheres.

⁶² Ibid., p. 444.

⁶³ MOE, *International Students Come Together to Taiwan, Where the One-Hundred Thirty Thousand Overseas Student Mark has been Passed*, January 1, 2021, <https://english.moe.gov.tw/cp-117-25416-d8868-1>.

⁶⁴ MOE, *Chinese Language Centers in Taiwan*, February 3, 2021, <https://english.moe.gov.tw/cp-23-24206-13c8a-1.html>.

Figure 1.2: Proposed Framework on Thailand and Taiwan Soft Power Model



As shown in figure 1.2, Thailand and Taiwan have maintained unofficial diplomatic relations since 1975. Despite this, Thailand and Taiwan use their own soft power resources to promote close relations and cooperation in the areas of economics, investment, education, labor, and culture between the two sides.

Thailand's soft power goals are to play a constructive and responsible role in international communities, strengthen Thailand's economic competitiveness and cooperation, foster international confidence in and a positive image of Thailand, and promote understanding and participation in foreign policy affairs. In addition, Thailand has promoted large-scale investment through its Thailand 4.0 project, which intends to foster an innovation-driven economy and develop its eastern seaboard. The mission focused on smart cities, smart manufacturing, and intelligent information security, emphasizing investment in the EEC, support for Thailand 4.0, and investment in smart cities.

In addition, the Thai government's policy aims to revolutionize the potential of the 5F culture by increasing the value of the creative economy and upgrading Thai arts, such as Thai Food (Food), Thai Film and Video (Film), Thai Fashion Design (Fashion), Thai Martial Art (Fighting), and Thai Traditional Festival (Festival); as core business groups that strengthen other industries through the use of soft power, which Thailand employs to build its reputation.⁶⁵

While Taiwan's soft power policy prioritizes economic cooperation and intercultural exchanges, Taiwan's government has prioritized developing Taiwan's foreign trade and drawing inward FDI. Accordingly, the MOFA and its overseas missions have prioritized promoting Taiwan's foreign trade and recruiting inward FDI.⁶⁶ Taiwan is also involved in bilateral infrastructure development projects with Thailand across education, agriculture, science, and technology. These programs contribute to Thailand's economic and social growth by increasing average earnings and raising living standards. In addition, the MOFA provides advisory and consulting services to assist in implementing cooperative projects in agriculture, information technology, and vocational training through its abroad technical missions and project managers.⁶⁷

Consequently, the governments of Thailand and Taiwan have taken up the banner, strengthening economic and people-to-people connectivity between the two sides. They contribute to the growth of FDI, offer enterprises opportunities for international trade and investment, and boost cultural attractiveness at the high, middle, and low levels. As Thailand and Taiwan have unofficial diplomatic relations, the political elites cannot exert a more significant direct impact on policy decisions. Thus, soft power is directed at the middle level (the interest groups), and the low level (the general public) seems more effective than soft power directed at high-level political elites.

⁶⁵ Paul Rujopakarn, "Government Eyes Soft Power as Revenue Source", *National News Bureau*, March 13, 2022, <https://thainews.prd.go.th/en/news/detail/TCATG220313171829419>.

⁶⁶ MOFA, *Economic and Trade Diplomacy*, <https://en.mofa.gov.tw/cl.aspx?n=1304>.

⁶⁷ MOFA, *Official Development Assistance*, <https://en.mofa.gov.tw/cp.aspx?n=1579>.

1.9 Structure of the Study

This thesis is divided into six chapters. It follows the introduction with an overview of the research motivation, objectives and questions, and the limitations and delimitations of the study. It also reviews relevant literature involving changes in domestic and regional economies, dynamics of economic cooperation and people-to-people connectivity, and theoretical framework.

Chapter two examines China factors behind Thailand and Taiwan relations. It provides an overview of Thailand and Taiwan relations, analyzes the relationships between Thailand and China and the Cross-strait relations to understand how China-related factors affect Thailand and Taiwan relations, and discuss Thailand's balancing act in its relations with Taiwan and China.

Chapter three discusses Thailand and Taiwan economic relations in trade and investment since 1990. This chapter examines the successful and limited elements of bilateral relations, such as economic linkages between Thailand and Taiwan as well as Taiwanese investors in Thailand. Furthermore, this chapter covers the economic interests of the two sides

Chapter four discusses Thailand and Taiwan people-to-people relations in education, labor, and culture since 1990. This chapter examines the successful and limited elements of bilateral relations, such as Thai workers in Taiwan, educational collaboration, and cultural exchanges. This chapter also discusses the people-to-people interests shared by Thailand and Taiwan.

Chapter five examines the review of Thailand and Taiwan relations from the beginning of the 1990s, highlighting the opportunities and challenges inherent in developing the bilateral relationship between the two sides. Furthermore, this chapter looks forward to the future of ties between Thailand and Taiwan.

Finally, Chapter six summarizes the significant findings and makes recommendations for Thailand and Taiwan relations in light of a changing global environment and the unofficial relations.

CHAPTER 2

CHINA FACTORS BEHIND

THAILAND AND TAIWAN RELATIONS

The primary goal of this chapter is to examine China factors behind Thailand and Taiwan relations. It provides an overview of Thailand and Taiwan relations, analyzes the relationships between Thailand and China and the Cross-strait relations to understand how China-related factors affect Thailand and Taiwan relations, and discuss Thailand's balancing act in its relations with Taiwan and China.

2.1 Historical Context and Background: Thailand and Taiwan Relations

Thailand established official relations with the Nanjing-based government of the ROC in 1946, and both signed friendship treaties. Returning to Taiwan in 1949, it considered Thailand a frontline state in Southeast Asia.⁶⁸ As a result, the Kuomintang troops who fled to northern Thailand were stationed there.⁶⁹ In addition, Taiwan has used that area in past decades to dispatch special units into Yunnan province in China to carry out security subversion.

During the 1950s, Thailand and Taiwan became vital allies in anti-China and anti-Communist containment strategies orchestrated by the United States. The regime of Field Marshal Sarit Thanarat was highly authoritarian. He was pro-American and anti-Communist in foreign policy, maintaining Thailand's membership in the Southeast Asia Treaty Organization (SEATO) and increasingly relying on the United States military assistance to quell the threat of Communist insurgency.

In 1958, Thailand permitted Taiwanese forces and the United States aircraft to use the airport to deliver weapons to anti-Chinese forces in Tibet, presumably because air supply

⁶⁸ Jie Chen, *Foreign Policy of the New Taiwan: Pragmatic Diplomacy in Southeast Asia* (Cheltenham: Edward Elgar Publishing, 2002), p. 60.

⁶⁹ Previously, the Thai government did not welcome these displaced troops. However, Taiwan assisted Thailand in the early 1970s in putting down a Thai communist uprising in its northern area. King Bhumibol and the Thai government officially recognized and appreciated their contribution and as a result granted Thai citizenship to the displaced militaries and allowed to stay in Thailand.

operations could be carried out more efficiently if forward-based in Thailand.⁷⁰ Furthermore, Thailand had been a staunch supporter of Taiwan in the Two-China dispute at the United Nations (UN) between 1950 and 1960, when the UN discussed the issue.

On the front of diplomatic acknowledgment, the United States continued acknowledgment of the Chiang Kai-shek government influenced Thailand's diplomatic relations with Taiwan. For example, the Thai King Bhumibol, who had seldom left the country, traveled to Taiwan in June 1963, marking the first time he had done so since his enthronement in the 1940s. King Bhumibol and Queen Sirikit were warmly received by President Chiang Kai-shek and his wife, Madam Soong Mei-ling.⁷¹ In addition, King Bhumibol developed a close personal relationship with President Chiang Kai-shek, described as intimate as "son and father."⁷² As a result of this Taiwan's generous assistance to the agricultural projects initiated by the King, the royal family maintained its friendship with the Kuomintang government even after diplomatic relations were severed in 1975.⁷³

After the Thai King visited Taiwan, this was followed by a visit by Prime Minister Field Marshal Thanom Kittikachorn in 1967. Deputy Vice President Yen Chia-kan paid a reciprocal visit to Thailand in 1968, and Defence Minister Chiang Ching-kuo, who served as the president's special envoy, paid a visit to Thailand in May 1969. The defense minister responded that Thailand and Taiwan are defending a common united front against Communist aggression and enslavement. Moreover, he said the two nations are comrades-in-arms in defense of peace.⁷⁴

During the 1960s, the total trade turnover between Thailand and Taiwan increased from USD 61.75 million in 1960 to USD 362.16 million in 1969.⁷⁵ Furthermore, an overseas Thai Chinese, Mr. Lin Guo-chang, established the Mandarin Crown hotel as a sign of friendship between Thailand and Taiwan. According to former Premier Mao Chi-kuo, the Mandarin Crown was the second-largest international-level hotel in Taiwan in the 1970s, and Mr. Lin's efforts to

⁷⁰ John W. Garver, *The Sino-American Alliance: Nationalist China and American Cold War Strategy in Asia* (London: Routledge, 2015), p. 173.

⁷¹ "Royal Friends from Thailand", *Taiwan Today*, June 1, 1963, <https://taiwantoday.tw/news.php?unit=4&post=7196>.

⁷² Interview with Wei-yung Kou, former *Lianhe bao* (*United Daily News, Taipei*) correspondent based in Thailand, December 17, 1999.

⁷³ Jie Chen, *Foreign Policy of the New Taiwan: Pragmatic Diplomacy in Southeast Asia* (Cheltenham: Edward Elgar Publishing, 2002), p. 61.

⁷⁴ "Minister Chiang Ching-kuo in Thailand", *Taiwan Today*, June 1, 1969, <https://taiwantoday.tw/news.php?unit=4&post=5941>.

⁷⁵ Kuo-hsiung Lee, "The Republic of China and Southeast Asia: More Than Economy", in You-san Wang, ed., *Foreign Policy of the Republic of China on Taiwan: An Unorthodox Approach* (New York: Praeger, 1990), p. 83.

build the hotel stimulated Taiwan's tourism and increased job opportunities.⁷⁶ In addition, since the early 1970s, the Taiwan government has assisted in agricultural technology to the King's Royal Project Foundation, improving the livelihood of those living in the northern part of Thailand.⁷⁷

In 1971, the United Nations General Assembly (UNGA) recognized the PRC as "the only legal representation of China to the UN" and removed "the representatives of Chiang Kai-shek." from the UN.⁷⁸ Later, President Richard Nixon's 1972 visit to Beijing, which marked the start of a rapprochement between China and the United States, resulted in Taiwan losing its seat at the UN and an increasing number of countries switching their diplomatic recognition from Taipei to Beijing.

Meanwhile, the emergence of a democratic tendency in Thailand gave rise to a plurality of viewpoints on foreign affairs and China policy. As soon as the news of communist victories in Saigon and Phnom Penh reached Thailand, the democratically elected government of Prime Minister Kukrit Pramoj, in response to a UNGA decision, Thailand established diplomatic ties with the PRC as the sole legal government of China on July 1, 1975.

On June 25, 1975, Foreign Minister Chatchai Chunhawan summoned Admiral Ma Chi-chuang, Taiwan's Ambassador to Bangkok, to the MFA, where Foreign Minister Chatchai informed the ambassador that after the signing of the joint communique with Beijing, formal diplomatic relations between Thailand and ROC would come to an end. Accordingly, the Taiwanese ambassador said he would leave Bangkok before June 30, 1975. The Thai chargé d'affaires in Taiwan, Mr. Khanit Sricharoen, would fly back to Bangkok before July 1, 1975.⁷⁹

After the Taiwanese Embassy was closed down, Taiwan had hoped to establish a trade office in Thailand to handle unofficial relations similar to the Philippine arrangement. However, the Thai government remains firmly opposed to such a proposal. Foreign Minister Chatchai rejected establishing a Taiwan trade office in Thailand. He stated that a Taiwan trade office was

⁷⁶ Willis Wang, "An Analysis of ASEAN-Taiwan Relations Under Taiwan's Two Latest Presidents From 2008 to 2019", *LSE Undergraduate Political Review*, vol. 4, no. 2 (2021), p. 81.

⁷⁷ Sitthiphon Kruarattikan, "The Ties That Bind: King Bhumibol Adulyadej's Relations with Taiwan", Paper Presented at the International Conference on "Modern Taiwan and Southeast Asia: The 10th Anniversary of the Taiwan Study Research Center", International Conference Hall, National Taiwan Library, Taiwan, November 24, 2017.

⁷⁸ UNGA Session 26 Resolution 2758, *Restoration of the lawful rights of the People's Republic of China in the United Nations A/RES/2758(XXVI)*, October 25, 1971

⁷⁹ "Establishing Thai-Chinese Relations in the First Week of July", *Prachathipatai*, June 21, 1975, in Library and Archives Division, MFA POL7/PM2518/1, MFA, Thailand, p. 142.

unnecessary as businessmen of the two were confidential.⁸⁰ Therefore, Taiwan's trade office in Thailand did not seem to be in the cards.⁸¹ The Taiwanese representative in Thailand had to be conducted entirely through quasi-diplomatic channels. However, Thailand and Taiwan have significantly enhanced their status through renaming and expanding their functions and privileges. As a result, those institutions' names were changed to be more official, as illustrated in Tables 2.1 and 2.2.

In September 1975, the Taiwanese embassy was replaced by the representative of China Airlines in Thailand (Taiwan representatives consisted of five MOFA officials nominally assigned to the China Airlines office in Bangkok).⁸² After that, the office was renamed the Far East Trade Office in February 1980, the Taipei Economic and Trade Center in 1991, and then again in 1992 as the Taipei Economic and Trade Office. Finally, in 1999, it changed its present name to the TECO.

In fact, Taiwan representative offices use different names in different countries, for example, the Taipei representative office in Hungary. However, the representative offices of Taiwan around the world, including Thailand, operate the same functions as the embassy. It fosters bilateral economic, trade, investment, cultural, and educational ties. The MOFA manages all budgets.⁸³ It is a formal practice that Taiwan engages with other countries because of the political obstacle from China. Most countries accepted this kind of arrangement.

Taiwan's mission abroad, whether in states that maintained diplomatic relations with Taiwan or not, is staffed primarily by officials of the MOFA. Other government agencies that contributed officials include the Ministry of Economic Affairs (MOEA), the Minister of Education (MOE), the Government Information Office, the Overseas Chinese Affairs Office (OCAO), the Ministry of National Defense (MND), and the National Security Council.⁸⁴ The Taiwanese government considers the size of overseas offices when determining the number of officers to send on diplomatic missions. For example, TECO in Thailand consists of the Taiwanese representatives

⁸⁰ Wikileaks, "Thai/ROC Relations", Wikileaks Cable: 1975BANGKO18003_b, August 27, 1975, https://wikileaks.org/plusd/cables/1975BANGKO18003_b.

⁸¹ Wikileaks, "Thai/ROC Relations", Wikileaks Cable: 1975BANGKO12815_b, August 27, 1975, https://wikileaks.org/plusd/cables/1975BANGKO18003_b.

⁸² Wikileaks, "PRC Ambassador Chai Tse-min", Wikileaks Cable: 1978 BANGKO13331_d, May 10, 1978, <https://wikileaks.org/plusd/cables/1978BANGKO13331d.html>.

⁸³ Interview with Mr. Paul Shek, the former deputy representative of TECO in Thailand, Taipei, May 25, 2022.

⁸⁴ Lin-jun Wu, "Informal Diplomacy in a Formal Diplomatic World: The Survival Strategies of the Republic of China on Taiwan", Ph.D. dissertation (University of South Carolina, 1994), pp. 58-59.

from the MOFA, MOEA, and MOE in charge of the consular, economic, educational, and cultural divisions.⁸⁵

Meanwhile, the TTEO was established in June 1992 to serve as Thailand’s representative Office in Taiwan. The office’s primary functions are to foster close relations and cooperation in the economic, investment, education, and cultural sectors. In addition, TTEO provides other consular services, such as issuing visas to Taiwanese and other nationals traveling to Thailand, issuing new Thai national identification cards and passports, and providing necessary assistance to Thai nationals in need.⁸⁶

The main function of TTEO is to promote close relations and operations in three main areas; economic, education, and culture. This framework of relations which under the cabinet resolutions. The TTEO was formally established in 1992; the office was under the Thai Airways office; it was the same practice as many countries opened relations with Taiwan. For example, most ASEAN countries, such as Indonesia and Malaysia, used the airline offices as their representative offices in Taiwan.⁸⁷

Table 2.1: Taiwanese Representative Institution in Thailand (1975-present)

Names	Set-up date/Renaming date
Office of the Representative of China Airlines	September 1975
The Far East Trade Office	February 1980
Taipei Economic and Trade Center	1991
Taipei Economic and Trade Office (TETO)	May 1992
Taipei Economic and Cultural Office (TECO)	1999

Sources: the author synthesizes from many different sources

⁸⁵ Interview with Mr. Paul Shek, the former deputy representative of TECO in Thailand, Taipei, May 25, 2022.

⁸⁶ TTEO, *About the Office*, <https://shorturl.asia/32oKW>.

⁸⁷ Interview with Mr. Twekiat Janprajak, the executive directors of the TTEO, Taipei, June 20, 2022.

Table 2.2: Thai Representative Institution in Taiwan (1976-present)

Names	Set-up date/Renaming date
Thai Airways International Office	February 1976
Thailand Trade and Economic Office (TTEO)	June 1992

Sources: the author synthesizes from many different sources

During the military regime of Tanin Kraivichien, the high-ranking officials in the Thai government attempted to improve relations with Taiwan. Taiwan is visited by several prominent Thai figures between 1977 and 1978. For example, Mr. Shen Ke-chin, the Taiwanese representative, visited Thailand in November 1976 and was warmly received by Interior Minister Samak Sundaravej. In April 1977, Interior Minister Samak and Mr. Wattana Kiewvimol, a Thai National Reform Council member, gave a speech at Asian Peoples' Anti-Communist League (APACL) conference in Taipei. Interior Minister Samak also met with Premier Chiang Ching-kuo.⁸⁸

Furthermore, Mr. Konthi Suphamongkhon, former Thai ambassador to the United Kingdom and Secretary-General of SEATO, attended the Asia and the World Forum sponsored in Taipei a conference on ASEAN and East Asia in November 1977.⁸⁹ In addition, Dr. Thanat Khoman, former Thai foreign minister, attended the Asia and the World Forum's Northeast Asia and ASEAN seminar in Taipei in December 1978. Premier Sun Yun-suan warmly received Dr. Thanat and other foreign scholars.⁹⁰

General Prem Tinsulanonda changed Thailand's stance on the Indochina conflict after becoming Thai prime minister in March 1980. According to General Prem, the Cambodian issue had transformed from an interstate conflict to a power struggle between superpowers threatening Southeast Asia's stability. As a result, the Thai government refrained from greeting Taiwanese officials on their high ranking. The Thai royal family and the Thai senate's presidents, on the other hand, paid private visits to Taiwan. For instance, Crown Prince Maha Vajiralongkorn paid a visit to Taiwan in 1984; Princess Galyani Vadhana paid a visit in 1987; and Princess Maha Chakri

⁸⁸ President Chiang Ching-kuo's Cultural Relics, collection no. 005-030206-00069-014, Academia Historica, Taipei

⁸⁹ "Friends from ASEAN", *Free China Review*, February 1978, <https://www.taiwantoday.tw/news.php?post=5014&unit=4,29,31,45&unitname=Taiwan-Review&postname=Friends-from-ASEAN>.

⁹⁰ "Events from day to day", *Free China Review*, February 1979, <https://www.taiwantoday.tw/news.php?post=5112&unit=4,8,29,31,32,45&unitname=Taiwan-Review&postname=Events-from-day-to-day>.

Sirindhorn made a stop at Taipei international airport in 1983 on her way to Japan. While the two Thai senate presidents, Mr. Charubutr Ruangsuwan and Professor Ukrit Mongkolnavin, paid visits to Taiwan in 1983 and 1984.⁹¹

Thailand has become increasingly significant to Taiwanese investment. From 1984-to 1987, Thailand received 40 percent of Taiwan's total foreign investment in ASEAN. China is concerned by Thailand's and Taiwan's active cooperation. China is at least dissatisfied with Taiwan's growing influence in Thailand. Thailand has carefully informed China that relations between Thailand and Taiwan are primarily economic and include trade rather than politics. It is difficult for the Taiwan issue to emerge in Thailand and Taiwan relations, but it may be a factor in encouraging a more active Chinese role in economic diplomacy.⁹²

In August 1988, General Chatichai Choonhavan won the election. The new diplomatic strategy of Prime Minister Chatichai prioritized the economy. As a result, the new emphasis shifted to “turning battlefields into marketplaces,” a policy whose primary objective was boosting trade and searching for resources in Indochina.⁹³ Under the new directive, the MFA was required to maintain and expand links with significant trading and investment countries, including ASEAN, European Union (EU), Japan, South Korea, Taiwan, and the United States.⁹⁴

Thailand and Taiwan relations have grown more profound and broader during the tenure of President Lee Teng-hui since 1988. He laid the groundwork for the practice of pragmatic diplomacy. Taiwanese private business people have increased their investment and development efforts in Thailand, particularly in the north, since the early 1990s. As a result, Taiwan has made significant contributions to developmental projects in Thailand, including agriculture, transportation, infrastructure, and the northern hillside community.⁹⁵ At the same time, high-level

⁹¹ Sithiphon Kruarattikan, “ASEAN in the Eyes of Taiwan”, International Studies Paper, *MFA Thailand*, January (2022), p. 33.

⁹² Yong Deng, “Sino—Thai Relations: From Strategic Co-operation to Economic Diplomacy”, *Contemporary Southeast Asia*, vol. 13, no. 4 (1992), pp. 369-370.

⁹³ Theera Nuchpiem, “นโยบายต่างประเทศของไทยในยุคหลังสงครามเย็น (trans. Thailand's Foreign Policy in the post-Cold War” In Chaiyachoke Chulasiriwong, ed., *5 ทศวรรษการต่างประเทศไทย: จากความขัดแย้งสู่ความร่วมมือ (trans. 5 Decades of Thailand's Foreign Affairs: From Conflict to Cooperation)* (Bangkok: The Office of National Cultural Committee and Chulalongkorn University, 1993).

⁹⁴ Sora yuth Phrompote, “บทบาทของกระทรวงการต่างประเทศในปัญหาการค้าระหว่างประเทศ (trans. Roles of the Ministry of Foreign Affairs in International Trade Problems)”, Individual Study (Bangkok: National Defense College, 1992).

⁹⁵ Samuel C. Y. Ku, “Beyond Diplomacy: The Political Economy of Taiwan's Relations with Southeast Asia” in Weichin Lee, ed., *Taiwan's Political Re-Alignment and Diplomatic Challenges* (New York: Springer, 2019), p. 276.

Thai officials visited Taiwan in the 1990s, including Deputy Prime Minister Bhichai Rattakul met with President Lee in November 1990.⁹⁶

Thailand and Taiwan have established a system of annual bilateral economic talks at the ministerial level since 1991. According to Mr. Yu Sheng-ching, the founder and then-president of the Thai-Taiwan Business Association (TTBA), given the growing number of Taiwanese businesspeople investing in Thailand, it is still necessary to establish a legal person organization to pool the strength of Taiwanese businesspeople and to protect their rights and interests. The TTBA was officially created in October 1992, with the response and support of Taiwanese businesspeople in Thailand. The TTBA continued to service Taiwanese businesspeople in Thailand and served as a channel for Thai businesspeople interested in investing in Taiwan.

At the start of 1994, President Lee officially launched his “Go South policy.” This policy showed President Lee’s pragmatic diplomacy in advancing Taiwan’s relations with Southeast Asia. President Lee began vacation diplomacy trips to the Philippines, Indonesia, and Thailand after announcing his policy and arranging meetings and golf outings with regional leaders.⁹⁷ Taiwan has used vacation diplomacy to build informal contacts with governments that have no intention of severing ties with China.⁹⁸ At the time, Taiwan had no diplomatic relationships with these three countries, but President Lee’s first trip to the region was a powerful signal of his administration’s “Go South” commitment to ASEAN. It was also a major triumph for his pragmatic diplomacy.

At that time, Prime Minister Chuan Leekpai refused to see President Lee on his visit to Thailand but sent Deputy Prime Minister Amnuay Viravan on the task in 1994. Deputy Prime Minister Amunay, who was in charge of the economy, received President Lee informally at Blue Canyon golf club in Phuket.⁹⁹ Prime Minister Chuan deemed this conduct to be political manners because Thailand does not have diplomatic relations with Taiwan, and the Chinese embassy in Thailand has expressed opposition to President Lee’s visit. However, as Thailand maintains economic and people-to-people relations with Taiwan,

⁹⁶ President Lee Teng-hui’s Cultural Relics, collection no. 007-030207-00007-031, Academia Historica, Taipei.

⁹⁷ Edward A. Gargan, “Taiwan Pushes to Rebuild Its Position in Global Community”, *The New York Times*, June 26, 1994.

⁹⁸ Michael Leifer, “Taiwan: A Studied Exercise in Vacation Diplomacy”, *The New York Times*, February 11, 1994.

⁹⁹ Ong-ard Dejithirat, *เบื้องลึกเบื้องหลังความสัมพันธ์ไทย-ไต้หวัน ภายใต้นโยบายจีนเดียว (trans. Relations of Thai-Taiwan under One China Policy: background and Inside Stories)* (Bangkok: Thammasat University Press, 2008), pp. 216-218.

While King Bhumibol received President Lee at his Bangkok palace despite numerous official protests from China, they discussed agricultural cooperation for the Northern Thailand Royal Project during their 70-minute meeting. In addition, the king and President Lee agreed to boost technical cooperation between Taiwanese and Thai agricultural experts to achieve their shared aim of transforming opium fields in northern Thailand into fruit and vegetable crops.¹⁰⁰

China expressed displeasure and warned Thai leaders against meeting President Lee. According to Wu Jian-min, a spokesman for the Chinese Foreign Ministry, the relations with China would suffer if governments of countries with diplomatic ties to China endorsed President Lee's trips, regardless of their name or form.¹⁰¹ As a result, China canceled the National People's Congress (NPC) visit to Thailand and the Philippines. While Thailand softened its stance on welcoming Taiwan's leaders, Thai Foreign Minister Prasong Soonsi confirmed that President Lee's trip was unrelated to a political issue.

In April 1996, Taiwan and Thailand signed an investment promotion and protection pact, followed by a double taxation avoidance treaty in 1999. In addition, both parties involved the mutual acceptance of the legitimacy of legal systems, financial systems, currencies, and other ramifications. As a result, between 1996 and 1999, Taiwan ranked among Thailand's top five foreign investors. In contrast, Thailand must engage with Taiwan with caution because of China's economic importance. Therefore, between 1996 and 2001, Prime Minister Chavalit and Prime Minister Chuan could not accept invitations to meet with Taiwanese government officials.

During President Lee's tenure, he made a lasting impression on diplomatic relations between Thailand and Taiwan. However, in the face of increased Chinese diplomatic pressure, shifting regional politics, and the Asian financial crisis, it appeared that Taiwan's political and diplomatic relations with Thailand had begun clinging and striving to repeat the success of the previous stage.

Mr. Sawai Prammanee, chairman of the Senate Standing Committee on Labor and Welfare, headed by Thailand's ten-member team, visited Taiwan and met with President Chen Shui-bian in 2000, demonstrating the two sides' warm bilateral cooperation. In addition, the pattern of private visits appears to have been maintained throughout President Chen's administration. For example,

¹⁰⁰ Bo-jiun Jing, "Taiwan and Southeast Asia: Opportunities and Constraints of Continued Engagement", *Maryland Series in Contemporary Asian Studies*, vol. 2 (2016), p. 17.

¹⁰¹ "China lashes at Taiwan's vacation diplomacy", February 7, 1994, *UPI Archives*, <https://www.upi.com/Archives/1994/02/07/China-lashes-at-Taiwans-vacation-diplomacy/4724760597200>.

Foreign Minister Tien Hung-mao visited Thailand while serving as chairman of the ICDF in January 2001. The foundation was assisting the Thai government in developing plans for mountain development. Both Thailand and Taiwan appear to have anticipated furious protests from the Chinese government.¹⁰² Beijing instead demanded that Southeast Asian states adhere to the One-China policy, asserting that there is only one China and Taiwan is a part of China.

Later, Prime Minister Thaksin Shinawatra affirmed that Thailand connects with Taiwan on trade, not politics. The Thai government is pleased to warmly welcome the Taiwanese representatives from the business sector to strengthen bilateral economic relations. However, if the Taiwanese delegations come on behalf of the political representative, Thailand needs to be cautious. For example, Ms. Chu Chew, the chairman of the Council of Labor Affairs (CLA), arranged a time to observe the signing of an agreement regarding the employment of Thai workers. However, in December 2002, the Thai government refused to issue the visa to her.¹⁰³

Moreover, Legislative Yuan Vice President Chiang Ping-kung planned a trip to explore investment avenues in Thailand in January 2003. However, the Thai government could not issue visas to the delegation because it was a trip that the political representative headed. As a result, the Taiwanese delegation announced the cancellation of the trip to Thailand immediately.

A Taiwanese Foreign Ministry spokesman said the episode indicated “Bangkok’s servility to Beijing.” The Democratic Progressive Party (DPP) leaders urged Taiwan to halt new Thai workers, as it did in 2002. The Thai officials suggested that Legislative Yuan Vice President Chiang may return later. However, Vice President Chiang went on to visit Malaysia and the Philippines as planned, arguing that Taiwanese legislators are required to travel to countries where Taiwanese companies have made considerable investments to “get first-hand information about their problems and difficulties.”¹⁰⁴

Between 2001 and 2003, the value of Thai exports to Taiwan decreased from 67 percent to 46 percent. While the National Intelligence Agency (NIA) of Thailand warned in 2004 that China was leveraging FTAs with ASEAN member states to “Cut Taiwan out.” Although FDI was notably

¹⁰² Joseph Y. S. Cheng, “Sino-ASEAN Relations in the Early Twenty-first Century”, *Contemporary Southeast Asia*, vol. 23, no. 3 (2001), p. 445.

¹⁰³ Ong-ard Dejithirat, *เบื้องลึกเบื้องหลังความสัมพันธ์ไทย-ไต้หวัน ภายใต้ นโยบายจีนเดียว* (trans. *Relations of Thai-Taiwan under One China Policy: background and Inside Stories*) (Bangkok: Thammasat University Press, 2008), pp. 1 65-66.

¹⁰⁴ Lyall Breckon, “China-Southeast Asia Relations: Focus is Elsewhere, but Bonds Continue to Grow”, *Comparative Connections*, vol. 5, no. 1 (2003), p. 70.

different—Taiwan remained Thailand’s third-largest source in 2006—it became increasingly difficult to withstand Chinese pressure to reject Taiwan’s project bids.¹⁰⁵

Thailand’s internal economic development stagnated during the 2008 global financial crisis. As a result, Thailand’s trade with Taiwan declined in 2009. However, Thailand’s pragmatist investment policies, competent workforce, and open market ensure that Thailand continues to be a key hub for Taiwanese and other foreign enterprises. Furthermore, the Thai government is dedicated to helping all foreign partners, including its Taiwanese counterparts. In addition, Thailand was home to around 160,000 Taiwanese entrepreneurs and executives. Similarly, about 63,000 Thai workers have settled in Taiwan, and Thai people frequently participate in various events in Taiwan, including the Lantern Festival, the 2009 Kaohsiung World Games, and the Taipei Summer Deaflympics.¹⁰⁶

Thai citizens in Thailand and Taiwan have made small contributions to aid Taiwanese residents afflicted by the Typhoon “Morakot” in 2009. In addition, Thai-Taiwan intellectual exchanges have also occurred. For instance, National Chung Hsing University (NCHU) has developed collaborative relationships with many Thai universities and the Royal Project Foundation. Furthermore, in April 2012, the Deposit Protection Agency (DPA) of Thailand and the Central Deposit Insurance Corporation (CDIC) signed a memorandum of understanding (MOU) on financial cooperation, information sharing, and experience sharing. Both parties sought to strengthen their cooperation, and this MOU enables both institutions to work more efficiently toward our shared goal of developing and improving the deposit insurance system.¹⁰⁷

In September 2013, the TECO signed an MOU on Educational Cooperation with the TTEO. The agreement establishes a new precedent for Taiwan’s and Thailand’s cooperation in higher education. It offers a platform and mechanism for facilitating professor and student exchanges, awarding scholarships, transferring credits, recognizing advanced degrees, and staging educational exhibitions and academic seminars. Thailand and Taiwan have strong educational relations, including 421 collaboration agreements between their universities. In addition, both

¹⁰⁵ Benjamin Zawacki, *Thailand: Shifting Ground between the US and a Rising China (Asian Arguments)* (London: Zed Books, 2017), p. 124.

¹⁰⁶ “Thailand and Taiwan Enjoy Mutually Prospering Relations”, *Taiwan News*, December 5, 2009.

¹⁰⁷ “Taiwan, Thailand Sign MOU on Further Financial Cooperation”, *Taiwan News*, April 10, 2012.

sides share the hosting of the Higher Educational Forum. Taiwanese universities participate in Thailand's Higher Educational Exhibitions to recruit Thai students to Taiwan.¹⁰⁸

Furthermore, Taiwan Panorama was established in 1976 as a monthly publication. With intelligent text and beautiful photos, it chronicles Taiwan's ongoing political, economic, social, and cultural change. Initially published in a bilingual Chinese-English version, other editions in the Thai language were introduced during the Ma administration in December 2015 to satisfy the needs of a diverse readership.

After President Tsai Ing-wen won the election in January 2016, she increased rhetoric on the southbound initiative in high-profile speeches, reiterating her commitment to strengthening economic and people-to-people relations with the island's neighbors in Southeast Asia, South Asia, Australia, and New Zealand. Under pressure to succeed on her southward pivot, President Tsai highlighted the increase in trade, tourist, and educational connections between Taiwan and these countries, especially ASEAN, including Thailand, in the National Day address on October 10, 2017.¹⁰⁹

President Tsai was interviewed jointly by foreign media, including The Nation (Thailand), The Hindu (India), Kompas (Indonesia), The Sun (Malaysia), The Philippine Daily Inquirer (The Philippines), and The Straits Times (Singapore) May 2017. She mentioned, "the NSP is not about making a political statement in the region, but about how we can build more mutually beneficial relationships with the international community."¹¹⁰

Thailand and Taiwan relations have been growing more robust under President Tsai. For example, on March 20, 2018, during a Thai government-hosted conference titled 'Taking Off to New Heights,' Thailand explicitly invited Taiwan to participate in Thailand's economic policy known as Thailand 4.0. In addition, Dr. Kobsak Pootrakool, Thai Minister Attached to the Prime Minister's Office, expressed enthusiasm for Taiwan's food, electronics, biotechnology, agriculture, and other industrial technologies integrated into Thailand 4.0.

In addition, Deputy Prime Minister Somkid Jatusripitak emphasized the importance of Thailand-Taiwan cooperation, noting that Taiwan has taught Thailand a great deal about

¹⁰⁸ MOE, *Signing Ceremony for Agreement on Educational Cooperation between Taiwan and Thailand*, September 18, 2013, <https://english.moe.gov.tw/cp-13-15732-DC413-1.html>.

¹⁰⁹ Bo-jiun Jing, "Taiwan's Regional Strategy in Southeast Asia: Kicking the New Southbound Policy into High Gear", *National Bureau of Asian Research (NBR)* in Washington, D.C., vol. 31 (2018), p. 1.

¹¹⁰ Office of the President Website, *President Tsai's Opening Statement in Interview with Journalists from India, Indonesia, Malaysia, the Philippines, Singapore, and Thailand*, May 5, 2017, <https://english.president.gov.tw/NEWS/5132>.

manufacturing and agricultural skills. In August 2018, the Thai government presented Parmode Vidtayasuk, CEO of Management System Certification Institute (MASCI), with THB 100 million grant to work with Taiwanese textile industry firms; interestingly, because the words ‘Taiwan’ and ‘Thailand’ sound similar, the joint Thai-Taiwan project is named MIT2, which stands for ‘Made in Taiwan, Made in Thailand.’¹¹¹

The Board of Investment (BOI) of Thailand reported that Taiwan was the third-largest investor in Thailand after Japan and the United States, with cumulative investments of USD 14.6 billion between 1959 and 2018. In addition, the Federation of Thai Industries (FTI) and Taiwan’s Chinese National Federation of Industries (CNFI) signed seven MOUs in August 2019 regarding industrial cooperation. The signing of MOUs during the annual Thailand-Taiwan Industrial Collaboration Summit aims to improve Taiwanese enterprises’ ability to collaborate with Thai businesses in the food, textile, industrial, unmanned aerial vehicle, and smart city sectors.¹¹² Under the NSP, bilateral trade between Thailand and Taiwan reached USD 12.98 billion in 2021. Thus, Taiwan’s 9th largest trading partner in Thailand, while Thailand’s 12th largest trading partner in Taiwan.

As a result of the previous discussion, it is critical to reflect on what has been achieved and what obstacles are still outgoing to provide new ideas that will strengthen the relationship between the two sides in the following years. Thus, the research aims to analyze and evaluate the Thailand-Taiwan relationship to provide lessons learned and propose appropriate policies that could elevate Thailand-Taiwan relations to a higher level of understanding and cooperation.

2.2 Overview of Thailand-China Relations

2.2.1 Political Relations

Thailand and China relations strengthen through mid-1975. China pledged to stop backing communist militants, support Thailand in the United Nations Educational, Scientific and Cultural Organization (UNESCO) bid, and ease relations with Vietnam. China gave Thailand 125,000 tons of inexpensive oil during the global crisis and acknowledged the need for the United States’

¹¹¹ Willis Wang, “An Analysis of ASEAN-Taiwan Relations Under Taiwan’s Two Latest Presidents From 2008 to 2019”, *LSE Undergraduate Political Review*, vol. 4, no. 2 (2021), pp. 92-93.

¹¹² Central News Agency, “Taiwan, Thailand Sign Seven MOUs on Industrial Cooperation”, *Taiwan News*, August 20, 2019, <https://www.taiwannews.com.tw/en/news/3765556>.

engagement in Thailand¹¹³ With language packed with connotation, Premier Zhou Enlai referred to China as the “elderly relatives” of the Thais.¹¹⁴ Then, Prime Minister Kukrit declared that the Thai government would establish diplomatic relations with the PRC and request the evacuation of foreign forces within a year through peaceful negotiations.¹¹⁵

In July 1975, Prime Minister Kukrit made good on his promise by traveling to Beijing and reminding China that the contact between Thais and Chinese dates back thousands of years.¹¹⁶ China warned of the danger the United States vacuum could cause to the region and pushed Prime Minister Kukrit to normalize relations with Cambodia. President Mao Zedong talked with Prime Minister Kukrit for an hour and joked that Thais should stop calling communists. China would enable communists in each nation to maintain party-to-party ties but formally agreed to end official backing for the Communist Party of Thailand (CPT).

In December 1978, Vietnam invaded Cambodia. China entered Vietnam due to Vietnamese aggressiveness and Thai desire. The Chinese backed Thailand’s efforts to limit Vietnam and the Soviet Union’s influence. Thailand, which was significant for a logistics network, ultimately consented to the Chinese use of all transport facilities and territory to support the Khmer Rouge, and China made public comments that it would support Thailand in the event of an attack by Vietnam.¹¹⁷ Finally, in July 1979, the Chinese complied by shutting down the Voice of the Thai People Radio and reducing material support for the CPT.¹¹⁸ In addition, the two sides initiated regular military exchanges; the deputy chief of the People’s Liberation Army (PLA) visited Bangkok, while the chief of the Thai navy traveled to Beijing.

By the 1980s, China and Thailand had formed a close relationship, with some Thai leaders viewing China as a development model and source of military supplies. Thailand acquired cheap Chinese armaments, amounting to military gift aid.¹¹⁹ Therefore, Thailand and China have some

¹¹³ M.L. Bhansoon Ladavalya, *Thailand’s Foreign Policy Under Kukrit Pramoj: A Study in Decision-Making* (Michigan: University Microfilms Internationa, 1980), p. 286.

¹¹⁴ David Van Praagh, *Alone on the Sharp Edge: The Story of M.R. Seni Pramoj and Thailand’s Struggle for Democracy* (Bangkok: Editions Duang Kamol, 1989), p. 149.

¹¹⁵ Chi Shad Liang, *Thailand’s Foreign Policy: An Analysis of Its Evolution Since World War II*, Master Thesis (Singapore: Nanyang University, 1977).

¹¹⁶ Saner Chantra, “A Study in Thai-China Relations, 1945-75: From Outright Hostility to Tentative Friendship”, Doctoral Dissertation (California: Occidental College, 1976).

¹¹⁷ Michael R. Chambers, “‘The Chinese and the Thais are Brothers’: The Evolution of the Sino–Thai friendship”, *Journal of Contemporary China*, vol. 14, no. 45 (2005), pp. 614-15.

¹¹⁸ Saiyud Kerdphol, *The Struggle for Thailand: Counter-Insurgency, 1965-1985* (Bangkok: S. Research Center Company, 1987), pp. 166-67.

¹¹⁹ Anthony Smith, “Thailand’s Security and the Sino-Thai Relationship”, *China Brief*, vol. 5, no. 3 (2005).

of the most extensive military ties in the Southeast Asia region — second only to China’s military ties with Myanmar, a quasi-ally of China.

Throughout the 1990s, there was a growing concern about the actions of China in the South China Sea. However, the fact that Thailand has no direct maritime disputes with China has contributed to the increased prominence of economic attractions over apprehensions about Thailand’s policy toward China. Furthermore, the bilateral relations have remained healthy thanks to the relationships between the Thai royal family, the Chinese leaders, and the well-integrated Chinese community in Thailand. Princess Maha Chakri Sirindhorn was honored in March 2000 with China’s first Language, Culture, and Friendship Award in recognition of her efforts to spread the Chinese language and culture in Thailand and strengthen ties between the two countries.

In 2001, Thaksin Shinawatra was elected prime minister. As self-described “CEO” of Thailand, he consolidated authority and enacted significant structural changes. He exemplifies the domination of ethnic Chinese in all sectors of Thai society. Prime Minister Thaksin began shifting Thailand away from the American sphere of influence and toward the Chinese. During the tenure of Prime Minister Thaksin, bilateral ties on all fronts improved in quantity and caliber. In May 2001, there were arranged two trips by Prime Minister Thaksin to China in the same year, Premier Zhu Rongji described his time in Thailand as a “family visit to a relative” and quoted a song penned by Princess Sirindhorn: “China-Thailand friendship is like a friendship between brothers that will last for thousands of years and beyond.” On Prime Minister Thaksin’s second trip that year, he and Premier Zhu agreed to strengthen the longstanding bonds of friendship and establish strategic cooperation for the first time¹²⁰ An ex-U.S. ambassador stated that Thailand-China relations also benefited from “superficial engagement,” which the Thais enjoyed and for which Chinese officials were “stacked like cordwood” as explanations.¹²¹

In December 2001, at a Thai and Chinese Defense Ministers meeting, the two countries agreed to resume Chinese arms shipments to Thailand, conduct joint military training and exercises, and institutionalize annual defense talks.¹²² In 2002, China began panda diplomacy with Thai zoos and presented Thailand with a Buddha’s tooth as part of the festivities commemorating

¹²⁰ Benjamin Zawacki, *Thailand: Shifting Ground between the US and a Rising China (Asian Arguments)* (London: Zed Books, 2017), p. 52.

¹²¹ *Ibid.*, p.115.

¹²² Ann Marie Murphy, “Beyond Balancing and Bandwagoning: Thailand’s Response to China’s Rise”, *Asian Security*, vol. 6, no. 1 (2010), p. 15.

King Bhumibol's 75th birthday. In 2003, Prime Minister Thaksin co-founded Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS), a cooperation framework among Cambodia, Laos, Myanmar, Thailand, and Viet Nam to manage inevitable Chinese riparian interests in the region. China realized it was in its favor to engage with Mekong countries beyond the Greater Mekong Sub-region group.

According to Thai public opinion polls conducted in the early 2000s, the Thai public viewed China as Thailand's closest ally—one of the reasons Prime Minister Thaksin named China as one of the two most important countries for his administration's diplomacy.¹²³ Therefore, Prime Minister Thaksin deemed it appropriate in 2003 to accord President Hu Jintao the unique honor of receiving him with a state banquet in the royal family's palace.¹²⁴

China has also supported the Asia Cooperation Dialogue (ACD), a regional debate forum established by Prime Minister Thaksin, and has promised to host the third annual meeting in Qingdao on June 21-22, 2004.¹²⁵ In 2005, Prime Minister Thaksin met with Premier Wen Jia-bao to improve Thailand-China cooperation.¹²⁶ In addition, Thailand and China's high-level contacts have resulted in this pro-Chinese development. During the middle of the 2000s, Chinese officials visited Thailand at a rate at least twice that of their American counterparts.

China-funded the development of a USD 1.5 million language center at a northern Thai university in 2004 as part of its efforts to make Mandarin an official ASEAN language. In addition, it connected a university in the northeast with one in China to establish a center for language and cultural studies devoted to the study of Confusion. The United States remarked in 2006 that “the competition between Beijing and Taipei to influence Thailand's Chinese educational system may be coming to an end” due to plans between the two countries to standardize a Mandarin curriculum.¹²⁷

General Surayuth Chulanond, the military-installed Prime Minister, visited China in May 2007 and witnessed the signing of a procès-verbal launching Thailand's Joint Action Plan on Strategic Cooperation with China. At that time, no ASEAN member has yet to agree to such

¹²³ Joshua Kurlantzick, *China's Charm: Implications of Chinese Soft Power*, vol. 47 (Washington D.C.: Carnegie Endowment for International Peace, 2006), p. 8.

¹²⁴ *Ibid.*, p. 121.

¹²⁵ Marisa Chimprabha, “China Eager to Host ACD's 2004 Meeting”, *The Nation*, June 21, 2003.

¹²⁶ Busakorn Chantasawat, “Burgeoning Sino-Thai Relations: Heightening Cooperation, Sustaining Economic Security”, *China: An International Journal*, vol. 4, no. 01 (2006), p. 86.

¹²⁷ Benjamin Zawaacki, *Thailand: Shifting Ground between the US and a Rising China (Asian Arguments)* (London: Zed Books, 2017), p. 52.

a comprehensive Joint Action Plan with China.¹²⁸ The five-year strategic agreement, covering from 2007 to 2011, focuses primarily on fifteen subjects. For the goals of military cooperation, the June 2007 joint action plan calls for an increase in military training cooperation, as well as an increase in dialogue and exchanges of visits at all levels between the two forces, which are to build mutual trust and strengthen cooperation for the peace and stability of the two countries and the region.

In April 2008, the government of Samak Sundaravej, which Thaksin supported, appeased the Chinese authorities by ensuring that the Olympic torch relay passed through Bangkok without incident and by vehemently opposing any pro-Tibet, anti-Chinese protestors from disgracing Thailand and China. In response, China has refrained from intervening in Thailand's domestic problems. During this period, China dispatched the Chinese ambassador Guan Mu, who was fluent in Thai and had eighteen years of experience in Thailand. Thus, China had an advantage over the senior envoy of the United States embassy in Thailand.¹²⁹

During the administration of Abhisit Vejjajiva, Thailand's relations with its ASEAN neighbors fluctuated. However, in the post-Thaksin era, the relationship between Thailand and China has proven to be exceptionally stable. In Beijing in June 2009, Prime Minister Abhisit met with President Hu Jintao and Prime Minister Wen Jiabao to discuss developing economic, investment, and tourism relations with Beijing. In Guangxi in October 2010, Chinese and Thai Special Forces conducted a fifteen-day anti-terrorism exercise. The frequent visits of Thai leaders to China and the regular military drills armed forces demonstrate that Thaksin's demise has not impeded the deepening of relations between Thailand and China.

Yingluck Shinawatra became prime minister in 2011 and revived Thaksin's populist legacy. Premier Li Keqiang and Prime Minister Yingluck signed an MOU to strengthen China-Thailand railway cooperation. Thailand committed to purchasing Chinese high-speed trains and related technology under the conditions of the MOU. China Railway Corporation would contribute to the construction of a high-speed rail network. In addition, China agreed to increase its yearly imports of Thai rice from 200,000 tons to 1 million tons in exchange for a similar increase in imports of Thai rubber to 1 million tons. However, the "rice for rail" idea failed due to Thailand's

¹²⁸ Ian Storey, "China's Bilateral Defense Diplomacy in Southeast Asia", *Asian Security*, vol. 8, no. 3 (2012), p. 295.

¹²⁹ Pavin Chachavalpongpun, "Competing Diplomacies: Thailand Amidst Sino-American Rivalry", *Southeast Asian Affairs*, no. 1 (2011), p. 314.

domestic political unrest. In January 2014, the National Anti-Wrongdoing Commission (NACC) accused Prime Minister Yingluck of ignoring warnings about possible corruption in the government's rice subsidy scheme. According to her political opponents, the government's rice strategy destroyed Thailand's budget and promoted corruption. As a result, the Chinese government suspended rice imports.¹³⁰

The Thai military overthrew the democratically elected administration of Prime Minister Yingluck in May 2014. Although Prime Minister Yingluck was removed from office, neither Thai policy nor bilateral relations were politicized. When the coup took place, the junta was led by General Prayuth Chan-o-cha. The United States' harsh reaction to the junta gave the Chinese government, which had supported the military dictatorship, a chance to expand its influence in Thailand. As Beijing's foreign policy decisions have never incorporated the objective of democracy, it lent legitimacy to the junta at the "crucial moment."¹³¹ During Chinese Premier Li's December 2014 visit to Thailand, which was the most significant since the military seized office, this confidence support was also highlighted. While the military leadership described Premier Li's visit as an "opportunity for Thailand to demonstrate that our political problems do not impede trade" and that Thailand was normal and working toward a new Thai democracy.¹³²

Despite the denial of democracy, China's support has been enthusiastically received. The new agreement improved over the previous one negotiated by Prime Minister Yingluck: the planned high-speed railway line was expanded from 300 to 800 kilometers in exchange for China's commitment to purchase 2 million tons of rice and 200,000 tons of rubber. In December 2014, Chinese President Xi Jinping met with Prime Minister Prayuth in Beijing to renew a currency swap agreement worth USD 11.25 billion. Soon after, Prime Minister Prayuth hosted Chinese Premier Li in Bangkok, making him the most prominent foreign leader since the coup to visit Thailand.¹³³ The nation observed that Prime Minister Prayut had done more than any other ASEAN leader in establishing a strong partnership with China.¹³⁴

¹³⁰ "China Cancels Thailand Rice Deal Amid Probe", *BBC*, February 4, 2014, <https://www.bbc.com/news/world-asia-26028335>.

¹³¹ Pavin Chachavalpongpan, "The Politics of International Sanctions: The 2014 Coup in Thailand", *Journal of International Affairs* (2014), p. 180.

¹³² Prashanth Parameswaran, "Thailand Turns to China", *The Diplomat*, December 20, 2014, <https://thediplomat.com/2014/12/thailand-turns-to-china>.

¹³³ Pavin Chachavalpongpan, "Thailand's Post-Coup Foreign Policy", *East Asia Forum*, October 30, 2018, <https://www.eastasiaforum.org/2018/10/30/thailands-post-coup-foreign-policy/>.

¹³⁴ Kris Bhromsuthi and Nitipol Kiravanich, "The General on the Front Line for Political Stability", *The Nation*, December 30, 2014.

In 2015, Thailand and China commemorated the 40th anniversary of establishing diplomatic relations. During the ceremony commemorating the occasion, several Thai politicians, including Foreign Minister Don Pramudwinai, delivered remarks in which the slogan “Thailand and China are not strangers, but siblings” was widely addressed. Along with descriptions of intimate ethnic, historical, and cultural ties, this word appeared prominently in the speeches of several Thai officials.¹³⁵ In addition, when Thai officials address an audience in China, they commonly mention the brotherly connections between Thailand and China.

In September 2016, Prime Minister Prayuth met with President Xi in Hangzhou. Prime Minister Prayuth was in Hangzhou as the president of a guest nation for the G20 Hangzhou Summit. President Xi remarked that China and Thailand are like family. China places a high value on fostering cordial relations with Thailand and is eager to work with Thailand to enhance bilateral comprehensive strategic cooperation continuously.¹³⁶ China surpassed the United States as Thailand’s major arms supplier in 2016. The “China Card” has therefore enabled Thailand to defy Western pressure.¹³⁷ In 2017, the government approved the Royal Thai Navy’s request to spend THB 36 billion on three Chinese submarines.

Moreover, the Thai and Chinese defense ministries plan to create a plant in Khon Kaen province in north-eastern Thailand to manufacture and service military equipment. This plan shows China’s increasing importance as Thailand’s military equipment supplier.¹³⁸ Therefore, it may be claimed that the Western countries’ hesitation to take more decisive action against the junta stems from their fear that doing so would move Thailand closer to China’s orbit.

In 2018, both sides continued to discuss ongoing progress in defense cooperation. For example, Chinese military attaché Zhang Li visited Supreme Commander Thanchaiyan Srisuwan at the Royal Thai Armed Forces headquarters in January 2018. During the discussion, both parties allegedly addressed various aspects of their defense relations and agreed to continue conducting

¹³⁵ MFA, *Congratulatory Messages on the 40th Anniversary of the Establishment of Diplomatic Relations Between the Kingdom of Thailand and the People’s Republic of China*, July 1, 2015, <https://www.mfa.go.th/en/content/5d5bcf1515e39c30600185a5?cate=5d5bc4e15e39c3060006834>.

¹³⁶ Embassy of China in Thailand, *Xi Jinping Meets with Prime Minister Prayuth Chan-ocha of Thailand*, September 9, 2016, <https://www.mfa.gov.cn/ce/ceth/eng/zgyw/t1395081.htm>.

¹³⁷ Enze Han, “Under the Shadow of China-US Competition: Myanmar and Thailand’s Alignment Choices”, *The Chinese Journal of International Politics*, vol. 11, no. 1 (2018), p. 101.

¹³⁸ Panu Wongcha-um, “Thailand Plans Joint Arms Factory with China”, *Reuters*, November 16, 2017, <https://www.reuters.com/article/us-thailand-defence-idUSKBN1DG0U4>.

military exercises throughout the year.¹³⁹ Moreover, Thailand and China have potential areas of cooperation unrelated to military matters, such as the Lancang-Mekong Cooperation (LMC) platform. However, the Mekong navigability research highlighted substantial problems, primarily environmental and livelihood impacts. Thus, China has consented to suspend the blasting operation because it was concerned for the environment, but it may also have been worried about massive Chinese ships freely traveling down the Mekong into Thai territory.¹⁴⁰

In September 2019, Thailand and China signed a new shipbuilding pact. The agreement shifted the focus to ongoing efforts by the two countries to further strengthen the defense component of their broader bilateral relationship despite the challenges they continue to encounter. IHS Jane's cited unnamed sources in Bangkok as confirming the purchase. In addition, it was reported that money of USD 130 million would be supplied through the defense budget for 2020.¹⁴¹ As we observe more of these changes in the months and years to come, it will be crucial to evaluate them both on their own merits and in light of their implications for broader security ties.

Premier Li visited Thailand in November 2019 for the 35th ASEAN Summit. During his visit, Premier Li met with Prime Minister Prayut. In addition, he met with Chuan, President of the National Assembly. Both sides shared that the Government of China's presentation of the Friendship Medal to Her Royal Highness Princess Maha Chakri Sirindhorn on the occasion of the PRC's 70th founding anniversary was a testament to the two countries' longstanding friendship.

In July 2020, Thailand and China commemorated the 45th anniversary of establishing diplomatic relations. Premier Li noted that the healthy relationship benefits Chinese and Thai and serves as a model for advancing China-ASEAN relations. During the coronavirus epidemic, China provided 1.3 million surgical face masks, 70,000 N95 face masks, 150,000 COVID-19 test kits, and 70,000 PPE suits to Thailand.¹⁴² In October, Prime Minister Prayuth met with Wang Yi,

¹³⁹ Prashanth Parameswaran, "What's Next for China-Thailand Military Ties in 2018?", *The Diplomat*, February 1, 2018, <https://thediplomat.com/2018/02/whats-next-for-china-thailand-military-ties-in-2018/>.

¹⁴⁰ Greg Raymond, "The Future of Thailand in an Era of Great Power Rivalry", *Australian Institute of International Affairs*, January 15, 2019, <https://www.internationalaffairs.org.au/australian-outlook/future-thailand-era-great-power-rivalry/>.

¹⁴¹ Prashanth Parameswaran, "China-Thailand Military Ties in the Headlines with New Shipbuilding Pact", *The Diplomat*, September 13, 2019, <https://thediplomat.com/2019/09/china-thailand-military-ties-in-the-headlines-with-new-shipbuilding-pact/>.

¹⁴² "China Vows to Advance Bilateral Ties with Thailand in 45th Anniversary Letter", *China Global Television Network (CGTN)*, July 1, 2020, <https://news.cgtn.com/news/2020-07-01/China-vows-advance-bilateral-ties-with-Thailand-in-anniversary-letter-RM2pWIFYbK/index.html>.

China's State Councilor and Foreign Minister. Foreign Minister Wang was the first Chinese foreign minister to visit Thailand in the wake of the COVID-19 outbreak, demonstrating China and Thailand's fraternity and confidence in their ability to combat the pandemic.

In April 2021, Foreign Minister Wang spoke with Deputy Prime Minister and Foreign Minister Don via telephone. The main conversation focused on cooperation in pandemic prevention and control. Later, in June 2021, Foreign Minister Wang met Foreign Minister Don in Chongqing despite the continued global impact of COVID-19. Thailand and China have made significant strides in their vaccination cooperation. As China has continued to provide Thailand's vaccination needs, it encourages firms from both countries to discuss the possibility of developing COVID-19 vaccine filling centers in Thailand. Thailand's participation in the Spring Sprout immunization campaign to assist and procure COVID-19 vaccines for its expatriate citizens. In 2022, the year marks the 10th anniversary of forming a comprehensive strategic cooperative partnership between China and Thailand. In April, Foreign Minister Wang met with Foreign Minister Don in Tunxi, Anhui Province. As the pandemic in Thailand worsened throughout the previous year, China supplied Thailand with prompt and consistent assistance. China has donated 50.85 million to Thailand vaccinations to date, including 3.35 million donations to assist Thailand in constructing an effective vaccine barrier.¹⁴³

In conclusion, Thailand and China are committed to strengthening pragmatic cooperation in various spheres, especially in the areas of security and medical care during the pandemic, to infuse sustained momentum into bilateral relations and produce more successors to the China-Thailand relationship.

2.2.2 Economic Relations

Following the Chinese market reforms and formal diplomatic relations, Thailand and China relations shifted toward trade and economic cooperation. In July 1975, China demonstrated its friendliness by agreeing to purchase Thai rice—despite China's preparations to sell enormous rice to Asia.¹⁴⁴ At the same time, Thailand expected increased agricultural exports to China in the form

¹⁴³ Embassy of China in Thailand, *Chinese State Councilor and Foreign Minister Wang Yi met with Princess Maha Chakri Sirindhorn*, February 4, 2022, <https://www.mfa.gov.cn/ce/ceth/eng/zgyw/t1652496.htm#:~:text=Wang%20Yi%20Meets%20with%20Princess%20Maha%20Chakri%20Sirindhorn%20of%20Thailand&text=On%20April%204%2C%202019%2C%20State,Diaoyutai%20State%20Guesthouse%20in%20Beijing.>

¹⁴⁴ Boonchai Kosolthanakul, *Changing Patterns of Chinese-Thai Relations: A Case Study in Contemporary Application of the Balance of Power* (University of Virginia, 1993), p. 325.

of rubber, sugar, and rice and increased oil and machine equipment imports. The economic justification for normalization appeared to be complementary to the strategic justification. Thus, it was not surprising that the bilateral trade climbed from USD 4.7 million in 1974 to USD 36.7 million in 1975 and then to USD 136.4 million in 1976. Thailand and China signed their first trade agreement in 1978, which increased low-technology imports to Thailand, such as radios and silk from China, in place of more expensive Japanese products. Thai rice and Chinese oil were traded as a token of goodwill. In addition, Thailand and China signed the Thailand–China Joint Trade Committee (JTC) agreement to promote bilateral trade volume targets and expansion, while China pledged support to Thailand in settling the domestic issue in Cambodia.

In the mid-1980s, China increased its trade with Thailand, and its Four Modernizations initiative, introduced in 1988, was enthusiastically accepted. As a result, many Chinese and Thai enterprises sought closer ties with China. At the same time, the ethnic Chinese of Thailand were viewed as the Chinese most important economic resource and began to expand their influence. For example, the Charoen Pokphand (CP) Group greatly influenced China's food business. As a result, Thai officials asked CP to provide introductions to Chinese leaders after rapidly becoming the Chinese largest foreign investor. The founder of CP, whose Chinese accent was no longer an impediment at home, was so influential that his company's directors were recruited as advisors to Thailand's foreign ministry.¹⁴⁵

In the 1990s, a growing number of Thai enterprises, including the Cement Thai group, Saha-Union Group, and M-Thai Group, began operations in China. Currently, Thai enterprises include Thai Farmers Bank (Kasikorn Bank), Kaset Rungrueang Co. Ltd., Kratingdaeng (Red Gore) Group, Krungthai Bank, Bangkok Bank Co. Ltd., and Mitr Phol Group invest in China market. The Chinese economy expanded at an average of 7-8 percent a year, providing opportunities for increasing economic interactions between Thailand and China. During this period, bilateral relations shifted the focus from strategic cooperation to the economic partnership.

The THB was devalued against the US dollar in July 1997. Thailand's official foreign exchange reserves had been severely reduced due to pressures for months prior to this event which signalled a severe financial crisis across East Asia. China responded quickly to the crisis, publicly refused to devalue the yuan, and provided USD 1 billion via the International Monetary Fund

¹⁴⁵ Benjamin Zawacki, *Thailand: Shifting Ground between the US and a Rising China (Asian Arguments)* (London: Zed Books, 2017), p. 70.

(IMF) to Thailand. This was China's first IMF loan, which was seen as a highly appreciated gesture in Thailand. Since China is a developing country, this gesture was interpreted by many as incredibly kind and a sign of the profound relationship between China and Thailand. When China was hit by its worst flooding in 50 years in 1998, financially impoverished Thailand gave USD 10,000 to show its gratitude. Early in 1999, the two sides formally committed to future collaboration by signing the Joint Statement for a Twenty-First Century Plan of Action. This plan established a framework for high-level meetings to be held annually and contained measures to strengthen bilateral security cooperation.

In the 20th century, bilateral trade between Thailand and China developed significantly as the two countries developed cooperative agreements and bilateral trade committees.¹⁴⁶ In 2003, Thailand and China signed the FTA, which led to an increase in bilateral trade. Thai imports from China climbed from USD 6 billion in 2003 to USD 17 billion in 2007, while Thai exports to China increased from USD 5 billion in 2003 to USD 14 billion in 2007. In contrast, the economic downturn has prevented the two countries from achieving their ambitious goal of USD 50 billion in two-way trade in 2009, which they set five years ago. As a result, Thai exports to China fell 28 percent in the first quarter of 2009, and imports from China fell 30 percent.¹⁴⁷

The FTA, on the other hand, has resulted in a flood of low-cost Chinese goods. Thailand alleged China was dumping garlic at a lower price than it could compete with 50,000 farming homes that were estimated to be affected.¹⁴⁸ China has also created nontariff barriers against Thai imports. China has demanded that company agreements be renegotiated on more advantageous terms. In one case, China desires to adjust the price it pays for Thai longans in return for Chinese armored vehicles. In exchange for Thai rice and other commodities, China promised to install machinery for the Thailand Tobacco Monopoly's new cigarette factory. The deal stipulates that China must install European equipment, but China asked to replace it with Chinese equipment.¹⁴⁹

Since the beginning of the Abhisit government in 2010, negotiations between Thailand and China over constructing a high-speed train have taken place. The MOU between Thailand and China was signed to establish a joint venture business in which Thailand would hold a majority

¹⁴⁶ Sompop Manarungsan, "Thailand-China Cooperation in Trade, Investment and Official Development Assistance", in Mitsuhiro Kagami, ed., *A China-Japan Comparison of Economic Relationships with the Mekong River Basin Countries* (Chiba: Institute of Developing Economies, Japan External Trade Organization, 2009), pp. 293-294.

¹⁴⁷ Petchanet Pratuangkrai, "Thailand and China to Miss Bilateral Trade Target," *The Nation*, April 25, 2009

¹⁴⁸ Tony Allison, "Thailand, US Inch Ahead on Trade Accord", *Asia Times*, January 14, 2006.

¹⁴⁹ "China Longan Deals Turn Sticky", *Bangkok Post*, June 9, 2005.

stake (51 percent). In addition, the Thai government has consented to China's request to use land that an existing railway for the next 50 years. Later, the arrangement ended in 2011, when parliament was dissolved.

The Yingluck administration announced to the Thai parliament in 2011 that it would invest extensively in transportation infrastructure, notably the High-Speed Railway (HSR), to stimulate economic growth and facilitate the relocation of business activity to the provinces. Furthermore, in March 2012, the government, private sector, and academic representatives met behind closed doors and determined that Thailand needed to enhance its connections with China and move beyond its partnership with the United States.¹⁵⁰ The favorable attitude toward China can be explained by the fact that the Yingluck administration reluctantly rejected requests from the United States while agreeing to China's demands in the Trans-Pacific Partnership (TPP) and ASEAN-China Free Trade Area (ACFTA). At the same time, the administration endeavored to retain "ASEAN centrality," ensuring that China would continue to engage closely in regional economic integration led by ASEAN countries.¹⁵¹

The Prayut administration has also formed economic relations with China. In December 2014, Thailand and China signed the MOU on Cooperation on the Strategic Framework for Development of Thailand's Transportation Infrastructure (2015-2022), promising that the construction of a railway would contribute to the economic growth of Thailand and its neighbors.¹⁵² However, the train project eventually encountered significant obstacles. After negotiations on cost, interest rates, development rights, and the number of stations along the line broke down. The dispute between Thailand and China pales to the broad agreement on various infrastructure and development initiatives. For example, Thailand and China signed the Memorandum of Understanding for Cooperation on Agricultural Products Trade, including a substantial quantity of Thai rubber. Thailand would sell China around 2 million tons of rice and 200,000 tons of rubber. The MOU was signed to celebrate 40 years of bilateral relations between the two countries. Premier Li stated that only China has a sizable market and purchasing power and could devour Thailand's vast agricultural output of rice, rubber, and other products.¹⁵³

¹⁵⁰ Ka vi Chongkittavorn, "Thailand as a Pivotal Chinese Partner", *The Nation*, April 17, 2012, <https://www.nationthailand.com/perspective/30180018>.

¹⁵¹ Pongphisoot Busbarat, "Bamboo Swirling in the Wind": Thailand's Foreign Policy Imbalance between China and the United States", *Contemporary Southeast Asia* (2016), pp. 249-251.

¹⁵² Kevin Hewison, "Thailand: An Old Relationship Renewed", *The Pacific Review*, vol. 31, no. 1 (2018), p. 121.

¹⁵³ Ibid.

In 2015, all-around headway was made in Thailand and China's economic and trade cooperation relations. Thailand has been added to China's list of overseas RMB investment destinations, and its investment limit in China has been increased to THB 50 billion. Thailand simultaneously sought to extend its exports to China to recover struggling industries such as rice, rubber, plum oil, and tourism by capitalizing on China's dwindling but still massive market demand. As a result, both parties expanded their economic and trade ties based on reciprocity and mutual benefits. The Chinese big import contract was part of the "High-speed Railway for Rice" program and the strategic arrangement of the Belt and Road Initiative (BRI), and it exemplified the planned and deliberate deepening and growth of economic and trade relations between Thailand and China.

Compared to purely economic and trade contracts between Thailand and other countries, China's 21st Maritime Silk Road strategy represents the unconscious intrinsic goal of bilateral commercial and trade cooperation; it also governs and promotes the deepening of bilateral commercial and trade cooperation on multiple fronts. Therefore, this was an essential element of bilateral economic cooperation between Thailand and China.¹⁵⁴

In January 2016, the Prayut's cabinet approved a capital investment of USD 1.47 billion for Thailand to join the China-led Asian Infrastructure Investment Bank (AIIB).¹⁵⁵ Additionally, in November 2017, the government sold a significant portion of the state's rice stock in government-to-government arrangements with key customers, including China, to boost paddy prices. Thai economic dependence on China has increased due to the growing economic connections. As of January 2018, China had bought only 40,000 tons of rubber and little under 400,000 tons of rice by the negotiated MOU.¹⁵⁶ As a result, the Thai government was forced to subsidize rubber markets to save them. Lately, Thailand has begun to withdraw from economic opportunities with China due to concerns about debt traps.¹⁵⁷

On the contrary, there are signs that the Thai military sees the Chinese economic growth model as more appealing. According to the Thai media, Prime Minister Prayut urged that his

¹⁵⁴ Ying Liang, "Report on the Cooperation between China and Thailand in 2015", in *China-ASEAN Relations Cooperation and Development* (Singapore: World Scientific, 2020), p. 58.

¹⁵⁵ "Thailand Approves \$1.47 bln Budget to Join China-Led AIIB", *Reuters*, January 16, 2016, <https://www.reuters.com/article/thailand-aiib-idUSL3N15A3O3>.

¹⁵⁶ Arunmas Phusadee, "China to Keep Buying Rubber", *Bangkok Post*, January 13, 2018, <https://www.bangkokpost.com/business/1394854/china-to-keep-buying-rubber>.

¹⁵⁷ Kasian Tejapira, "A tick on the Dragon's Back: How Siam Bonded Itself to China's Political and Economic Supply Chains," *Situations: Cultural Studies in the Asian Context*, vol. 13, no. 1 (2020), pp. 21-22.

Cabinet colleagues read The Governance of China by President Xi during a Cabinet discussion because both countries are undertaking similar reforms.¹⁵⁸ In addition, in his speech at the Thailand China Business Forum, Deputy Prime Minister Somkid Jatusripitak suggested that Thailand may benefit from the Chinese model.¹⁵⁹

COVID-19 is the strain involved in an outbreak that devastated China and several of its neighbors, including Thailand. The rapid spread of COVID-19 demonstrates how interwoven Thailand's and China's tourism industries are. The sector contributes 12 and 20 percent of Thailand's GDP, with most of its income coming from China. In 2019, about 11 million Chinese tourists visited Thailand, representing nearly 30 percent of the total tourist population. Officials from China and Thailand have benefited from this cooperation, but it is not without risks. The sudden decline in Chinese tourism could pose a significant threat to Thailand.

Nevertheless, Thai exports to China exceeded THB 900 billion, with plastic pallets, rubber products, and fresh vegetables ranking among the top exports, as the Thai Ministry of Commerce reported. As a result, Thai exports to China increased by 5 percent. Moreover, despite the epidemic, the demand for durians in China increased by 140 percent year over year.¹⁶⁰

During the first half of 2020, Thai exports to China grew by 6 percent, contrary to a decline in the global market. Most Thai exports to China were fruit and rubber, totaling USD 14 billion. In 2019, Thailand's imports from China nearly remained at the same level, dominated by electrical machinery and equipment. Notwithstanding the shock of COVID-19, the performance of bilateral trade is mainly attributable to China's relaxation of restrictions and resumption of economic operations.¹⁶¹ The rapid rebound of the Chinese economy demonstrated its state governance's soundness and economic strength. ACFTA and cross-border E-commerce are other contributors to the increase in Thai exports to China.¹⁶²

¹⁵⁸ “‘บิ๊กตู่’แนะกรม. อ่านหนังสือ‘การปกครองประเทศจีน’ (trans. Praiyuth Encourages the Cabinet to Read the Governance of China)”, *Matichon*, April 12, 2016.

¹⁵⁹ “Thailand Can Learn from China's Development Model: Thai Deputy PM.”, *Xinhua*, August 25, 2018, <https://thailand.opendevlopmentmekong.net/news/thailand-can-learn-from-chinas-development-model-thai-deputy-pm/#!/story=post-2782>.

¹⁶⁰ Tappanai Boonbandit, “Sino-Thai Trade Continues to Grow Despite Pandemic”, *Khaosod English*, August 24, 2020, <https://www.khaosodenglish.com/politics/2020/08/24/sino-thai-trade-continues-to-grow-despite-pandemic/>.

¹⁶¹ Zhimin Tang and Orrasa Rattana-amornpirom, “The BRI in the New Normal of COVID-19: The Case of Thailand”, *Journal of ASEAN PLUS Studies*, vol. 1, no. 2 (2020), p. 9.

¹⁶² Orrasa Rattana-amornpirom, “The Impacts of ACFTA on Export of Thai Agricultural Products to China”, *Journal of ASEAN PLUS Studies*, vol. 1, no. 1 (2020), p. 53.

Against the trend, Thailand and China have advanced bilateral practical cooperation. During January and April 2021, the trade between China and Thailand climbed by 37 percent compared to the same period in 2020, with agricultural product trade experiencing strong growth. In the first three months of 2021, Thailand's vegetable exports to China increased by 96 percent. ZTE, a partially Chinese state-owned technology company, has invested in a 5G smart factory in Thailand, while Great Wall Motors and Huawei have helped Thailand become the first commercial 5G country in ASEAN. The partnership between Thailand and China is vibrant and full of fresh highlights.¹⁶³

In the pandemic, economic and trade cooperation is vital to sustaining both countries' economic recovery and development. China added six new border crossings for Thai goods in the previous year. As a result, the value of our bilateral trade surpassed USD 100 billion. Thai exports to China increased by 31 percent from January to November 2021, totaling USD 57 billion. The export of Thai agricultural products to China reached USD 11 billion, a 59 percent increase from the previous year.¹⁶⁴

2.2.3 The Impacts of Thailand-China Relations on Thailand-Taiwan Relations

The post-Cold War period marked a turning point in Thailand-China relations in which mutual economic interests formed the primary basis of the relationship. Thailand's relationship with China has impacted the process of building and extending ties with Taiwan over the last year. According to scholars, Thailand and China relations have benefited from the political, economic, and military elites who are predominantly ethnic Chinese Thais, bridging the ethnic-cultural gap.¹⁶⁵ Lohman observes that since the Cold War's conclusion, Thailand's economic, political, and military relations with China have taken a big step forward in the last few decades.¹⁶⁶ As Chulacheeb states, "the majority of Thai leaders perceive the rise of China as an opportunity

¹⁶³ "China-Thailand Relations Get Stronger in Face of Adversity", *The Nation*, June 30, 2021, <https://www.nationthailand.com/pr-news/nation-50-year/40002662>.

¹⁶⁴ Embassy of China in Thailand, *Ambassador Han Zhiqiang Took a Joint Interview by Thai TV Stations*, January 14, 2022, http://th.china-embassy.gov.cn/eng/sgxw/202201/t20220114_10495469.htm.

¹⁶⁵ Denny Roy, "Southeast Asia and China: Balancing or Bandwagoning?", *Contemporary Southeast Asia: A Journal of International and Strategic Affairs*, vol. 27, no. 2 (2005), p. 313.

¹⁶⁶ Walter Lohman, "Reinvigorating the US-Thailand Alliance", *Heritage Foundation Backgrounder* (2011), p. 8.

for economic cooperation.”¹⁶⁷ As a result, analysts believe that Thailand’s foreign policy decisions are increasingly influenced by the Chinese perspective.¹⁶⁸

With its enormous population, China is a vast market for Thai products, which can boost Thailand’s economy. Thai Chinese dominate the majority of stock market companies and have a large share of market capitalization. Most of Thailand’s major enterprises are owned by Thai-Chinese merchants. These cultural connections have benefited Chinese investments in Thailand, particularly agribusiness, textiles, electronics, rubber, chemicals, hotels, restaurants, and real estate. Thus, Taiwanese commodities face stiff competition in Thailand’s market from Chinese products. These factors have a detrimental effect on Thailand and Taiwan relations.

Thailand and Taiwan have the potential for bilateral trade, but it will be challenging to establish an FTA due to China’s probable objections. Thongchai Chasawath, former Thai Executive Director of TTEO, stated that “this matter concerns many political factors, so it is tricky for us to sign an FTA with Taiwan. Nevertheless, unfortunately, that does not only go for Thailand; you also face a similar problem with many other countries.”¹⁶⁹

As previously stated, Thailand is bound by the One-China policy; it cannot establish diplomatic relations with Taiwan. Moreover, China developed a fundamental policy requiring all countries to have diplomatic relations with China to officially recognize China’s stance that there is only one Chinese government and abstain from diplomatic relations with Taiwan.

“The Thai government is conservative in engaging politically with Taiwan. If the Thai government is more open-minded, it can attract more Taiwanese businesses to Thailand through new agreements and economic summits. It will be beneficial for Thai people and society. However, Thailand is close to China; whatever China says, Thailand needs to say no to Taiwan.”¹⁷⁰ Thus, it cannot deny that this represents a significant impediment to the development of Thailand and Taiwan relations.

On the other hand, Thailand has been attempting to strike a balance between China and Taiwan, and it is not constantly caving into China’s demands for serving Taiwanese relations.

¹⁶⁷ Chulacheeb Chinwanno, “Rising China and Thailand’s Policy of Strategic Engagement”, *The Rise of China: Responses from Southeast Asia and Japan*, no. 4 (2009), p. 98.

¹⁶⁸ Joshua Kurlantzick, *Charm offensive: How China’s Soft Power Is Transforming the World* (New Haven: Yale University Press, 2007), p. 140.

¹⁶⁹ Stacy Hsu, “Thongchai Chasawath, “Lack of FTA No Bar to Cooperation, Thai Representative Says”, *Taipei Times*, Jul 23, 2018, <https://www.taipeitimes.com/News/taiwan/archives/2018/07/23/2003697211>.

¹⁷⁰ Interview with Mr. Paul Shek, the former deputy representative of TECO in Thailand, Taipei, May 25, 2022.

For instance, in 1994, King Bhumibol received President Lee at the palace in Bangkok, and the two discussed agricultural cooperation for the Northern Thailand Royal Project. China voiced anger at the time with Thai leaders for refusing to meet with President Lee during his scheduled vacation. Simultaneously, China halted its visit to Thailand by the NPC. At the time, Thai Foreign Minister Prasong Soonsi acknowledged that President Lee traveled to Thailand had nothing to do with politics.

Moreover, Thailand hosted the World Health Organization (WHO) Conference on the Health Aspects of the Tsunami Disaster in Asia. A six-member delegation from Taiwan would attend the conference in the capacity of participants, including Dr. Tsai Ming-ger, head of the Department of Emergency Medicine at National Cheng Kung University Hospital. However, China put intensive pressure to prevent the Taiwanese representative from attending the opening ceremony in May 2005.¹⁷¹ China's actions demonstrate its tight control over and restraint on the growth of Thailand and Taiwan relations.

In sum, China may have exercised an influence on Thailand, especially the Prayut government, but no definitive evidence suggests this has been the case. In interviews with the domestic and foreign presses, Prime Minister Prayut never mentioned China's impact on his political actions.

2.3 Overview of Cross-Strait Relations

2.3.1 Political Relations

The status of Taiwan became a contentious issue after the ROC administration fled to Taiwan during the Chinese Civil War and the PRC was created in 1949. Concerning Taiwan, the PRC and ROC hold opposing views. After the KMT government in Nanjing was overthrown by the CCP, Beijing claims it became the sole lawful government for all of China, including Taiwan Province. As a result, the PRC no longer recognizes the ROC government or Taiwan's

¹⁷¹ Mainland Affairs Council (Taiwan), *Examples of China's Diplomatic Suppression of Taiwan in the Two Years Since the Enactment of the Anti-Separation Law*, March 28, 2007, https://www.mac.gov.tw/en/News_Content.aspx?n=8A319E37A32E01EA&sms=2413CFE1BCE87E0E&s=46140458DFD3C650.

officials as legitimate representatives of a government.¹⁷² To Beijing, there is only one China, the PRC. Taiwan is simply a renegade province.

Even after the KMT fled to Taiwan, the ROC never wavered from its “one-China” position. Both Chiang Kai-shek and Chiang Ching-kuo insisted that the Chinese mainland and Taiwan were entirely part of the ROC. The liberation and unity of the mainland was the KMT’s ultimate objective. Thus, there was only one China, the ROC, of which Taiwan was a member. As it stood, the administration in Beijing was not recognized by Taipei.¹⁷³ Furthermore, the ROC never believed its government had ceased to exist; it merely relocated to Taipei from Nanjing. Taiwan has existed independently of the PRC for more than six decades.

The early Chinese policy toward Taiwan was consistent in its desire for unification and freedom via force. However, Deng Xiaoping’s 1978 ascension to power prompted a shift in Beijing’s strategy toward peaceful unification. In early 1979, the Standing Committee of the NPC issued an open letter encouraging the peaceful reunification of Taiwan. In 1981, the chairman of the NPC, General Ye Jian-ying, proposed direct and party-to-party communication, direct postal communication, commercial exchanges, maritime trade, and the formation of a special administrative entity for Taiwan. Two years later, Deng termed this new strategy “one country, two systems.”

Taipei’s authorities were not pleased with Beijing’s rapid policy shift towards Taipei and its “one country, two systems” unification formula. Therefore, while maintaining its current position of “no contact, no negotiation, and no compromise,” Taiwan set its political prerequisite for unification with China: unification must be completed by Taiwan’s Three People’s Principles. This demand for ideological unification on Taiwan’s terms was to quell the mainland’s unilateral desire for a diplomatic settlement of the Taiwan issue.¹⁷⁴

President Chiang Ching-kuo abolished martial law in November 1987, allowing veterans and their families to visit relatives in China for the first time. In May 1991, President Lee abolished the “Temporary Provisions Effective During the Period of Communist Rebellion” rules, which

¹⁷² Jean-Marc Blanchard, and Dennis V. Hickey, “More Than Two Besides to Every Story: An Introduction to New Thinking About the Taiwan Issue,” in Jean-Marc Blanchard and Dennis V. Hickey, eds., *New Thinking About the Taiwan Issue: Theoretical Insights into Its Origins, Dynamics, and Prospects* (New York: Routledge, 2012), pp. 2-3.

¹⁷³ Zhimin Chen, “Nationalism, Internationalism and Chinese Foreign Policy”, *Journal of Contemporary China*, vol. 14, no. 42 (2005).

¹⁷⁴ Bao-gang Guo and Chung-chian Teng, *Taiwan and the Rise of China: Cross-Strait Relations in the Twenty-First Century* (Maryland: Rowman & Littlefield, 2012), p. 3.

suspended the democratic functions of the government. Taiwan formed the Mainland Affairs Council (MAC) and the Strait Exchange Foundation (STF) to handle official and informal connections with China. In 1991, Taiwan's legislature enacted the "National Unification Plan," laying the groundwork for the three-stage evolution of relations with China.

China formed Associations for Relations Across the Taiwan Strait (ARATS) in response to Taiwan's declared preference for exclusively informal encounters. As a result, the STF and the ARATS frequently met at various levels and locales in the years that followed. Notably, in April 1993 in Singapore, Wang Dao-han, the chairman of the ARATS, and Gu Zhen-fu, the chairman of the STF, held the most important meeting. This conference led to the signing of four agreements. However, China and Taiwan relations dramatically worsened in June 1995, when President Lee visited Cornell University, sparking a strong response from China. The PLA conducted two missile tests off the coast of Taiwan, with the closest target sites around 25 to 35 miles off the ports of Keelung and Kaohsiung.

Even President Lee's opinion on the unification issue began to shift. He explicitly described Taiwan's relations with China in 1999 as "special state-to-state relations." Chen Shui-bian, a pro-independence DPP candidate, was in Taiwan's first peaceful power transfer between two major parties in 2000. China's fierce opposition to Taiwan may have aided President Chen's election.¹⁷⁵ During President Chen's presidency, Taiwan tried to induce China's diplomatic allies to defect to enhance Taiwan's diplomatic relations at China's expense. This plan attempts to strengthen Taiwan's economy and government.

Some scholars, for example, Yasuhiro Matsuda, analyzed that President Chen's diplomacy was primarily motivated by a shift in the DPP's internal politics, while others, such as Elizabeth Larus, said that Taiwan was pursuing international recognition through a soft-power approach.¹⁷⁶ Unfortunately, it backfired, producing friction and worsening in cross-straits and Southeast Asian relations—and enraging the United States administration to the extent that it refused to allow President Chen's aircraft to refuel in San Francisco during a May 2006 diplomatic mission to Latin America.

¹⁷⁵ Ibid., p.4.

¹⁷⁶ Yasuhiro Matsuda, "PRC-Taiwan Relations under Chen Shui-bian's Government: Continuity and Change between the First and Second Terms", paper presented at the Brookings-FICS Conference, Taipei, May 23, 2004; Elizabeth Freund Larus, "Taiwan's Quest for International Recognition", *Issues and Studies*, vol. 42, no. 2 (June 2006).

Moreover, China distrusted President Chen's "Taiwanization" policies, which China considered as problematic and a probable move toward Taiwanese independence claims. China responded by increasing its competitive maneuvering, isolating Taiwan in several international arenas, and making aggressive diplomatic moves, which led to Taiwan losing nine diplomatic partnerships and reducing the number of countries with which it maintained official diplomatic relations.¹⁷⁷

During Chen's eight years as president, cross-strait ties deteriorated to a worrisome degree. President Chen scrapped the "National Unification Plan" in 2006 and pushed for a Taiwan-wide vote on Taiwan's UN membership and constitutional amendments. He also attempted to limit Taiwanese corporate investment in China. Consequently, China passed the "Anti-Secession Law" in 2005, which allowed the use of "non-peaceful" tactics against Taiwan secessionists. The United States was likewise hostile towards President Chen's unduly confrontational gesture. President George W. Bush tried to distance the United States from President Chen's decision by rebranding the United States' strategy of strategic ambiguity as a strategy of strategic clarity.

President Ma Ying-jeou took office in May 2008 to promote cross-strait reconciliation and end his predecessor Chen's aggressive foreign policy. President Ma's continuous commitment to cross-strait peace and regional stability relieved officials in Washington, Beijing, and the ASEAN capitals. Within the context of the ROC Constitution, President Ma emphasized in his first inaugural address that his administration would strive to maintain the cross-strait status quo of "no unification, no independence, and no use of force." Moreover, he suggested that both sides of the Taiwan Strait should resume dialogue following the 1992 Consensus of "one China, respective interpretations."¹⁷⁸

The Ma administration pushed an engagement policy with China to normalize cross-strait relations and "calm the previously angry waves and turbulent billows of the Taiwan Strait."¹⁷⁹ As a result, since June 2008, the two parties have been engaged in negotiations. As a result, there are no longer any limitations on trade and investment between Taiwan and China. In the end,

¹⁷⁷ Samuel C.Y. Ku, "Strategies of China's Expansion and Taiwan's Survival in Southeast Asia", *Taiwan and China: Fitful Embrace* (2017), p. 266.

¹⁷⁸ Ying-jeou Ma, "Inaugural Address", May 20, 2008, <https://china.usc.edu/ma-ying-jeou-%E2%80%9Cinaugural-address%E2%80%9D-may-20-2008>.

¹⁷⁹ Shin-yuan Lai, "Taiwan's Mainland Policy: Borrowing the Opponent Forces and Using It as One's Own—Turning the Threat of War into Peace and Prosperity" speech delivered at American Enterprise Institute, August 5, 2010.

direct flights, shipping, and postal services became available. In addition, Taiwan has allowed tourists from China to visit.

The relations across the Taiwan Strait require not just economic and cultural development but also diplomatic advancement. China has now exhibited flexibility on the most contentious topic in Taiwan's international space. Taiwan was able to attend the World Health Assembly (WHA) in May 2008 under the name "Chinese Taipei" after China agreed to let it do so. It marked a significant step forward for Taiwan's meaningful engagement in international organizations because it was Taiwan's first attendance since 1971, when it lost its membership in the UN, and after 12 unsuccessful attempts since 1997 to join the WHA. President Hu Jintao has said that Taiwan's membership in the WHA shows that the Chinese on both sides of the Taiwan Strait can work together to find solutions to problems that arise from Taiwan's inclusion in international institutions' workings.¹⁸⁰

In addition, China demonstrated its generosity by sending delegations to the 2009 World Games in Kaohsiung and the Summer Deaflympics in Taipei. Furthermore, president Ma announced the opening ceremonies of the two games as president of the host, marking the first time Taiwan has done so at such a significant international sporting event without objection or boycott from China. Furthermore, Taiwan and China have achieved a tacit diplomatic truce, allowing Taiwan to maintain all diplomatic relations since President Ma's inauguration.

In addition, Wu Poh-hsiang, the chairman of the Nationalist Party, traveled to China. In sixty years, this was the first straight meeting between the Nationalist Party and the Communist Party. Economic Cooperation Framework Agreement (ECFA) was signed by the KMT and the CCP in 2010, setting the way for future free bilateral trade. It was one of fourteen agreements President Ma reached during his first two years in power. In 2015, both parties' leaders met in Singapore, where they shook hands and happily waved to a large press throng but refrained from issuing a joint statement. Some assumed the high-profile meeting was held before the period of the Taiwanese presidential election, and the event was part of a concerted attempt by the CCP and KMT to sway Taiwanese voters in favor of the KMT. However, it did not appear that the meeting had substantially impacted The Taiwanese electorate has issued a clear message: they want a new government for the next four years.

¹⁸⁰ "Hu Says Taiwan's Participation in WHA Shows Mainland Sincerity," *Xinhua*, May 26, 2008.

During the Ma government, he has pushed for a diplomatic truce with China to end longstanding traditions of checkbook diplomacy — in which one side tries to lure the other's supporters into transferring diplomatic recognition by offering massive amounts of foreign aid. In addition, President Ma desired to change the perception of cross-strait relationships and Taiwan's overseas relations from unfavorable to positive, which he accomplished through cooperation and collaboration instead of competition.¹⁸¹

In January 2016, Tsai Ing-wen, a member of the pro-independence party, was elected the Taiwanese first female president. In her victory speech, she stated that the election results demonstrate the Taiwanese people's commitment to democracy and her efforts to maintain peace with China. However, President Tsai has made it plain that she will not accept mainland China's prerequisites for future political talks aimed at unification, particularly the government's position on the 1992 consensus.

President Tsai campaigned on maintaining the Taiwan Strait status quo. However, she has never specified whether she means the status quo created by the KMT or the state quo that the DPP prefers, which is independence. Instead, she appears to be aiming to please the members of her party who prefer a more assertive approach toward an official independence policy.¹⁸² As a result, China is fiercely committed to supporting the One China policy and thwarting Taiwan's independence ambitions. China has upheld Taiwan's sovereignty and urged that all parties fly the same flag, but President Tsai has refused to address the issue. Instead, China has expressed a willingness to increase control and exert pressure on President Tsai to limit her ability to govern.

Previously, a scholar predicted that the election of President Tsai would effectively terminate the eight-year diplomatic truce between China and Taiwan.¹⁸³ Instead, China seems to be pressuring the Tsai administration to remind it of Taiwan's diplomatic realities in the international community and what it can do to restrict Taiwan's international space further. During the Ma administration, China and Taiwan have practically entered a diplomatic truce, with neither side attempting to persuade countries who recognize the other to shift diplomatic recognition. Since President Tsai assumed office in May 2016, Taiwan's international allies have

¹⁸¹ Bo-jiun Jing, "Taiwan and Southeast Asia: Opportunities and Constraints of Continued Engagement", *Maryland Series in Contemporary Asian Studies*, vol. 2 (2016), p. 35.

¹⁸² Yi-tan Li and En-yu Zhang, "Changing Taiwanese Identity and Cross-Strait Relations: A Post 2016 Taiwan Presidential Election Analysis," *Journal of Chinese Political Science* vol. 22, no. 1 (2017), p. 28.

¹⁸³ Dennis V. Hickey, "Taiwan's Diplomatic Partners in the Global Community After the DPP Returns to Power", *Institute for Taiwan-America Studies Policy Brief* (Washington, DC: ITAS, 2016).

decreased from 21 to 14. In December 2021, Nicaragua became the most recent country to sever diplomatic ties with Taiwan in favor of China.

In addition, China urged the International Civil Aviation Organization (ICAO) to completely ban Taiwan from the organization's assembly in Montreal, Canada, in 2016. The ICAO episode is likely the most blatant message to Taiwan that China wants "one-China" to be the basis for any negotiations regarding Taiwan's international space.

On the other hand, President Tsai exerted considerable effort to preserve the status quo. China passed a law that threatened Taiwan with military action if it declared independence. China has manufactured a missile enroute to Taiwan and is ready to be launched if Taiwan continues to resist. China conducted military exercises and assured Taiwan that it had a formidable military force between 2016 and 2017.

Taiwan does not keep silent in the face of China. On the contrary, Taiwan conducted military exercises and bolstered its armed forces. One aspect of the cooperative relationship between Taiwan and the United States is Taiwan's continuous acquisition of weaponry from the United States. President Tsai continues to purchase weaponry from the United States as tensions between Taiwan and China remain tense.

In 2017, President Xi began his second term as president of China. According to *Time* and *The Diplomat*, Xi Jinping is the most powerful Chinese leader since Mao Zedong and Deng Xiaoping.¹⁸⁴ It is seen that domestic stability and the unity of Chinese sovereignty continue to be the top priority for all Chinese leaders. China has strengthened diplomatic, military, and economic pressures on Taiwan during the past year to pursue its ultimate goal of Taiwan's unification with China. In January of 2019, President Xi reaffirmed his warning to use force against Taiwan in the event of unification under the "one country, two systems"¹⁸⁵ Moreover, following the landslide re-election of DPP presidential candidate Tsai in January 2020, China has continued to demonstrate its military might by deploying more warships into the Taiwan Strait and fighter jets into Taiwanese airspace.

¹⁸⁴ Joyce Lee, "China's Most Powerful Man: Xi Jinping", *Times*, September 25, 2015, <https://time.com/4050419/xi-jinping-china-president/>; Zachary Keck, "Xi Jinping: China's Most Powerful Leader Since Deng and Mao?", *The Diplomat*, August 5, 2013, <https://thediplomat.com/2013/08/xi-jinping-chinas-most-powerful-leader-since-deng-and-mao/>.

¹⁸⁵ Lily Kuo, "All Necessary Means: Xi Jinping Reserves Right to Use Force Against Taiwan", *The Guardian*, January 1, 2019, <https://www.theguardian.com/world/2019/jan/02/all-necessary-means-xi-jinping-reserves-right-to-use-force-against-taiwan>.

It is noticed that although China has made significant concessions in border disputes and offshore island conflicts in the past, it has never conceded homeland concerns, which include Hong Kong, Macao, and Taiwan.¹⁸⁶ Consequently, during Tsai's administration, China can gradually tighten its economic and diplomatic hold on Taiwan. Moreover, if the Xi administration views Taiwan as moving closer to independence from China, it may increase pressure on Taiwan.

2.3.2 Economic Relations

Since the fall of martial law in 1987, Taiwanese trade and investment patterns have changed substantially. The United States and Japan were Taiwan's most important trading partners that year, but trade and investment with China remained banned, with only limited indirect flows permitted. In addition, Taiwanese were not permitted to go to China until 1987, and it took another two decades for genuine liberalization to express itself in the form of Chinese tourists and students traveling to Taiwan.

In the early 1990s, the shift toward growing trade relations with China was primarily camouflaged as trade with Hong Kong. Similarly, a substantial amount of Taiwanese first investment in China was routed through Caribbean tax havens.¹⁸⁷ In September 1996, the KMT administration launched the "no haste, be patient" policy to restrict Taiwanese investment in China, particularly in high-tech and infrastructure industries. In addition, Taiwan maintained several limitations on cross-strait economic interaction due to the hostile climate generated by China's military threat against Taiwan. The fundamental concern of the KMT leadership was that Taiwan's heavy reliance on China's market and manufacturing facilities would enhance the likelihood of national security threats from its formidable political rival.¹⁸⁸

During the 1999-2000 Taiwanese presidential election, the DPP advocated for cross-strait economic normalization, significantly changing past policy approaches. In addition, the party advocated employing an active management approach instead of a passive one, such as "no haste, be patient." Since becoming the president in March 2000, President Chen has launched several opening policy efforts concerning cross-strait economic relations. Thus, despite continuing

¹⁸⁶ Taylor M. Fravel, "Regime Insecurity and International Cooperation: Explaining China's Compromises in Territorial Disputes," *International Security*, vol. 30, no. 2 (2005).

¹⁸⁷ Dafydd Fell, "The China Impact on Taiwan's Elections: Cross-Strait Economic Integration Through the Lens of Election Advertising," in Gunter Schubert ed., *Taiwan and The 'China Impact': Challenges and Opportunities* (London: Routledge, 2015), p. 53.

¹⁸⁸ Chen-yuan Tung, "Taiwan's Cross-Strait Economic Policy and the Prospects of Cross-Strait Economic Relations," *Views & Policies*, vol. 2, no. 2 (2005), p. 100.

political enmity between Taiwan and China, economic relations across the Taiwan Strait increased rapidly. Due to the establishment of Three Mini-Links (direct transportation, trade, and postal services), trade surged substantially in 2001. However, the Taiwan Strait strategy of President Chen cannot account for trade expansion between the two sides.¹⁸⁹ In 2002, President Chen abandoned the political integration proposal made in 2001 to favor the “state-to-state” concept, which increased tensions across the Taiwan Strait.¹⁹⁰

President Chen adopted a more robust foreign policy during his second presidential term. In 2007, he gave a speech at the 25th anniversary of the Formosan Association of Public Affairs, in which he openly declared his support for Taiwan’s independence and a new constitution, resulting in a rise in cross-strait tensions. Except for a temporary decline in early 2008, the year of Taiwan’s presidential elections, cross-strait trade expanded during Chen’s presidency. Nevertheless, since 2000, the overall trade volume has more than doubled. In 2008, its value was USD 71.7 billion, up from USD 30.6 billion in 2000.

When the KMT returned to power in Taiwan in 2008, cross-strait relations entered a new phase. Reducing tensions across the Taiwan Strait and strengthening economic connections with China were priorities for President Ma’s New China strategy. After President Ma acknowledged the “1992 Consensus,” the SEF for Taiwan and the ARATS for China resumed their Cross-strait discussion. Since the first round of SEF-ARATS conversations in 2008, they have been held every six months, resulting in the conclusion of 23 cross-strait agreements directly relating to economic exchanges by the end of Ma’s administration.¹⁹¹ In contrast, the global financial crisis hit Taiwan extremely tough in the fourth quarter of 2008 and caused a significant decline in cross-strait trade 2008. Nevertheless, there was significant growth in cross-strait trade in 2009.

Cross-strait interactions are increasing economic and functional interdependence. In 2008, a total trade volume of USD 129 billion over the Taiwan Strait. China is Taiwan’s most important trading partner, whereas Taiwan is among the top ten of China’s partners. More than 70,000 Taiwanese enterprises have mainland stakes with more than USD 100 billion combined capitalization. In 2009, the global financial crisis hindered trade across the Taiwan Strait, but this

¹⁸⁹ Chien-min Chao, “One Step Forward, One Step Backward: Chen Shui-bian’s Mainland Policy”, *Journal of Contemporary China*, vol. 12, no. 34 (2003), p. 131.

¹⁹⁰ Vincent Wei-cheng Wang, “The Chen Shui-Bian Administrations Mainland Policy: Toward a Modus Vivendi or Continued Stalemate?”, *American Asian Review*, vol. 20, no. 4 (2002), p. 119.

¹⁹¹ Gang Lin, *Taiwan’s Party Politics and Cross-Strait Relations in Evolution (2008–2018)* (Singapore: Palgrave Macmillan, 2019), p. 181.

trend began to reverse in 2010. In January 2010, Taiwan's exports to China reached their highest level in 17 months, with 43 percent of overall exports flowing to China.¹⁹² It is worth noting that Taiwan's tourism industry reaped the benefits of NTD 11 billion in income from Chinese visitors. As a result, Taiwan and China plan to build tourism offices in each other's capitals to meet the growing demands of the tourism business.¹⁹³

In 2010, the Ma administration signed the ECFA, which was approved to boost access to the Chinese market through enhanced investment guarantees, tariff reductions, and intellectual property protection.¹⁹⁴ However, most notably, many Taiwanese believe that the signing of the Cross-Strait Trade in Services Agreement (CSTA) in 2013 would increase asymmetric competition, as Taiwan's service sector is dominated by small and medium-sized enterprises (SMEs), as opposed to China, where the majority of the market is dominated by large state-owned enterprises (SOEs).¹⁹⁵ Consequently, Taiwanese enterprises unable to compete with Chinese firms risk losing market share or being compelled to depart. This would have a negative impact on the well-being of the Taiwanese people, as many of them could lose their jobs or have their wages lowered. Moreover, due to the "Sunflower movement" in Taiwan in 2014, the CSTA has been delayed, limiting President Ma's ability to pursue the cross-strait policy.

While the Cross-strait Agreement on Avoiding Double Taxation and Enhancing Tax Cooperation and the Cross-strait Collaboration Agreement on Flight Safety and Airworthiness were signed in 2015, they primarily strengthened the institutional framework for connections across the Strait. However, they had no significant impact on cross-strait trade.¹⁹⁶ In addition, bilateral trade dropped abruptly in 2015, with a negative growth rate of roughly 10 percent. Public displeasure with President Ma's cross-strait policies and growing fears about the economic dependency of Taiwan on China fueled this decline.¹⁹⁷

While investments from Taiwan into China tend to follow a cyclical pattern, the change in political leadership that occurred in Taiwan in 2000, 2008, and 2016 impacted the total amount

¹⁹² "Taiwan's Export to the Chinese Mainland Sets a Record in a Year", *Duowei News*, February 14, 2010.

¹⁹³ "China, Taiwan to Exchange Tourism Offices", *AFP*, October 15, 2009.

¹⁹⁴ Douglas B. Fuller, "ECFA's Empty Promise and Hollow Threat," in Jean-Pierre Cabestan and Jacques deLisle, eds., *Political Changes in Taiwan Under Ma Ying-jeou* (New York: Routledge, 2014), p. 97.

¹⁹⁵ Dafydd Fell, *Government and Politics in Taiwan* (New York: Routledge, 2018), p. 161.

¹⁹⁶ Tung-chieh Tsai and Tony Tai-ting Liu, "Cross-Strait Relations and Regional Integration: A Review of the Ma Ying-Jeou Era (2008–2016)", *Journal of Current Chinese Affairs*, vol. 46, no. 1 (2017), p. 32.

¹⁹⁷ Yasuhiro Matsuda, "Cross-Strait Relations under the Ma Ying-Jeou Administration: From Economic to Political Dependence?", *Journal of Contemporary East Asia Studies*, vol. 4, no. 2 (2015), p. 6.

of money invested by Taiwanese citizens. After the DPP took office in 2001, cross-strait investment expanded. However, it fell in 2009, one year after the KMT won power, and rose in 2016 when the DPP returned. These contrasts the positions taken by both the KMT and the DPP regarding cross-strait ties. Therefore, the pattern of investment in Taiwan has been less immediately related to the path taken by the political administrations and has been more strongly associated with the economic goals of Taiwan. In addition to this, the Chinese economy has exerted a substantial influence on the investment decisions made in Taiwan.¹⁹⁸

During the Tsai administration, many Taiwanese in China declined somewhat, reaching USD 1,770 million in 2017. As a result of the stalemate in cross-strait relations and President Tsai's rejection of "One China" and the "1992 Consensus," Taiwanese investors are likely to be concerned about possible economic repercussions from China. In addition, rising labor prices in China and Taiwan's NSP resulted in the relocation of Taiwanese-owned businesses from China to emerging Southeast Asian nations, mainly Vietnam and Cambodia.¹⁹⁹

In terms of the Chinese investment in Taiwan, the prohibition was repealed during the Ma administration in 2009. As a result, USD 2.4 billion was invested in 1,404 registered projects in 2017. However, the number of projects is less than that of Taiwanese investments in China, reaching 3,464 projects in 2017 because several organizations, notably SOEs, consider the Taiwanese market too small to be profitable. Consequently, unlike their Taiwanese counterparts, Chinese multinational corporations invest with political goals, such as fostering economic cooperation across the Taiwan Strait.²⁰⁰

While COVID-19 unavoidably had a significant toll on Taiwan's economy, Taiwan's ties with China remain tense. The economically dominating power in Asia imposes considerable constraints on its economic integration in the area. Consequently, despite its increasing corporate integration, Taiwan continues to be excluded from trade-facilitation integration in Asia as a member economy.²⁰¹ In addition, a more authoritarian China is isolating its remaining

¹⁹⁸ Ekaterina Oganessovna Nakhatakyan, "Political Economy of Cross-Strait Relations", *Vestnik RUDN. International Relations*, vol. 21, no. 1 (2021), p. 142.

¹⁹⁹ Kyle Churchman, *Cross-Strait Relations in the Era of Tsai Ing-wen: Shelving Differences and Seeking Common Ground?* (Washington, D.C.: Center for the National Interest, 2016), p. 14.

²⁰⁰ Ekaterina Oganessovna Nakhatakyan, "Political Economy of Cross-Strait Relations", *Vestnik RUDN. International Relations*, vol. 21, no. 1 (2021), p. 144.

²⁰¹ Richard C. Bush, "From Persuasion to Coercion: Beijing's Approach to Taiwan and Taiwan's Response", *Brookings Institution*, November 2019, <https://www.brookings.edu/research/from-persuasion-to-coercion-beijings-approach-to-taiwan-and-taiwans-response/>.

diplomatic friends, preventing Taiwan from participating in international summits, and forcing foreign firms to downgrade Taiwan's status from country to province of China.

2.3.3 The Impact of Cross-Strait Relations on Thailand and Taiwan Relations

According to the study shown above, the cross-strait relations have both positive and negative impacts on the relations between Thailand and Taiwan.

Positive perspectives

First, the economies of Taiwan and China are mutually beneficial. Their integration is based on functional connectivity. They are involved in a global division of labor that Gereffi refers to as a "commodity chain" of interconnected manufacturing processes spanning multiple nations.²⁰² China required investment and entrepreneurial know-how. In contrast, Taiwan's labor-intensive industries underwent a structural change as rising wages lowered their international competitiveness. Taiwan's abundant capital and advanced technology were an excellent match for China's abundant resources and low production costs. This economic complementarity aided the Taiwanese industry in China's rapid investment expansion. According to estimates, about 75 percent of China's IT exports in the early 2000s incorporated imports or assistance from Taiwanese factories.²⁰³ Significant portions of both economies were involved in these commodity chains, raising Taiwan's trade surplus with China and the Chinese trade surplus with several countries dramatically, including Thailand.

Second, a broader dynamic affects cross-strait economic interaction as well. Taiwan's increasing trade and investment with China indicates broader East Asian, Southeast Asia, and global economic trends. East Asia's business, in general, became increasingly dependent on China's dynamism. China's share of East Asian GDP increased dramatically due to two interconnected factors: China's liberalization of tariffs and investment opportunities and the resulting expansion of East Asia's China FDI. The major East Asian economies, including Taiwan, increasingly rely on interregional trade, particularly multinational goods. China has been influential in this rapid change by attracting inward FDI and lowering trade barriers. China's

²⁰² Gary Gereffi, "More Than the Market, More Than the State: Global Commodity Chains and Industrial Upgrading in East Asia," in Cal Clark Steve Chan, and Danny Lam, eds., *Beyond the Developmental State* (New York: Springer, 1998).

²⁰³ Cal Clark, "Growing Cross-Strait Economic Integration," *Orbis*, vol. 46, no. 4 (2002).

entrance to the WTO accelerates these tendencies since further reductions in trade barriers allow for further cross-border specialization and efficiency.²⁰⁴

Third, Taiwan's economic integration into the global economy has been helped by the growth of trade and investment between China and Taiwan and forming a system for bilateral economic cooperation. In this light, the economic chains that bind Thailand and Taiwan are also in an advantageous position to expand their current scope.

Negative perspectives

First, Thailand's relations with Taiwan and China are determined by politics; Thailand will likely be indirectly affected by the growing tensions in the Taiwan Strait. For example, the crisis over the Taiwan Strait in early August 1995 and again in the middle of March 1996 sent shockwaves throughout the world, including Thailand, situated in the Asia-Pacific region. When China conducted missile testing, they blocked off a portion of the Taiwan Strait. All aircraft and vessels have been instructed to avoid this area, and some crossings have been temporarily suspended. The Taiwan Strait is the principal air and sea route between Northeast and Southeast Asia.

Compared to politically isolated Taiwan, China, which has extensive diplomatic relationships around the world, is indisputably the political hegemon of Asia. The political primacy argument is pertinent when evaluating China's role as a superpower and permanent member of the UNSC. China is indisputably a prominent global and regional political actor. China subscribes to the political primacy argument and intends to employ political leverage to impede Taiwan's ambitions in Southeast Asia. Consequently, Thailand's informal diplomatic relations with Taiwan may affect the tensions between China and Taiwan.

Second, Thailand receives possibly a tiny portion of Taiwanese and Chinese markets. China is not only the largest market in the world but also a rapidly rising economy. Based on China's economic performance over the past decade, the Chinese economy will continue to expand. Additionally, Taiwanese SMEs investing in China can offset China's traditional emphasis on heavy industries and large SOEs; these firms can leverage their established production and marketing networks to assist similar Chinese firms in entering the international market.

²⁰⁴ Karen M. Sutter, "Business Dynamism Across the Taiwan Strait: The Implications for Cross-Strait Relations", *Asian Survey*, vol. 42, no. 3 (2002).

Governments and businesses frequently view these economic efforts as “win-win” or mutually beneficial.

Third, Thailand may be affected by the ECFA because this agreement encourages China and Taiwan’s expansion of trade and investment. The value of both China’s to Taiwan and Taiwan’s exports to China has increased by more than 60 percent. This suggests a tighter economic relationship between both sides. From January to December 2019, Taiwan’s exports to China were USD 92 billion, while imports from China totaled USD 57 billion, as reported by Taiwan’s Customs Administration.²⁰⁵

In addition, as reported by Taiwan’s Investment Commission, cumulative investments from Taiwan to China exceeded USD 187 billion, with 43,925 cases at the end of 2019. Because 90 percent of Taiwan’s IT production industry is now based in China, the Chinese IT industry is typically the most important industrial sector to benefit from Taiwan’s investment. China’s investments in Taiwan have also expanded throughout this time. Local sectors in Taiwan are now open to Chinese investment. China’s investments in Taiwan from 2009 to 2019 totaled USD 2 billion through 1,371 deals.²⁰⁶ It cannot deny that China is Taiwan’s biggest outbound investment destination.

In this scenario, Taiwan and China may negotiate for preferential tariff rates or offer bilateral advantages over other trade partners. However, as a direct result of this agreement, the competition Thai products face when shipped to China and Taiwan is likely to increase. Therefore, Thailand will likely only be able to ship lower products to Taiwan and China, as this is all Taiwan and China can afford. Additionally, Thailand may be impacted by Taiwanese and Chinese products, which will have an advantage over Thai goods due to shorter shipping distances, faster delivery, and reduced logistics costs. “Nevertheless, Thailand will monitor the cross-strait relations closely. With the impact of the tensions, Taiwan needs to focus on more cooperation with the NSP countries, including Thailand. At the same time, Thailand will consciously handle the movement or interaction.”²⁰⁷

²⁰⁵ MOEA (Bureau of Foreign Trade), *Cross-Straits Economic Relations*, May 12, 2020, <https://www.trade.gov.tw/English/Pages/Detail.aspx?nodeid=2910&pid=652155>.

²⁰⁶ Ibid.

²⁰⁷ Interview with Mr. Twekiat Janprajak, the executive directors of the TTEO, Taipei, June 20, 2022.

CHAPTER 3

THAILAND AND TAIWAN ECONOMIC RELATIONS

The primary goal of this chapter is to analyze Thailand and Taiwan's trade and investment cooperation between 1992 and 2022. This chapter explores the successful and unsuccessful aspects of the bilateral relations between Thailand and Taiwan, particularly economic cooperation. In addition, Thailand's and Taiwan's economic interests are explored.

3.1 Trade

3.1.1 Two-way Trade Turnover

According to the Taiwan Ministry of Finance, the total trade of Taiwan imported USD 309.16 million worth of Thailand products in 1989. Despite the relatively low value of the products that Taiwan imported into Thailand in that year, it was the year that laid the groundwork for the creation of economic relations between the two sides. Thus, direct trade volume has increased significantly, and Taiwan has been consistently acknowledged as one of Thailand's most important trading partners over the years.

Table 3.1: Bilateral Trade between Thailand and Taiwan (1992-2022)

Unit: USD Million

Year	Total Trade		Taiwan exports to Thailand		Taiwan imports from Thailand		Surplus/Deficit	
	Amount	Growth Rate (%)	Amount	Growth Rate (%)	Amount	Growth Rate (%)	Amount	Growth Rate (%)
1992	2,634.04	29.69	1,809.49	25.24	824.55	40.68	984.95	14.70
1993	2,991.85	13.59	2,018.89	11.57	972.96	17.99	1,045.93	6.19
1994	3,548.87	18.62	2,440.15	20.87	1,108.72	13.95	1,331.43	27.30
1995	4,556.87	28.40	3,071.65	25.88	1,485.23	33.96	1,586.42	19.15
1996	4,461.18	-2.10	2,789.51	-9.19	1,671.67	12.55	1,117.84	-29.53
1997	4,488.89	0.62	2,562.03	-8.16	1,926.86	15.27	635.17	-43.18
1998	3,893.36	-13.27	1,925.76	-24.84	1,967.60	2.11	-41.84	---

Year	Total Trade		Taiwan exports to Thailand		Taiwan imports from Thailand		Surplus/Deficit	
	Amount	Growth Rate (%)	Amount	Growth Rate (%)	Amount	Growth Rate (%)	Amount	Growth Rate (%)
1999	4,487.65	15.26	2,104.39	9.28	2,383.26	21.13	-278.87	566.54
2000	5,330.04	18.77	2,562.17	21.75	2,767.87	16.14	-205.71	-26.24
2001	4,389.73	-17.64	2,196.93	-14.26	2,192.80	-20.78	4.14	---
2002	4,549.35	3.64	2,367.21	7.75	2,182.13	-0.49	185.08	4,373.26
2003	5,018.87	10.32	2,639.49	11.50	2,379.37	9.04	260.12	40.55
2004	6,102.38	21.59	3,317.75	25.70	2,784.63	17.03	533.11	104.95
2005	6,707.24	9.91	3,820.21	15.15	2,887.04	3.68	933.17	75.04
2006	7,893.89	17.69	4,576.51	19.80	3,317.38	14.91	1,259.14	34.93
2007	8,812.88	11.64	5,199.53	13.61	3,613.35	8.92	1,586.18	25.97
2008	8,157.84	-7.43	4,905.88	-5.65	3,251.96	-10.00	1,653.93	4.27
2009	6,508.33	-20.22	3,826.73	-21.99	2,681.60	-17.54	1,145.13	-30.76
2010	9,117.22	40.09	5,288.33	38.19	3,828.90	42.78	1,459.43	27.45
2011	10,532.93	15.53	6,139.48	16.09	4,393.45	14.75	1,746.03	19.64
2012	10,262.50	-2.57	6,565.88	6.95	3,696.62	-15.86	2,869.26	64.33
2013	10,088.56	-1.70	6,336.25	-3.50	3,752.31	1.51	2,583.95	-9.94
2014	10,398.26	3.07	6,094.02	-3.82	4,304.23	14.71	1,789.79	-30.73
2015	9,597.42	-7.70	5,661.51	-8.00	3,935.91	-8.56	1,725.60	-3.59
2016	9,308.86	-3.01	5,490.58	-3.02	3,818.28	-2.99	1,672.30	-3.09
2017	10,740.21	15.38	6,382.00	16.24	4,358.21	14.14	2,023.79	21.02
2018	10,750.39	0.95	6,168.28	-3.35	4,582.11	5.14	1,586.17	-21.62
2019	9,771.99	-9.10	5,517.97	-10.54	4,254.02	-7.16	1,263.94	-20.32
2020	9,833.82	0.63	5,289.49	-4.14	4,544.33	6.82	745.15	-41.05
2021	12,984.48	32.04	7,024.16	32.80	5,960.32	31.16	1,063.85	42.77
2022	3,478.68	16.86	1,840.99	15.24	1,637.69	18.74	203.30	-6.90

Source: Bureau of Foreign Trade, Ministry of Economic Affairs (MOEA), ROC.

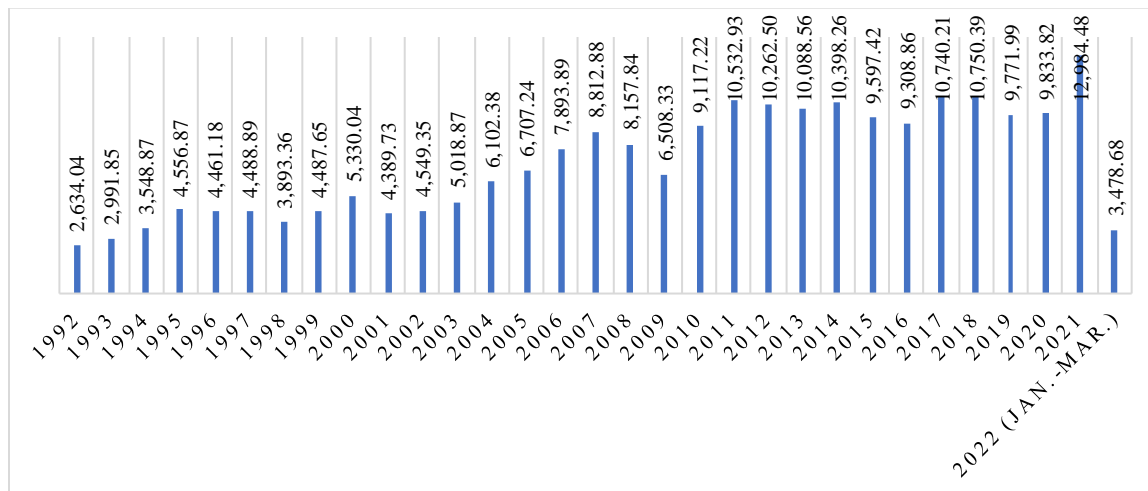
(<https://cuswebo.trade.gov.tw/FSCE030F/FSCE030F>)

Remark: 1) --- means no data is available or data cannot be represented numerically.

2) The statistics for 2022 cover the months of January, February, and March.

Figure 3.1: Total Trade Turnover between Thailand and Taiwan (1992-2022)

Unit: USD Million



Source: The figure made by the author from statistics in table 3.1

Based on the statistics shown in the table and figure 3.1, it is possible to deduce that the following features characterized trade relations between Thailand and Taiwan from 1992 to 2022.

First, the total trade turnover between Thailand and Taiwan fluctuated over the past 30 years.

The upsurge in trade volume between Thailand and Taiwan is evidenced by the following year's total trade volume exceeding that of the previous year. However, except 1996-1998, 2001, 2008-2009, 2012-2013, 2015-2016, and 2019-2020, which were impacted by circumstances such as Thai internal political problems, economic downturn, and the COVID-19 outbreak, Thailand and Taiwan's trade turnover was lower than the preceding year.

The bilateral trade volume climbed from 2,634 million USD in 1992 to USD 4,556 million in 1995, almost 30 percent over 1994. Due to the following factor, Thailand and Taiwan's trade volume increased in 1995. First, President Lee formally introduced his Go South policy in 1994. This policy represented President Lee's efforts to develop Taiwan and Southeast Asia relations. Second, President Lee's holiday diplomacy travels to Thailand, with whom Taiwan had no diplomatic ties but substantial investments, were a striking symbol of his administration's "Go South" commitment to Thailand. Third, promoting subregional economic cooperation was one of the government's top foreign objectives under the Chuan administration.

However, bilateral trade volume decreased marginally in 1996 to USD 4,461 million. Despite the impact of the 1997 financial crisis, two-way trade between Thailand and Taiwan climbed slightly in 1998, reaching USD 3,893 million, a drop of USD 595 million from 1997. Trade relations between the two sides improved in 1999 and 2000, with total trade reaching USD 4,487 million and USD 5,330 million. However, bilateral trade fell to USD 4,389 million in 2001.

Since 2002, bilateral trade between the two sides has gradually increased with good signs, reaching USD 4,549 million in 2002 at a growth rate of 3.6 percent and USD 5,018 million in 2003 at a growth rate of up to 10.3 percent. In 2004, the two-way trade turnover increased significantly, reaching USD 6,102 million, a 21.5 percent rise. Bilateral trade increased further in 2005, reaching USD 6,707 million in 2005 and USD 7,893 million in 2006. (up to 18 percent). Between 2002 and 2007, bilateral trade expanded nearly twofold, from USD 4,549 million in 2002 to USD 8,812 million in 2007, growing at 12 percent.

There are several reasons for the growth of two-way trade value between Thailand and Taiwan from 2002 to 2007. First, Prime Minister Thaksin pursued an agenda focused on economics, which included Thailand's neighbors in the Asia-Pacific area. The "Flexible Engagement Policy" significantly advanced Thaksin's foreign policy. Second, Thai policy elites view Asia as Thailand's crucial sphere of influence and are eager to assert Thailand's preeminent status in this region. Third, the cross-strait ties deteriorated to an alarming degree under President Chen's administration. Taiwan attempted to minimize corporate investment in China and focus on the new market.

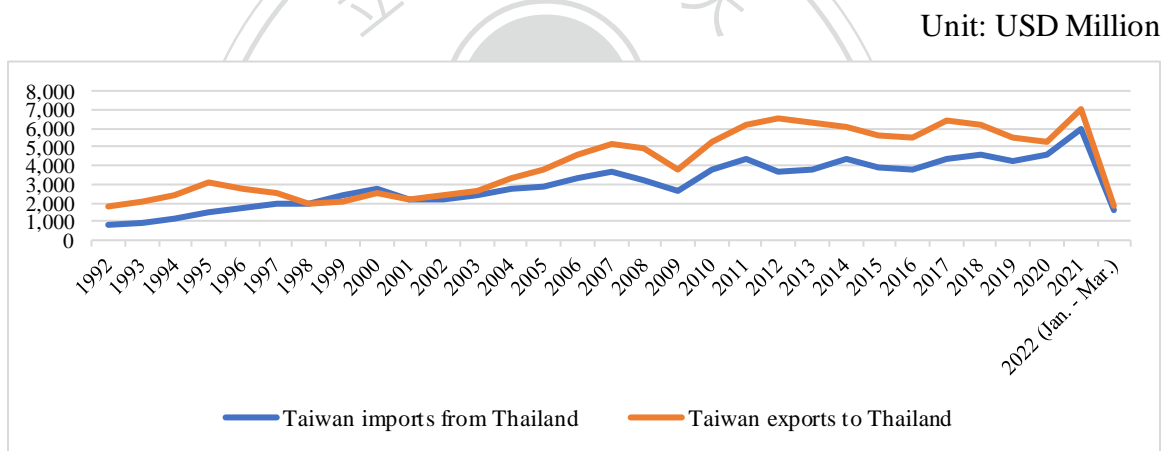
During the economic downturn from 2008 to 2009, following the burst of the United States housing bubble and the global financial crisis, bilateral trade fell in lockstep with the decline in global trade flows, growing at a negative rate (-20 percent), but rebounded to a previous high of USD 9,117 million in 2010 with a growth rate of 40 percent, and USD 10,532 million (up to 15 percent) in 2011. The following two years, 2012 and 2013, saw a minor decline in trade relations between Thailand and Taiwan, but overall trade still exceeded USD 10,000 million.

While bilateral trade climbed progressively, reaching USD 10,398 million in 2014 at a pace of 3 percent, the trade volume declined by around USD 9,000 million between 2015 and 2016, the first four years since 2010. However, between 2017 and 2018, trade relations between the two sides improved gradually, with total trade returning to over USD 10,000 million.

In 2019, the IMF reported that the global economy was experiencing a synchronized slowdown, which entered its slowest pace since the global financial crisis.²⁰⁸ As a result, the trade between Thailand and Taiwan decreased to USD 9,771 million but rebounded to a previous high of USD 9,833 million in 2020 with a growth rate of 0.6 percent. In 2021, bilateral trade totaled USD 12,984 million, a 30 percent increase over 2020 levels, placing Thailand as Taiwan’s 12th largest trading partner, behind China, the United States, Japan, Hong Kong, South Korea, Singapore, Malaysia, Germany, Vietnam, Australia, and the Netherlands. Conversely, Taiwan ranked as Thailand’s 9th largest trading partner, behind China, the United States, Japan, Hong Kong, South Korea, Singapore, Malaysia, Germany, Vietnam, Australia, and India.

Second, Thailand and Taiwan’s trade balance is in the favor of Taiwan.

Figure 3.2: Export and Import Activity between Thailand and Taiwan
Based on Values (1992-2022)



Source: The figure made by the author from the statistic in table 3.1

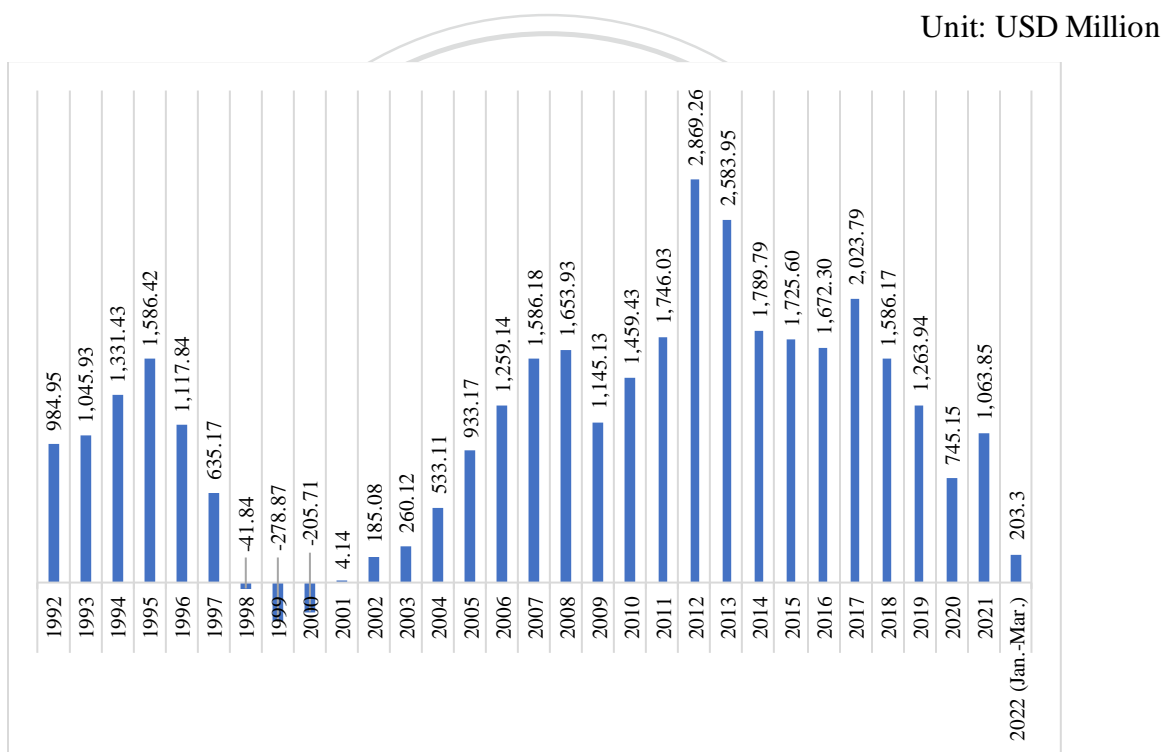
Taiwan’s trade surplus with Thailand is greater than Thailand’s trade deficit with Taiwan, as illustrated in figure 3.2. This is because Taiwan’s exports to Thailand climbed significantly between 1992 and 2022, while imports from Thailand increased gradually. As a result, Taiwan’s surplus with Thailand is substantial and growing. Taiwan’s exports to Thailand started at USD 1,809 million in 1992 and continued to grow significantly to USD 2,562 million in 2000, USD 3,820 million in 2005, USD 5,288 million in 2010, USD 5,661 million in 2015, and USD 7,024 million in 2021. Meanwhile, Taiwan’s imports from Thailand did reach USD 824 million in 1992,

²⁰⁸ IMF, *The World Economy: Synchronized Slowdown, Precarious Outlook*, October 15, 2019, <https://blogs.imf.org/2019/10/15/the-world-economy-synchronized-slowdown-precious-outlook/>.

USD 2,767 million in 2000, USD 2,887 million in 2005, USD 3,828million in 2010, USD 3,935million in 2015, and USD 5,960 million in 2021.

Thus, Taiwan’s trade surplus with Thailand increased from USD 984 million in 1992 to USD 933 million in 2005, USD 1,459 million in 2010, USD 1,725 million in 2015, and USD 1,063 million in 2021. On the other hand, Thailand had a trade surplus with Taiwan between 1998 and 2000. In 1998, it was USD 41 million; in 1999, it was USD 278 million; and in 2000, it was USD 205 million.

Figure 3.3: Thailand’s Trade Surplus/Deficit with Taiwan (1992-2022)



Source: The figure made by the author from the statistic in table 3.1

Thailand’s imports from Taiwan have increased year by year, rebalancing the trade balance in Taiwan’s favor and situating Taiwan as one of the largest importing markets of Thailand.

Table 3.2: Top 10 Largest Importing Markets of Thailand

Unit: USD Million

Ranking	1997	Amount	2000	Amount	2005	Amount
1	Japan	16,246.58	Japan	15,378.02	Japan	26,032.78
2	US	8,713.46	US	7,316.61	China	11,158.02
3	Singapore	3,163.80	Singapore	3,428.10	US	8,683.15
4	Malaysia	3,033.17	China	3,389.62	Malaysia	8,097.03
5	Germany	3,003.98	Malaysia	3,359.02	UAE	5,699.90
6	Taiwan	2,876.23	Taiwan	2,907.67	Singapore	5,377.92
7	China	2,272.07	South Korea	2,173.44	Taiwan	4,503.29
8	South Korea	2,262.81	Germany	1,954.15	Saudi Arabia	4,047.17
9	Oman	1,345.05	UAE	1,775.50	South Korea	3,888.44
10	UK	1,334.15	Indonesia	1,292.41	Australia	3,253.05

Unit: USD Million

Ranking	2010	Amount	2015	Amount	2021	Amount
1	Japan	37,855.52	China	41,065.24	China	66,546.31
2	China	24,237.50	Japan	31,235.86	Japan	35,685.28
3	Malaysia	10,728.90	US	13,863.98	US	14,424.31
4	US	10,677.12	Malaysia	11,917.25	Malaysia	12,018.14
5	UAE	8,783.37	UAE	8,164.99	Taiwan	10,509.23
6	South Korea	8,060.94	Taiwan	7,529.40	South Korea	9,918.80
7	Taiwan	6,815.28	Singapore	7,164.36	UAE	9,540.53
8	Singapore	6,293.09	South Korea	7,039.28	Indonesia	8,127.04
9	Australia	5,908.15	Indonesia	6,563.99	Singapore	7,365.01
10	Indonesia	5,692.33	Germany	5,546.98	Vietnam	6,939.24

Source: Ministry of Commerce, Thailand (<https://tradereport.moc.go.th/TradeThai.aspx>)

According to table 3.2, Taiwan ranked 6th among Thailand's top ten import partners in 1997 and 2000, 7th in 2005 and 2010, and 6th in 2015. Taiwan surpassed South Korea, The United Arab Emirates (UAE), Indonesia, Singapore, and Vietnam to become Thailand's 5th largest import market in 2021. Taiwan's position among major exporting economies to Thailand has shifted dramatically upward, indicating that the Thai market increasingly accepts Taiwanese products.

While Thailand's exports to Taiwan have risen slowly as compared to its imports, Taiwan's position among Thailand's key exporting markets has also declined.

Table 3.3: Top 10 Largest Exporting Markets of Thailand

Unit: USD Million

Ranking	1997	Amount	1998	Amount	1999	Amount
1	US	11,341.11	US	12,167.20	US	12,654.27
2	Japan	8,837.41	Japan	7,469.33	Japan	8,261.32
3	Singapore	6,510.88	Singapore	4,698.25	Singapore	5,073.12
4	Hong Kong	3,464.96	Hong Kong	2,783.06	Hong Kong	2,981.32
5	Malaysia	2,524.44	Netherland	2,180.43	Netherland	2,198.56
6	UK	2,061.06	UK	2,120.19	Malaysia	2,124.23
7	Netherland	1,857.38	Malaysia	1,780.28	UK	2,089.73
8	China	1,774.55	China	1,766.75	Taiwan	2,043.64
9	Taiwan	1,592.05	Taiwan	1,743.14	China	1,860.95
10	Germany	1,445.30	Germany	1,556.37	Germany	1,459.58

Unit: USD Million

Ranking	2000	Amount	2001	Amount	2002	Amount
1	US	14,870.11	US	13,199.62	US	13,509.42
2	Japan	10,232.38	Japan	9,945.38	Japan	9,949.98
3	Singapore	6,065.97	Singapore	5,261.39	Singapore	5,552.73
4	Hong Kong	3,517.88	Hong Kong	3,306.82	Hong Kong	3,687.89
5	China	2,836.47	China	2,873.36	China	3,555.04
6	Malaysia	2,832.15	Malaysia	2,733.44	Malaysia	2,835.29
7	Taiwan	2,428.96	UK	2,336.78	UK	2,393.05
8	UK	2,385.00	Netherland	2,037.11	Taiwan	1,969.42
9	Netherland	2,271.00	Taiwan	1,925.33	Netherland	1,891.70
10	Germany	1,658.94	Germany	1,574.33	Indonesia	1,680.19

Unit: USD Million

Ranking	2003	Amount	2004	Amount	2006	Amount
1	US	13,596.16	US	15,502.86	US	19,449.60
2	Japan	11,356.20	Japan	13,491.63	Japan	16,385.90
3	Singapore	5,850.25	China	7,113.45	China	11,727.95
4	China	5,688.92	Singapore	7,027.01	Singapore	8,357.22
5	Hong Kong	4,315.16	Malaysia	5,312.37	Hong Kong	7,166.74
6	Malaysia	3,872.01	Hong Kong	4,939.56	Malaysia	6,613.62
7	Taiwan	2,581.53	Indonesia	3,215.81	Australia	4,349.60
8	UK	2,577.45	UK	3,029.83	UK	3,399.60
9	Netherland	2,364.79	Taiwan	2,607.97	Taiwan	3,366.12
10	Indonesia	2,265.65	Netherland	2,596.90	Indonesia	3,313.19

Source: Ministry of Commerce, Thailand (<https://tradereport.moc.go.th/TradeThai.aspx>)

As seen in table 3.3, Taiwan retained its position as one of Thailand's top ten major export destinations between 1997 and 2004. However, Taiwan fell to 11th place in 2005 and returned to 9th place in 2006. In the subsequent years, Taiwan had ceased to be one of Thailand's top ten export partners. In 2021, Taiwan was 16th position among the countries exported by Thailand. This demonstrates that Thai goods are becoming increasingly difficult to reach the Taiwan market, resulting in an increasingly disparate trade balance between the two sides. Between 1992 and 2022, it was determined that bilateral trade turnover increased dramatically but was not proportionate to their potential.

According to the Taiwan Bureau of foreign trade, Thailand was Taiwan's 13th largest trading partner in 2021, with a total trade volume of USD 12,984 million. Thailand was Taiwan's 11th major export market and fourteenth largest import market. Thailand was Taiwan's 12th largest trading partner between 1992 and 2021, with a total trade volume of USD 217,919 million, export turnover of USD 126,092 million, and import turnover of USD 91,827 million.

Table 3.4: Taiwan's Trade with ASEAN (1992- 2021)

Unit: USD Million

Countries	Total Trade	Ranking	Export	Ranking	Import	Ranking
ASEAN	1,711,871.79	---	1,023,680.41	----	688,191.38	---
Singapore	491,514.32	1	324,590.15	1	166,924.17	2
Malaysia	344,795.19	2	165,358.95	3	179,436.24	1
Thailand	217,919.92	3	126,092.27	5	91,827.65	4
Vietnam	217,509.06	4	168,550.66	2	48,958.40	6
Indonesia	210,945.82	5	79,005.79	6	131,940.03	3
Philippines	207,705.98	6	144,127.23	4	63,578.74	5
Cambodia	12,484.04		11,489.72	7	994.33	9
Myanmar	5,314.26	7	3,753.32	8	1,560.94	8
Brunei	3,221.21	9	598.43	9	2,622.78	7
Laos	461.98	10	113.89	10	348.10	10

Source: compiled by the author from the statistic of the Bureau of Foreign Trade, MOEA, ROC. (<https://cuswebo.trade.gov.tw/FSCE030F/FSCE030F>)

Remark: --- means no data is available or data cannot be represented numerically.

As we can see, Thailand was one of the countries in the Southeast Asia region that Taiwan's NSP singled out. This is because Taiwan's bilateral trade with Thailand is significantly larger than its trade with the rest of the region. Thailand placed 3rd in terms of trade volume (USD 217,920 million), 5th in terms of exporting turnover (USD 126,092 million), and 4th in terms of importing turnover (USD 91,828 million) with Southeast Asia during the period 1992-2021.

By examining Thailand and Taiwan trade relations from 1992-to 2021, it is necessary to clarify Thailand's trade deficit with Taiwan.

In general, several reasons contribute to Thailand's trade deficit with Taiwan. First, Thailand imports electrical machinery and raw materials from Taiwan and then exports finished products to other countries, thus establishing a trade flow. As a result, products that would have been shipped from Taiwan to other markets are instead exported to Thailand, increasing Taiwan's trade surplus with Thailand. Second, Taiwan also exports final products with a comparative advantage over Thailand. Third, Taiwan continues to place restrictions on imports from Thailand. The import of Thai mangosteens, for instance, was restricted in 2003 due to concerns with fruit fly species, but the authorities in the Southeast Asian nation have worked diligently to enhance

the quality of testing, prompting the Council of Agriculture to reopen Taiwan's borders to the fruit. However, the Council of Agriculture announced in May 2019 that it would import the fruit from Thailand under certain conditions. Import regulation, transportation, and the lack of a direct communication link between Thailand and Taiwan have created trade difficulties. Thus, Thailand's trade imbalance with Taiwan is partially attributable to existing trade restrictions.

3.1.2 Structure of Import-Export By-Products between Thailand and Taiwan

From 1992 to 2021, Thailand and Taiwan exported products with a competitive advantage in the export market and imported products that were important for the production and consumption on both sides, according to statistics. Therefore, the author may make the following comparison by examining the import-export structure by-product between Thailand and Taiwan, as illustrated in tables 3.5 and 3.6.

Table 3.5: Taiwan's Imports from Thailand By-Products (1992-2021)

Unit: USD Million

Code	Products	Trade Value	Ranking	Growth Rate (%)
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	25,736.03	1	7.4
84	Nuclear reactors, boilers, machinery, and mechanical appliances; parts thereof	18,301.30	2	5.9
39	Plastics and articles thereof	4,256.26	3	6.5
40	Rubber and articles thereof	3,830.35	4	4.9
29	Organic chemicals	3,724.12	5	6.5
87	Vehicles other than railway or tramway rolling stock and parts and accessories thereof	2,778.48	6	12.2
11	Product of the milling industry; malt, starches, inulin, wheat gluten	2,524.02	7	2.9
17	Sugars and sugar confectionery	2,405.01	8	3.8
72	Iron and steel	1,879.30	9	8.6
74	Copper and articles thereof	1,700.39	10	12.5

Code	Products	Trade Value	Ranking	Growth Rate (%)
27	Mineral fuels, mineral oils, and products of their distillation; bituminous substances; mineral waxes	1,372.95	11	5.5
48	Paper and paperboard; articles of paper pulp, paper, or paperboard	1,356.53	12	3.8
44	Wood and articles of wood; wood charcoal	1,304.95	13	4.0
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments, and apparatus; parts and accessories thereof	1,137.69	14	5.9
03	Fish and crustaceans, mollusks, and other aquatic invertebrates	1,103.71	15	5.7
20	Preparations of vegetables, fruit, nuts, or other parts of plants	926.83	16	5.7
41	Raw hides and skins (other than fur skins) and leather	831.62	17	0.2
23	Residues and waste from the food industries; prepared animal fodder	796.14	18	11.0
33	Essential oils and resinoids; perfumery, cosmetics, or toilet preparations	776.45	19	7.04
73	Articles of iron or steel	739.77	20	7.0
08	Edible fruit and nuts; peel of citrus fruit or melons	671.52	21	0.9
21	Miscellaneous edible preparations	665.81	22	9.2
38	Miscellaneous chemical products	624.65	23	13.9
70	Glass and glassware	565.35	24	1.6
61	Articles of apparel and clothing accessories, knitted or crocheted	561.96	25	2.9
Others		11,254.34	---	3.8
Total		91,827.65	---	6.2

Source: Bureau of Foreign Trade, MOEA, ROC. (<https://cuswebo.trade.gov.tw/FSCE020F/FSCE020F>)

Remark: --- means no data is available or data cannot be represented numerically.

Table 3.6: Taiwan's Exports to Thailand by Products (1992-2021)

Unit: USD Million

Code	Products	Trade Value	Ranking	Growth Rate (%)
85	Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles	39,062.86	1	6.1
84	Nuclear reactors, boilers, machinery, and mechanical appliances; parts thereof	19,546.03	2	1.4
72	Iron and steel	9,892.44	3	6.0
39	Plastics and articles thereof	7,503.30	4	5.7
29	Organic chemicals	4,982.69	5	5.5
03	Fish and crustaceans, mollusks, and other aquatic	4,331.62	6	3.7
74	Copper and articles thereof	3,984.55	7	9.4
73	Articles of iron or steel	3,143.64	8	5.0
54	Man-made filaments, strip and the like of man-made textile materials	2,758.40	9	1.1
87	Vehicles other than railway or tramway rolling stock and parts and accessories thereof	2,692.46	10	4.2
60	Knitted or crocheted fabrics	2,524.50	11	2.9
40	Rubber and articles thereof	2,140.20	12	9.4
90	Optical, photographic, cinematographic, measuring, checking, precision, medical or surgical instruments, and apparatus; parts and accessories thereof	2,019.61	13	6.1
38	Miscellaneous chemical products	1,880.58	14	4.1
32	Tanning or dyeing extracts; tannins and their derivatives; dyes, pigments, and other coloring matter; paints and varnishes; putty and other mastics; inks	1,683.81	15	4.8
59	Impregnated, coated, covered, or laminated textile fabrics; textile articles of a kind suitable for industrial use	1,514.92	16	-0.9
76	Aluminium and articles thereof	1,419.28	17	6.4

Code	Products	Trade Value	Ranking	Growth Rate (%)
48	Paper and paperboard; articles of paper pulp, paper, or paperboard	1,307.66	18	3.8
55	Man-made staple fibres	1,259.13	19	-0.9
28	Inorganic chemicals; organic or inorganic compounds of precious metals, rare-earth metals, radioactive elements, or isotopes	1,239.17	20	5.5
82	Tools, implements, cutlery, spoons, and forks of base metal; parts thereof of base metal	770.82	21	4.5
83	Miscellaneous articles of basemetal	714.17	22	1.8
95	Toys, games, and sports requisites; parts and accessories thereof	622.03	23	-2.8
98	Tariff quota goods	609.69	23	7.4
27	Mineral fuels, mineral oils, and products of their distillation; bituminous substances; mineral waxes	598.96	24	5.6
Others		7,889.74	---	2.6
	Total	126,092.27	---	4.6

Source: Bureau of Foreign Trade, MOEA, ROC. (<https://cuswebo.trade.gov.tw/FSCE020F/FSCE020F>)

Remark: --- means no data is available or data cannot be represented numerically.

First, there is a resemblance in the import/export goods structure between the two sides. Products with codes 85, 84, 39, 40, 29, 87, 72, 74, 27, 48, 90, 73, and 38 are included in both sides' import and export structures. Thailand, for example, exports electronic machinery and equipment, nuclear reactors, plastics, rubber, organic chemicals, iron and steel, mineral fuels, paper, optical, and miscellaneous chemical products to Taiwan and then imports these products.

Second, Taiwan's export value is more than Thailand's export. This demonstrates that science and technology are increasingly becoming a direct production force in Taiwan. Thailand, on the other hand, has attempted to develop own various items; Thailand's export turnover of products such as rubber (40), vehicles other than railway or tramway rolling stock (87), mineral fuels (27), and paper is more considerable than Taiwan's (48). This demonstrates that the trade balance in these products would then continue to favor Taiwan in the next few years.

In conclusion, Thailand and Taiwan's trade relations have produced extraordinary outcomes during the previous three decades. Both Thailand and Taiwan have achieved a high level of economic efficiency due to the escalating volume of bilateral trade. Moreover, the mutual complementarity of Thailand and Taiwan's trade ties accurately represents the norms of development of modern international commerce and creates conditions for each side to advance its competitive advantage in the course of economic development. However, there are still significant restrictions in the bilateral trading relationship. Therefore, both Thailand and Taiwan should have the means to overcome challenges.

3.2 Taiwan's Investment in Thailand

Taiwan's investment in Thailand demonstrates the growing economic relations between the two sides. This field significantly affects economic development while also creating high levels of economic efficiency.

3.2.1 Investment Volume

Taiwanese companies have been investing in Southeast Asia since 1959. By the 1980s, investment from Taiwan was about 95 percent of the total for all of Asia, excluding China. Taiwanese investors have always found Southeast Asia to be a lucrative region. Taiwan's investment in Thailand has grown significantly since 1986, owing to SMEs in labor-intensive and low-technology industries. Taiwanese FDI has been focused on reducing manufacturing costs and exporting finished goods to third-country markets, whereas FDI from Western multinational corporations has been interested in expanding its market in the host country.

Taiwan's exports to Thailand have expanded dramatically since the Taiwanese government allowed large-scale FDI in 1986. As a result, Taiwanese investment in Thailand has helped integrate the East Asian economy, despite its small size on a global scale.²⁰⁹ This figure has increased from THB 2,242 million in 2004 to THB 3,488 million in 2021 (see table 3.7).

²⁰⁹ Kang-hung, Chang, and Curtis N. Thomson. "Taiwanese Foreign Direct Investment and Trade with Thailand." *Singapore Journal of Tropical Geography* 15, no. 2 (1994), pp. 112-27.

Table 3.7: Taiwanese Investment Projects Submitted to BOI (2004-2021)

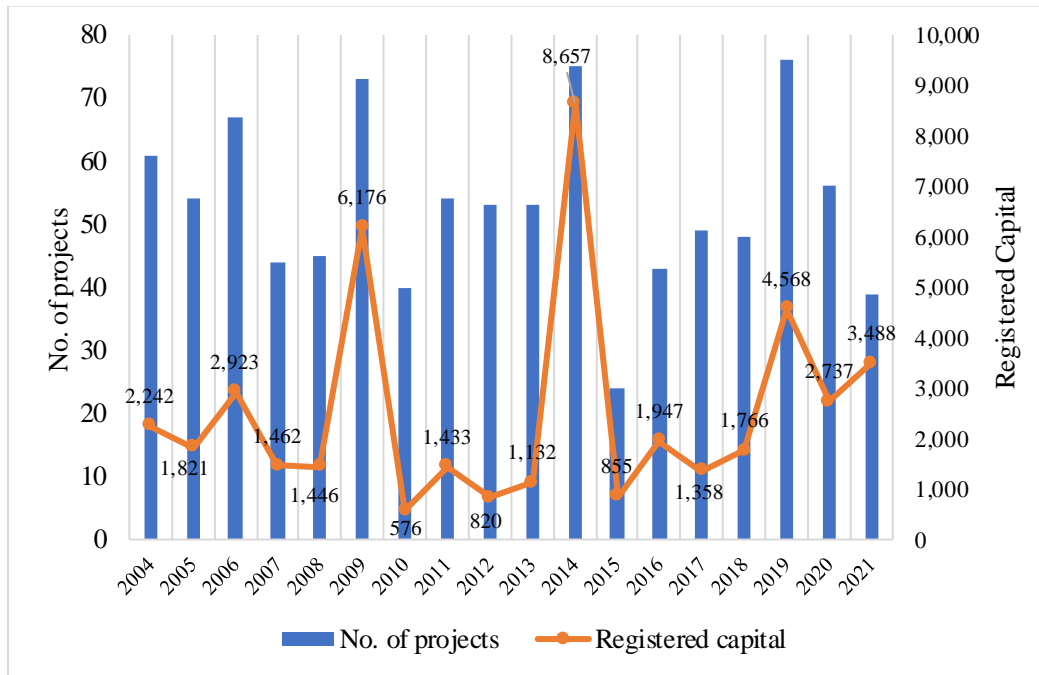
Unit: THB Million

Year	Net Application				
	No. of projects	Total Investment	Registered Capital		
			Taiwanese	Thailand	Total
2004	61	9,305	2,242	347	2,792
2005	54	11,444	1,821	880	2,977
2006	67	12,303	2,923	201	3,228
2007	44	5,911	1,462	104	1,695
2008	45	7,394	1,446	63	1,598
2009	73	20,267	6,176	314	6,494
2010	40	3,787	576	98	675
2011	54	8,277	1,433	768	2,260
2012	53	8,849	820	470	1,471
2013	53	6,994	1,132	1,036	2,350
2014	75	25,977	8,657	311	9,045
2015	24	2,559	855	3	890
2016	43	6,695	1,947	409	2,410
2017	49	9,036	1,358	95	1,647
2018	48	6,019	1,766	64	2,169
2019	76	20,087	4,568	244	5,565
2020	56	11,655	2,737	26	2,918
2021	39	21,804	3,488	130	4,124
Total	954	198,363	45,405	5,563	47,814

Source: BOI, Thailand (https://www.boi.go.th/index.php?page=statistics_oversea_invest)

Figure 3.4: Taiwan FDI trend in Thailand (2004-2021)

Unit: THB Million



Source: The figure made by the author from the statistics in table 3.7

Due to the BOI of Thailand did not publish the FDI statistics and summary report before the early 2000s on its website, the author collected data and analyzed the probable scenario during that period. As previously indicated, the mid-1980s surge in Taiwan’s investment in Thailand was driven by the following factors:

In particular, Thailand enacted a new Investment Promotion Law on the FDI front in 1977, which gave the BOI more authority to provide incentives to priority regions and remove barriers for private investors. Regional disparities also became a significant concern, and the BOI gradually moved its emphasis from export promotion to regional promotion. By the early 1980s, policymakers had become aware of the inefficiencies resulting from heavy protection, and then they began to promote openness and competitiveness. As a result, Taiwan became a significant source of investment in Southeast Asia in the early 1990s, ranking first in Vietnam, second in Malaysia (behind Japan), third in Indonesia (behind Japan and Hong Kong), fourth in Thailand (behind Japan, Hong Kong, and the United States), fifth in the Philippines, and thirteenth in Singapore.

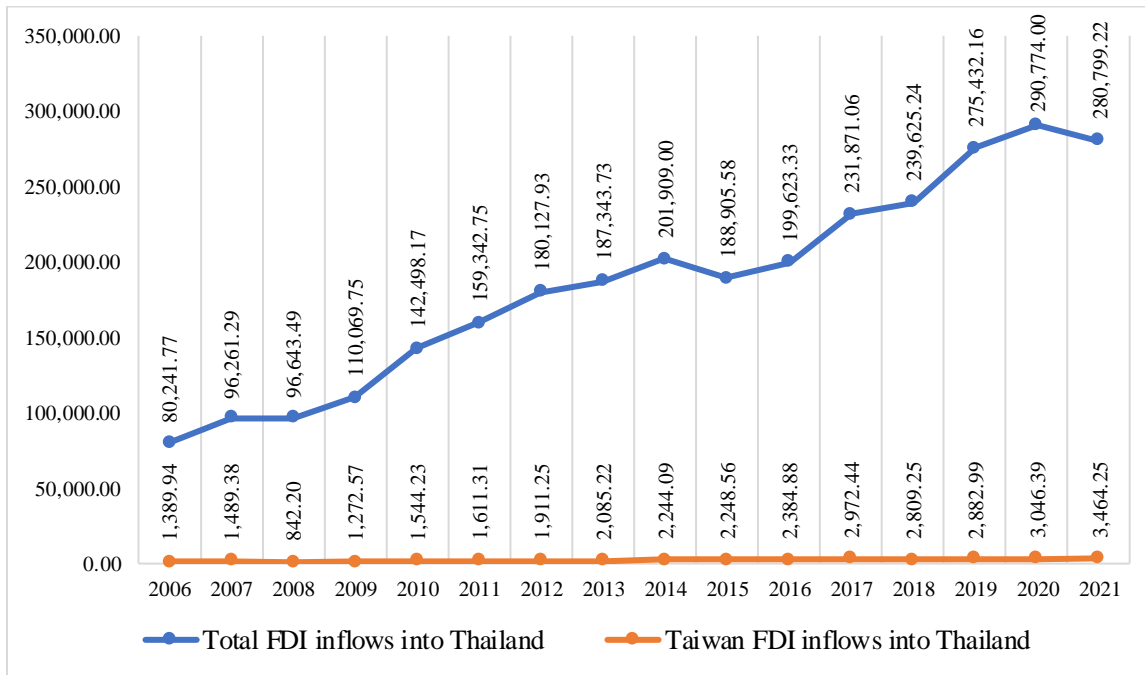
The TTEO and TECO signed an Agreement on Investment Promotion and Protection on April 30, 1996. This agreement creates the basis for investment cooperation between the parties involved. This subjective factor is critical in advancing investment collaboration between Thailand and Taiwan at this time. Furthermore, The Taiwanese government announced the Go South policy, which intends to increase Taiwanese investment in Southeast Asian countries. This is an excellent chance for Taiwanese investors to expand their investments in Thailand. Following the first program, investment in this region continuously increased until it fell slightly in 1998 due to the Asian financial crisis. This is, however, an estimate based on the conditions that led to Taiwanese investment in Thailand during the 1990s and early 2000s. Probably, it does not accurately reflect the reality of the investment cooperation between the two sides.

From 2004 to 2008, the volume of Taiwanese investments in Thailand saw abnormal fluctuations. Nonetheless, its investment volume increased and surpassed THB 6,000 million in 2009. Later, the investment volume declined the following year dramatically, reaching about 600 million, with the lowest level being in 2010. (THB 576 million). During 2011-2013, the investment again saw anomalous ups and downs. It was unexpected that the Thai military seized power in May 2014, yet Taiwanese FDI into Thailand reached a 10-year high of THB 8,657 million in 2014. However, Taiwan's investment volume declined the following year sharply, reaching THB 4,568 million in 2019. By 2021's end, Taiwanese FDI has decreased to THB 3,487 million. From 2004- to 2021, Taiwan's registered capital in Thailand climbed from THB 2,242 million in 2004 to THB 3,487 million in 2021, reaching THB 45,405 million.

The trend of Taiwanese FDI in Thailand is notably different from the trend of total FDI in Thailand, as can be seen when the two trends are compared (see figure 3.5).

Figure 3.5: Taiwan’s FDI in Thailand Compared with Total FDI Inflows into Thailand

Unit: USD Million



Source: The figure made by the author from the statistics of the BOI, Thailand (https://www.boi.go.th/index.php?page=statistics_oversea_report_st&language=en)

As shown in figure 3.5, Taiwan’s FDI inflows into Thailand can be classified into three stages, corresponding to the three stages of overall FDI. It varies in that: (1) the lowest year of Taiwan’s FDI in Thailand in stage 1 is 2008, not 2006 or 2007; (2) during 2009-2017, Taiwan’s FDI steadily climbed while overall FDI fluctuated; and (3) in stage 3, the fluctuation signal is virtually comparable. Taiwan’s FDI inflows into Thailand surged in 2021, but the total FDI inflows into Thailand decreased.

According to the BOI report in 2021, Taiwan was one of the top five most significant foreign investors applications valued at THB 21,804 million, representing 5 percent of the total FDI values. Taiwan proposed 39 projects for promotion, which represented 5 percent of all FDI applications (see table 3.8). Nonetheless, Taiwan was granted approval for 46 projects, or 6 percent of all approved FDI projects, totaling 18,027 million baht, or 6 percent of all approved FDI applications (see table 3.9).

Table 3.8: Top 10 Foreign Investors Submitted for Promotion in Thailand (2021)

Ranking	Investors	Number of Projects	Total of FDI values (THB Million)
1	Japan	178	80,733
2	China	112	38,567
3	Singapore	96	29,669
4	United States	41	29,519
5	Taiwan	39	21,804
6	Austria	2	14,808
7	Australia	5	13,158
8	South Korea	28	12,419
9	Hong Kong	62	12,390
10	Norway	2	10,314

Source: BOI, Thailand (https://www.boi.go.th/index.php?page=statistics_situation)

Table 3.9: Top 10 Foreign Investment Projects Approved by BOI (2021)

Ranking	Investors	Number of Projects	Total of FDI values (THB Million)
1	Japan	189	73,503
2	China	117	47,599
3	United States	37	34,184
4	Singapore	90	28,126
5	Taiwan	46	18,027
6	Hong Kong	54	15,336
7	Italy	5	13,158
8	South Korea	30	12,991
9	Norway	1	10,000
10	Netherlands	48	7,610

Source: BOI, Thailand (https://www.boi.go.th/index.php?page=statistics_situation)

3.2.2 Scale and Growth Rate of Taiwanese Investment in Thailand

According to statistics, between 2005 and 2021, Taiwan primarily invested in SMEs with an average of THB 45 million per project. The SMEs represent the economic realities of Thailand and Taiwan at each level of their growth. During the first stage, the average size of Taiwan's projects ranged from THB 34 million to THB 85 million. However, this figure decreased significantly during the second stage, reaching THB 14 million per project in 2010, before increasing steadily in the third stage. This means that in the first stage, many medium and large projects were established in Thailand by Taiwanese investors, but in the second stage, only small projects were established, and in the third stage, more capital-intensive projects were established, increasing the average size of Taiwan's projects in Thailand (see table 3.10).

Table 3.10: The Scale and Growth Rate of Taiwan's FDI in Thailand (2004-2021)

Unit: THB Million, %

Year	Number of projects	Registered capital	Scale of project	The growth rate from previous years (%)		
				Number of projects	Registered capital	Scale
				D	E	D
2005	54	1,821	34	89	81	92
2006	67	2,923	44	124	161	129
2007	44	1,462	33	66	50	76
2008	45	1,446	32	102	99	97
2009	73	6,176	85	162	427	263
2010	40	576	14	55	9	17
2011	54	1,433	27	135	249	184
2012	53	820	15	98	57	58
2013	53	1,132	21	100	138	138
2014	75	8,657	115	142	765	540
2015	24	855	36	32	10	31
2016	43	1,947	45	179	228	127
2017	49	1,358	28	114	70	61
2018	48	1,766	37	98	130	133
2019	76	4,568	60	158	259	163

Year	Number of projects	Registered capital	Scale of project	The growth rate from previous years (%)		
				Number of projects	Registered capital	Scale
				D	E	D
2020	56	2,737	49	74	60	81
2021	39	3,488	89	70	127	183
Total	893	43,163	764	1,797	2,919	2,375
Average	53	2,539	45	106	172	140

Source: BOI, Thailand (https://www.boi.go.th/index.php?page=statistics_situation)

Notes: $C = B \div A$;

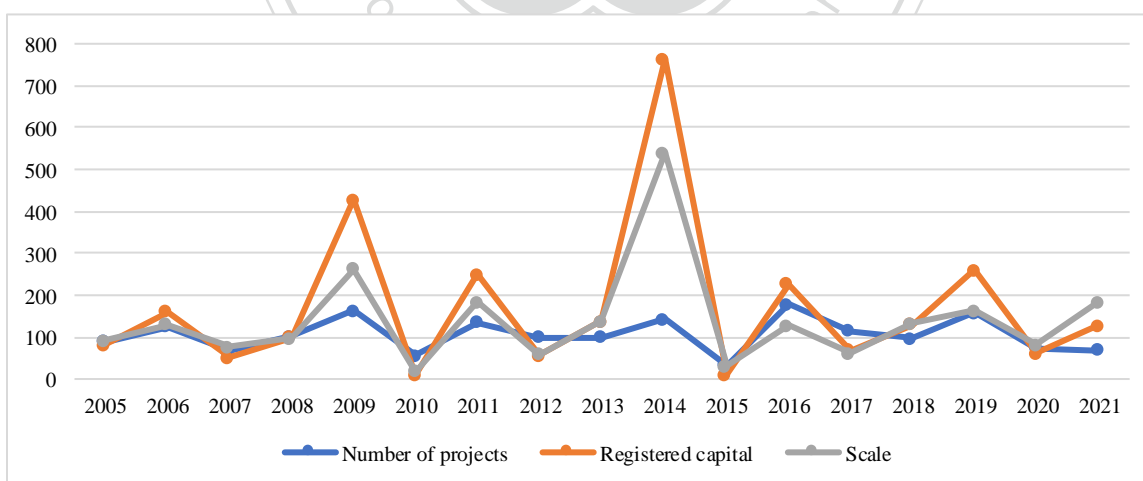
$D = \text{Number of projects of the following year} \div \text{number of projects of the previous year} \times 100\%$

$E = \text{Registered capital of the following year} \div \text{registered capital of the previous year} \times 100\%$

$F = E \div D \times 100\%$

As a result of the shift in investment scale, Taiwan's investment speed in Thailand has also increased significantly compared to previous years; the growth rate in the number of projects, the amount of registered capital, and the size of projects reflect this shift.

Figure 3.6: The Scale and Growth Rate of Taiwan's FDI in Thailand



Source: The figure made by the author from the statistics in table 3.10

Following figure 3.6, we can observe that the number of Taiwanese investment projects in Thailand increased marginally or even fell, although the total registered capital growth rate was highly variable. In 2014, Taiwanese total registered capital and the size of projects in Thailand grew significantly. However, in the mid of 2014, the Thai military claimed it was seizing control of the government and suspending the constitution. This decreases the rate of expansion of Taiwanese investment in Thailand in the following years.

3.2.3 Field of Investment

The decision-making process for Taiwanese investors to invest in various industries has been highly active. They have made investments in six different fields of the national economic classification system, ranging from agriculture to industry to services. For example, Taiwanese investments in Thailand have focused on manufacturing electronic products, metal products, light industries, textiles, and other goods.

According to the statistic, by December 2021, electrical and electronic products ranked first in attracting the FDI with 17 projects and a total of THB 17,591 million, accounting for 81 percent of the total registered capital of Taiwan in Thailand. They were followed by the agricultural products with 6 projects and registered capital of THB 1,603 million, accounting for more than 7 percent of the total registered capital of Taiwan in Thailand. The metal products and machinery sector ranked third with 6 projects and reached THB 1,088 million, accounting for almost 5 percent of total Taiwanese investment inflows into Thailand (see table 3.11).

**Table 3.11: Taiwan Investment Projects Submitted for Promotion
Classified by Sectors in Thailand (Accumulated until December 2021)**

Unit: THB Million

Ranking	Industries	Number of projects	Total registered capital
1	Electric and Electronic Products	17	17,591.41
2	Agricultural Products	6	1,603.60
3	Metal Products and Machinery	6	1,088.15
4	Light Industries/Textiles	3	778.75
5	Chemicals and Paper	6	738.11
6	Services	1	4.00
	Total	39	21,804.02

Source: The figure made by the author from the statistics of the BOI, Thailand (https://www.boi.go.th/index.php?page=statistics_situation).

Note: Taiwan Investment projects refer to projects with Taiwan capital of at least 10%.

**Table 3.12: Taiwan Investment Projects Approved by BOI Classified by Sectors
in Thailand (Accumulated until December 2021)**

Unit: THB Million

Ranking	Industries	Number of projects	Total registered capital
1	Electric and Electronic Products	14	14,191.06
2	Light Industries/Textiles	4	1,831.00
3	Metal Products and Machinery	12	1,412.15
4	Chemicals and Paper	5	287.36
5	Agricultural Products	5	223.84
6	Minerals and Ceramics	3	67.42
7	Services	3	14.36
	Total	46	18,027.19

Source: The figure made by the author from the statistics of the BOI, Thailand (https://www.boi.go.th/index.php?page=statistics_situation).

Note: Taiwan Investment projects refer to projects with Taiwan capital of at least 10%.

Nevertheless, there were 46 Taiwan investment projects approved by BOI, an increased number of 7 projects submitted for promotion. The electric and electronic products still ranked first in attracting the FDI with 14 projects and a total of THB 14,191 million, accounting for almost 80 percent of the total registered capital of Taiwan in Thailand, followed by the light industries/textiles with 4 projects and registered capital of THB 1,831 million, accounting for 10 percent of the total registered capital of Taiwan in Thailand. The metal products and machinery sector ranked third with 12 projects and reached THB 1,412 million, accounting for 8 percent of total Taiwanese investment inflows into Thailand (see table 3.12).

3.3 Economic Interests of Thailand and Taiwan Relations

Thailand and Taiwan economic relationship has previously been covered in the preceding two sections of this chapter. Therefore, this part will analyze the economic connectivity goals of the interactions.

First, the soft power of high-level economic interactions consisted of the signing of agreements and treaties, such as the agreement on the exchange of traffic rights, the agreement on avoidance of double taxation, and the agreement on the employment of Thai workers, in order to strengthen economic relations between the two sides. These official economic interactions are primarily motivated by the desire to accommodate trade and investment interests resulting from business people and investors' connections. TTEO and TECO collaborate as economic providers by fostering bilateral trade and investment relations, aiding Taiwanese firms operating in Thailand to eliminate economic barriers, and boosting industrial collaboration.

Second is the soft power of middle-level economic relationships between the business groups. In response to the government's southward policy, many Taiwanese businesses have invested in Thailand since 1988. Moreover, it is still essential to establish a legal organization to unite Taiwanese businesspeople's power and protect their rights and interests. The TTBA was formally created on October 20, 1992, due to the response and support of Taiwanese business people in Thailand. In addition, the TTBA works with charitable organizations annually to award scholarships to deserving students in the province of Phetchabun, which is located in northern Thailand. In 2016, the organization was able to assist 156 different students. When an earthquake struck southern Taiwan in February 2016, the TTBA also contributed money for earthquake relief

operations. As a result, Taiwanese in Thailand raised THB 14.4 million in just two weeks as a concrete expression of their love and support for their home country of Taiwan.²¹⁰

Third, the soft power of economic interactions at a low level with individual Thai and Taiwanese businesspeople and investors. At this level, there is no formal exchange between the governments of the two sides. Instead, the economic activities consist of trade exchanges through private companies, economic conferences organized by the private sector, and other activities that rely solely on economic interaction. As a result, these economic activities would fulfill economic interests between Thailand and Taiwan.



²¹⁰ Peter Yen, “Fostering Thai-Taiwanese Exchanges: Thai-Taiwan Business Association President Liu Shu-tien”, *Taiwan Panorama*, January 2017, <https://www.taiwanpanorama.com.tw/en/Articles/Details?Guid=007bec07-3b7c-4bd8-a002-74d0b7486807>.

CHAPTER 4

THAILAND AND TAIWAN PEOPLE-TO-PEOPLE RELATIONS

The primary goal of this chapter is to analyze Thailand and Taiwan people-to-people cooperation between 1992 and 2022. This chapter explores the successful and unsuccessful aspects of the bilateral relations between Thailand and Taiwan, particularly education, labor, and culture exchanges. In addition, Thailand's and Taiwan's people-to-people interests are explored.

4.1 Education

Taiwan's higher education has become one of Taiwan's primary drivers of economic growth. Taiwan is currently the most popular destination for Southeast Asian students wishing to study abroad, and the total number of international students in Taiwan has topped 120,000. Since 2018, the annual number of Thai students studying in Taiwan has ranged between 2,800 and 3,200. In addition, Thai students are one of Taiwan's leading sources of international students. Taiwan's high-quality learning environment enables students to enhance their English and Chinese language abilities, broaden their exposure to international culture and strengthen their employability in the labor market.

The MOE established the "Huayu Enrichment Scholarship" (HES) program in 2005 to encourage overseas students to study Mandarin Chinese (Huayu) in Taiwan, to provide them the chance to learn more about Taiwanese culture and society, and to foster international relations.²¹¹ The HES offers three, six, and nine-month courses and a summer term (June, July, or August). A monthly allowance of NTD 25,000 is provided. Each recipient is liable for his or her expenses. In 2022, 11 scholarships (a total of 132 months) were be allotted to students from Thailand.²¹²

Furthermore, The MOE created the Taiwan Scholarship Program Directions to foster communication, understanding, and friendship between Taiwan and the international community by providing financial support to academically exceptional international students who wish to earn

²¹¹ Education Division of TECO in Los Angeles, *Introduction of Huayu Enrichment Scholarship Program (HES)*, https://www.tw.org/scholarships/hes_main.html.

²¹² TECO, *2022 Huayu Enrichment Scholarship (HES) For Thai Students*, January 13, 2022, https://www.roc-taiwan.org/th_en/post/4535.html.

degrees in Taiwan. The TTEO produced the Taiwan Scholarship Program Directions for Thai Students under the MOE Taiwan Scholarship Program Directions Amended Version, which took effect on December 9, 2015.

The MOE Taiwan Scholarship Program offers each outstanding Thai student the opportunity to pursue a bachelor's, master's, or doctoral degree in Taiwan: The MOE will pay up to NTD 40,000 per semester for acceptable tuition and expenses. In addition, the MOE provides monthly stipends of NTD 15,000 to undergraduates and NTD 20,000 to graduate and doctoral students. Four years for the bachelor's degree, two for the master's, and four for the doctorate.²¹³

Additionally, the Taiwan ICDF has developed undergraduate, graduate, and doctorate programs in partnership with major Taiwanese universities. Master's degrees require two years, whereas doctorate degrees require four years. The recipients are awarded a round-trip economy ticket, lodging, tuition, insurance, and textbooks. Master's students receive a monthly stipend of NTD 15,000, while doctoral students receive NTD 17,000. Priority is given to applicants who wish to study in a field related to Thailand 4.0, such as next-generation automotive, innovative electronics, medical and wellness tourism, agriculture and biotechnology, food for the future, robotics, medical hub, aviation and logistics, biofuels and chemicals, and digital economy.²¹⁴

The MOFA also set up the Taiwan Fellowship. It gives foreign experts and scholars the chance to do advanced research at universities or academies on topics such as the NSP, cross-strait relations, China, the Asia Pacific region, sinology, and global issues like the post-Cold War era and political/economic dynamics, cybersecurity, national defense strategy, and gender equality. The fellowship duration is three to twelve months, and recipients will receive financial support. In addition, the fellowship grants professors, associate professors, research fellows, and associate fellows a monthly stipend of NTD 60,000, while assistant professors, research fellows, and doctorate candidates receive NTD 50,000, one economy-class round-trip ticket on the most direct route to Taiwan (MOFA will determine subsidy under relevant rules) and NTD 1 million in accident insurance (plus medical insurance for accidental injuries).²¹⁵ This program has accepted 18 Thai scholars out of 1,214 academics from 87 countries between 2010 and 2021.

²¹³ TECO, *2022 Taiwan Scholarship Directions for Thai Students*, January 21, 2022, https://www.roc-taiwan.org/th_en/post/4603.html.

²¹⁴ TECO, *International Higher Education Scholarship for Thai Students Taiwan International Cooperation and Development Fund*, January 3, 2019, https://www.roc-taiwan.org/th_th/post/873.html.

²¹⁵ TECO, *Apply for 2023 MOFA Taiwan Fellowship - Online application Open from 1 May, 2022 to 30 June, 2022*, April 18, 2022, https://www.roc-taiwan.org/th_en/post/4825.html.

In September 2013, TTEO and TECO signed an Educational Cooperation Agreement to encourage more Thai students to study in Taiwan. Since 2014, the two representative offices have collaborated with Taiwanese universities to host many Taiwan Education Fairs in Bangkok, Chiangmai, and Khon Kaen. The Education Division in Thailand also promotes Taiwanese higher education at Thai education fairs. The main goal is to enlighten Thai students about higher education in Taiwan and distribute informational materials from universities and colleges.

It provides counseling and advising services in person at the Taiwan Education Center as well as online via Facebook, YouTube, Instagram, Line, and Twitter. These services include counseling on study possibilities in Taiwan, assistance with application procedures, and promotion of Taiwan scholarship opportunities in Thailand. In the first ten months of 2021, almost 20,000 people were assisted.

The Education Division of TECO hosted 28 seminars and Study-in-Taiwan displays in Thailand's high schools and universities throughout 2021. As a result, there was a total of 24,213 local participants. In addition, there were 60 Taiwanese universities and Chinese language institutes participated in the 2021 Thailand–Taiwan Higher Education and Chinese Education Exhibition, held between August 30 and September 30 and attended by an additional 21,450 people.²¹⁶

Over the past decade, many Thai students have been awarded Taiwanese scholarships, resulting in a rapid increase in Thai students studying in Taiwan, making up a significant proportion of all international students in Taiwan. For example, in the 1992-1993 academic year, only 100 Thai students studied in Taiwan; ten years later, almost 1,500 Thai students studied in Taiwan. During the academic year 2020-2021, over 2,800 Thai students were studying in Taiwan (see table and figure 4.1).

²¹⁶ MOE, *The Education Division in Thailand Achieves Significant Response Promoting Taiwan as a Study Destination*, December 31, 2021, <https://english.moe.gov.tw/fp-117-27751-90e43-1.html>.

Table 4.1: Number of Thai Students in Taiwan by School Years

Unit: Person

School year	Number of Thai students
1992-1993	100
1993-1994	73
1994-1995	81
1995-1996	94
1996-1997	75
1997-1998	80
1998-1999	95
1999-2000	156
2000-2001	189
2001-2002	162
2002-2003	175
2003-2004	202
2004-2005	279
2005-2006	332
2006-2007	379
2007-2008	487
2008-2009	549
2009-2010	637
2010-2011	760
2011-2012	1,109
2012-2013	1,446
2013-2014	1,546
2014-2015	1,557
2015-2016	1,481
2016-2017	1,749
2017-2018	2,125
2018-2019	3,236

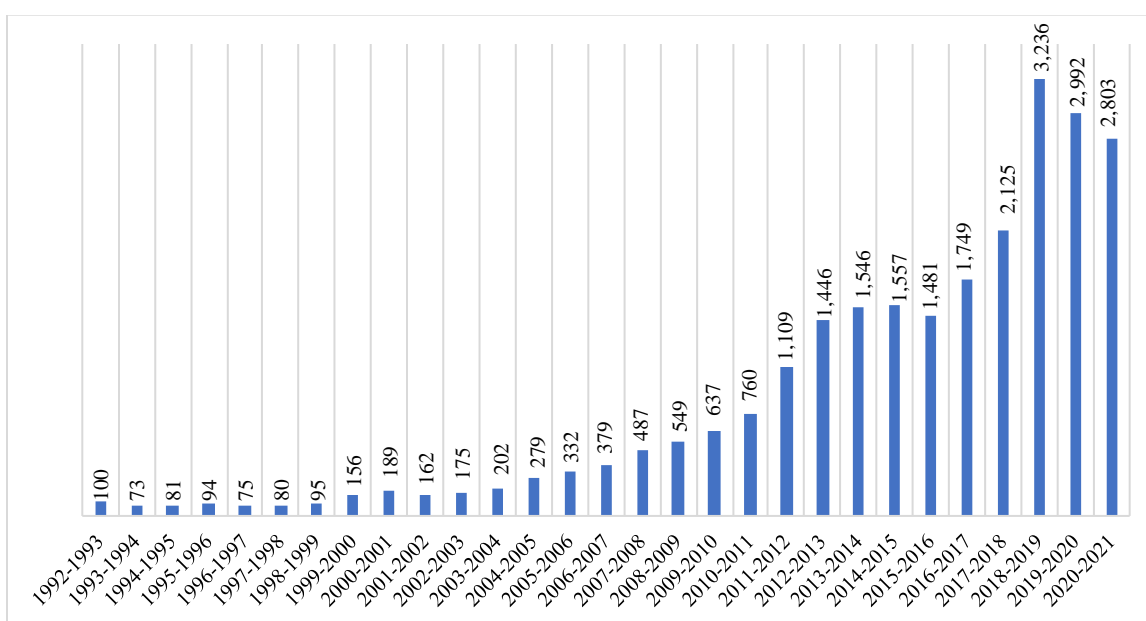
School year	Number of Thai students
2019-2020	2,992
2020-2021	2,803
Total	24,949

Source: National Immigration Agency, Ministry of Interior, ROC

(<https://www.immigration.gov.tw/5475/5478/141478/141380/>)

Figure 4.1: Number of Thai Students in Taiwan by School Years

Unit: Person



Source: The figure made by the author from the statistics in table 4.1

According to the statistics provided by the Ministry of the Interior of Taiwan (see table 4.2), 1,522 Thai students were studying in Taiwan in 2021, representing a substantial rise of 2.5 times. Furthermore, the Taiwan scholarship quotas for first-year awardees from the NSP countries, including Thailand, continued to increase from 11 scholarships in 2016 to 15 scholarships between 2017 and 2018, 17 scholarships in 2019, and 18 scholarships between 2020 and 2022 (see table 4.3). The rapid and continuous growth in the number of Thai students in Taiwan over the last year illustrates the attractiveness of Taiwanese education to Thai students, especially with the implementation of the NSP in 2016.

Table 4.2: Thai Residents as Students in Taiwan (1996-2021)

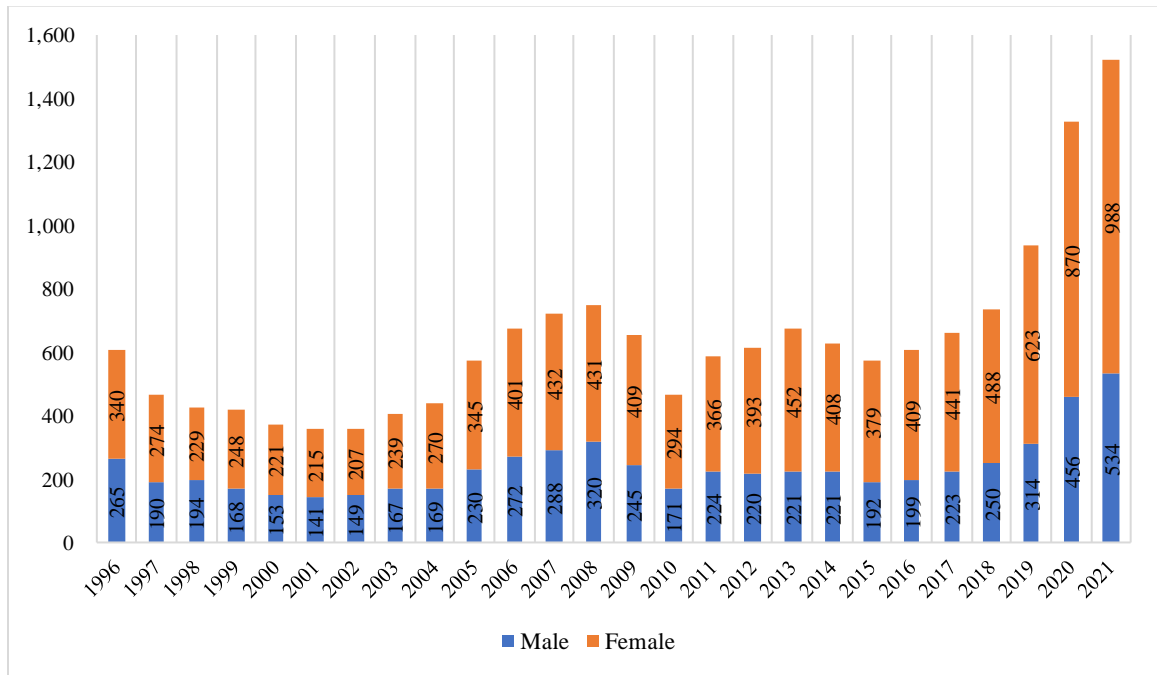
Unit: Person

Year	Male	Female	Total
1996	265	340	605
1997	190	274	464
1998	194	229	423
1999	168	248	416
2000	153	221	374
2001	141	215	356
2002	149	207	356
2003	167	239	406
2004	169	270	439
2005	230	345	575
2006	272	401	673
2007	288	432	720
2008	320	431	751
2009	245	409	654
2010	171	294	465
2011	224	366	590
2012	220	393	613
2013	221	452	673
2014	221	408	629
2015	192	379	571
2016	199	409	608
2017	223	441	664
2018	250	488	738
2019	314	623	937
2020	456	870	1,326
2021	534	988	1,522

Source: Ministry of Interior, Taiwan, in item Foreign Residents by Nationality and Occupation.
(<https://www.immigration.gov.tw/5475/5478/141478/141380/>)

Figure 4.2: Thai Residents as Students in Taiwan (1996-2021)

Unit: Person



Source: Ministry of Interior, ROC (Taiwan), in item Foreign Residents by Nationality and Occupation.

Table 4.3: The Taiwan Scholarship Quotas in the Most Recent Years for Freshman Awardees for the New Southbound Nations

Unit: Person

Year	Total
2016	11
2017	15
2018	15
2019	17
2020	18
2021	18
2022	18

Source: The Ministry of Education, ROC

(<https://english.moe.gov.tw/fp-117-25416-d8868-1.html>)

There are many factors behind the increase in Thai students in Taiwan. First, Taiwan promotes an exceptional higher education system that allows overseas students to study various subjects, including Chinese language and history, tropical agriculture, electrical engineering, business management, and social sciences. Taiwan places a premium on education and academic achievement. In addition, there are numerous benefits to working after graduation for graduates who choose to extend their stay in Taiwan from six to twelve months. If overseas students are in the midst of a job hunt or require additional time to finish their work permit application, they may submit a request for an additional six-month extension.²¹⁷

Second, the cost of living for Thai students is reasonable. Taiwan's tuition costs and living expenses are comparable to those in Thailand (1 NTD = 1.15 THB) and far less expensive than East Asian countries such as Japan, South Korea, and China. Additionally, Taiwan has some of the most efficient transportation systems. Therefore, it is inexpensive to go by subway and public transit. Finally, the healthcare system in Taiwan is a significant advantage of living there. Those who reside in Taiwan for more than four months must pay into its National Health Insurance (NHI) program, making health care affordable.

Third, Thai and Taiwanese customs and culture bear some similarities, such as sharing Confucian values, considering hard work as the proper leverage for prosperity, and making it easier for Thai students to adapt and integrate with the new environment. Furthermore, Thailand and Taiwan are located in the Asia region. The distance is around 2,500 kilometers. It takes about 4 hours to fly from Bangkok to Taipei. The round-trip ticket is affordable, and several airlines operate direct flights between Bangkok, Taipei, and Kaohsiung. Thus, Thai students could return to their country when needed.

Fourth, Taiwan is an extraordinarily safe place with a low crime rate ranked as Taiwan is ranked the 6th safest country in the Asia Pacific and 34th safest globally by the Institute of Economics and Peace's annual Global Peace Index.²¹⁸ People do not fear their safety when strolling through the city at night. In 2022, the UN World Happiness Report placed Taiwan as

²¹⁷ Study in Taiwan, "Working in Taiwan", <https://www.studyintaiwan.org/stay/work>.

²¹⁸ Scott Morgan, "Taiwan Ranked 6th Most Peaceful Country in Asia Pacific, 34th Worldwide", *Taiwan News*, June 7, 2018, <https://www.taiwannews.com.tw/en/news/3451148>.

the 26th happiest country globally. Taiwan ranked higher than other Asian countries such as Singapore (27th), Japan (54th), South Korea (59th), Thailand (60th), and China (72nd) in the world.²¹⁹

Thus, Thai students have chosen to study in Taiwan rather than in other countries that provide scholarship programs. Moreover, it cannot be denied that the educational and training collaboration between Thailand and Taiwan remains strong. Thailand and Taiwan are not only geographically close and share similar cultures and customs but also engage with people to promote educational cooperation.

4.2 Labor

Migration is a normal response to differences in labor markets. Labor migration modifies labor supply and demand across economic sectors and geographic regions. International labor migration interacts with borders, institutions, and cultural differences across countries. In addition to economic factors, non-economic variables affect cross-border human resource mobility. Compared to internal migration, cross-national labor movements impede market adaptability.²²⁰

The study seeks to analyze Thailand and Taiwan's needs for cooperation, the overview of Thai labor exports to Taiwan over the past years, and the declining number of Thai laborers in Taiwan so that the labor cooperation between Thailand and Taiwan in this field.

4.2.1 Thailand and Taiwan's Needs for the Labor Cooperation

The high poverty rate in Thailand throughout the 1960s and 1970s generated significant pressure on young adults to go abroad. The overseas employment prospects and higher incomes were the primary pull factors. Since the 1970s, when the demand for foreign labor expanded, many Thai workers have traveled to Middle Eastern countries. East Asia saw a substantial economic boom and structural transformation throughout the 1980s. Due to demographic, economic, and cultural issues, Taiwan, Singapore, Hong Kong, and South Korea are experiencing acute labor shortages. As a result, there was a tremendous surge in demand for foreign workers, and many Thai workers relocated to meet this demand.²²¹ From the 1990s to the 2000s, Thailand was

²¹⁹ Kelvin Chen, "Taiwan Ranks as 26th Happiest Country in World", *Taiwan News*, March 13 2022, <https://www.taiwannews.com.tw/en/news/4478630>.

²²⁰ Ching-lung Tsay, "Labor Migration and Regional Changes in East Asia: Outflows of Thai Workers to Taiwan", *Japanese Journal of Southeast Asian Studies*, vol. 40, no. 3 (2002), p. 373.

²²¹ Pan-long Tsai and Ching-lung Tsay, "Economic Development, Foreign Direct Investment and International Labor Migration: The Experiences of Japan, Taiwan and Thailand", Paper prepared for the Symposium on Experiences and

the largest supplier of foreign contract workers to Taiwan, accounting for over half of the total. Taiwan received the largest share of Thai laborers, between one-third and one-half.²²²

Before establishing an official foreign labor policy or program, foreign workers first arrived in Taiwan. By the late 1980s, Taiwan's economy had deteriorated enough to warrant importing low-wage workers. Moreover, population aging became a primary concern following a recent drop in fertility below the level required for replacement.²²³ In addition, Taiwan's export-driven, labor-intensive growth strategies were considered adequate.²²⁴ Moreover, Taiwan's newly educated domestic workforce gravitated toward industries requiring significant capital and human capital.²²⁵ Those who stayed in labor-intensive jobs pushed for more outstanding wages, leveraging the constrained labor supply and the ruling KMT's 1987 revocation of four decades of martial law.²²⁶ As a result, strikes were frequent, and manufacturing salaries increased by 60 percent between 1985 and 1989.²²⁷

As wages increased, many manufacturers decided to offshore their operations. Others remained in Taiwan and began to employ tourists with tourist visas.²²⁸ As a result, according to estimates, between 40,000 and 200,000 illegal migrant workers entered Taiwan from Thailand, Malaysia, the Philippines, Indonesia, Sri Lanka, and South Korea in 1990.²²⁹

The Thai Department of Employment (DOE) expressed concern about its citizens migrating illegally to Taiwan.²³⁰ As a result, the two DOE officials came to Taiwan in September

Challenges of Economic Development in Southeast and East Asia, 17-18 October 2000, held by the Institute of Economics, Academia Sinica, IEAS, Taipei.

²²² Ching-lung Tsay, "Labor Migration and Regional Changes in East Asia: Outflows of Thai Workers to Taiwan", *Japanese Journal of Southeast Asian Studies*, vol. 40, no. 3 (2002), p. 373.

²²³ Jennifer Dabbs Sciubba and Chien-kai Chen, "The Politics of Population Aging in Singapore and Taiwan: A Comparison", *Asian Survey*, vol. 57, no. 4 (2017), p. 650.

²²⁴ Lucie Cheng, "Transnational Labor, Citizenship and the Taiwan State", in Lucie Cheng Arthur Rosett, and Margaret Woo, ed., *East Asian Law: Universal Norms and Local Cultures* (London: Routledge, 2003), p. 94.

²²⁵ Roger Mark Selya, "Illegal Migration in Taiwan: A Preliminary Overview," *International Migration Review*, vol. 26, no. 3 (1992), p. 789.

²²⁶ Lucie Cheng, "Transnational Labor, Citizenship and the Taiwan State", in Lucie Cheng Arthur Rosett, and Margaret Woo, eds., *East Asian Law: Universal Norms and Local Cultures* (London: Routledge, 2003), p. 94.

²²⁷ Robert Tierney, "The Guest Labor System in Taiwan: Labor Market Considerations, Wage Injustices, and the Politics of Foreign Labor Brokerage", *Critical Asian Studies*, vol. 39, no. 2 (2007), p. 208.

²²⁸ Raymond K.H. Chan, "Taiwan's Policy Towards Foreign Workers", *Journal of Contemporary Asia*, vol. 29, no. 3 (1999), p. 389.

²²⁹ Roger Mark Selya, "Illegal Migration in Taiwan: A Preliminary Overview," *International Migration Review* vol. 26, no. 3 (1992), p. 792.

²³⁰ Sinfah Tunsarawuth, "Japan, Taiwan Attracting Job-Seeking 'Tourists' from Thailand", *Reuters*, September 26, 1991.

1989 to investigate undocumented Thai employees' welfare and position Thailand for the anticipated opening of Taiwan's market to 210,000 workers.²³¹

4.2.2 The Overview of Thai Labors Export to Taiwan

In October 1989, the Taiwanese government issued a particular order allowing foreign workers to work legally on a national building project for the first time.²³² In 1992, Taiwanese officials acknowledged the value of a foreign labor force to the Taiwanese economic development and legalized the employment of foreign workers in construction, manufacturing, and domestic service.²³³ However, under the Employment Services Act, the CLA in Taiwan has the power to determine the nationality of foreign workers and set quotas for their employment.

When the CLA program began in 1992, firms were permitted to hire labor from Thailand, Indonesia, the Philippines, and Malaysia. The two most important factors in selecting source countries for imported workers were their willingness to facilitate the migration process and their compatibility with Taiwan's labor policies. The CLA also emphasized "how friendly that specific country is towards Taiwan's state and people" and "whether importing foreign workers from a specific country will boost foreign relations between the two states."²³⁴ The early CLA endorsement of Thailand and other Southeast Asian states further the KMT government's Go South goal of building relations with its southern neighbors.

²³¹ "Legislation Being Drafted to Allow More Foreign Laborers", *Bangkok Post*, September 7, 1989.

²³² Pei-chia Lan, "Political and Social Geography of Marginal Insiders: Migrant Domestic Workers in Taiwan", *Asian and Pacific Migration Journal*, vol. 12, no. 1-2 (2003), p. 101.

²³³ Dorothy S. Liu, "The 1992 Employment Service Act and the Influx of foreign workers in Taiwan and Translation of the 1994 Implementary Provisions," *Pac. Rim L. & Poly J.*, vol. 5 (1995), p. 609.

²³⁴ Yen-feng Tseng, "Politics of Importing Foreigners: Foreign Labor Policy in Taiwan," in Marco Martiniello Han Entzinger, and Catherine Wihtol De Wenden, eds., *Migration Between States and Markets* (Farnham: Ashgate Publishing, 2004).

Table 4.4: Thai and Foreign Workers in Taiwan (1994-2022)

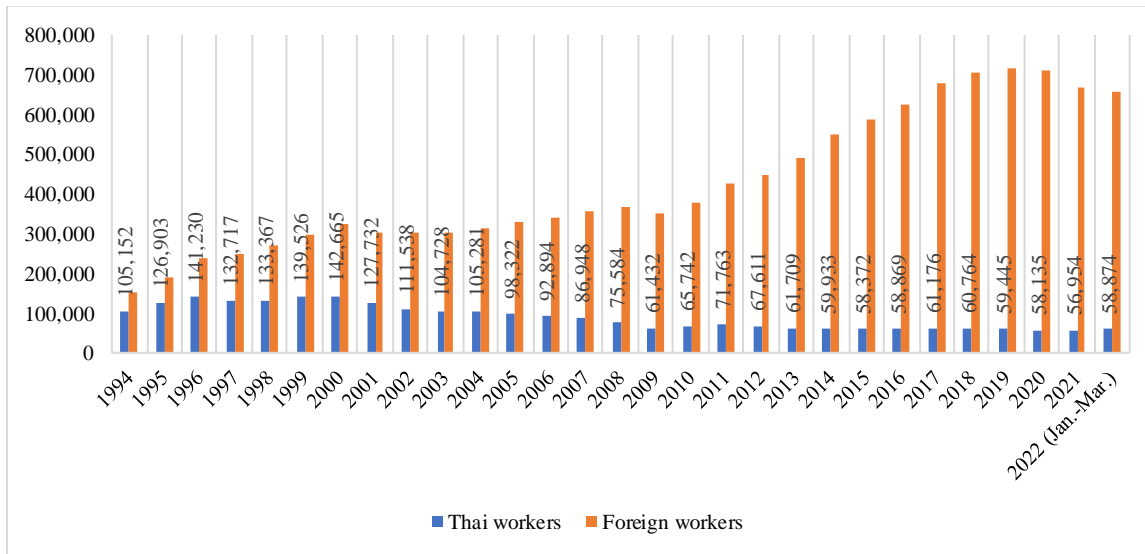
Unit: Person

Year	Total of Thai Workers	Total of Foreign Workers
1994	105,152	151,989
1995	126,903	189,051
1996	141,230	236,555
1997	132,717	248,396
1998	133,367	270,620
1999	139,526	294,967
2000	142,665	326,515
2001	127,732	304,605
2002	111,538	303,684
2003	104,728	300,150
2004	105,281	314,034
2005	98,322	327,396
2006	92,894	338,755
2007	86,948	357,937
2008	75,584	365,060
2009	61,432	351,016
2010	65,742	379,653
2011	71,763	425,660
2012	67,611	445,579
2013	61,709	489,134
2014	59,933	551,596
2015	58,372	587,940
2016	58,869	624,768
2017	61,176	676,142
2018	60,764	706,850
2019	59,445	718,058
2020	58,135	709,123
2021	56,954	669,992
2022 (Jan.-Mar.)	58,874	659,382

Source: The figure made by the author from the statistic of Employment and Vocational Training Administration, CLA (https://stat.ncl.edu.tw/searchResult_en.jsp); Workforce Development Agency, Ministry of Labor, ROC (<https://statdb.mol.gov.tw/html/mon/i0120020620e.htm>)

Figure 4.3: Thai and Foreign Workers in Taiwan (1994-2022)

Unit: Person



Source: The figure made by the author from the table 4.4

Thai workers gradually became Taiwan's predominant source of guestworker labor following the 1992 Employment Services Act's enactment. As shown in figure 4.3, the number of Thai workers in Taiwan has continuously increased between 1994 and 2000. In 1994, there were 105,152 Thai workers in Taiwan, and reached 142,655 Thai workers in 2000, accounting for 43.7 percent (326,515) of all foreign migrant workers in Taiwan.

However, Thai labor exported to Taiwan gradually declined in 2001, and the total number was 127,732, accounting for 41.9 percent of total foreign workers (304,605). By the first three months of 2022, there were 58,874 Thai workers in Taiwan, accounting for 8.9 percent of total foreign workers (659,382). This showed it was a minor importer of Thai migrant workers. Thus, Thailand consistently ranked last among four Southeast Asia countries, including the Philippines, Vietnam, and Indonesia, exporting labor to Taiwan. On the other hand, Indonesian and Vietnamese migrants are increasingly filling Taiwan manufacturing jobs that were once the purview of Thais.

Thai employees are primarily employed in manufacturing, accounting for 90.2 percent of Thai workers in Taiwan and 12.6 percent of foreign workers in the same sector. Construction is the second-largest sector, providing for 9 percent of total employment. At the same time, agriculture, fishing operations, human health, and social services employ less than 1 percent of Thai employees in Taiwan (see table 4.5).

Table 4.5: Thai Workers in Taiwan by Various Sectors (End of March 2022)

Unit: Person

Sectors	Total of foreign workers in Taiwan	Thai workers in Taiwan		
		Total	The percentage (%) compared with the total of Thai workers in Taiwan	The percentage (%) compared with the total of foreign workers in the same sector in Taiwan
Grand total	659,382	58,874	100	-
Agriculture, forestry, fishing & animal husbandry	10,216	79	0.1	0.8
Manufacturing	420,446	53,136	90.2	12.6
Construction	7,827	5,285	9.0	67.5
Human health and social work activities and other service activities	220,893	374	0.7	0.2

Source: Workforce Development Agency, Ministry of Labor, ROC (Taiwan)

(<https://statdb.mol.gov.tw/html/mon/c12050.pdf>)

Notes: 1. The total of foreign workers in Taiwan consists of Thailand, Indonesia, the Philippines, Vietnam, and others (including Malaysia, Mongolia, and other countries).

2. The percentage compared with the total Thai workers in Taiwan = number of Thai workers by sectors ÷ total of Thai workers in Taiwan × 100%.

3. The percentage compared with the total of foreign workers in the same sector in Taiwan = number of Thai workers by sector ÷ total of foreign workers in the same sectors × 100%.

Since President Tsai's election, the basic wage (minimum wage) has increased six times. The monthly wage has climbed from NTD 20,008 before her election to NTD 25,250, an almost 26.2 percent increase. The hourly wage was increased seven times, from NTD 120 to NTD 168

(up to 40 percent). The government is concerned about protecting grassroots workers. After the Executive Yuan approved the revised policy presented by the MOL, it was announced on October 15, 2021, and took effect on January 1, 2022. As a result, the basic pay (minimum salary) increased from NTD 24,000 to NTD 25,250, benefiting approximately 1.9 million workers. The increase from NTD 160 to NTD 168 in the basic hourly wage (minimum wage) benefits around 511,100 workers.²³⁵

Economic development and social advancement have gradually transformed the nature of daily labor and leisure. Labor policy has been a global trend to reduce legal working hours and increase work flexibility in response to advancements in industrial technologies and increased emphasis on leisure activities. Taiwan's maximum permitted working hours have been reduced from 84 hours per two weeks to 40 hours per week as of January 1, 2016. Additionally, the total hours worked during regular and extended hours cannot exceed 12 hours. Furthermore, to promote gender equality in the workplace, both genders' extended work hours should be consistent and not exceed 46 hours a month.²³⁶

4.2.3 The declining number of Thai labors in Taiwan

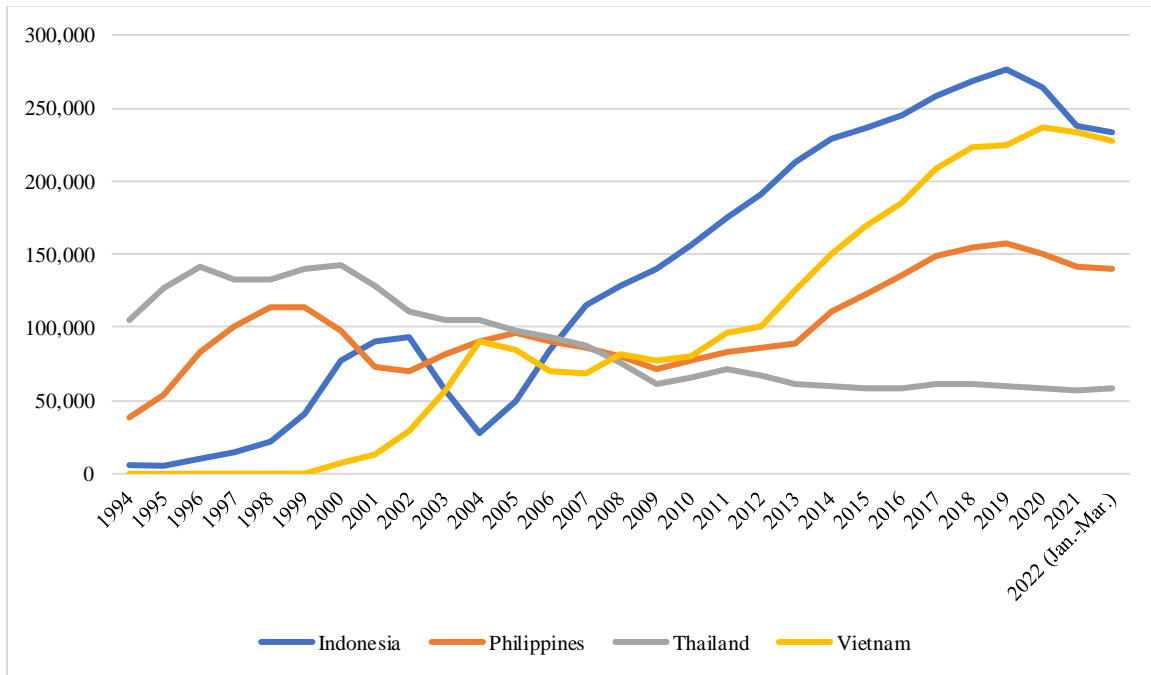
Thai workers in Taiwan have declined from a record total of 141,230 in 1996 to 56,954 in 2021. Until 2007, Thai laborers were Taiwan's largest source of foreign labor. Since then, Vietnamese, Indonesian, and Filipino workers have taken their place. (see figure 4.4). Previously, Thais have been underrepresented in the domestic service sector. However, with the recent reorganization of the migrant labor market, this sector has experienced a spectacular rise, while the construction sector has witnessed a gradual decline in hiring foreign workers. The manufacturing sector, which employs more Thais than any other, has increased its reliance on foreign workers.

²³⁵ MOL (Department of Standards and Equal Employment), *Minimum wage to be adjusted to NT\$25,250 per month and NT\$168 per hour starting January 1, 2022*, April 28, 2022, <https://english.mol.gov.tw/21139/21156/47768/post>.

²³⁶ MOL (Department of Standards and Equal Employment), *Working Hours*, October 18, 2021, <https://english.mol.gov.tw/21004/21015/21016/21023/nodelist>.

Figure 4.4: Southeast Asian Migrant Worker in Taiwan (1994-2022)

Unit: Person



Source: The figure made by the author from the statistic of Employment and Vocational Training Administration, CLA (https://stat.ncl.edu.tw/searchResult_en.jsp); Workforce Development Agency, Ministry of Labor (<https://statdb.mol.gov.tw/html/mon/c12060.htm>)

Compared to Indonesians and Filipinos, Vietnamese workers have risen rapidly because they are willing to pay far higher employment agency expenses.²³⁷ According to this, Vietnamese workers have a significant advantage over other exporting countries. The demand for Thai laborers in Taiwan, on the other hand, appears to be high. The labor officer of the Thai Consulate in Taiwan told a reporter that Thais are still in demand among Taiwanese companies, despite a scarcity of Thai workers in Taiwan.²³⁸

One factor in the decline of Thai labor exports to Taiwan was that the labor trade resulted in significant political scandals in Thailand and Taiwan, including revelations following a large riot in 2005 by Thai workers working on the Kaohsiung metro line. Taiwanese and Thai politicians

²³⁷ Lan Anh Hoang, "Governmentality in Asian migration regimes: The case of labor migration from Vietnam to Taiwan," *Population, Space and Place*, vol. 23, no. 3 (2017), p. 5.

²³⁸ Worrarat Taniguchi, "ตามกรมการกงสุลเชื่อมแรงงานไทยในไต้หวัน (trans. Following the Department of Consular Affairs: Visiting Thai Labor in Taiwan)," *Matichon*, 2014.

allegedly conspired to exploit Thai workers by charging them between THB 80,000 and THB 130,000 for their jobs. It was discovered that the illegal fees benefitted senior officials, legislators, and policy advisors. At the same time, the MOL officials has benefited from the fees.²³⁹

In addition, a variety of circumstances have contributed to Taiwan's wages being undesirable to Thai labor. Taiwan's minimum wage has remained flat over the last two and a half decades. For example, from 1997 to 2007, it stayed constant at NTD 15,840.²⁴⁰ Moreover, minimum wage increases for Taiwanese workers have not kept pace with productivity advances.²⁴¹ In 2001, during an economic downturn, Taiwan's CLA permitted employers to deduct from foreign workers' salaries for food and housing (previously provided for free) and employment agency services.²⁴²

As of 2021, Thai workers received a minimum of NTD 24,000 monthly, excluding overtime wages. In addition, Thai workers commonly pay various monthly charges, including NTD 2,500 for food and housing, NTD 504 for employment insurance, NTD 372 for health insurance, a tax fee (depending on income), and between NTD 1,500 to NTD 1,800 for brokerage fees.²⁴³ Thus, Thai workers received only NTD 18,000 to NTD 19,000 after allowing NTD 5,000 salary deductions.

The Taiwan MOL announced the results of a survey indicating that foreign caregivers in Taiwan work an average of 10.5 hours per day but earn less than NTD 20,000 per month. In June 2021, the average salary of foreign caregivers was NTD 114 per hour less than in 2019, based on a base salary of NTD 17,436.²⁴⁴ While Thailand's MOL reported that Thai caregivers are not protected by labor law, they face the possibility of being overworked, contracting the disease from patients, being controlled and repressed, or facing sexual threats from employers. They must also pay the recruitment company's monthly costs.

²³⁹ "Kaohsiung Riot: Employer Is to Blame, Task Force Says", *The Nation*, September 2, 2005.

²⁴⁰ Jen-te Hwang, Chieh-hsuan Wang, and Chien-ping Chung, "Is it Possible to Decouple Foreign Workers' Wages From the Minimum Wage in Taiwan?", *Economic and Labor Relations Review*, vol. 22, no. 2 (2011), p. 110.

²⁴¹ Yage, X. "Taiwan, Agreement Reached on Increase in Minimum Wages", *AsiaNews.it*, September 3, 2014, <https://www.asianews.it/news-en/Taiwan,-agreement-reached-on-increase-in-minimum-wages-32051.html>.

²⁴² Robert Tierney, "The Guest Labor System in Taiwan: Labor Market Considerations, Wage Injustices, and the Politics of Foreign Labor Brokerage", *Critical Asian Studies*, vol. 39, no. 2 (2007), pp. 224-25.

²⁴³ TTEO (Labor Affairs Office), ปัญหาที่ส่งผลกระทบต่อการจัดแรงงานไทย (trans. *The problems Affecting the Employment of Thai Workers*), March 15, 2021, <https://taipei.mol.go.th/situation/problems-affecting-thai-labor>.

²⁴⁴ Keoni Everington, "Foreign Caregivers in Taiwan Work 10.5 hours Per Day, Earn Less Than NT\$20,000 a Month", *Taiwan News*, January 26, 2021, <https://www.taiwannews.com.tw/en/news/4111963>.

However, the minimum wage rate is only NTD 17,000, for which the Thai Labor Affairs Office supports employment at a rate equivalent to Taiwan's minimum wage and other positions consistent with the MOL's policy. As a result, the recruitment company may seek to hire foreign labor from other countries such as Indonesia, Vietnam, and the Philippines.²⁴⁵ Currently, approximately 370 Thai workers are currently employed in the human health and social work sectors.

4.3 Cultural Exchanges

The many types of statistics permit us to comprehend the continuous exchanges between Thailand and Taiwan on a governmental and individual level. These interactions include trade, investment, labor migration, and education. Therefore, cultural exchange between Thailand and Taiwan has become one of the most important topics.

Since its founding on May 20, 2012, the Ministry of Culture (MOC) has actively sought locations to develop its abroad offices. In July 2017, MOC decided to establish a Cultural Division inside the TECO in Thailand regarding Thailand's status as a regional cultural hub and its expanding engagement with other Southeast Asian societies.²⁴⁶

The MOC, TECO, and Taiwanese organizations participated in many events in Thailand and Taiwan, including the following:

4.3.1 Songkran Festival in New Taipei City

Since 1998, the Water Festival, also known as Songkran Festival in April, has been held by the city of New Taipei, as there are approximately 50,000 Thai laborers in Taiwan, compared to 6,000 to 7,000 in New Taipei. Songkran celebrations encourage workers who have relocated to Taiwan to feel more relaxed and less homesick. At the same time, Taiwanese citizens will learn about respect and accept various cultures. Taiwan is considered a global leader in providing safety for migrant workers. The protection of Thai worker benefits by Taiwan has been successful. This is evident from the massive Songkran festival, which drew praise from Thai organizations in Taiwan. It cannot be denied that Taiwan treats its foreign workers, particularly Thai employees, with respect. It has evolved into a soft power that will facilitate Taiwan's entry onto the international stage.

²⁴⁵ Ibid.

²⁴⁶ TECO, *Cultural Division*, October 12, 2017, https://www.roc-taiwan.org/th_en/post/1831.html.

4.3.2 Taiwan Documentary Film Festival

From November 28 to December 9, 2018, the MOC and TECO staged the first Taiwanese documentary film festival in Bangkok. The goal of the Taiwanese government is to cultivate art and cinema culture, establish a new channel for Thais to learn about Taiwanese culture, and encourage audiences to study various types of documentary films by showcasing documentaries that reflect Taiwanese culture and lifestyle.²⁴⁷

TECO cooperated with Thailand's Documentary Club to host the fourth annual Taiwan Documentary Film Festival in Thailand on December 15-19, 2021. The festival featured both physical and virtual events to let Thai viewers experience the richness and energy of Taiwanese cinema. The major event was held at the House Samyan Cinema in Bangkok, and screenings were held in Phayao (the northern province) and Hatyai (the southern city in Songkhla province). This event establishes a fresh avenue for the two sides to improve cultural ties and promote filmmaking interactions.

4.3.3 Taiwan-Thailand Comics Exchange (TTcomics)

On November 26, 2018, TECO presented its first-ever Taiwan-Thailand Comics Exchange Event (Ttcomics) at Open House Bookshop in Bangkok. The event was trendy, bringing cartoonists, academics, comic lovers, and the Thai Comics Association to a packed audience. During the inaugural ceremony, Dr. Li Ying-yuan, the representative of TECO, stated that Taiwan's MOE had given the comics sector considerable priority. Therefore, in addition to assisting in the development of cartoons, they intend to construct a national comics museum and genuinely hope that this collaboration with Thailand will be the first of many future collaborations.

4.3.4 Taiwan-Thailand Picture Book Exchange (TTPicbook)

The TECO hosted the Taiwan-Thailand Picture Book Exchange 2022 (TTPicbook) on April 1, 2022, at Bang Sue Grand Station in Bangkok during the 50th National Book Fair & 20th Bangkok International Book Fair 2022. As a result, there are four renowned authors from Taiwan and Thailand have been invited to collaborate on the creation of two picture books. Mr. Hsu Wei-ing

²⁴⁷ TECO, *Taiwan Documentary Film Festival in Bangkok 2018*, August 20, 2018, https://www.roc-taiwan.org/th_en/post/2524.html.

the deputy representative of TECO, expressed his approbation and gratitude for the MOC's accomplishments in selling Taiwan through soft power.²⁴⁸

4.3.5 *Shadow Dancing Exhibition*

The TECO presented the Shadow Dancing exhibition, which comprised works by Taiwanese and Thai artists, from March 17 to June 5, 2022, at The Jim Thompson Art Center in Bangkok. The show was also shown at the Hong Gah Museum in Taipei, with help from the MOC, to encourage curators and artists to keep working even though COVID-19 had a negative effect. Furthermore, by exhibiting these works in both Taiwan and Thailand, it is intended that the exhibition will encourage more conversation between the two sides and arouse audience thought.²⁴⁹ According to the MOC, Thailand is involved in the programs as part of ongoing government efforts to deepen further and expand Taiwan's connections with the Southeast Asia region. They range from art history to bio-art, film, folk music, and new immigrants. In addition, the programs may be undertaken digitally to maintain the momentum of cultural exchanges between Taiwan and NSP target countries

While, TTEO also conducted other fascinating events in Taiwan and the cultural exchange activities. The following are some examples.

4.3.6 *Traditional Thai Puppet Performance*

In 2008, TTEO hosted the Traditional Thai Puppet Performance, which was performed by member puppeteers and musician's ensemble from the Joe Louise Puppet Theatre Company at the auditorium of the Taipei City Council. In addition to the puppet show, a collaborative painting exhibition showcasing memories and impressions from six notable Thai and Taiwanese artists' journeys to Taiwan and Thailand was scheduled at the Red House in Taipei City. Ms. Wanthanee Viputwongsakul, deputy executive director of the TTEO, emphasized that it would foster cultural exchange and understanding between Taiwan and Thailand and reflect the ongoing and multifaceted exchanges between Thai and Taiwanese people.²⁵⁰

²⁴⁸ Matichon Marketing, "Taiwan-Thailand Children's Picture Book Exchange at the 50th Thai National Book Fair", *Khaosod English News*, April 7, 2022, <https://www.khaosodenglish.com/sponsored/2022/04/07/taiwan-thailand-childrens-picture-book-exchange-at-the-50th-thai-national-book-fair/>.

²⁴⁹ MOC, *Shadow Dancing Exhibition to Showcase Results of Cultural Exchange Between Taiwan and Thailand*, March 17, 2022, https://www.moc.gov.tw/en/information_315_144159.html.

²⁵⁰ Central News Agency, "Taipei to be Full of Thai Culture in Coming Days", *Taiwan News*, June 13, 2008, <https://www.taiwannews.com.tw/en/news/673375>.

4.3.7 Thai Film Festival

on July 21-25, 2016, the MFA, in partnership with TTEO and the Thailand Foundation, brought Thai movie actors, the film's director, and Thai media to the Thai Film Festival 2016 in Taipei. There were many activities at the events. For instance, the actors met more than sixty fans, giving exclusive interviews and autographs to fans from Taipei and other cities in Taiwan. The actors were invited to walk the red carpet at the opening event in Xinyi, Taiwan. Over 300 guests attended the event. The five Thai films were also shown at Shinkong Cineplex, Taipei.²⁵¹ The event is part of the MFA cultural diplomacy efforts designed to improve Thailand's excellent relations with other countries and economies, particularly on a people-to-people level through Thai films and television shows. The MFA also prioritizes expanding the international reputation of aspiring young Thai artists in many disciplines, including the film and television industries.

On August 3-6, 2018, the TTEO conducted the "Thai Film Festival 2018" in Taiwan at the SPOT Huashan cinema to introduce Thai culture, traditions, and way of life through the film to Taiwanese people. The TTEO has picked five leading Thai films in various genres that Taiwanese and non-Taiwanese can view for free 20 times during this festival. More than 3,500 participants during the festival, and many Taiwanese expressed appreciation for Thai film's creative concept and high-quality production. The 2018 Thai Film Festival was a part of the Thai government's cultural diplomacy effort. It is still regarded as a response to the NSP of the Taiwanese government. It is also an interchange and enhancement of cultural collaboration between Thailand and Taiwan to foster mutual understanding between Thai and Taiwanese peoples.²⁵²

4.3.8 Muay Thai: The Heritage

The TTEO, in collaboration with the Department of Cultural Affairs, the Taipei City Government, and the Thailand Foundation, hosted "MUAY THAI: The Heritage" on March 30, 2018, at the Zhongzheng Auditorium Zhongshan Hall in Taipei. Back by popular demand were the "Lanna Fighting" boxing gym and the students from Chiangmai. This Thai boxing exhibition has been a tremendous success. An excessive number of guests occupied every seat. (The Zhongzheng Theater has a capacity of 1,122 seats for Taiwanese government agencies,

²⁵¹ MFA, *Thai Film Festival 2016 in Taipei*, July 26, 2016, <https://www.mfa.go.th/en/content/5d5bd01c15e39c306001d5f6?cate=5d5bcb4e15e39c3060006838>.

²⁵² MFA, *เทศกาลภาพยนตร์ไทย 2561 (trans. Thai Film Festival 2018)*, August 10, 2018, <https://mfa.go.th/th/content/5d5bd19415e39c3060025535?cate=5d5bcb4e15e39c3060006843>.

the foreign office in Taiwan, Boxing Association Representatives from various camps, and the general public) There have been requests from Taiwanese in other places for similar events to be organized in their cities.²⁵³

4.3.9 *The Authentic Thai Taste*

On June 27, 2018, the TTEO, in partnership with Thai & Thai restaurant, Mandarin Oriental, Taipei, hosted the Opening Ceremony of “The Authentic Thai Taste at Thai & Thai restaurant, 5th Floor, Mandarin Oriental, Taipei. Mr. Thongchai Chasawath, the executive director of TTEO, emphasized that the Authentic Thai Taste event provides a new idea of Thai cuisine in a “fine dining” setting, with the “The Authentic Thai Taste Menu” retaining its original authentic flavor. The Authentic Thai Taste is one of the “Thai Kitchen to the World” activities, which aims to promote Thailand through authentic Thai food, make Thai food products and ingredients known on the global market, and promote Thai food as the favorite food dishes worldwide.²⁵⁴

4.3.10 *Asia-Pacific Culture Day*²⁵⁵

The TTEO participated in the 7th Asia-Pacific Culture Day event at Taipei Main Station on October 27-28, 2018. At the Thailand booth, the Thai Chefs Club in Taiwan conducted a Thai cooking demonstration and provided attendees with servings of papaya salad, shrimp cakes, Khao Soi, and other sweets. The attendees were captivated by Thai performances. It demonstrated that Taiwanese people enjoy Thai culture. Mr. Thongchai Chasawath, the executive director of TTEO, told Thai reporters that it was an excellent opportunity to introduce Thai culture to Taiwanese and foreigners residing in Taiwan. The provision of traditional Thai food and cultural events made Thai booths extremely popular each year. Currently, Taiwanese people are fond of Thailand, and the relationship between the two sides is good.²⁵⁶

²⁵³ MFA, งานแสดงมวยไทย (*trans. Muay Thai: THE Heritage*), April 3, 2018,

<https://mfa.go.th/th/content/5d5bd11215e39c3060023007?cate=5d5bcb4e15e39c3060006843>.

²⁵⁴ Thai Business Information Center (ThaiBiz) in Taiwan, *The Authentic Thai Taste @ Thai & Thai*, June 28, 2018, <http://shorturl.asia/PLknN>.

²⁵⁵ It is an annual event organized by MOFA since 2012 to encourage Taiwanese people to get closer to foreign cultures and to provide an opportunity for countries in the Asia-Pacific, including Thailand, Kiribati, Fiji, Nauru, Solomon Islands, Philippines, Singapore, Japan, India, South Korea, Vietnam, Australia, Malaysia, Indonesia, Myanmar, Palau, Marshall Islands, and Tuvalu.

²⁵⁶ TTEO, สำนักงานการค้าและเศรษฐกิจไทย เข้าร่วมงานวันวัฒนธรรมเอเชีย-แปซิฟิก ประจำปี 2018 (*trans. TTEO Participated in the Asia-Pacific Culture Day 2018*), October 31, 2018, <https://shorturl.asia/GAMSD>.

4.3.11 *Thai's Finest Blend*

The TTEO, in collaboration with the Department of Cultural Affairs, Taipei City Government, and Thai Airways International Public Company, hosted a contemporary art show titled “Thai’s Finest Blend” on November 29, 2018, at the Zhongzheng Theater, Zhongshan Hall, in Taipei City to promote Thai cultural arts. Among Taiwanese, emphasizing the presentation of contemporary art in a modern style combines Thai music and classical music with a Thai boxing performance, and the program is free and accessible to the public. The crowd was profoundly affected by the contemporary art display. There were 800 guests, including Taiwanese government agencies and the general public.²⁵⁷

4.3.12 *Khon Performance*

On January 26-27, 2020, the TTEO, in partnership with the National Palace Museum (Southern Branch), presented a Khon performance from the Fine Arts Department at the National Palace Museum (Southern Branch), Chiayi City to celebrate the Chinese New Year. The performance above aims to promote the beauty of high-performance arts that merge numerous branches of Thai art. Furthermore, the popularity of Thais in Taiwan will result in the expansion of Thai trade, investment, and tourism markets.

4.3.13 *Water Lantern Festival (Loy Krathong)*

On December 12, 2021, the TTEO cooperated with the Thai Chefs Club in Taiwan, and the Tourism Authority of Thailand exhibited a booth at Water Lantern Festival at the Rainbow Bridge in Taipei. This fair has been organized for the fourth time and aims for Taiwanese people to get to know foreign cultures. Furthermore, this is an excellent opportunity for Taiwanese people to empathize with Thai cultures. The Activities at the event include food tasting, singing, cultural performances, and Loy Krathong.

4.3.14 *Thai Festival*

On April 30 – May 1, 2022, the TTEO hosted the “Thai Festival 2022” at Xiangti Avenue Plaza, Taipei. Many shops and businesses offer Thai food, beverages, products, and services. Furthermore, Thai cultural activities are held on stage, including a Thai cooking demonstration, a Muay Thai show, and a music performance. This event was a great success and accomplished its purpose of better sharing Thai culture with Taiwanese and foreigners in Taiwan. The event reflects

²⁵⁷ TTEO, งานแสดงศิลปะร่วมสมัย (trans. *Thai's Finest Blend*), December 3, 2018, <https://shorturl.asia/8Ebe9>.

Thai-style warmth, activity, and enjoyment. Most Taiwanese agree that the festival's atmosphere is enjoyable. The Thai government's strategy to promote a favorable image of Thailand globally includes the organization of the Thai Festival. Moreover, it is an offensive diplomatic strategy to increase Thai popularity among Taiwanese people so they can better comprehend Thai culture and way of life.

Moreover, the TTEO and the Tourism Authority of Thailand (TAT) office in Taipei promote Thai culture, food, dance, movie, and music. For example, the executive director of TTEO discussed with Mr. Ko Wen-je, the mayor of Taipei City in April 2022, promoting the Thai festival in the annual agenda of cultural events in Taipei. In terms of tourism, Thailand would like to attract more Taiwanese tourists to Thailand, not only the general tourists but also niche markets such as golfing and diving. Therefore, in May 2022, the TAT office in Taipei brought a group of Taiwanese tour agents to the south of Thailand to explore the market in Thailand. In terms of religion, the TTEO cooperates with Taiwanese Buddhist temples such as Fo Guang Shan Monastery in Kaohsiung, which established the Fo Guang Shan Thaihua Temple in Thailand.²⁵⁸

In short, the objectives and policies of cultural exchanges between Thailand and Taiwan consist of using their friendly powers as a means to deepen cultural relations and establish a dialogue with the international community; encouraging their unique cultural power to win international friendship and upgrading its cultural soft power; cooperating with the art institutions and participating in the festivals to expand the cultural network, and bridging the gap between Thailand and Taiwan.

4.4 People-to-People Connectivity Interests of Thailand and Taiwan Relations

As a result of the people-to-people connections built by Thai migrant workers, students, and others in Taiwan, these individuals become ambassadors of goodwill. When they return to Thailand, they can continue to act as advocates of Thailand and Taiwan relations because they understand the cultures of both sides. Furthermore, their relations are also divided into high, middle, and low levels in Taiwan.

²⁵⁸ Interview with Mr. Tweekiat Janprajak, the executive directors of the TTEO, Taipei, June 20, 2022.

First, even though Thailand and Taiwan do not have official relations, people-to-people connections and institutions have contributed to establishing official interactions between the two sides. For example, TTEO and TECO signed the employment of Thai workers agreement in December 2002. In addition, in September 2013, TTEO and TECO signed the Agreement on Educational Cooperation to grant scholarships to Thai students studying in Taiwan. These efforts reinforced the already-established people-to-people connections through the exchanges of Thai students and Thai migrant workers in Taiwan.

Second, the middle-level link connects to the education center and universities. National Pingtung University of Science and Technology (NPUST) had established sister-school partnerships with Thailand's most prestigious educational institutions by 1998. The Taiwan Ministry of Education later requested that NPUST host the Taiwan Education Center (TEC) in Thailand. It was an honor for NPUST to visit one of its closest friends, Kasetsart University in Bangkok. From this central command center, NPUST established branches in a few additional locations so that more Thai students may gain access to its essential resources, including Maejo University in Chiang Mai and Rajamangala University of Technology Isan in Nakhon Ratchasima. Currently, the TEC in Thailand facilitates interaction between academic and research institutions in Taiwan and Thailand, providing Thai students with language learning resources, creating exchange opportunities, and promoting projects that are beneficial to the development of both sides.²⁵⁹

Third, Thai workers and students facilitate the people-to-people connection between Thailand and Taiwan through low-level in various socio-cultural activities. TTEO organizes Thai cultural festivals and exhibitions regularly to introduce Thai culture to international audiences. In addition to Thai workers and students, Taiwanese and international colleges are also invited to these cultural events. These activities foster cultural exchanges between Thailand and Taiwan through Thai cuisine, dance, music, and film festivals. These interactions serve as soft power to increase mutual understanding between the two sides.

²⁵⁹ TECO, "About Us," <https://www.tecthailand.com/en/about-us/>.

CHAPTER 5

OVERALL ASSESSMENT AND FUTURE PERSPECTIVE OF THAILAND-TAIWAN RELATIONS

The main purpose of this chapter is to examine the review of Thailand and Taiwan relations from the beginning of the 1990s, highlighting the opportunities and challenges inherent in developing the bilateral relationship between the two sides. Furthermore, this chapter looks forward to the future of ties between Thailand and Taiwan.

5.1 An Overall Assessment of Thailand-Taiwan Relations

5.1.1 Achievement

Over the 30 years of development, the Thailand and Taiwan relations have achieved the following remarkable achievements:

On economic cooperation

In 2021, bilateral trade totaled USD 12,984 million, a 30 percent increase over 2020, placing Thailand as Taiwan's 12th largest trading partner. Taiwan ranked as Thailand's 9th largest trading partner. Thailand was one of the countries in Southeast Asia that Taiwan's NSP singled out. As a result, Taiwan's bilateral trade with Thailand is significantly larger than its trade with the rest of the region. Thailand placed 3rd in terms of trade volume (USD 217,919 million), 5th in terms of exporting turnover (USD 126,092 million), and 4th in terms of importing turnover (USD 91,827 million) with Southeast Asia during the period 1992-2021.

Taiwan companies have invested in Thailand about USD 4.5 billion since 1952. It means that Taiwanese investors have been long-time big investors in Thailand.²⁶⁰ Since April 1996, when Thailand and Taiwan signed an agreement on the Promotion and Protection of Investments, both sides have collaborated to attract and retain foreign investment. This is a prerequisite for the widening and deepening Thailand and Taiwan's economic ties. Taiwan has participated in investment activities in Thailand for over 30 years and has been on Thailand's FDI partners list for many years. Recent years have witnessed a rise in Taiwan's total investments in Thailand.

²⁶⁰ Interview with Mr. Tweekiat Janprajak, the executive directors of the TTEO, Taipei, June 20, 2022.

Between 2004 and 2021, the total amount of Taiwanese registered investment capital in Thailand reached THB 45,405 million, rising from THB 2,242 million in 2004 to THB 3,487 million in 2021.

Currently, there are 6,000 registered companies. Most Taiwanese own or work for SMEs in the Original Equipment Manufacturer (OEM) business. Delta Thailand, backed by Taipei City-based parent Delta Electronics Inc., has long been an example of Taiwan-invested enterprises in Thailand. In 2020, Taiwanese corporations sought to leave China to avoid tariffs on Chinese-made goods in the United States, while the Taiwanese government launched an NSP in 2016 to promote exchanges with South and Southeast Asia countries, including Thailand.²⁶¹

In addition, Thailand is a popular destination for Taiwanese investors because of the Thai investment policies, infrastructure developments, and Thai people. Taiwanese people believe Thais get along well, and most Thais are of Chinese descent. If Taiwanese investors invest in Malaysia or Indonesia, both Muslim-majority nations, they will need time to adjust to the cultural differences.²⁶²

The Thai government promotes the Bio-Circular-Green Economic Model (BCG) as a new economic model for inclusive and sustainable growth. The model also conforms with the UN SDGs and is intended to align with the SEP, which is also the fundamental principle of Thailand's social and economic development. So far, Thailand can attract many new Taiwanese investors looking into Electric Vehicle (EV) sector because the Thai government has an idea to promote Thailand as a hub of EV production. Furthermore, in response to the NSP, some Thai companies are looking to invest in clean energy like solar farms or offshore wind farms because the Taiwan government would like to promote zero-carbon. So far, Thai companies such as PTT Public Company Limited (PTT) and Siam Cement Group (SCG), which are interested in investing in offshore wind farms in Taiwan.²⁶³

On education cooperation

In September 2013, Thailand and Taiwan inked an agreement on educational cooperation, which symbolizes a turning point in their cooperation on higher education. It creates a platform and mechanism for implementing teacher and student exchanges, giving scholarships, transferring credits, recognizing advanced degrees, and arranging educational exhibitions and academic

²⁶¹ Interview with Mr. Paul Shek, the former deputy representative of TECO in Thailand, Taipei, May 25, 2022.

²⁶² Ibid.

²⁶³ Interview with Mr. Tweekiat Janprajak, the executive directors of the TTEO, Taipei, June 20, 2022.

seminars. NPUST has administered the TEC in Thailand on behalf of the MOE. In addition to striving to expand and strengthen the cordial relationship between Thailand and Taiwan, they support the formation of close international collaborations between businesses and organizations on either side.

Taiwan and Thailand have solid educational relations; their universities have previously inked 421 agreements on educational collaboration, and Taiwan and Thailand now take turns hosting the Higher Educational Forum. On November 29, 2021, Bangkok played host to the 8th Annual Higher Education Forum. A total of 129 schools from Taiwan and Thailand were represented, and 259 participants. They worked together to promote collaboration and sustainable development between Taiwan and Thailand and better understand the current educational requirements on both sides.²⁶⁴ The importance of the internationalization of education as a driving force behind economic growth and the enhancement of global competitiveness has been gaining more and more attention in recent years. The signing of this agreement will significantly impact the educational developments in both Taiwan and Thailand. It will also contribute to the internationalization of education in Taiwan, which is a positive development.

Amata University in Chonburi province was granted authorization in June 2018 to offer a Master of Science in Engineering (Intelligent Manufacturing Systems) from the National Taiwan University (NTU). This measure will accommodate smart city expansion in Thailand's EEC and produce science and technology people resources to compete with government-promoted S-curve enterprises. The two-year program will adhere to NTU requirements in English and Chinese Mandarin.²⁶⁵

In November 2018, Mahidol University (MU) and National Cheng Kung University (NCKU) established MU-NCKU Joint Research Center (MU-NCKU JRC), NCKU's 3rd overseas research hub and a base for Ministry of Science and Technology's overseas Science and Technology Innovation Centers for Taiwan's NSP. It promotes cooperative programs, including training courses, academic conferences, and technology forums. In addition, both university presidents signed a bilateral MOU.

²⁶⁴ Office of Secretariat NPUST, "Moving Forward at the 8th Taiwan Thailand Higher Education Forum", November 30, 2021, <https://en.npust.edu.tw/2021/11/moving-forward-at-the-8th-taiwan-thailand-higher-education-forum/>.

²⁶⁵ Supawadee Wangsri, "Amata University given green light to offer master's in IMS", *National News Bureau of Thailand*, June 21, 2018, <https://thainews.prd.go.th/en/news/detail/WNSOC6106210010119>.

On labor cooperation

Since Thailand and Taiwan signed an agreement on the Employment of Thai Workers in December 2002, Thai workers have been protected against exploitation by workforce agencies on both sides, and Taiwan-Thailand cooperation in labor matters has advanced. There were 105,152 Thai workers in Taiwan in 1994, which increased to 142,655 in 2000. Even though the export of Thai labor to Taiwan began a gradual drop, reaching 127,732 workers, or 42 percent of all foreign workers in 2001. In the first three months of 2022, there were 58,874 Thai workers in Taiwan, representing 9 percent of all foreign workers (659,382). This demonstrated that Taiwan is a minor importer of Thai migrant workers. However, Thai workers are quite popular in Taiwan, and Taiwan employers want to hire Thai workers because they are hard-working and tolerant. In the past, Thai workers worked in the construction sector. Currently, Thai workers prefer to work in the manufacturing sector because the working conditions are better than in the construction sector.²⁶⁶ It revealed that most Thai workers had maintained positive ties with their employers, and Thai workers contributed to the economic growth between Thailand and Taiwan.

The Importance of Thai workers in Taiwan can view in two aspects; social and economic. In terms of a social aspect, many Thai workers export Thai culture to Taiwan because they bring Thai food and festival to Taiwan society. So, Taiwanese people understand more about Thailand and Thai people. In terms of the economic aspect, Taiwan benefits from Thai workers to drive its economy. While Thai workers also benefit from the extra income, they send money to their hometowns in Thailand. In the long run, Thailand gets to benefit from skilled workers. Many Thai workers who terminated or finished working in Taiwan, they continue to work with Taiwanese companies in Thailand because they are familiar with Taiwanese cultural and working experiences. While Taiwanese companies are willing to accept Thai workers who have working experiences in Taiwan to work with their companies in Thailand.²⁶⁷

On cultural cooperation

Thailand and Taiwan have maintained cultural exchanges, including the Songkran Festival, the Taiwan Documentary Film Festival, the Taiwan-Thailand Comics Exchange Event, the Taiwan-Thailand Picture Book Exchange Event, the Shadow Dancing Exhibition, the Traditional Thai Puppet Performance, the Thai Film Festival, the Water Lantern Festival

²⁶⁶ Interview with Mr. Paul Shek, the former deputy representative of TECO in Thailand, Taipei, May 25, 2022.

²⁶⁷ Interview with Mr. Tweekiat Janprajak, the executive directors of the TTEO, Taipei, June 20, 2022.

(Loy Krathong), and the Thai Festival, with the participation of Thai and Taiwanese community members (see photos in appendix C). These events show pieces of evidence of Thailand and Taiwan's profound cultural connection and cooperation.

5.1.2 Limitation

Despite Thailand and Taiwan's success in various cooperation, the Thailand-Taiwan relationship between 1992 and 2022 shows the following limits.

On economic cooperation

There is a widening gap in trade between the two sides. So far, Taiwan's trade surplus with Thailand is greater than Thailand's trade deficit with Taiwan. Between 1992 and 2022, the analysis revealed that Taiwan's percentage of exports to Thailand expanded rapidly, while Taiwan's part of imports from Thailand increased gradually. Even though the trade deficit is caused by a combination of subjective and objective causes, the imbalance has remained for so long and has been rising, which indicates that it is impeding Thailand and Taiwan's ability to develop trade relationships. Moreover, Taiwan's investments in Thailand indicated that even though Taiwan's overall volume of investment in Thailand between 1992 and 2022 was quite substantial, there was still a distinction between the investment structures of various industries. As a result, several industries in Thailand have received insufficient attention from Taiwanese investors. In addition, Taiwanese investment projects in Thailand have been small to medium-sized throughout the past three decades.

On labor cooperation

Although TTEO and TECO have signed an agreement on the employment of Thai workers and the DOE has reached agreements with the CLA to reduce employment fees²⁶⁸, the field research in Thailand's labor-sending communities indicated that most agencies were charging over the legal limit. Therefore, it is not unexpected that the Thai DOE has failed to follow through on its repeated pledges to tighten down on overcharged employment agencies. According to reports, Taiwanese employment agencies sell open positions to agencies in labor-sending states, and this expense forms the main portion of the price charged to workers.²⁶⁹ In addition, exports of Thai workers to Taiwan also affect other aspects, such as the workers' need to borrow THB 100,000 to

²⁶⁸ Christie Chen, "Rights of Thai workers in Taiwan to be improved", *Central News Agency*, March 13, 2012, <https://www.taiwannews.com.tw/en/news/1867574>.

²⁶⁹ Piya wat Khongchuai, "ระบบการจัดหางานไปต่างประเทศในประเทศไทยและการร้องเรียนของแรงงาน (trans. *Overseas Employment Recruitment Systems in Thailand and Laborers' Complaints*)", Doctoral Dissertation (Bangkok: Chulalongkorn University, 2001).

THB 150,000 to cover expenses before departure. If the present situation continues, not only will it be adverse to the reputation of the employment agencies that provide Thai employees, but it will also affect Taiwan's security and moral fabric.

On education cooperation

According to data from the MOE in Thailand, 282,000 students graduated from public and private universities in 2019-2020. This includes the nearly 600,000 students who will complete their high school education between 2016 and 2020. Therefore, Thailand presents a potential market for Taiwan in educational exchange and collaboration. However, the number of Thai students pursuing higher education in Taiwan, whether at the undergraduate, graduate or doctoral level, has remained a tiny fraction of Thai students pursuing education outside of Thailand in recent years.

On cultural cooperation

Even though cultural collaboration between Thailand and Taiwan has progressed and been well received by the people of both sides, it has not yet produced widespread events. There are still cultural events and exchanges that have not constantly been occurring. Therefore, Thailand and Taiwan will profit much from promoting cultural cooperation if both sides properly arrange this matter and prepare annual festival plans.

5.2 Factors Impacting the Prospects of Thailand and Taiwan Relations

In addition to the successes listed above, the future of Thailand-Taiwan relations will be influenced by the following factors:

5.2.1 Thailand's Foreign Policies

During the Chatichai administration between 1988 and 1991, Thailand's foreign policy was primarily focused on regional issues, as indicated by the context Prime Minister Chatichai's foreign policy of "turning battlefields into marketplaces" was aimed in part to encourage economic activity by creating border trade opportunities between Thailand and Indochinese states. This concept was strengthened by connecting onshore regions to seaports on the eastern coast of Thailand.²⁷⁰ This impacts Southeast Asia's economy, security, and politics. Thailand paved the way for peace and development in the area, transforming former enemies into partners.

²⁷⁰ Chuan Leekpai, คำแถลงนโยบายของคณะรัฐมนตรี นายชวน หลีกภัย นายกรัฐมนตรี แถลงต่อรัฐสภา เมื่อ 21 ตุลาคม 2535 (trans. Policy Statement of the Council of Ministers of Prime Minister Chuan Leekpai delivered to Parliament October 21, 1992), *National*

Anand Panyarachun, the prime minister who succeeded Chatichai when he was overthrown in 1991, continued his predecessor's foreign policy objectives by pursuing methods for Thailand to play a crucial regional role in the construction of developmental regionalism. He viewed Thailand as the "gateway to Indochina" and envisioned it as the economic, financial, and distribution hub for the rest of mainland Southeast Asia. In addition, according to Anand, Thailand had the imperative duty of overcoming the split of Southeast Asia, a result of the Cold War.²⁷¹

From 1991 to 1992, Prime Minister Anand was in office and made great strides toward establishing the ASEAN Free Trade Area (AFTA). In addition, Prime Minister Anand formalized and promoted Prime Minister Chatichai's vision of positive engagement with Thailand's neighbors. This strategy also had broader consequences, as it became a widespread regional practice that broadly referenced the concept of non-interference in the internal affairs of ASEAN members.

During the administration of Chuan, from 1992 to 1995, the promotion of subregional economic cooperation was one of the government's primary foreign objectives. As a result, Thailand was positioned at the center of the development initiatives between Thailand, China, Myanmar, and Laos, mainly focusing on transport links.²⁷² Prime Minister Chuan has repeated the remarks of Prime Minister Anan, describing Thailand as a financial gateway to the region and a link between mainland Southeast Asia and the rest of the globe.

The government of Chavalit, from 1996 to 1997, aimed, through its Indochina strategy, to undermine Thailand's position as the center of Southeast Asia. The centerpiece of Prime Minister Chavalit's foreign policy was exerting Thai influence on ASEAN's admittance of Cambodia, Myanmar, and Laos, as well as ASEAN's economic plans targeted at strengthening transport ties between Indochina and other ASEAN members, for which Thailand was a vital base. In addition, Prime Minister Chavalit desired to connect South and Southeast Asia as part of the Look West policy, which would be made possible through a new forum established by the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC).

Assembly Report, 1/2535 (Bangkok: The Secretariat of the House of Representatives, 1992), <https://library.parliament.go.th/th/node/1697>.

²⁷¹ Anand Panyarachun, "Thailand Open Society, Dynamic Society", *Thailand Foreign Affairs Newsletter*, August 1992, p. 9.

²⁷² Kusuma Snitwongse, "Thai Foreign Policy in the Global Age: Principle or Profit?," *Contemporary Southeast Asia*, vol. 23, no. 2 (2001), p. 195.

Before the international financial crisis of 1997, Thailand's foreign policy under Prime Minister Chatchai aimed to make Thailand transforming to the dynamic center of the region. Thailand had the ambition of acknowledging its leadership and made significant investments in its regional policy throughout this period. It could be said that Thai leaders, including Prime Minister Prem, Prime Minister Chaitichai, and Prime Minister Anand praised Thailand's regional leadership in the early post-Cold War years.

When Thailand was impacted by the Asian financial crisis in 1997, it was a sign that Thailand's competitiveness was declining. Consequently, Thailand's confidence was seriously shaken, and it could not maintain its status as the dominant power. Nevertheless, the United States, the European Union, Japan, World Bank, and the Asian Development Bank (ADB), IMF all played significant roles in shaping Thailand's foreign policy during this time, the country's long-held goal of becoming a regional leader did not wholly disappear.²⁷³

During the second government of Prime Minister Chuan, which served from 1997 to 2001, Thailand recommended flexible engagement to defend its material interests and manage its foreign policy to highlight its leadership in the area. The project aimed to change ASEAN members' non-interference in each other's domestic affairs by allowing open talks on domestic issues that might affect other members and the group. Unfortunately, the majority of ASEAN members rejected it.

The subsequent Thaksin administration was from 2001 to 2006; Thai foreign policy was also a clear demonstration of a further attempt to shed light on Thailand's global and regional role. The strategy for forwarding engagement that Prime Minister Thaksin spearheaded centered on a new regional project called the ACMECS, supplemented by bilateral economic cooperation.²⁷⁴ It used Thailand's geopolitical clout to expand international collaboration and engage new partners. This proactive foreign strategy strengthened Thailand's leadership position, albeit to varying degrees.

²⁷³ MFA, “การประเมินและการสังเกตการณ์เบื้องต้นด้านแนวคิดและจุดยืนต่อการมีส่วนร่วมที่ยืดหยุ่นของไทย หลังจากการประชุมรัฐมนตรีอาเซียนที่กรุงมะนิลา เมื่อกรกฎาคม 2541 (trans. *The Preliminary Assessment and Observation on Ideas and Position Towards Thailand's Flexible Engagement after the ASEAN Ministerial Meeting in Manila, July 1998*)”, no. Athens Embassy 86/2541, (Bangkok: Archives and Library Division, 1998); Prapat Thepchatree, “วิสัยทัศน์นโยบายต่างประเทศในสหัสวรรษใหม่ (trans. *Vision in Thai Foreign Policy in the New Millennium*)”, in Corrine Phuangkasem et al., eds., *รวมงานเขียนและปาฐกถา เรื่อง การต่างประเทศของไทยจากอดีตถึงปัจจุบัน (trans. Collection of Articles and Speeches on Thai Foreign Affairs from the Past to the Present)* (Bangkok: Thammasat University Press, 1999).

²⁷⁴ Thitinan Pongsudhirak, “Thailand's Foreign Policy under the Thaksin Government”, *EurAsia Bulletin*, vol. 8 (2004), pp. 3-6.

Prime Minister Thaksin pursued a business-oriented agenda, especially concerning Thailand's close neighbors. He endeavored to elevate Thailand's standing to that of an economic powerhouse such as Singapore, China, and India. However, he also desired to use foreign policy to solve economic and social disparities at the local level to foster a more harmonious global community.²⁷⁵

During this time, Thailand's foreign policy had three main features. First, foreign policy is crucial to boosting Thailand's economic competitiveness. Thailand must get a competitive advantage to reach its goal. Second, Thai policy elites consider Asia Thailand's crucial sphere of influence and want to assert Thailand's leadership position in this region. Thailand's genuine endeavor to include the Mekong subregion in its area of influence. This campaign's success helped Thailand become the economic hub of Southeast Asia. Third, Thailand's weak structural strength necessitates deploying multilateral approaches to regional cooperation primarily as a bridge for greater regional collaboration. This trait of Thai foreign policy may be seen in the post-Cold War era and its regional repercussions.

After the military overthrew the previous prime minister Thaksin in a coup in September 2006, General Surayud was appointed by the armed forces as the new prime minister of Thailand. The military administration initiated a new method of conducting diplomatic relations, ethical diplomacy. Prime Minister Surayud stated, "I would like to see a greater emphasis on the social and ethical aspects of our development, and the present domestic imperative will not cause us to shirk our responsibilities as a member of the international community."²⁷⁶ Additionally, the Surayud government was opposed to Prime Minister Thaksin amassing private interests while he was in office and to allegations that he attempted to profit from the conduct of foreign policy personally. Therefore, Prime Minister Surayud has promised that the Thai government's foreign policy will be transparent, accountable, and ethical.

The Surayud administration strengthened the Foreign Business Act (FBA). It updated the definition of foreign enterprises, the issue of capital and management controls, and the list of protected professions and investment sectors, marking a significant divergence from the Prime Minister Thaksin era, during which foreign investment requirements were relatively permissive.

²⁷⁵ Pavin Chachavalpongpun, *Reinventing Thailand: Thaksin and His Foreign Policy* (Singapore: Institute of Southeast Asian Studies, 2010), pp. 10-11.

²⁷⁶ "คำปราศรัย โดย พลเอก สุรยุทธ์ จุลานนท์ ณ สโมสรผู้สื่อข่าวต่างประเทศแห่งประเทศไทย (trans. Address by General Surayud Chulanont at the Foreign Correspondents Club of Thailand)", Grand Hyatt Erawan Hotel, Bangkok, November 7, 2006.

Prime Minister Surayud claimed that the revision was necessary to remove legislative loopholes to improve openness and governance. However, the domestic and international business community criticized the proposed change because it would affect Thailand's competitiveness. This argument was based on the fact that Thailand had been remarkably successful in attracting foreign investment precisely because its regulatory environment for foreign investment was more liberal than its neighbors. Therefore, they contended that changes to the FBA would weaken Thailand's competitive advantage.

Notably, Prime Minister Surayud's goal was to oppose every aspect of Prime Minister Thaksin's foreign policy while presenting his government as morally superior. Prime Minister Surayud, for instance, diminished Prime Minister Thaksin's enthusiasm for free trade deals. Instead, he advocated King Bhumibol's concept of "Sufficiency Economy Philosophy (SEP)" or sufficiency agriculture projects²⁷⁷ which combine the philosophy of balancing basic economic elements with the way Thais live their daily lives. The Surayud government was only in power for one year and did not attempt to disseminate a sufficient economy to the globe. Prime Minister Surayud implicitly criticized Prime Minister Thaksin for abandoning the royal concept by promoting a sufficiency economy. In addition to abandoning Prime Minister Thaksin's diplomatic endeavors, Prime Minister Surayud abandoned the ACD and ACMECS.

The subsequent government faced numerous policy issues during the transition from the authoritarian military dictatorship. It had to mend connections with the rest of the world for geopolitical and economic reasons, particularly with the West, which had consistently opposed the coup and the junta's political abuses of Western universal values such as human rights and democracy. The West was also one of the significant investors in Thailand.

Samak Sundaravej won the December 2007 election in the wake of a coup d'état. Upon assuming office, he aimed to eliminate Prime Minister Surayud's ethical diplomacy through foreign affairs. The Samak government published its foreign policy agenda in parliament in March 2008, which was substantially identical to that of the Thaksin administration. The MFA has been urged to extend its efforts, with the assistance of the Ministry of Commerce, to explore new export markets for Thai goods. In addition, Prime Minister Samak proposed changes to the FBA to restore investor trust in Thailand.

²⁷⁷ Andrew Walker, "Royal Sufficiency and Elite Misrepresentation of Rural Livelihoods", in Soren Ivarsson and Lotte Isager, eds. (Copenhagen: NIAS Press 2010), p. 242.

Prime Minister Samak hardly had time to formulate a clear foreign policy, as he was in office for over seven months. Thailand assumed the ASEAN presidency beginning in July 2008. However, Thailand's political sickness prevented its ASEAN leadership under Prime Minister Samak's shaky administration. Regarding overall foreign policy, Prime Minister Samak followed a path remarkably similar to that of Prime Minister Thaksin.²⁷⁸ Prime Minister Samak developed a foreign policy meant to preserve the corporate interests of Prime Minister Thaksin, notably in neighboring countries, while simultaneously building close ties with the top leaders of other countries. It is highlighted that a significant shift in foreign policy, from ethical diplomacy to mercantilism, posed significant challenges for Thai officials regarding the need to adapt their policy platform to diverse political contexts.

It is impossible to exaggerate how closely Somchai Wongsawat's tumultuous premiership followed that of Prime Minister Samak. Since he was Thaksin's brother-in-law, his premiership was evidence of his enduring political influence. Regarding handling foreign policy for just over two months, Prime Minister Somchai followed in the footsteps of Prime Minister Samak. He did so by openly supporting Prime Minister Thaksin's foreign policy, which was based on promoting Thai economic interests in the region and internationally. The government of Somchai also ensured that Thailand would play a constructive role in international organizations, especially the UN. Simultaneously, it would aim to increase confidence in Thailand on the international stage and foster people-to-people relationships with foreign nations. Protection of Thai citizens and Thai workers abroad, as well as their interests, remained a top priority.²⁷⁹

From September to December 2008, Prime Minister Somchai revitalized the legacy of former Prime Minister Thaksin. During an official visit to Peru in November 2008 to attend the Asia-Pacific Economic Cooperation (APEC) Summit, it was agreed to investigate the feasibility of an FTA with Peru. Somchai also strongly supported the third summit of the former Prime Minister Thaksin-initiated ACMECS, held in Hanoi in November 2008, reinforcing Thailand's commitment to providing financial and technical aid to its less fortunate developed neighbors. However, Prime Minister Somchai's term as prime minister was disrupted by several

²⁷⁸ Kavi Chongkittavorn, "Thaksin Does not Deserve that Red Passport", *The Nation*, February 12, 2008.

²⁷⁹ Office of the Official Information of Thailand, "คำแถลงนโยบายของคณะรัฐมนตรี นายสมชาย วงศ์สวัสดิ์ นายกรัฐมนตรี แถลงต่อรัฐสภา

เมื่อ 7 ตุลาคม 2551 (trans. Policy Statement of the Council of Ministers, delivered by Prime Minister Somchai Wongsawat to the National Assembly)", October 7, 2008.

anti-Thaksin rallies, and because he was focused on his political survival, no new foreign minister with diplomatic expertise was nominated.²⁸⁰

Abhisit Vejjajiva, one of Thailand's youngest prime ministers and the royalists' preferred candidate, was in office from December 2008 to August 2011. Then, the Abhisit administration desired to prove that its nationalistic foreign policy was legal and based on national interest. Therefore, Prime Minister Abhisit clarified that his government rejected its predecessors' business-first approach and revived a supposedly principled foreign policy. This time, principle, not profit, is the driving force behind Thai diplomacy. However, Prime Minister Abhisit emphasized the urgency of regaining the confidence of foreign investors in the Thai economy and reviving a foreign policy that, in his view, had been inactive for too long. As a result, the 14th ASEAN Summit was held at Hua Hin (Prachaet Phiri Khan province) from February 27 to March 1, 2009, despite the red-shirt protesters threatening to disrupt the summit. The meeting marked a new chapter for ASEAN as the ASEAN Charter entered into force in December 2008. Under the subject "ASEAN Charter for ASEAN Peoples," the Abhisit government promoted ASEAN in a new era, with people at the center of collaboration.²⁸¹

The ASEAN Heads of State and Government signed the Hua Hin Declaration on the Roadmap for an ASEAN Community (2009-2015) on March 1, 2009. This document serves as a roadmap for the actualization of the regional community. After the conference, Prime Minister Abhisit rescheduled the ASEAN+3 Summit and the East Asia Summit for April 2009, with the expectation that his success in Hua Hin would continue to shine at the event. Thailand repeatedly rescheduled the ASEAN+3 Summit. The summit was finally convened in Hua Hin, from October 23-25, 2009, ten months later than initially scheduled and without interruption by anti-government demonstrators.²⁸²

Yingluck, the younger sister of Thailand's current Prime Minister Thaksin, was selected to become the nation of Thailand's first female Prime Minister in August of 2011. The Yingluck government was forced to contend with enormous demands from the outside and the inside of the country. It had success in prior years in projecting a foreign policy orientation comparable to that of the Thaksin era. In Thai foreign policy during this period, recurring patterns might still be

²⁸⁰ Supalak Ganjanakhundee, "Sompong Faces Twins Tasks in New York", *The Nation*, September 29, 2008.

²⁸¹ Pavin Chachavalpongpun, *Reinventing Thailand: Thaksin and His Foreign Policy* (Singapore: Institute of Southeast Asian Studies, 2010), pp. 297-98.

²⁸² *Ibid.*, p. 302.

observed. These patterns have not changed. At the international level, Thailand views itself as a middle power contending between the competition of extraordinary powers; nevertheless, in rare instances of a power vacuum, it endeavored to achieve its desire to improve its role in the international system or even the role of regional leaders.

Prime Minister Yingluck has greatly strengthened economic relations with Thailand's neighbor, especially by investing in infrastructure projects to facilitate regional cooperation. For instance, Thailand has promised to build a deep-sea port at Dawei, in the south of Myanmar. If this project is realized, it might pave the way for creating a land bridge connecting the Indian and Pacific Oceans, which would benefit the Thai economy. Furthermore, Thailand continues to invest in Laos, especially in hydropower, as part of its close neighborhood. In addition, Laos is an increasingly crucial participant in Thailand's aspirations for a high-speed rail network, which may eventually connect to China's high-speed rail network. Nonetheless, intense competition in the area, notably in China, may impede Thailand's economic growth.²⁸³

Thailand shares a unique relationship with all of these regional powers. As an ally of the United States, Thailand is a crucial node in the Obama administration's intended re-engagement with Asia. Since the end of the Cold War, the United States-Thai alliance has been drifting, and the absence of a common danger has left the Thai side with no pressure to redefine the relationship. In contrast, Thailand's connections with China have strengthened due to the two countries' close collaboration over Cambodia in the 1980s, and there are also stark political, economic, and interpersonal differences between the two countries. Thailand is one of Japan's most important allies and the bedrock of its regional diplomacy since Japan also has significant economic interests in the area. During the Yingluck administration, leaders from the United States, China, and Japan visited Thailand. Thailand possesses significant potential strategic advantages in light of the above.²⁸⁴

The Yingluck administration made considerable gains in reforming Thailand's foreign policy, which had deteriorated since the 2006 coup because domestic politics dominated Bangkok's concerns. The prime minister visited influential countries in the area, including Japan, China, and Australia, as well as neighboring Laos and Cambodia, and welcomed the president of Myanmar, Thein Sein, in Bangkok. In addition, she performed her first European visit emphasizing

²⁸³ Pongphisoot Busbarat, "Thailand Under Yingluck: Part II", *World Politics Review* March (2013), p. 2.

²⁸⁴ *Ibid.*, p. 3.

economic partnerships. Prime Minister Yingluck and her foreign minister have traveled to over 20 countries, from the United States to Europe and Asia, bringing with them a variety of political and economic agreements with Thailand's main allies. Thailand envisioned itself as the regional energy hub, regional transportation hub, tourism hub, and regional production hub, as well as the gateway to ASEAN and Asia.²⁸⁵

General Prayuth, which came to power through a coup d'état in 2014, has championed "Thailand 4.0," a vague economic strategy designed to stimulate sophisticated sectors and escape the middle-income trap. Thailand 4.0 is an effort to generate new capital accumulation channels for Thailand's corporate establishment, a crucial component of the governing coalition. It also seeks to decrease the social imbalances that contribute to the political strife in Thailand. EEC, a special economic zone including the eastern provinces of Rayong, Chachoengsao, and Chonburi, is a component of Thailand 4.0. It aims to attract sophisticated enterprises by providing infrastructure and tax advantages, fostering expansion and employment.²⁸⁶ Even though this strategy predominantly helps export-oriented companies, it also represents an effort to spread growth beyond the Bangkok metropolitan area.

Beginning with the Prayuth administration, SEP gained a more prominent position in Thai foreign policy. It is evident in the increased utilization of SEP in international forums, the reform of policy documents, and the initiatives to build SEP development projects in other nations. Foreign Minister General Tanasak Patimapragorn defined SEP as nurturing the necessary principles to generate resilience from the bottom up, establishing the foundation for national sustainable economic development.²⁸⁷

SEP is mentioned in several policy papers, including the constitution in 2017, the 20-year strategy, and the 12th National Economic and Social Development Plan (NESDP). However, the level of detail varies from document to document. The increasing prevalence of SEP in international papers also implies that it impacts the activities of the Thailand International

²⁸⁵ Prime Minister Abhisit Vejjajiva, Remarks at Thailand's Investment Environment: Looking forward", Bangkok, July 2010 and Prime Minister Yingluck Shinawatra Remarks at the World Economic Forum 2012 and Thailand Night event in Davos, Switzerland, January 2012.

²⁸⁶ Bradley Dunseith, "Thailand's Eastern Economic Corridor – What You Need to Know", *ASEAN Briefing*, June 29, 2018, <https://www.aseanbriefing.com/news/thailand-eastern-economic-corridor/#:~:text=The%20government%20has%20identified%20four,cities%20through%20smart%20urban%20planning>.

²⁸⁷ Tanasak Patimapragorn, "Statement by His Excellency General Tanasak Patimapragorn Deputy Prime Minister and Minister of Foreign Affairs Kingdom of Thailand", Speech presented at the General Debate during the 69th Session of the United Nations General Assembly, United Nations Headquarters, New York, the United States, September 2014.

Cooperation Agency (TICA), the principal division of the MFA responsible for international development cooperation.

In 2016, the MFA and the TICA launched a “SEP for Sustainable Development Goals (SGDs) Partnership program.” It is a continuation of TIC’s efforts to establish sustainable development projects with SEP frameworks in neighboring countries in the Asia-Pacific region and other regions through various forms of cooperation, including development projects, international post-graduate programs, volunteer and expert programs, fellowships, scholarships, and training programs. These efforts carried out in countries that are geographically close to one another and in other parts of the world. As of 2018, Thailand has a total of 20 SEP partners, which indicates that they have built SEP projects in 20 countries outside of Thailand.²⁸⁸ In addition, it is emphasized that Thailand has participated in twenty UN peacekeeping missions and served as an active chair of the G77.²⁸⁹

During his speech at the ACD, Prayuth highlighted several bilateral programs, including training in the fight against illegal narcotics, technical support and ICT, and training in official development aid. This idea of Thailand as a bridge between countries corresponds well with Thailand’s self-image as a “middle country,” which positions them in the nexus of high-income nations such as the United States and China and developing countries such as Laos and Myanmar.²⁹⁰

“We often expect the strongest to help the weakest and the most vulnerable. However, given the widening gap between the strongest and the weakest, we must not overlook what those in the middle can do. This middle group of countries constitutes the majority. They may be strong enough to stand on their own feet while remaining in touch with

²⁸⁸ Prayuth Chan-o-cha, “*Address by Mr. Prayuth Chan-o-cha, Prime Minister of the Kingdom of Thailand*”, Speech presented at the General Debate during the 71st Session of the United Nations General Assembly, United Nations Headquarters, New York, the United States, September 2016.; Vira sakdi Futrakul, “*Statement by H.E. Mr. Virasakdi Futrakul Deputy Minister of Foreign Affairs of the Kingdom of Thailand*”, Speech presented at the General Debate during the 73rd Session of the United Nations General Assembly, United Nations Headquarters, New York, the United States, October 2018.

²⁸⁹ Don Pramudwinai, “*Statement by H.E. Mr. Don Pramudwinai Minister of Foreign Affairs Kingdom of Thailand*”, Speech presented at the the 5th Meeting of Foreign Ministers of the Conference on Interaction and Confidence Building Measures in Asia (CICA), Beijing, China, April 2016.

²⁹⁰ Kevin Amphan, “*From Domestic Legitimacy to International Recognition: Sufficiency Economy Philosophy as Foreign Policy in Thailand*”, Master Thesis (Lund: Lund University, 2019), p. 26.

the instructive experiences of their growth and development. Therefore, they can be a crucial link between the strongest and the weakest.”²⁹¹

In recent years, the MFA has pursued a foreign policy to advance the country and people’s interests. The MFA has successfully linked Thailand and Thais with the international community. This is consistent with Thailand’s 20-year Foreign Affairs Master Plan (2018-2037) — the so-called “5S Foreign Affairs Strategy” consisting of (1) security; (2) sustainability; (3) standard; (4) status; and (5) synergy.

In “Security,” relationships between Thailand and its neighbors have improved on every level. Thus, Thailand’s relations with several countries are strong. This has improved interconnection and bilateral trade. Thailand has advocated for ASEAN to be the leader of the region. It helped establish ASEAN, the AFTA, and the ASEAN Regional Forum (ARF). Thailand bolstered the ASEAN Community and ASEAN’s relevance in the area during its 2019 ASEAN Presidency in order to preserve regional peace and security.

Concerning “Sustainability,” regional cooperation frameworks foster connection. Thailand favors ASEAN and other regional and subregional structures. This is illustrated by Thailand’s hosting of the 2nd ACD Summit in Bangkok in 2017 and the 8th ACMECS Summit in 2018. Connectivity and human security were significant themes at both meetings. To strengthen regional connection and execute Thailand 4.0, Thailand has supported outward investment among Thai entrepreneurs and fostered information exchange in science, technology, and innovation among its regional partners. Thailand has been unshakable in its determination to boost the country’s technology skills, especially with the creation of smart cities and the EEC, which would serve as the region’s innovative economic powerhouse for decades.

According to the “Standard,” Thailand’s sustainable development efforts must meet or exceed those of other countries while addressing any weaknesses. The government has launched initiatives to eliminate human trafficking and IUU (Illegal, Unreported, and Unregulated) fishing and boost the International Civil Aviation Organization (ICAO).

Thai foreign policy strategy includes “Status.” Soft power would strengthen Thailand’s image and reputation, serving national goals. For example, Thailand has promoted Thai food,

²⁹¹ Prayuth Chan-o-cha, “*Address by Mr. Prayuth Chan-o-cha, Prime Minister of the Kingdom of Thailand*”, Speech presented at the General Debate during the 70th Session of the United Nations General Assembly, United Nations Headquarters, New York, the United States, September, 2015.

the arts, sports, and tourism through cultural diplomacy to improve its popularity and tourism revenue. Thailand also feels that transforming the country into the “Geneva of Asia,” or the home of several UN bodies and regional offices, is one of the most effective ways to improve our international standing. This would boost the number of foreign ex-pats in Thailand, benefiting the economy and society by producing cash from international Meetings, Incentives, Conferences, and Exhibitions (MICE) events and strengthening Thailand’s influence over international and regional policy.

Thailand’s five foreign policy pillars include “Synergy.” Effective policy initiatives and national strategic goals require the cooperation of all stakeholders. The MFA collaborates with various departments, ministries, and civil groups to implement an inclusive international strategy. Thailand works closely with diplomatic missions and other foreign agencies to implement its foreign policy. Along the Thai border, we work with local agencies and governors to establish policies addressing local concerns and considering the local context.

People-centered diplomacy is a crucial part of synergy. The MFA protects Thai citizens’ rights and privileges while traveling or living abroad and from exploitation. Recently, Thailand has redoubled its efforts to rescue Thai nationals enticed into the illegal human trafficking industry. Additionally, Thais interested in applying for jobs abroad are urged to consult with our consular services for guidance and assistance.

Since 1990, Thailand’s foreign policy has been gradually constructed and reinforced. Since Thailand’s self-perception shifted to a more cooperative mode, it has demonstrated greater engagement in international affairs, a willingness to be a trustworthy partner for other countries, and strict adherence to all partnership rules. This foreign policy and Thailand’s international integration process will directly influence the future of Thailand-Taiwan ties.

First, Thailand’s proactive foreign policy is motivated by the power vacuum, the success of diplomatic maneuvers, domestic stability, and the active attitudes of its leaders. Thai perceives itself as a state of middle power that seeks to protect its interests and mitigate the harmful effects of the great power game. Its attempt to enhance its status as a middle power and increase its influence in Southeast Asia was made during a period of the international power vacuum and favorable internal conditions, bolstered by its leaders’ high levels of determination. As a result of these motives, Thailand and Taiwan are moving closer together and cooperating for mutual benefit.

Second, a continual commitment to a better relationship with the world's predominant power, the United States, and Western nations is one of the constants of Thai foreign policy. There are occasions when such a relationship declines, but this does not signify a fundamental shift in the partnership. The Thai government characterized Thailand as a non-North Atlantic Treaty Organization (NATO) ally of the United States and a favorable investment destination and trade partner for the West.²⁹² Taiwanese business people view the formal normalization of diplomatic relations between the United States and Thailand as an opportunity to enter the Thai market. As a result, trade and investment links between Thailand and Taiwan expanded.

Third, Thailand has strengthened its ties with all ASEAN countries and participated constructively in numerous ASEAN and regional cooperation frameworks. The focus of Thai foreign policy has been on ASEAN since the organization's inception, and it has strengthened ties with countries that make ASEAN a politically secure and promising market for Thailand's economic growth. On a broader scale, the Thai government highlighted a continuous commitment to regional integration as a driver of cooperation and international peace and an intensifying engagement with ASEAN and Asian allies.²⁹³ Consequently, a fresh impetus for collaboration between Thailand and Taiwan will come to the fore.

5.2.2 Taiwan's New Southbound Policy

In 1994, President Lee initiated the Go South Policy when the new Taiwan currency was strong and foreign investment was generally profitable. The "Guidelines for Strengthening Economic and Trade Ties with Southeast Asia" laid out the specifics of this initiative, which Presidents Chen and Ma continued to implement over time. Previous initiatives under President Lee and Chen encouraged Taiwanese firms to set up factories in Southeast Asia, but President M's version began to emphasize the significance of tapping into ASEAN's burgeoning consumer markets and building educational relations with the area. To avoid becoming overly reliant on Chinese markets and being left out of regional economic integration, they all have stressed the importance of fostering an economic connection with Southeast Asia.

During the 2016 presidential campaign, Tsai Ing-wen rebranded "Southbound" to "New Southbound" to increase collaboration and trade between Taiwan and 18 countries in

²⁹² Nguyen Huy Hoang, "Thai Foreign Policy's Continuities and Changes: A Comparative Analysis from 2008-2014", *International Journal*, vol. 7, no. 4 (2002).

²⁹³ Ibid.

Southeast and South Asia, as well as Australia and New Zealand. The government has designated Thailand, the Philippines, Vietnam, Indonesia, Myanmar, and India as its primary priorities. Except for Myanmar and India, these countries were chosen due to their trade, investment, and labor relations with Taiwan.²⁹⁴

Regarding the scope of issues, the NSP diverges significantly from the Go South Policy. Government efforts to shift corporate focus from China to Southeast Asia go beyond trade and investment. Instead, Taiwan increases cultural, educational, technological, labor, and tourist relations with NSP countries. The NSP's objective is to diversify the economy and establish connections. The government highlighted that these relationships are two-way. In the past, only Taiwan's position in Southeast Asia was considered in bilateral policies. The NSP extends this collaboration and boosts the prominence of South and Southeast Asian countries in Taiwan. This encompasses the arrival of foreign tourists, the establishment of international corporations, and the integral roles in all aspects of Taiwanese society.²⁹⁵

The NSP Promotion Plan focused on fostering ties in four primary areas: soft power, the supply chain, regional markets, and people-to-people exchanges. Since the Work Plan's announcement, the primary focus has steadily turned toward the final link: people-to-people interaction. In her 2016 speech at the Taiwan-ASEAN dialogue, President Tsai focused on building people-to-people relations instead of promoting economic cooperation. According to Yang, the Taiwanese administration emphasizes a more people-centered foreign strategy. By 2016, the NSP had shifted its attention away from politics and the economy.²⁹⁶

The NSP recognizes Taiwan's cultural ties to the area by focusing on "people-centered" development. The NSP's ultimate goal is to (re)connect the people of Taiwan with those of Southeast Asia. This project aims to draw attention to Taiwan's longstanding ties to the surrounding area.²⁹⁷ Not only does the policy introduce Taiwan to Southeast Asia, but it also facilitates Taiwan's economic development. In addition, it incorporates Southeast Asian culture into daily Taiwanese living. The NSP's scope is not confined to activities conducted by Taiwan's

²⁹⁴ Ping-kuei Chen, "Taiwan's 'People-Centered' New Southbound Policy and its Impact on US-Taiwan Relations", *The Pacific Review*, vol. 33, no. 5 (2020), pp. 816-17.

²⁹⁵ *Ibid.*, p. 817.

²⁹⁶ Alan H. Yang, "Strategic Appraisal of Taiwan's New People-Centered Southbound Policy: The 4Rs Approach", *Prospect Journal*, no. 18 (2017), p. 12.

²⁹⁷ Ja Ian Chong, "Rediscovering an Old Relationship: Taiwan and Southeast Asia's Long, Shared History", *The National Bureau of Asian Research*, January 11, 2018, <https://www.nbr.org/publication/rediscovering-an-old-relationship-taiwan-and-southeast-asias-long-shared-history/>.

overseas representative offices. It is mainly about raising Taiwanese knowledge and understanding of the region. The administration launched cultural and educational exchanges to achieve this.

President Tsai devotes much public attention to people-to-people elements, including education and tourism. A significant percentage of her administration's budget is devoted to educational exchanges. In 2018, the New Southbound budget increased by more than 60 percent, from USD 148 million in 2017 to USD 240 million. The MOE would receive USD 57 million, the MOEA would receive USD 96 million, and the Ministry of Science and Technology (MOST) would receive USD 19 million. In addition, President Tsai has continued to ease visa requirements for tourists and entrepreneurs from ASEAN nations, such as Thailand. She expects that her "people-centered" approach will create mutual understanding between ASEAN and Taiwan, facilitating future economic cooperation in the area.²⁹⁸

It is possible to claim that Taiwan's NSP has positively impacted collaboration between Thailand and Taiwan, particularly in the education and tourist sectors. In July 2016, Taiwan's government introduced a one-year trial visa exemption scheme for Thai ordinary passport holders who intend to visit Taiwan for tourism purposes beginning in August 2016. Those eligible could now travel to and remain in Taiwan for up to 30 days.²⁹⁹

According to the executive director of TTEO's interview, Thai people view Taiwan and Taiwanese people in a positive opinion. As we know, Taiwan is one of the most popular tourist destinations for Thai people. Thai people like to experience Taiwanese food such as Ding Tai Fung, Mala hotpot, and milk tea. Many also appreciate Taiwanese transportation, such as high-speed railways and u-bike. Therefore, many Thai people would like to explore Taiwan. When the NSP allowed free visas for Thai tourists, Taiwan became one of the destinations for Thai people to visit during their short holidays.³⁰⁰

Since Taiwan granted Thai visitor visa-free entrance for 30 days in 2016, the number of Thai travelers to Taiwan has surged, and Thai Airways has benefited. Thai Airways International and Thai Smile Airways started a new daily direct connection between Bangkok and Kaohsiung

²⁹⁸ Bo-jiun Jing, "Taiwan's Regional Strategy in Southeast Asia: Kicking the New Southbound Policy into High Gear", *National Bureau of Asian Research*, vol. 31 (2018), pp. 2-3.

²⁹⁹ MFA, *Taiwan Grants Visa-Free Privileges to Thai Ordinary Passport Holders*, August 1, 2016, <https://www.mfa.go.th/en/content/5d5bd02715e39c306001d94c?cate=5d5bcb4e15e39c3060006834>.

³⁰⁰ Interview with Mr. Twekiat Janprajak, the executive directors of the TTEO, Taipei, June 20, 2022.

in October 2017. The round-trip Bangkok-Kaohsiung flights operated by Thai Smile are anticipated to extend its route network and enhance its competitive standing in Taiwan.³⁰¹

According to data from the Taiwan Tourism Bureau, the number of Thai visitors visiting Taiwan increased by 112 percent, from 195,640 in 2016 to 413,926 in 2019. “Generally speaking, Taiwanese tourists like to travel to Thailand. Taiwanese people think Thai people are very optimistic and kind. Thailand is the land of smiles”.³⁰² However, the number of Thai visitors plummeted to 63,553 in 2020 and 7,570 in 2022 due to the COVID-19 epidemic. In addition, beginning on March 19, 2020, Taiwan prohibited all foreign nationals from entering the country, except those with a Resident Certificate or special entrance authorization.³⁰³

Thailand is the most popular destination in Southeast Asia for Taiwanese tourists. The number of Taiwanese visitors in 2019 is 830,166, up from 532,787 in 2016. (Up to 36 percent). However, it plummeted to 127,693 in 2020 and 7,975 in 2021 due to the Thai government’s March 2020 ban on all non-resident foreigners to implement emergency measures to prevent the spread of the coronavirus. The MOFA has approved a one-year extension of the visa-free trial entry for Thai nationals through July 31, 2022. Additionally, the Project for Simplifying Visa Regulations for High-end Group Tourists from Southeast Asian Countries will be extended for another year, ending on December 31, 2022. The plan is to increase NSP publicity and improve visa regulations for visitors from NSP partner countries to Taiwan.

Following the Central Epidemic Command Center’s (CECC) anti-pandemic regulations, the MOFA declared on March 19, 2020, that the government would prohibit foreigners from visiting for tourism purposes. The CEC’s assessment of the COVID-19 epidemic will determine if overseas tourists can visit Taiwan. MOFA will evaluate and fine-tune visa policy to promote bilateral relations, attract more tourists, and protect the border and public safety. MOFA will also keep in touch with neighboring countries to improve Taiwanese visa treatment and travel.³⁰⁴

Attracting overseas students is a strategic element of the NSP. In recent years, the number of NSP students studying and working in Taiwan has skyrocketed. This growing number of

³⁰¹ TAT Newsroom, “THAI and Thai Smile Introduce Flights to Kaohsiung”, *Tourism Authority of Thailand*, October 6, 2017, <https://www.tatnews.org/2017/10/thai-thai-smile-introduce-flights-kaohsiung/>.

³⁰² Interview with Mr. Paul Shek, the former deputy representative of TECO in Thailand, Taipei, May 25, 2022.

³⁰³ Ministry of Health and Welfare of ROC., *Timely border control*, March 9, 2022, <https://covid19.mohw.gov.tw/en/cp-4774-53783-206.html>.

³⁰⁴ MOFA (Bureau of Consular Affairs), *MOFA Announces One-Year Extension of Trial Visa-Free Entry from August 1, 2021, to July 31, 2022, for Nationals from Thailand, the Philippines, Brunei, and Russia*, July 20, 2021, <https://www.boca.gov.tw/cp-220-6585-1a2b4-2.html>.

international students is expected to impact Taiwan's higher education system significantly. For example, an increasing number of Thai students are enrolled in Taiwan. In the 2015-2016 academic year, there were 1,481 Thai students enrolled in Taiwan, an increase of 54 percent from the previous year, and the number reached a peak of 3,236 in the 2018-2019 academic year. However, due to the COVID-19 pandemic, the number of Thai students enrolled in Taiwan for the school year 2020-2021 decreased to less than 3,000.

Additionally, the number of Taiwan scholarships for New Southbound countries such as Thailand increased from 11 scholarships in 2016 to 18 scholarships in 2022. The consistent increase in the number of Thai students in Taiwan over the past year illustrates the attractiveness of Taiwanese education to Thai students, especially after the establishment of the NSP in 2016.

President Tsai stated that the NSP had nothing to do with geopolitics. The NSP has no rivalry with China regarding diplomatic recognition or economic statecraft. The NSP's plans were inherently distinct from those of the BRI. Even though NSP vowed to engage in infrastructure projects, the company has yet to do so. The Taiwanese government has not issued loans to finance significant infrastructure projects such as railways or hydropower facilities.³⁰⁵

5.2.3 China's Policy toward Taiwan

Through the NSP, the majority of NSP countries are eager to develop unofficial relations with Taiwan. However, China's coercion remained a significant impediment for the NSP. Some nations fear that supporting the NSP may lead to a confrontation with China. China aims to block formal exchanges, particularly bilateral agreements between governments, although not interfering in Taiwan's trade connections with other countries. The country having diplomatic relations with China can have normal economic, trade, and people-to-people exchanges with Taiwan. However, China opposes a country with diplomatic ties to China from engaging in official engagement or signing any agreement or cooperation document with sovereign implications.³⁰⁶ This revealed that China utilized diplomatic relationships to obstruct official exchanges between NSP member states and Taiwan.

³⁰⁵ Wen-chin Chao, "Opportunities and Challenges of Taiwan's New Southbound Policy" under Mainland China's "One Belt, One Road" Initiative," *Prospect Journal*, no. 16 (2016), p. 100.; Roger Liu, "Seeing the Elephant: Taiwan's Challenges and Opportunities in India," *Prospect Journal*, no. 16 (2016), p. 58.

³⁰⁶ Ping-kuei Chen, "Taiwan's 'People-Centered' New Southbound Policy and its Impact on US-Taiwan Relations", *The Pacific Review*, vol. 33, no. 5 (2020), p. 818.

Moreover, China has extensive economic and political relations with ASEAN. China's BRI have intensified its large-scale infrastructure initiatives since 2013. Participating in the project were over 150 countries and international organizations. Therefore, it is indisputable that China's influence in Southeast Asia is expanding. Taiwan was unable to join the ASEAN+3 model. Likewise, none of the ASEAN countries had diplomatic relations with Taiwan, making it impossible for Taiwan to establish bilateral trade relationships with the ASEAN countries. In addition, when countries began to integrate economically through the FTAs and the RTA, trade within ASEAN and the ASEAN+3 model became significantly more robust than trade undertaken by individual countries. As the years passed, Taiwan's isolation within the trading bloc resulted in increasingly intense pressure.³⁰⁷

During the Tsai administration, observers looked for signs of a coherent approach to China relations. President Tsai does not embrace the 1992 Consensus, a pact wherein Taipei and Beijing calmed tensions and advanced ties based on the premise of "one China, different interpretations." To persuade President Tsai to return to the consensus of 1992, China gradually employed various methods. Beijing ceased all diplomatic communication with Taiwan in June 2016. Moreover, the decline in Chinese visitors to Taiwan prompted protests from labor unions heavily invested in the sector. For the first time, Taiwan's invitation to the annual gathering of the WHA included a reference to the one-China principle.³⁰⁸

The relationship across the Taiwan Strait has been unfriendly, but frequent incursions by Chinese jets into Taiwan's air defense identification zone led to a ratcheting up of military pressure. In 2021, both the size and frequency of sorties have increased significantly. China conducted extensive military maneuvers near the island to simulate an invasion across the Taiwan Strait. However, given the economic and political implications of a cross-strait military conflict between China and Taiwan, few believe war is impending. Beijing's gesture of force may be for internal consumption, intended to bolster domestic nationalism, but there are other motivations. It is widely assumed that Beijing seeks to scare the Tsai government and dissuade any separatist acts, in addition to expressing displeasure with Washington's strong backing for Taiwan.³⁰⁹

³⁰⁷ Willis Wang, "An Analysis of ASEAN-Taiwan Relations Under Taiwan's Two Latest Presidents From 2008 to 2019," *LSE Undergraduate Political Review*, vol. 4, no. 2 (2021), p. 87.

³⁰⁸ According to the 'one China principle,' there is only one China, and both the mainland and Taiwan are a part of it. Foreign states cannot establish diplomatic relations with both Beijing and Taipei, as stipulated by the "one China policy."

³⁰⁹ T.Y. Wang, "Taiwan in 2021: The Looming China Threat," *Asian Survey*, vol. 62, no. 1 (2022), p. 63.

In reality, Beijing's threats against Taiwan have nearly always backfired. For example, in Taiwan's 1996 and 2000 presidential elections, Chinese leaders' saber-rattling backfired, and the China opposed triumphed. Likewise, after Chinese President Xi stated in a 2019 speech that Beijing's "one country, two systems" unification plan was Taiwan's only option, the populace rallied behind Tsai, giving her a landslide victory in the 2020 presidential election. In 2021, China's hostile activities similarly strengthened international support for Taiwan.

In October 2021, the United States Department of State issued a statement condemning China's provocative military activity and reiterating that the United States' commitment to Taiwan is unwavering." Australia also encouraged China to abstain from using force, while Japan called for a peaceful resolution of cross-strait problems but hinted that Tokyo would examine the many potential situations to determine our options. As we see, Beijing's hostile stance toward Taiwan appears to produce unintended consequences.³¹⁰

Many analysts believe Beijing will progressively escalate pressure on Taiwan moving forward. They projected that Taiwan's participation in high-profile international forums as a non-state actor would end. In addition, China would gradually comply with requests from Taiwan's remaining diplomatic allies to switch recognition to Beijing. In addition, progress made by foreign countries toward visa exemption status could be reversed. In addition, Taiwan's economy will suffer as China uses its economic clout in Southeast Asia to ensure the failure of the NSP. Finally, China will employ more active tactics to achieve national reunification if Taiwan moves too far down the separatist path.³¹¹

In July 2021, as China moves with increasing confidence under a leader who claims to fulfill the Chinese Dream of national rejuvenation,³¹² threats from China are probably intensifying. The Taiwanese government must oppose Beijing's pressure while addressing many other difficulties. Consequently, it cannot be denied that Taiwan and China relations impact the stability of the Asia-Pacific region, particularly Thailand's relations with Taiwan and China. In the coming years, this unsettled situation will likely affect relations between Thailand and Taiwan.

³¹⁰ Ibid., p. 64.

³¹¹ Dennis V. Hickey and Emerson M.S. Niou, "Taiwan in 2016: A New Era?," *Asian Survey*, vol. 57, no. 1 (2017), p. 114.

³¹² Jinping Xi, "Speech by Xi Jinping at a Ceremony Marking the Centenary of the CPC", *Xinhua*, July 1, 2021, http://www.xinhuanet.com/english/special/2021-07/01/c_1310038244.htm.

5.3 Prospects of Thailand and Taiwan Relations

After conducting research on the bilateral cooperation between Thailand and Taiwan, as well as investigating the factors that will affect the prospects of those relationships, I have concluded that in the years to come, the relationship between Thailand and Taiwan will evolve into the three mainstreams:

First, Thailand and Taiwan have a strong unofficial friendship despite lacking formal diplomatic relations. Thailand and Taiwan share similar ideals, extensive trade and economic interactions, and people-to-people connectivity, which underpin our friendship and drive Thailand's involvement with Taiwan. Across decades and administrations, Thailand's approach to Taiwan has remained the same. However, Thailand has maintained a One-China policy for decades. In order to preserve their friendship, Thailand and Taiwan avoid bringing up contentious political subjects. In light of this, the Thai government has emphasized that cooperation with Taiwan will not disrupt Thailand's relationship with China.

Second, Thailand and Taiwan have numerous prospects for improving and expanding their economic cooperation. Both sides have robust and expanding trade and investment connections, which enhance Thailand's economic interests and generate economic prospects. Moreover, the people-to-people connectivity between Thailand and Taiwan are robust and continue to expand, especially with the adoption of NSP. Taiwan also supports study abroad possibilities for Thai students at the graduate and post-graduate levels, with an emphasis on Mandarin language studies. The education program aims to expand the chances for more Thais to study in Taiwan and for more Taiwanese to learn about Thai cultures.

Third, Taiwan's continuous engagement with Thailand and Southeast Asia, whether bilateral or multilateral, has been overshadowed by Beijing's one-China principle and growing economic and political influence in the region. If Thailand moves closer to Taiwan and perhaps considers legally recognizing Taiwan, this would have a cataclysmic impact on the relationship between Thailand and China, including economic sanctions on Thai products and a military invasion. The situation could quickly spiral out of hand, resulting in the United States military response to any Chinese offensive move in Asia-Pacific countries. In summary, Thailand's diplomatic recognition of Taiwan would have unpredictable and hazardous repercussions for Thailand, Taiwan, and the Asia-Pacific region.

CHAPTER 6

CONCLUSION

The primary goal of this chapter is to summarize the significant findings and makes recommendations for Thailand and Taiwan relations in light of a changing global environment and the unofficial relations between Thailand and Taiwan.

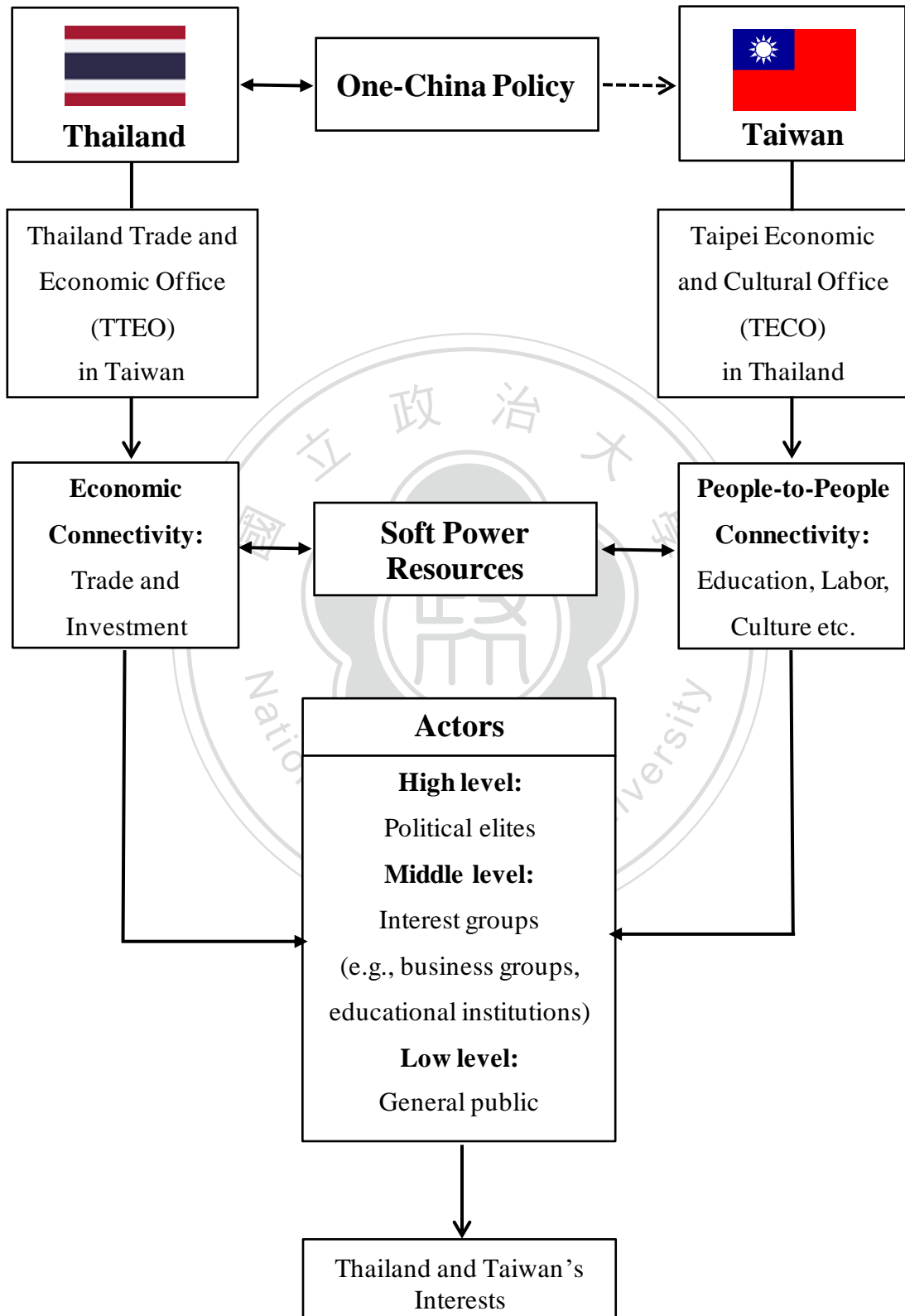
6.1 Conclusion

6.1.1 To thoroughly assess the relevant studies and develop an analytical framework for Thailand and Taiwan relations.

Thailand and Taiwan have a fascinating relationship. Previously, Thailand established official relations with the ROC government based in Nanjing. Eventually, under pressure from its government and the international community, Thailand had to establish diplomatic relationships with the PRC. Despite this, Thailand and Taiwan have maintained a mutually beneficial relationship throughout their lengthy relationship. This thesis investigates the successes made to date and the obstacles encountered. In order to reach the following results, the study examines international relations theory and employs a soft power analysis approach to present a new paradigm for the relations between Thailand and Taiwan for the past three decades.

Even though Thailand does not have diplomatic relations with Taiwan because Thailand has adhered to a One-China policy. Nevertheless, Thailand and Taiwan have a robust unofficial relationship through the TTEO in Thailand and TECO in Taiwan. Furthermore, as previously analyzed, Thailand and Taiwan have effectively encouraged various forms of economic, investment exchanges, education, labor, and culture throughout the past several decades. These activities benefit Thailand and Taiwan's national interests (see figure 6.1). In addition, the collaboration between Thailand and Taiwan strengthens economic ties and linkages in various fields between countries in the Asia-Pacific region and the rest of the world.

Figure 6.1: An Enhance Framework on Thailand and Taiwan Soft Power Model



6.1.2 To determine how China influences Thailand and Taiwan ties and how Thailand contributes to maintaining a healthy balance between the triangle relations.

The sphere of China's influence in Thailand is expanding. Since the coup in 2014, there has been a rise in Chinese investment, the number of Chinese tourists visiting Thailand, and the political relations between the two countries. Following this trend, China has boosted its investments in Thailand, particularly in agribusiness, infrastructure, and construction, and promoting Chinese language education for younger generations of Thais. The DPP, now in power in Taiwan, has similarly implemented a program known as the NSP. This program aims to dilute Taiwan's substantial investments in China by boosting its ties with Southeast Asian countries, including Thailand. Even though Taiwan has invested in Thailand, it is still difficult to foresee how Taiwan's NPS would play out. Thus, it cannot be denied that China's influence in Thailand exceeds Taiwan's influence in Thailand nowadays.

Thailand can only maintain relations with Taiwan or China according to the One-China policy. Despite these obstacles, Thailand and Taiwan have established semi-official representative offices that handle the missions. Over the past three decades, Thailand and Taiwan's relations have been maintained by the TECO in Bangkok and the TTEO in Taipei, which function as de facto embassies. However, as previously discussed, due to Chinese pressure, the office cannot operate under Taiwan's official or common name; instead, it uses the name of the capital Taipei to avoid discussing Taiwan's political status.

6.1.3 To provide insights on the prospects for opportunities and obstacles to Thailand's relations and cooperation with Taiwan.

Thailand and Taiwan have made progress in fostering bilateral cooperation in economy, trade, investment, education, labor, and culture. Thailand and Taiwan are the most important trading partners. Taiwan has been on Thailand's list of partners for foreign direct investment for several years. In addition, Thai laborers contribute to Thailand and Taiwan's economic prosperity. Thus, economic and interpersonal relations that are mutually beneficial could flourish continually.

Moreover, Thailand and Taiwan meet the description of a middle power, a state that is neither a great superpower nor a minor state. Both sides have limited soft power resources and have some obstacles regarding their visibility status on a global scale. As a result, they must differentiate themselves in some desirable areas and establish sufficient credibility and legitimacy

to negotiate on behalf of enormous global communities. Thus, Thailand and Taiwan relations have taken afford to collaborate than the competition over the three decades.

At the same time, Thailand and Taiwan have occasionally faced several internal and external obstacles. Despite this, Thailand and Taiwan have proactively sought to develop and improve their cooperative sectors. As a result, there is an increasing economic and people-to-people contact trend, indicating that Thailand and Taiwan's relations have constantly been strengthening and growing closer. Furthermore, the agreements were signed through the representative offices; they play a significant role in establishing the legal framework and fostering collaboration in implementing unofficial relations. Thus, this reveals the propensity to promote the establishment of a deep partnership between Thailand and Taiwan the following year.

6.1.4 To make recommendations on the future direction of Thailand and Taiwan relations.

Thailand and Taiwan relations have been positive, and they have avoided referring to the problematic phrases which impact the Thai and China relationship. For example, the official Thai documents typically refer to Taiwan as Taiwan or Chinese Taipei at international conferences. Furthermore, it is observed that the Thai government avoids using “Krung” as the initial word preceding the capital's name for calling Taipei. To clarify, the Thai term for Taiwan's capital is only “Taipei,” not to mention “Krung Taipei.” Nevertheless, the Thailand and Taiwan relationship has not been affected in any way when referring to each other. In contrast, Thailand and Taiwan are expected to strengthen communication and cooperation with all parties to collectively create an atmosphere conducive to injecting more positive energy into its steady and sustainable development.

6.2 Recommendations for Further Stimulating Thailand and Taiwan Relationship in Asia-Pacific Region

The prior investigation of Thailand and Taiwan relations during the last 30 years served as the foundation for the study's recommendations, which are intended to guide the two sides in working together more effectively by overcoming existing obstacles and capitalizing on existing possibilities.

6.2.1 Trade Cooperation

First, Taiwan is one of Thailand's most important trading partners. On the other hand, Thailand's trade deficit with Taiwan has grown due to the expansion of bilateral trade. It is concerning for Thailand that its trade deficit with Taiwan continues to widen, and Thailand should investigate possible solutions to the problem. Both sides need to work together to come up with solutions to bring down Thailand's ballooning trade deficit.

As stated previously, most of Thailand's imports from Taiwan consist of electronic machinery, equipment, and nuclear reactors used by the Thai industry. At the same time, Thailand's manufacturing sector demands Taiwanese products at competitive costs to meet domestic and international demand. Since these goods will aid industrialization, Thailand should not impose restrictions on importing Taiwan's technologically advanced products as a rising economy.

Second, Thailand should consider increasing the number of products it exports to Taiwan. Whether or not there are any changes will rely on Thailand's ability to export products that can meet the demand of the Taiwanese market. Taiwan is often regarded as one of the major market destinations. Most of Thailand's exports to Taiwan have certainly consisted of electronic machinery and nuclear reactors, based on the trade patterns between the two sides. In addition, due to the similarities in their natural environments and economic structures, both sides might potentially collaborate on the manufacturing of certain products. As a result, there is a strong possibility that it will be able to minimize its trade deficit by increasing exports to Taiwan.

Third, Thailand and Taiwan maybe consider exporting a share of their products in exchange for those goods whose production is at a comparative disadvantage. Both sides would benefit from specializing in relatively efficient occupations. Therefore, the theory of comparative advantage provides a convincing justification for free trade and, more broadly, for a hands-off approach to trade regulation. Furthermore, Thai and Taiwanese businesspeople probably have a higher real income due to specialization inside their respective countries and international trade.

6.2.2 Investment Cooperation

First, Thailand and Taiwan should collaborate to unify and integrate the national platform for data sharing and exchange. This would enable connectivity across networks, data, and administrative services. If both governments made more significant efforts to strengthen compliance supervision, streamline administration, and provide better services, entrepreneurs and

investors could use administrative services more quickly and easily. It is feasible that investment cooperation will be encouraged in future investment as a result.

Second, Thailand and Taiwan should create new opportunities for cooperation in various industries by conducting business conferences and exhibitions. For example, the Taiwan and Thailand Industrial Collaboration Summit, often called TTICoS, has been held annually by the FTI and Taiwan CNFI since 2018. This summit aims to explore and widen the potential for economic cooperation between Thailand and Taiwan. Industry leaders and academic professionals from several fields participated in these meetings. Moreover, the Taiwan External Trade Development Council (TAITRA) further hosts the annual Taiwan Expos in Thailand. It aims to support promoting Taiwanese products on the Thai market, and the event's organizers invited notable Thai influencers to participate. During the COVID-19 pandemic, Thailand and Taiwan have still held the expo, but they changed their operations by utilizing the internet to combine Taiwanese and Thai enterprises and promote the purchase of products from both sides.

Third, Thailand and Taiwan should promote multilateral cooperation to achieve practical investment cooperation in high-end agriculture, high-tech electronics manufacturing, public infrastructure, and healthcare. For instance, the government of Taiwan created a program titled "One Country, One Center" that assigned coordination of cooperation in one of the NSP's six priority countries to six hospitals in Taiwan. After that, Changhua Christian Hospital (CCH) managed the Thai center. It is a good beginning for academic exchanges, educational opportunities, medical technology, and collaboration between Thailand and Taiwan staff training. In addition, in areas such as universal healthcare provision, system integration, and process management, both parties might potentially further share their experience.

6.2.3 Labor Cooperation

First, Thailand and Taiwan should pay more attention to the legislation that authorizes employers to deduct room and board from employee earnings by discussing the appropriate rate of employee deductions. Employers and brokers must also provide this information to workers and ask them to evaluate their own wages and deductions before deciding to work in Taiwan.

Second, Thailand and Taiwan should continue to improve the existing mechanism for the examination of brokers, as the labor market relies on the knowledge of employment agents who can overcome language barriers and appreciate the market's needs. In addition, the Thai and Taiwanese governments should collaborate to offer Mandarin classes and other educational tools

to equip workers with awareness of their rights and capabilities. Participation in this kind of program is advantageous for foreign workers.

Third, Thailand and Taiwan should expand the employment options accessible to their respective labor forces by seeking high-quality positions with attractive salaries. Furthermore, both governments should increase the education and training of their respective workforces in several different areas to be competitive with labor markets in other countries. This strategy has a decent chance of giving Thailand's and Taiwan's labor export programs a much-needed boost shortly.

6.2.4 Educational and Cultural Cooperation

First, Thailand needs to educate the Taiwanese people about its educational system. For example, the Thai government should consider establishing Thai educational centers in Taiwan and holding Thai education exhibitions in Taiwan to assist Taiwanese students and members of the general public interested in pursuing a vocational degree, bachelor's degree, master's degree, or doctoral degree in Thailand. Recently, the Pridi Banomyong International College of Thammasat University established the Bachelor of Arts in Thai Studies program to be taught in English. This gives students worldwide a unique opportunity to study Thailand at the undergraduate level and learn Thai. In addition, this provides good chances for Taiwanese students to pursue advanced education in a range of education-related aspects of Thai culture.

Second, Taiwan may consider establishing Thai programs in universities. Nowadays, the number of Taiwanese who appreciate Thai culture has been reflected in various developments. For example, Thai cuisine has rapidly become a staple on restaurant menus and food courts. In addition, Thai films and celebrities have popularized the Taiwanese entertainment market. All of these elements have contributed to the rising popularity of Thai language learning. As a result, some Taiwanese universities and private groups, including NCCU, NTU, National Taiwan Normal University (NTNU) have begun offering Thai classes.

Third, Taiwan should consider establishing more Mandarin Chinese Language Centers in Thailand. These centers should offer a variety of Chinese classes for students of all ages that operate continuously throughout the year. Because Thai students, translators, and scholars need to comprehend these ancient character types. Moreover, learning these traditional character forms also enhances Thai people's understanding of Mandarin and Taiwanese culture. Currently, there is only one Chinese Language Center (CLC) in Thailand which taught by Taiwanese teachers. It has a large team of educators; all hold advanced degrees from various Taiwanese schools and

universities. As the appeal of Thai and Taiwanese culture endures and grows, studying Thai and Chinese will continue to build bridges of friendship between Taiwan and Thailand.

Fourth, Taiwan should consider investing in scholarship and training programs to increase its engagement with Thailand, such as increasing the quotas of scholarships for Thai students, researchers, and academics. In addition, Taiwan should continue to promote public relations for the excellence of its educational system and strive to improve its already remarkable academic performance. As a result, there is a significant likelihood that it will increase the number of Thai students who choose Taiwan as their study place.

Fifth, Thailand and Taiwan should maintain their own positive reputations. Both Thai and Taiwanese governments and people should work to increase their cultural soft power, increase the willingness of the people to get to know and understand one another, and instill the positive connotations of their image more deeply in their hearts. For example, tourism and culture are crucial channels by which Thai people can directly interact with Taiwan. To attract more tourists, Thailand and Taiwan's tourism authorities must continue actively marketing their respective tourism industries and publishing a series of videos on television and social media platforms. Moreover, most Thai tourists believed that the policy of providing Thai citizens visa-free entrance for 30 days beginning in 2016 has effectively increased their desire to visit Taiwan. As a result, the increase of more than 80 percent of Thai tourists in 2017 indicates the successful execution of the NSP.

Sixth, Thailand and Taiwan should emphasize the importance of social media in information sharing and its role in advancing cross-border innovations to enhance communication on both sides. Facebook and Twitter each have an audience of over one billion users. The governmental and non-governmental agencies in Thailand and Taiwan should actively post culturally content about Thailand and Taiwan and capitalize on the vast audience reach of social media platforms. This guideline applies to Thailand as well as Taiwan. This is expected to facilitate effective communication, particularly with the younger generations of Thai and Taiwanese communities.

6.3 Policy Implications

This thesis draws several policy implications for Thailand and Taiwan by analyzing the bilateral relations between 1992 and 2022.

First, Thailand and Taiwan are not only geographically close but also enjoy a longstanding familial relationship. Thailand and Taiwan are neighboring Asian countries with a long cultural heritage. We have been long-time friends who have always trusted and supported one another. Thailand and Taiwan cooperation not only benefits the people of both sides but also contributes to regional and global peace and development. In addition, Thailand and Taiwan have never had a territorial dispute or conflict along their shared border in the past decades; this illustrates that neither side has a significant obstacle in this regard. Therefore, Thailand and Taiwan must focus on their geographical proximity, economic prospects, and cultural commonalities to strengthen their relationships.

Second, it is necessary to find a balance between Thailand and Taiwan's long-term economic goals and their people-to-people relationships. Thailand and Taiwan's relationships have benefited their respective developing communities. However, Thailand and Taiwan's ties highlight the trade deficit, the absence of varied investment projects, and the exploitative broker system as obstacles. Therefore, both sides should work to resolve these issues. Since these worries have accumulated over the past three decades and have not been effectively handled, Thailand and Taiwan should commit time to evaluate the pertinent material and develop a timeframe for action to confront these challenges head-on.

Third, Taiwan and China relations continue to be sensitive in Thailand. For example, despite the approval of Amata University by the Thai government in 2018, the certain agreements include: the national flag must not be adorned with either the national flag of Taiwan or the national flag of China; pictures or statues of Taiwanese former leaders or politicians must not be decorated; refraining from referring to Taiwan as a country or the PRC, and university activities must be educational and not related to political issues. Nevertheless, it cannot be denied that Thailand has still concerned about the relationship with China because the government does not want educational exchanges between Thai and Taiwanese universities to undermine the relationship with any partners.

Forth, despite adhering to a One-China policy, Thailand maintains contact with Taiwan through exchanges of visits, such as visits by government agencies under the parameters of

government agencies and state enterprises in their dealings with Taiwan. Thai ministers and deputy ministers of MOE, Ministry of Labor, and Ministry of Commerce visited Taiwan in the 2010s. At the same time, Taiwan's Ministry of Finance officials and the deputy minister of the Ministry of Labor flew to Thailand to sign an agreement and attend a meeting. These imply that Thailand and Taiwan seek a suitable collaboration mechanism and construct a legislative framework to strengthen their growing relations. However, due to the Thai government concerns about political issues, Thailand and Taiwan have a few official government exchanges.

In a Taiwanese diplomat's opinion, "Taiwan and Thailand should have a mutual visit at the high-ranking official's level, such as the TECO representative visiting the foreign minister at the MFA." Currently, the meeting level between Taiwanese and Thai authorities is only the director-general of East Asia at the hotel. Twenty years ago, Taiwanese officials could not meet with high-ranking officials from numerous countries; however, they can now do so. It reflects the improvement of bilateral relations."³¹³ Furthermore, Thailand and Taiwan's relations could probably be enhanced through the institutional processes created by businesses, investors, student groups, and worker communities operating outside government authority. As a result, we can boost our trade with one another without the worry of political interference from China.

For Thailand, the mainstream policy thinking on the relation with Taiwan is based on national interests and enhancing trade, investment, and cultural relations. While the most significant challenge between Thailand and Taiwan relations is how Thailand balances the relationship between Taiwan and China, Thailand tries to keep good relations and friendship with both sides. Most countries, even ASEAN countries, use this approach to manage these relations. Therefore, Thailand would like to balance the understanding between Taiwan and China and focus on multiple dimensions of national interests while ensuring no inference in the political agenda to ensure the best outcome for Thailand.³¹⁴

³¹³ Interview with Mr. Paul Shek, the former deputy representative of TECO in Thailand, Taipei, May 25, 2022.

³¹⁴ Interview with Mr. Tweekiat Janprajak, the executive directors of the TTEO, Taipei, June 20, 2022.

6.4 Contributions of the thesis

The thesis contributions comprised a comprehensive investigation of Thailand and Taiwan's interactions. Previously, there has been limited availability of discourses on Thailand and Taiwan relations, and it has not been easy to locate research that uses international relations theory and the soft power model to evaluate Thailand and Taiwan's relationship in depth.

As a result, the thesis provided substantial additions to the current body of study, which can be described as follows:

- It outlined the criteria for the overall relationship between Thailand and Taiwan.
- It explained China's influences on bilateral relations and Thailand could maintain a healthy balance amongst triangle relationships.
- It illuminated the potential prospects and obstacles for Thailand's connection and cooperation with Taiwan.
- It presented recommendations and policy implications that might be regarded as evidence of the future course of the relationship between Thailand and Taiwan.

The literature on Thailand and Taiwan relations has also been advanced due to the contribution provided by this thesis. Thailand and Taiwan can still maintain a healthy relationship, even though the bulk of scholarly works assert that the relationship between Thailand and Taiwan is unofficial. At the same time, the significant theoretical obstacles concern the capacity of the institutional mechanisms of both Thailand and Taiwan, TTEO and TECO, to develop and enhance the relationship's dynamics without endangering the One-China policy. Last, the contributions of soft power resources to the promotion of close relations and cooperation in economics, investment, education, and culture have been analyzed. These contributions are made by actors such as Thai and Taiwanese elites, business groups, students, and workers who play an important role in the connectivity of people-to-people.

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Appendix A

List of Agreements and Events between Thailand and Taiwan

Date	Agreements and Events
25 June 1968	The Government of the Kingdom of Thailand and the Government of the Republic of China signed an Agreement on Technical and Economic Cooperation
25 June 1968	The Government of the Kingdom of Thailand and the Government of the Republic of China signed an Agreement on Exchange of Experts
25 June 1968	The Government of the Kingdom of Thailand and the Government of the Republic of China signed an Agreement on Exchange of Observation Visits
3 August 1970	The Government of the Kingdom of Thailand and the Government of the Republic of China signed an Agreement on Agricultural Technical Cooperation
29 June 1971	The Government of the Kingdom of Thailand and the Government of the Republic of China extended an Agreement on Agricultural Technical Cooperation
25 June 1974	The Government of the Kingdom of Thailand and the Government of the Republic of China extended an Agreement on Agricultural Technical and Economic Cooperation
September 1975	Taiwan established the Office of the Representative of China Airlines in Thailand
February 1976	Thailand established the Thai Airways International Ltd. Office (liaison section)
February 1980	Taiwan renamed the Office of the Representative of China Airlines in Thailand to the Far East Trade Office

Date	Agreements and Events
1991	Taiwan renamed the Far East Trade Office to the Taipei Economic and Trade Center
May 1992	Taiwan renamed the Taipei Economic and Trade Center to the Taipei Economic and Trade Office (TETO) in Thailand
10 June 1992	Thailand established Thailand Trade and Economic Office (TTEO) in Taipei
30 April 1996	The Thailand Trade and Economic Office in Taipei and the Taipei Economic and Trade Office in Thailand signed an Agreement on the Promotion and Protection of Investments
1999	Taiwan renamed the Taipei Economic and Trade Office to The Taipei Economic and Cultural Office (TECO) in Thailand
7 July 1999	The Thailand Trade and Economic Office in Taipei and the Taipei Economic and Trade Office in Thailand signed an Agreement on Exchange of Traffic Rights
13 August 1999	The Thai Meteorological Department (TMD) of Thailand and the Central Weather Bureau (CWB) of the Republic of China signed a Memorandum of Technical Cooperation
27 December 2001	The Royal Project Foundation, the Kingdom of Thailand, and the International Cooperation and Development Fund (ICDF) signed an Agreement on the Agricultural Technical Cooperation
2 December 2002	The Thailand Trade and Economic Office in Taipei and the Taipei Economic and Trade Office in Thailand signed an Agreement on Employment of Thai workers
30 November 2012	The Thailand Trade and Economic Office in Taipei and the Taipei Economic and Cultural Office in Thailand signed an Agreement on Avoidance of Double Taxation and Prevention of Income Tax Evasion.

Date	Agreements and Events
17 January 2013	The Thailand Trade and Economic Office in Taipei and the Taipei Economic and Cultural Office in Thailand signed an Agreement on Combating Transnational Economic Crimes
11 September 2013	The Thailand Trade and Economic Office in Taipei and the Taipei Economic and Cultural Office in Thailand signed an Agreement on Educational Cooperation
1 June 2017	Thailand's National Science and Technology Development Agency (NSTDA) and the Taiwan Industrial Technology Research Institute (ITRI) signed memorandums of understanding (MOU) on cooperation
20 August 2019	The Federation of Thai Industries (FTI) and Taiwan's Chinese National Federation of Industries (CNFI) signed seven memorandums of understanding on Industrial Cooperation

Source: The author synthesizes from many different sources



Appendix B

List of Interview Questions with Key Informants

1. How do the representative offices operate in function, scope, and supervision?
2. How do you view the overview of Thailand-Taiwan relations through 30 years (1992-2022)?
3. How do you view the prospects for future trade and investments? For example, do you expect more Taiwanese or Thai investments in the coming years, and in what sectors?
4. Taiwan is home to over 70,000 Thai expatriates and more than 60,000 workers. How would you describe the importance of Thai labor in Thailand and Taiwan relations?
5. Besides the economic and labor sector, what other areas would you like to emphasize?
6. How do Thai people view Taiwan and Taiwanese people?
7. How do Taiwanese people view Thailand and Thai people?
8. What benefits do Thailand and Taiwan get from the New Southbound Policy (NSP)?
9. What are the challenges of the NSP to Thailand and Taiwan relations?
10. How does Thailand balance its relationship with both Taiwan and China?
11. What are the impacts of the cross-strait relation on Thailand and Taiwan relations?
12. What is the mainstream policy thinking on the relation with Taiwan?
13. What are the most significant challenges between Thailand and Taiwan relations?
How should they be addressed?
14. Would you have any further suggestions for upgrading the relationship?

Appendix C

Photos of Thailand and Taiwan Cultural Cooperation



Songkran Festival in April, New Taipei City, Taiwan



Taiwan Documentary Film Festival on December 15-19, 2021, in Bangkok, Thailand



Taiwan-Thailand Picture Book Exchange on April 1, 2022
at Bang Sue Grand Station in Bangkok, Thailand



Thai Film Festival on August 3-6, 2018, at the SPOT Huashan cinema
in Taipei, Taiwan



Muay Thai: The Heritage on March 30, 2018
at the Zhongzheng Auditorium Zhon Shan Hall, Taipei, Taiwan



The Authentic Thai Taste on June 27, 2018, at Mandarin Oriental, Taipei, Taiwan



Asia-Pacific Culture Day on October 27-28, 2018, at Taipei Main Station, Taiwan



Thai Festival on April 30 - May 1, 2022, at Xiangti Avenue Plaza, Taipei, Taiwan