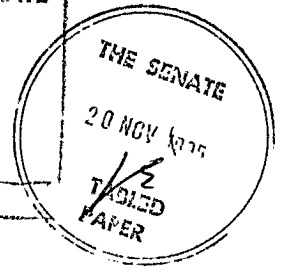


THE PARLIAMENT OF THE COMMONWEALTH OF AUSTRALIA  
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THE PARLIAMENT OF THE  
COMMONWEALTH OF AUSTRALIA

Joint Standing Committee  
on  
Foreign Affairs, Defence and Trade

AUSTRALIA'S RELATIONS WITH THAILAND

October 1995

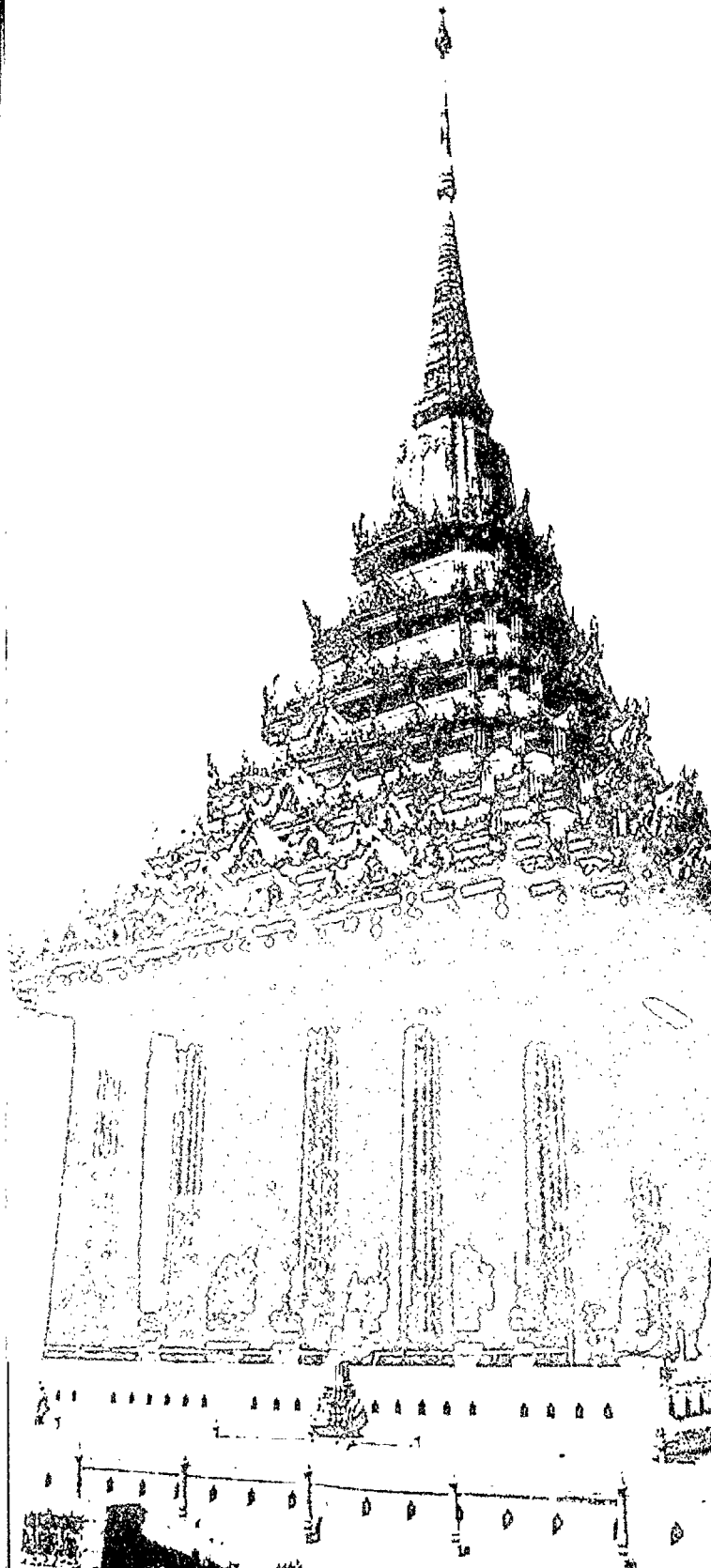


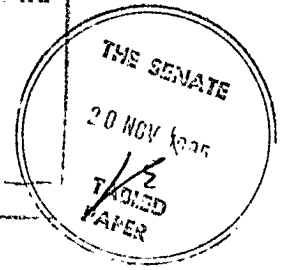
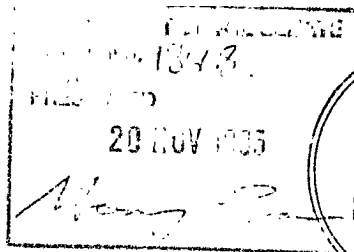
THE PARLIAMENT  
OF THE  
COMMONWEALTH  
OF AUSTRALIA

# AUSTRALIA'S RELATIONS WITH THAILAND

JOINT STANDING  
COMMITTEE ON  
FOREIGN AFFAIRS,  
DEFENCE  
AND TRADE

OCTOBER 1995





THE PARLIAMENT OF THE  
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Joint Standing Committee  
on  
Foreign Affairs, Defence and Trade

AUSTRALIA'S RELATIONS WITH THAILAND

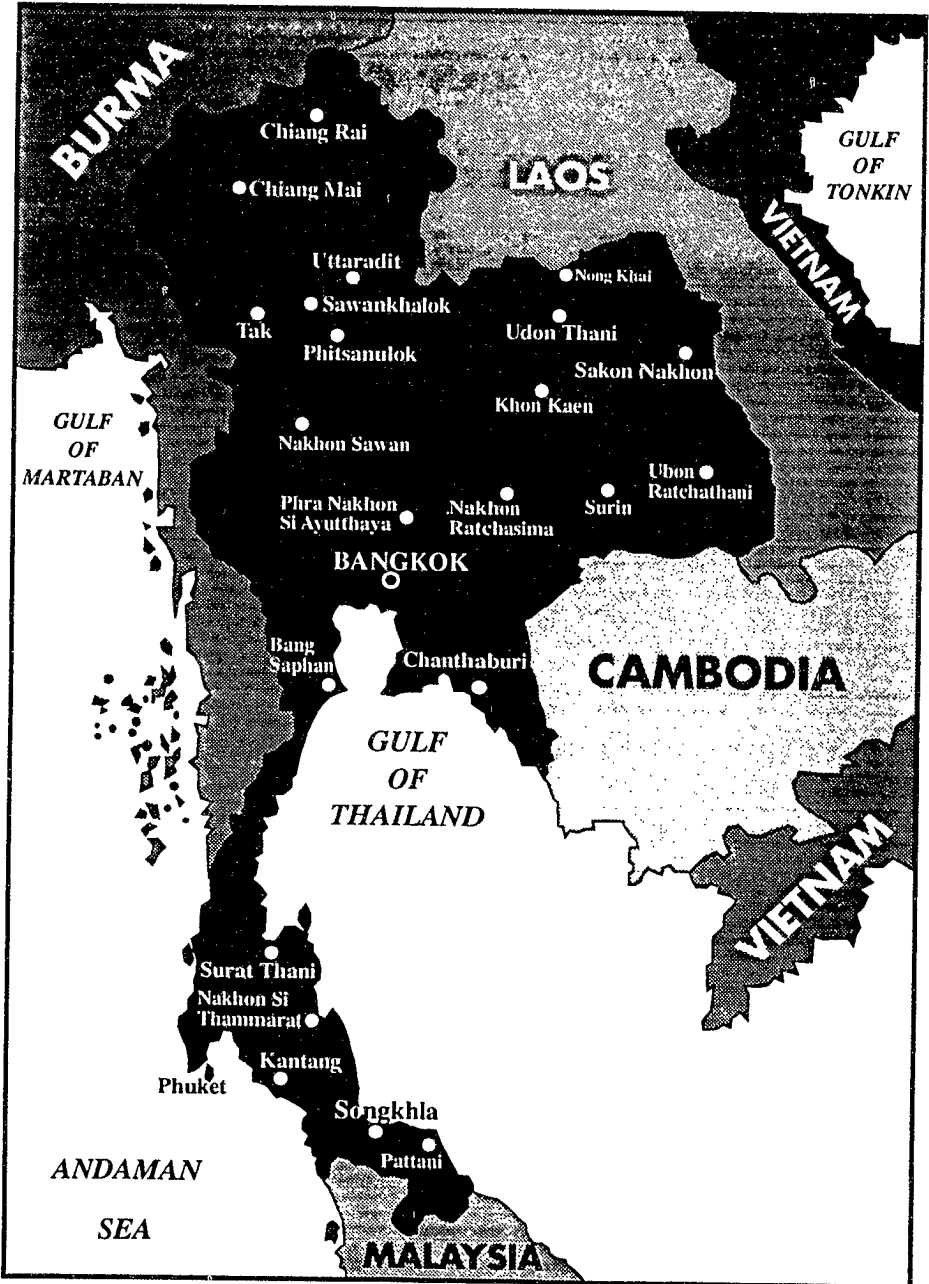
October 1995

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# MAP OF THAILAND



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## **TERMS OF REFERENCE**

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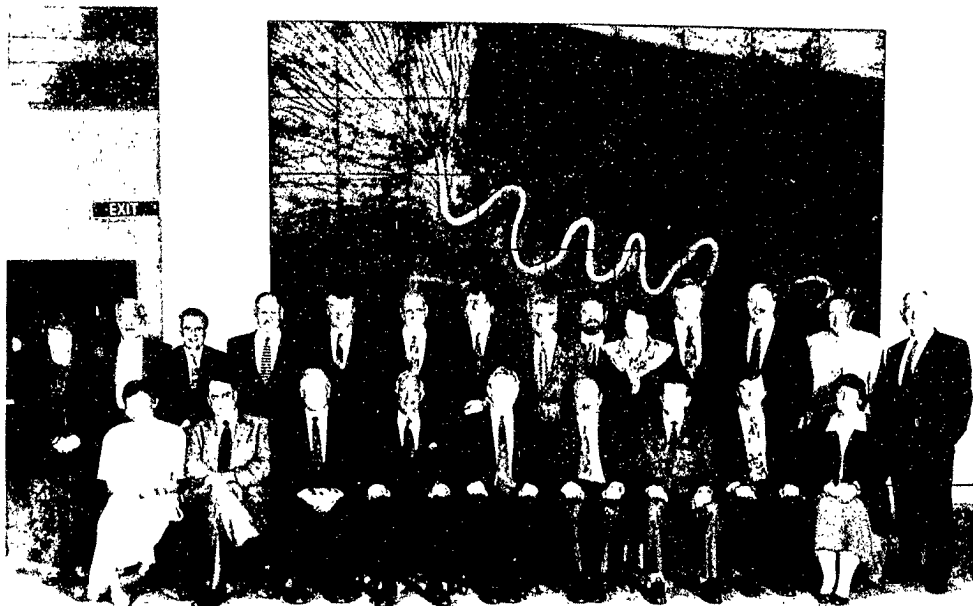
To investigate and report on Australia's relations with Thailand, with particular reference to:

- a. economic relations, including bilateral trade and investment;
- b. cultural, political and regional issues, including Thailand's relationships within ASEAN and with its other neighbours;
- c. the defence relationship between Australia and Thailand;
- d. the impact on Thailand of such matters as the 'Golden Triangle', drugs, and piracy in its waters;
- e. the impact on Thailand of refugees from Burma and Cambodia; and
- f. the effectiveness of Australia's development assistance to Thailand.

(Referred by the Minister for Foreign Affairs on 10 December 1993)

## COMMITTEE PHOTOGRAPH

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Standing: Senator K Denman, Mr J V Langmore, MP, Hon D W Simmons, MP, Mr N J Hicks, MP, Senator H G P Chapman, Mr L J Scott, MP, Mr L D T Ferguson, MP, Senator B K Childs, Mr G D Gibson, MP, Senator S West, Hon L S Lieberman, MP, Mr R A Atkinson, MP, Senator D G C Brownhill, Mr D L Grace, MP

Seated: Senator D Margetts, Hon M J Duffy, MP, Senator B C Teague, Rt Hon I McC Sinclair, MP, Mr R G Halverson, MP (Deputy Chairman) Hon L R S Price, MP, (Chairman), Mr W L Taylor, MP, Mr D P M Hawker, MP, Mrs J Towner (Secretary)

Absent: Senator V W Bourne, Senator N A Crichton-Browne, Senator B Harradine, Senator G N Jones, Senator the Hon M Reynolds, Mr G Campbell, MP, Mr E J Fitzgibbon, MP, Mr C Hollis, MP, Mr R H Horne, MP, Mr D F Jull, MP

## MEMBERSHIP OF THE COMMITTEE

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### 37th Parliament

Senator S Loosley (Chairman to May 1995)  
Hon L R S Price MP (Chairman from June 1995)  
Hon M J R MacKellar MP (Deputy Chairman to February 1994)  
Mr R G Halverson OBE MP (Deputy Chairman from February 1994)

Senator M Beahan (to February 1994)  
Senator V W Bourne  
Senator D G C Brownhill  
Senator C Chamarette (to September 1993)  
Senator H G P Chapman  
Senator B K Childs  
Senator N A Crichton-Browne (to October 1995)  
Senator K J Denman (from February 1994)  
Senator B Harradine  
Senator G N Jones  
Senator D Margetts (from September 1993)  
Senator D J MacGibbon (to August 1993 and from October 1995)  
Senator The Hon M Reynolds  
Senator Baden Teague (from August 1993)  
Senator S West (from June 1995)  
Mr R A Atkinson MP (from February 1994)  
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Hon N Blewett MP (to February 1994)

Mr G Campbell MP  
Hon M J Duffy MP (from February 1994)  
Mr L D T Ferguson MP  
Mr E J Fitzgibbon MP  
Mr G D Gibson MP  
Mr E L Grace MP  
Mr D P M Hawker MP  
Mr N J Hicks MP  
Mr C Hollis MP  
Mr R H Horne MP (from June 1995)  
Mr D F Jull MP (from June 1994)  
Hon R J Kelly MP (May 1994 - January 1995)  
Hon J Kerin MP (to December 1993)  
Mr J V Langmore MP  
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Hon J C Moore MP (to June 1994)  
Mr L J Scott MP (from June 1995)  
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Rt Hon I McC Sinclair MP  
Mr W L Taylor MP

A/g Secretary: Mr P Stephens (to May 1994)  
Secretary: Ms J Towner (from May 1994)

## MEMBERSHIP OF THE FOREIGN AFFAIRS SUB-COMMITTEE

---

### 37th Parliament

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Mr R G Halverson, OBE, MP (Deputy Chair)

Senator M E Beahan (to February 1994)  
Senator V W Bourne  
Senator C M A Chamarette (to September 1993)  
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Senator S Loosley (Ex officio) (to May 1995)  
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Mr C Hollis, MP  
Mr D F Jull, MP (from August 1994)  
Hon R J Kelly, MP (from June 1994 to January 1995)  
Hon J C Moore, MP (to June 1994)  
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Rt Hon I McC Sinclair, MP  
Mr W L Taylor, MP

Secretary            Mr P M Regan

Inquiry Staff        Mr C R R Lawson (from August 1995)  
                         Ms M Cahill (to July 1994)  
                         Mr P R McLay (from July 1994)

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## LIST OF ABBREVIATIONS

AAECP	ASEAN-Australia Economic Project
AAHL	Australian Animal Health Laboratory
ABC	Australian Broadcasting Corporation
ABV	Asian Business Visits Program
ACCI	Australian Chamber of Commerce and Industry
ACFOA	Australian Council for Overseas Aid
ACIAR	Australian Centre for International Agricultural Research
ACS	Australian Customs Service
ACTU	Australian Council of Trade Unions
ADA	Australia Defence Association
ADCOS	Australian Development Cooperation Scholarship
ADF	Australian Defence Force
AEC	Australian Education Centre
AEF	Asia Education Foundation
AFP	Australian Federal Police
AFTA	ASEAN Free Trade Area
AGs	Attorney-General's Department
AHS	Australian Hearing Services
AIDAB	Australian International Development Assistance Bureau (now AusAID)
AIEF	Australian International Education Foundation
AIPO	Australian Intellectual Property Organisation
AILEC	Australian International Legal Cooperation Committee
ALLP	Australian Language and Literacy Policy
AMM	ASEAN Ministerial Meeting
AMSA	Australian Maritime Safety Authority
ANSTO	Australian Nuclear Science and Technology Organisation
ANU	Australian National University
APEC	Asia Pacific Economic Cooperation group
AQIS	Australian Quarantine and Inspection Service
ARF	ASEAN Regional Forum
ARIA	Australian Record Industry Association
ASEAN	Association of South East Asian Nations
ASILO	Australian Support of ILO Objectives in Asia
ASTAS	Australian Sponsored Training Scholarship Program
ATBC	Australia-Thailand Business Council
ATC	Australian Tourist Commission
AusAID	Australian Agency for International Development (formerly AIDAB)
AVA	Australian Volunteers Abroad
AVCC	Australian Vice Chancellors' Committee
BAU	Business Affairs Unit
BIBF	Bangkok International Banking Facilities
BOI	Board of Investment

ITOA	Inbound Tourist Organisation of Australia Ltd
JCSS	Sir John Crawford Scholarship Scheme
JTC	Joint Trade Committee
LMPD	Lignite Mine Development Project
LOTE	languages other than English
LTP	Land Titling Project
MCEETYA	Ministerial Council for Employment, Education and Training and Youth Affairs
MOI	Ministry of the Interior
MOU	Memorandum of Understanding
MSA	Memoranda of Subsidiary Understanding
NALSAS	National Asian Languages and Studies in Australian Schools
NAPAC	Northern AIDS Prevention and Care
NESDB	National Economic and Social Development Board
NGO	non-government organisation
NIEs	newly industrialising economies
NLA	National Library of Australia
NLLIA	National Languages and Literacy Institute of Australia
NTIOC	National Trade and Investment Outlook Conference
NTSC	National Thai Studies Centre
NTSCP	National Trade Strategy Consultative Process
OAEP	Office of Atomic Energy for Peace
OBLF	Overseas Burma Liberation Front
OECD	Organisation for Economic Cooperation and Development
ONCB	Office of Narcotics Control Board
ONCC	Office of the National Culture Commission
OSB	Overseas Service Bureau
PLIE	Priority Languages Incentive Element
PLSE	Priority Language Support Element
PMC	Post Ministerial Conference
PNG	Papua New Guinea
PNSB	Police Narcotics Suppression Bureau
POW	prisoners of war
PRC	People's Republic of China
RAAF	Royal Australian Air Force
RAN	Royal Australian Navy
RCA	Regional Cooperative Agreement for Research, Development and Training related to Nuclear Science Technology for Asia and the Pacific
RIT	Rajamangala Institute of Technology
RSL	Returned Services League
RTA	Royal Thai Army
RTAF	Royal Thai Armed Forces
RTF	Royal Thai Air Force
RTN	Royal Thai Navy
SAC	Special Assistance Category
SEATO	South East Asia Treaty Organisation
SISC	Scientific Industries Steering Committee
SLORC	State Law and Order Council

STMs	simply transformed manufactures
TACAP	Thailand-Australia Community Assistance Program
TBIRD	Thai Business Initiative in Rural Development
TGA	Therapeutic Goods Administration
TIL	Targeted Institutional Links
TOT	Telephone Organisation of Thailand
TRAID	Australian Trade and Investment Development
TRIPS	Trade-Related Aspects of Intellectual Property Rights
UMAP	University Mobility in Asia and the Pacific
UNDCP	United Nations Drug Control Program
UNDP	United Nations Development Program
UNHCR	United Nations High Commissioner for Refugees
UNSW	University of New South Wales
USA	United States of America
VACB	Visual Arts/Craft Board
WHO	World Health Organisation
WID	Women in Development
WIPO	World Intellectual Property Organisation
WRCS	Water Resources Consulting Services
WTO	World Trade Organisation

## FOREWORD

---

1. In undertaking this report on relations with Thailand, the Committee was conscious that it was examining one of the most important mainland nations in South East Asia generally and in the Association of South East Asian Nations (ASEAN) specifically. This was therefore a significantly different inquiry to the ones carried out on the countries of the South Pacific, the report on which was tabled in 1989, Papua New Guinea, tabled in 1991, and Indonesia, tabled in 1994. Similarly, its very close inter-connection with issues in neighbouring Burma, Laos and southern China provided a particular focus.
2. The Committee found that the relationship with Thailand was a good one, but that distance and cultural differences had their impacts. The importance of these factors should not, however, be exaggerated or used to excuse poor performance in any aspect of Australia's side of the bilateral relationship.
3. The study of Thailand and the teaching of Thai have received considerable emphasis, both because a body of evidence was provided on the subject and because we saw that these matters were crucial to the future of the relationship.
4. Two words are used very often in this report: 'opportunity' and 'encourage'.
5. The Committee believes that there are great opportunities for Australian businesses, technology and expertise in Thailand. It also believes that the recommendations it has made in this report will, if implemented, provide the necessary encouragement to Australian firms to prepare themselves to enter the competitive market that is Thailand. The Committee particularly feels that good intentions and warm feelings have not found expression in enough concrete outcomes.
6. The Terms of Reference for this inquiry were very broad. This report attempts to deal with them all, but cannot claim to have included everything there is to know about Thailand.
7. In November 1994, a delegation of members of the Committee visited Thailand and, briefly, Laos. This group was able to visit six different locations in Thailand and its report on this visit was tabled in both Houses of the Parliament in February 1995. This visit, which the Committee regards as integral to the inquiry process it has undertaken, was of the very greatest value in the preparation of this report.
8. As was stated in the Foreword to the report on relations with Indonesia, the Committee does not believe a credible report can be produced on a country unless a body of its members have seen something of that nation and its people. The opportunity to survey Australian development assistance projects and listen to Thailand's politicians, business people and public servants was of central importance to this inquiry.

9. The Committee would like to place on record its thanks to HE the Ambassadors and staffs of the embassies in Bangkok and Vientiane for all the willing assistance provided before and during November 1994. Officers of the Department of Foreign Affairs and Trade in Canberra, among other Commonwealth agencies, also provided valuable assistance at all stages of the inquiry.

10. Finally, the Committee would like to express its thanks to the staff of the Secretariat of the Joint Standing Committee who were connected with this inquiry: to Margaret Cahill, Peter McLay, Tracy Bartrim, Lesley Cowan, Cliff Lawson, Peter Stephens, Joanne Towner, Secretary to the Committee for most of the inquiry, and to the Sub-Committee Secretary, Patrick Regan.

L D T Ferguson, MP  
Chair  
Foreign Affairs Sub-Committee

## SUMMARY OF RECOMMENDATIONS

---

**Recommendation 1. (Chapter 2)** That the Department of the Prime Minister and Cabinet and the Department of Foreign Affairs and Trade consult about an appropriate way for Australia formally to commemorate the Golden Jubilee in June 1996 of His Majesty the King's accession to the throne of Thailand.

**Recommendation 2. (Chapter 3)** That the Department of Employment, Education and Training examine all of the issues relevant to its funding of the National Thai Studies Centre at the Australian National University, with a view to ensuring its continued operation under conditions no less favourable than those which have applied to date.

**Recommendation 3. (Chapter 3)** That a joint working party comprising representatives from the Department of Employment, Education and Training and the Department of Foreign Affairs and Trade, in conjunction with State and Territory education authorities and organisations with an interest in promoting Asian and Thai studies, examine the mechanisms required to coordinate an effective program of Commonwealth support for languages such as Thai which have been termed non-priority languages.

**Recommendation 4. (Chapter 3)** That the Department of Employment, Education and Training formally examine the capacity and effectiveness of Thai studies institutions other than the National Thai Studies Centre, with a view to promoting the teaching of integrated Thai studies.

**Recommendation 5. (Chapter 3)** That in relevant forums such as the Ministerial Council on Employment, Education and Training and Youth Affairs, education authorities recognise the need to assist small candidature languages such as Thai by:

- . placing greater emphasis on strengthening the links between the teaching of Asian languages at primary, secondary and tertiary levels; and
- . ensuring attention is given to linking language studies with the teaching of history and culture.

**Recommendation 6. (Chapter 3)** That the Task Force established to implement the recommendations of the Council of Australian Governments' report entitled *Asian Languages and Australia's Economic Future* give appropriate emphasis to the crucial importance of teacher training and proficiency to the success of Asian studies in schools, and to the particular needs of languages such as Thai.

**Recommendation 7. (Chapter 4)** That AusAID be encouraged to maintain a development assistance program in Thailand which makes maximum use of the range of Australian skills and technology to help in resolving the range of problems confronting that country. (See also Recommendation 14.)

**Recommendation 8. (Chapter 4)** That the Australian Government continue to encourage and support the Government of Thailand to reduce tariffs as agreed at the Asia Pacific Economic Cooperation group meeting at Bogor in 1993.

**Recommendation 9. (Chapter 4)** That the Australian Government urge the Government of Thailand to renegotiate documents such as the Treaty of Amity and Economic Relations with the United States of America to remove discrimination against third party countries in trade and commerce.

**Recommendation 10. (Chapter 5)** That, in planning trade and industry missions to Thailand, Austrade should liaise with such bodies as the Australian Chamber of Commerce and Industry and the Australian Chamber of Manufactures to ensure such missions have more focused objectives.

**Recommendation 11. (Chapter 5)** That a review be initiated to determine the relevance and effectiveness of the training and financial programs supporting Australian exports to Thailand.

**Recommendation 12: (Chapter 5)** That the report of the tri-partite Working Party on Labour Standards be provided to the Joint Standing Committee, with specific reference to any recommendations which might deal with:

- . promulgation of a code of conduct governing the operations of Australian businesses overseas; and
- . arrangements for appropriate training in the provisions and implementation of that code.

**Recommendation 13. (Chapter 6)** That the Department of Foreign Affairs and Trade and AusAID examine Thailand's needs for development assistance in the context of its economic progress and the commencement of Thailand's own assistance program to nations in its region.

**Recommendation 14. (Chapter 6)** That AusAID examine the relevance of the present development assistance program in dealing with the urgent needs of the Thai people, especially those in the north and north east of the country, in fields such as health, trafficking in women for the purposes of prostitution, urban pollution, waste disposal and water quality. (See also Recommendation 7.)

**Recommendation 15. (Chapter 7)** That the current military exercise and training links between Australia and Thailand continue and, if possible, be expanded.

**Recommendation 16. (Chapter 7)** That the Department of Defence examine ways to build and maintain an effective alumni network in Thailand of the graduates of Defence professional development, education and training courses in Australia. (See also Recommendation 19.)

**Recommendation 17. (Chapter 9)** That the Department of Employment, Education and Training investigate whether useful assistance could be provided to the technical and vocational education system in Thailand, given it has a widely acknowledged shortage of skills.

**Recommendation 18. (Chapter 9)** That the Department of Employment, Education and Training examine, with the Department of Foreign Affairs and Trade, the Australian Vice-Chancellors' Committee and the peak bodies of other interested educational bodies, the effectiveness of the operations of the Australian International Education Foundation and report back to the Joint Standing Committee.

**Recommendation 19. (Chapter 9)** That the Departments of Foreign Affairs and Trade, Defence and Employment, Education and Training:

- . review current arrangements for the support given to alumni organisations in Thailand and estimate the human, financial and other resources which would be necessary to maintain contact with alumni of Australian universities there, with a view to introducing an effective and continuing system as soon as practicable; and
- . report the findings of this review to the Joint Standing Committee. (See also Recommendation 16.)

**Recommendation 20. (Chapter 10)** That the Department of Foreign Affairs and Trade provide office space and adequate secretariat and other support services for an officer of the Department to commence preparatory work on developing contact networks and information holdings which would form the basis for the later, formal creation of an Australia-Thailand Institute.

**Recommendation 21. (Chapter 10)** That the Department of Foreign Affairs and Trade encourage the simultaneous establishment of an Australia-Thailand Institute and a Thailand-Australia Institute:

- . to foster mutual knowledge and understanding between Australia and Thailand; and

to strengthen the cultural, educational and other links between Australia and Thailand.

**Recommendation 22. (Chapter 10)** That the Australian Broadcasting Corporation keep the programs shown in Asia by Australia Television under constant review, to ensure they are presenting a reasonable picture of Australian life and attitudes and that they are appropriate to the different cultures and life experiences of Asian nations.

**Recommendation 23. (Chapter 10)** That the Australian Broadcasting Corporation, the Special Broadcasting Service and the commercial television networks be encouraged to present a greater number of television programs made in Thailand to Australian audiences.

**Recommendation 24. (Chapter 10)** That the Minister for Communications and the Arts, in considering the report of the inter-departmental review of the Australian Broadcasting Corporation's international services:

- . recognise the increasingly important role of Australia Television in projecting a favourable image of Australia to other countries of our region, including Thailand;
- . accept that without significant Commonwealth funding the service provided by Australia Television will not survive; and
- . in consultation with the Minister for Foreign Affairs, develop strategies to provide increased sponsorship for Australia Television from, in the first instance, Australian public sector organisations.

**Recommendation 25. (Chapter 10)** That expertise and resources within Radio Australia which were formerly dedicated to Thai language programs be retained within the Australian Broadcasting Corporation.

**Recommendation 26. (Chapter 11)** That AusAID examine, with the Commonwealth Scientific and Industrial Research Organisation, the Australian International Agricultural Research Centre and relevant industry bodies, current planning and funding arrangements for the delivery of technology-based development assistance to ensure:

- . Australia's objectives in Thailand and the region are being achieved; and
- . the capabilities of Australian agencies and industry bodies are being utilised.

**Recommendation 27. (Chapter 11)** That the Department of Foreign Affairs and Trade review, with other interested bodies such as the Commonwealth Scientific and Industrial Research Organisation, Australia's commitment to the Economic and Social Commission

for Asia and the Pacific to establish whether the resources devoted to it are appropriate, given the importance of the region to Australia and the competing demands of other regional bodies.

**Recommendation 28. (Chapter 11)** That the Department of Industry, Science and Technology examine the 1987 Memorandum of Understanding with Thailand on Scientific and Technological Cooperation with the Department of Foreign Affairs and Trade, the Commonwealth Scientific and Industrial Research Organisation and relevant industry bodies to establish:

- . whether the scientific and technology assistance being given to Thailand is currently being managed in the most effective manner;
- . whether reactivation of the 1987 Memorandum of Understanding with Thailand would make the process more effective;
- . whether there should be an approach to the Government of Thailand about its views on reactivating the Memorandum of Understanding; and
- . whether consideration should be given to Market Australia taking over the provision of science and technology assistance to Thailand.

**Recommendation 29. (Chapter 12)** That the Department of Industry, Science and Technology and AusAID examine the possibility of making greater use of Australian alternative and renewable technology in development assistance projects in Thailand.

**Recommendation 30. (Chapter 13)** That the Australian Government:

- . adopt an integrated approach to health industry exports by encouraging cooperation between relevant departments;
- . through the Health Industry Development Forum, augmented by representation from Austrade, review the scope for activities under the 1993 Memorandum of Understanding on Health Cooperation with Thailand; and
- . provide appropriate funding for the activities it might recommend.

**Recommendation 31. (Chapter 13)** That the Department of Human Services and Health, with AusAID, review their working arrangements on international health activities:

- . to ensure a more integrated approach is adopted in their joint activities in this field;

- to examine the extension of existing collaborative health arrangements in conjunction with assistance provided by other countries; and
- to gauge the effectiveness of Australian development assistance for health programs.

**Recommendation 32. (Chapter 13)** That, in considering specific development assistance projects in health, AusAID consult the Government of Thailand about giving greater support to community-based programs in preventive health for rural areas, poverty alleviation in rural and poor urban centres, women's health issues, anti-trafficking campaigns relating to women and children and educational programs to combat the interconnection between prostitution, substance abuse and HIV/AIDS.

**Recommendation 33. (Chapter 13)** That the Department of Human Services and Health and AusAID examine the possibility of greater input from Australian non-government organisations to collaborative activities with Thailand on health promotion, preventive health measures and in-country training of Thai health industry personnel.

**Recommendation 34. (Chapter 13)** That the Australian Government exert pressure on the World Health Organisation:

- to realign its regional boundaries so that Australia and its neighbours in South East Asia, such as Thailand, Laos, Burma, Cambodia and Indonesia, are included in the same zone; and
- in conjunction with the United Nations High Commission for Refugees, to develop and implement programs directed towards alleviation of the health problems of:
  - Thailand's nationals and refugees within its borders; and
  - its immediate neighbours Burma, Laos and Cambodia.

**Recommendation 35. (Chapter 14)** That, at meetings of the Asian Attorneys-General forum, the Australian Government encourage common regional standards for the quality of justice and legal processes.

**Recommendation 36. (Chapter 14)** That the Department of Foreign Affairs and Trade encourage Thailand to formulate a national action plan on human rights, with a view to its signing and ratifying such important human rights documents as the International Covenant on Civil and Political Rights as a matter of priority.

**Recommendation 37. (Chapter 14)** That the Australian Government encourage Thailand to establish the National Commission on Human Rights and an Ombudsman's Office.

**Recommendation 38. (Chapter 14)** That relevant authorities be encouraged, as a matter of priority, to enact appropriate Commonwealth and State legislation for the introduction and administration of a prisoner exchange scheme between Australia and Thailand.

**Recommendation 39. (Chapter 14)** That in its development assistance program, AusAID target projects which are directed towards improving human rights in Thailand.

**Recommendation 40. (Chapter 14)** That the Department of Defence enhance human rights training in Australian Defence Force courses.

**Recommendation 41. (Chapter 14)** That the Attorney-General's Department pursue the negotiations to finalise the Memorandum of Understanding with Thailand on the protection of intellectual property and, with the Department of Industry, Science and Technology, ensure that any assistance Thailand requests in the protection of copyright and intellectual/industrial property is provided.

**Recommendation 42. (Chapter 14)** That the Attorney-General's Department respond positively to requests for legal knowledge or technology it might receive from Thailand, and encourage contributions from professional legal bodies.

**Recommendation 43. (Chapter 15)** That the Department of Tourism and the Australian Tourism Commission examine:

- the creation of an Emerging Markets Incentive scheme for the tourism industry; and
- the development of a stronger Australian Tourism Commission presence in Thailand.

**Recommendation 44. (Chapter 15)** That the Department of Tourism and the Australian Tourism Commission approach the tourism industry and such bodies as James Cook University about the development of training courses on eco-tourism to take advantage of the emerging interest in this form of tourism in Thailand.

**Recommendation 45. (Chapter 16)** That the Australian Government request the International Labor Organisation to adopt a convention to provide workers in foreign owned and/or operated businesses in developing countries with the same industrial health and safety standards as apply in the country of principal domicile.

**Recommendation 46. (Chapter 16)** That the Government of Thailand be encouraged to sign and ratify International Labor Organisation conventions as a matter of priority.

**Recommendation 47. (Chapter 16)** That the Department of Industrial Relations and AusAID implement the second phase of the Australian Support of ILO Objectives in Asia (ASILO) program, including the emphasis on training in Australia.

**Recommendation 48. (Chapter 16)** That the Australian Government offer to assist Thailand in the development and implementation of labour laws which are in accordance with the Conventions of the International Labor Organisation.

**Recommendation 49. (Chapter 17)** That the Australian Government continue to encourage the Government of Thailand to take up the issue of democratic reform with the State Law and Order Council as a matter of mutual interest.

**Recommendation 50. (Chapter 17)** That the Australian Government do all that it can to promote the bilateral Thailand-Australia relationship.

**Recommendation 51. (Chapter 18)** That the Department of Foreign Affairs and Trade continue to encourage Thailand and all countries in the South East Asian region to accede as a matter of urgency to the 1951 Convention Relating to the Status of Refugees and the 1967 Protocol to that Convention.

**Recommendation 52. (Chapter 18)** That the Australian Government urge Thailand to enhance the role permitted to the United Nations High Commission for Refugees to facilitate the provision of assistance to refugees within its borders.

**Recommendation 53. (Chapter 18)** That the Department of Foreign Affairs and Trade maintain a positive approach to Burmese refugees, both in camps in Thailand and those resettled in Australia, by maintaining scholarships available in Australia for displaced Burmese people at least at the present level.

**Recommendation 54. (Chapter 18)** That the Department of Foreign Affairs and Trade inform the Government of Thailand that Australia is prepared to offer any assistance it needs in the drafting and implementation of its domestic legislation relating to refugees within its borders.

**Recommendation 55. (Chapter 19)** That the Department of Foreign Affairs and Trade:

- . examine with the Australian Federal Police and the Australian Customs Service the viability, likely usefulness, cost and additional resources which would be needed for a cooperative regional training program covering narcotics prevention and control to be developed and conducted in conjunction with Thailand for Burma and South East Asian countries;
- . subject to a favourable outcome, the Department of Foreign Affairs, the Australian Federal Police and the Australian Customs Service approach Thailand's Office of Narcotics Control Board with a view to establishing the practicalities, cost sharing, staffing and other arrangements necessary for such a program; and

- . report to the Joint Standing Committee on its findings within six months of the tabling of this report.

**Recommendation 56. (Chapter 19)** That the Australian Federal Police and other Australian agencies engaged in anti-drugs activity in Thailand coordinate their work to the maximum extent practicable with that of the US Drug Enforcement Administration and any other national or international agencies which are engaged in this field.

**Recommendation 57. (Chapter 20)** That the Department of Foreign Affairs and Trade, with the Department of Defence and the Australian Customs Service:

- . assess current programs which are offered to Thailand and the region to combat piracy in South East Asian waters; and
- . if appropriate, in consultation with Thai and other regional authorities, design and conduct such additional programs as would increase the ability of regional navies and other agencies to deal more effectively with this problem.



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**PART ONE: THAILAND AND THE RELATIONSHIP WITH AUSTRALIA**

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## CHAPTER 1: THAILAND: A BRIEF DESCRIPTION

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### Introduction

1.1 For some people Thailand is simply one of the most important nations in South East Asia, central to the Association of South East Asian Nations (ASEAN), and an economy which has grown at about 8 per cent per year since the late 1980s. For others it is 'the Venice of the East', based on the klongs in the flood plains of the Chao Phraya River. For these people it is an enticing combination of holiday resorts and beaches, hill tribes, drugs, Buddhist *wats*, ancient ruined cities, a vibrant culture, tropical forests and wonderful food. For many older Australians, it evokes memories of the deaths of so many on the Second World War Japanese railway to Burma. While all of these features are relevant, they do not reflect the adaptability and continuity in Thai society, best shown by reference to some of its history since 1932.

1.2 On 24 June 1932, Siam's absolute monarchy was replaced in a bloodless coup and a constitution was established. This introduced a period of political turmoil which coincided with the political and economic crises of the 1930s, as a new elite in Thailand sought to consolidate its power and support in the population.<sup>1</sup>

1.3 This new elite, made up of Army officers and civilian officials from commoner and bureaucratic families, found few opportunities for advancement in government service despite high levels of education. When the world economic depression hit Thailand in the early 1930s, in an attempt to balance the government budget, King Rama VII requested the resignations of many officials and others were faced with salary cuts. These actions were particularly felt among middle level officers and officials of commoner origin and eventually led to the coup.<sup>2</sup>

1.4 In 1939, Siam changed its name to Thailand as one of a number of nation building measures introduced by the Prime Minister, the then Major Phibun Songkram. Other measures included the establishment of National Day on 24 June, introduction of a new flag, prohibition of old customs such as eating betel nut and encouragement for the people to learn the words of the new national anthem.<sup>3</sup>

1.5 Phibun, who was of humble origins but a graduate of the Bangkok Military Academy, was convinced his country had maintained its independence in two ways. The

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1 Exhibit No 92, pp. 26-28, 37

2 Exhibit No 92, pp. 26-27; Submissions, p 308

3 Submissions, p 30; Exhibit No 92, pp. 42, 38, 41

first was in not behaving in 'uncivilised' ways which would have given the colonial powers the pretext to intervene in its affairs. The second was because of the conscious modernisation of two of its greatest kings: Mongkut or Rama IV (1851-1868) and Chulalongkorn or Rama V (1868-1910). As Phibun saw it, these two monarchs had accommodated Western powers when their aggressive thrusts had threatened national survival.<sup>4</sup>

1.6 While his government was strongly anti-French because of their actions in the region at the end of last century and again in the late 1930s, Phibun believed the West had much to offer. It was the government's duty to select the best features and introduce them as part of the nation building process. This led to judicious combinations of Eastern and Western customs in such things as behaviour and dress. As the 1930s progressed, however, Thailand moved more into conflict with the West and into closer cooperation with Japan, at that time one of the major contenders for dominance in East Asia.<sup>5</sup>

1.7 Thai troops invaded French Indo-China early in 1941 as part of its quest to have the Mekong River established as the natural boundary between the two territories. Thai irritation at the US and British preference for the *status quo* in its difficulties with France in Indo-China, Japanese mediation in Thailand's favour, combined with admiration for Japan's modernisation, led to an immense improvement in Thai-Japanese relations. On 7/8 December 1941, Japanese troops entered Thailand and it was asked to give passage to these forces on their way to Burma and Malaya. On 21 December 1941 a military pact was signed with Tokyo and on 25 January 1942 Thailand declared war on the US and Great Britain.<sup>6</sup>

1.8 The effects of Japanese occupation of Thailand until August 1945 were limited, physical destruction minimised and the power of the Thai regime maintained. Nothing was done by the Thai Government to stop collection of supplies for Japan's forces or the use of Allied prisoners of war and Asian labourers to build the railway to Burma.<sup>7</sup>

1.9 While many things have changed since that period, the Thais have retained a serenity of approach which has enabled their nation to develop spectacularly without altogether losing their past. The spirit which Phibun wanted to harness, the ability to choose and incorporate desirable features from elsewhere, remains today.

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4 Exhibit No 92, pp. 34, 42  
5 Exhibit No 92, pp. 42, 47-49, 44  
6 Exhibit No 92, pp. 49, 50-54; Submissions, p 309  
7 Exhibit No 107, p 190

## Location, Land and Climate

1.10 The Kingdom of Thailand is a tropical country in South East Asia on the Asian mainland, surrounded by Malaysia, Burma, Laos and Cambodia. It has an area of about 517,000 square kilometres, or about the size of France.

1.11 Thailand can be broadly divided into a number of regions:

- . the Bangkok metropolitan;
- . the east, an overspill area for Bangkok with cheaper land for businesses and a less congested infrastructure;
- . the fertile central region, dominated by the Chao Phraya River;
- . the north, the largest region and location of the Kingdom's second largest city, Chiang Mai;
- . the north east (or Isan), the poorest region with its plains, low rainfall, thin soil and occasional droughts and floods;
- . the peninsular south, with its resorts, high rainfall and rain forests; and
- . the west, relatively undeveloped with its mountains and forests.

1.12 Thailand's climate is ruled by monsoons. With the exception of the south which receives rain through the year, there is a yearly hot, dry season from November to April which is caused by the north eastern monsoon. The wet season, from May to October, corresponds to the south west monsoon. Rainfall varies from 1200mm per year in parts of the north east to over 4000mm per year in parts of the south.

## People, Religion and Language

1.13 It is likely the Thai people did not enter what is now Thailand until about 1000 AD. They came from near the border of present day China and Laos, forced to move south into the valley of the Chao Phraya River by the pressure of people from the north.<sup>8</sup>

1.14 Thailand's population was recently estimated at 59.4 million people, of which between seven and 11 million live in Bangkok depending on where the boundaries of the city are drawn. As a result of Nineteenth Century colonial boundaries, the country's population is a mixture of many different groups of peoples, including the Mon, Khmer and Shan. Apart from the well assimilated Chinese, the largest group is the Muslims in the south who are of Malay stock and number about one million. Numbers of Indians have settled around Bangkok. There are also a number of hill tribes who have affinities with communities in Burma, Southern China and Laos, such as the Hmong, Yao, Karen, Akha and Lisu.<sup>9</sup>

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8 Submissions, p 307  
9 AAP, 18 July 199; Submissions, p 311

1.15 The predominant religion in Thailand is Theravada Buddhism, known as the Lesser Way, or the Way of the Elders. While Mahayana Buddhism, or the Greater Way, stresses devotion and compassion to others and aims to reach enlightenment and to remain to assist others in their quest, Theravada Buddhism is more intellectual and emphasises attaining personal wisdom and insight. It is followed by about 95 per cent of Thais and His Majesty the King is Defender of the Buddhist Faith and Protector of all Religions. The Buddhist faith is one of the major unifying forces in the country. In addition to Islam a variety of other religions is practised, in keeping with the tolerance implicit in Buddhism.<sup>10</sup>

1.16 Linguistically, Thai belongs to the Tai language family of South East Asia and is related to Laotian. There remains a substantial minority of peoples speaking a language closely related to Thai in southern China. This freely incorporates foreign words not only from China but also from Pali, Sanskrit, Khmer, Sixteenth Century Portuguese, Malayan-Polynesian and increasingly from English.<sup>11</sup>

1.17 Thai uses five distinct tones to distinguish between otherwise identical words, and there are 21 consonant sounds and nine distinguishable vowel qualities. The alphabet was instituted in 1233 and is ultimately derived from the Devanagari script of southern India. It has 42 consonant signs, four tone markers and many vowel markers.<sup>12</sup>

1.18 English is widely taught in schools and spoken throughout Thailand. The need for higher skills in English in the tourism/hospitality industry and in the use of some Western technologies has greatly increased the demand for English language education in Thailand. Australian teachers and others with Australian Volunteers Abroad are assisting in meeting these growing demands.<sup>13</sup>

## The Monarchy

1.19 Thailand has been a constitutional monarchy since 1932 and the Monarchy is of central importance, universally respected and a major unifying force. His Majesty King Bhumibol Adulyadej, Rama IX of the Chakri Dynasty, came to the throne at 18 years of age in 1946. In addition to his religious titles, he is also Head of State and Head of the Armed Forces. The King is a deeply loved and revered figure and his portrait can be found in almost every office, shop and home in Thailand. This reflects a devotion both to the individual, and to the concept of the monarchy.<sup>14</sup>

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10 Submissions, p 311

11 Submissions, p 307

12 Exhibit No 99

13 Submissions, pp. 307, 269; Transcript, 15 February 1995, p 806

14 Submissions, pp. 309, 305; Transcript, 26 April 1994, p 16

1.20 His Majesty is in a unique position in Thailand. This was clearly demonstrated in October 1995 when Thai authorities were reported to have taken offence at the publication in an Australian newspaper of a cartoon of the King and refused visas to Australian journalists. His Majesty's great personal authority, which has increased enormously in recent years, has been used judiciously to intervene in situations which he considered threatened the stability of the country, as in May 1992. In view of the King's age, the issue of succession is so sensitive that Committee members who visited Thailand in November 1994 found Thai politicians were not willing to discuss the matter.<sup>15</sup>

1.21 The King and Queen made a very successful visit to Australia in 1962 and this, combined with His Majesty's consciousness of Australia's position in the region, contributed to a decision to send His Royal Highness the Crown Prince to the Royal Military College, Duntroon between 1972 and 1976.<sup>16</sup>

1.22 On 9 June 1996, His Majesty the King of Thailand will celebrate the Golden Jubilee of his accession to the throne. It would be appropriate if this important event was recognised by Australia in a suitable manner.

## Thailand's Politics

1.23 His Majesty has considerable power: he appoints the Prime Minister and his executive powers are vested in a Council of Ministers, judicial powers in the courts and both bodies operate in the King's name. In the name of the people, he exercises legislative power with the advice and consent of the National Assembly. This body is presided over by the Speaker of the House of Representatives, and consists of the 391 members of that House and the current 290 members of the Senate. Most Senators were appointed by the King for a six year term on the recommendation of the Government after the 1991 coup. For this reason, not all the parties in the House are represented in the Senate.

1.24 Constitutional reforms passed in January 1995 reduced the size of the Senate to two-thirds that of the House, but this change will only take effect after the election in March 1996 when it will be reduced to 260 members. The original proposal was for a substantial increase in the size of the House, with a substantial reduction in the size of the non-elected Senate, but this was not successful. The House is elected, under a 'first past the post' system, for a four year term by people over the age of 18 in multi-member electorates related to population.<sup>17</sup>

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15 **The Courier Mail**, 7 October 1995, p 3; **The Canberra Times**, 8 October 1995, p 2; **The Australian**, 13 October 1995, p 7; Submissions, pp. 313-314

16 Submissions, p 262

17 Submissions, p 305; Transcripts: 26 April 1994, pp. 11-12, 6 March 1995, p 871

1.25 The Democrat Party's Mr Chuan Leekpai was elected to office in September 1992 following the demonstrations and killings of May 1992. His government was a coalition of five of the ten parties in the Parliament. In late 1994, survival had a price: a change in the coalition from the New Aspiration Party to the Chart Pattana (National Development) Party. It survived difficulties over a constitutional amendment which sought to ensure that most sub-district chiefs and village headmen from councils at sub-district level were elected, rather than being appointed by the Ministry of the Interior (MOI).<sup>18</sup>

1.26 While all Ministers and Ministries are located in Bangkok, the country is divided into 76 provinces which are administered by governors appointed through the MOI. Only the Governor of Bangkok is elected. Provinces are divided into districts which are administered by District Officers, also appointed by the central government. Below this level of government are the sub-district and village level administrations. The constitutional amendment mentioned above was important because the change to elections for most members represented decentralisation of power away from Bangkok and, more importantly, a reduction of the MOI's power to appoint members at this level, an important remnant of the military's former dominant position.<sup>19</sup>

1.27 A number of other important reforms were passed in January 1995 including: the reduction of the voting age to 18 years, the establishment of an independent electoral commission to oversee elections, power to appoint parliamentary ombudsmen to prevent corruption and other improper conduct among parliamentarians, the stipulation of the equality of women and a requirement that senators and members declare their assets.<sup>20</sup>

1.28 The parties forming the Chuan Government had opposed the military-backed government in 1991-1992 and the killing and suppression of demonstrators in May 1992. The inclusion of technocrats and bankers in the Cabinet, with an expressed interest in addressing decentralisation and infrastructure development, had led to expectations of progress and reform. In addition to the difficulties of late 1994, during its term the government had survived other controversies, including the alleged involvement of its members in a stock market scandal, conflict over the toll on a new Bangkok expressway, labour unrest and violence in the south of the country.<sup>21</sup>

1.29 The Chuan Government can be seen as a victim of corruption and petty party bickering. In addition to the constitutional amendments it had a number of other substantial achievements, including de-politicisation of economic policy, liberalisation of the financial system and granting foreign banks a greater role. Many of its policies were

18 Submissions, p 305; *Far Eastern Economic Review*, 15 December 1994, p 16

19 Submissions, p 305; *Far Eastern Economic Review*, *ibid*

20 Transcript, 6 March 1995, p 871; *Far Eastern Economic Review*, 22 December 1994, pp. 14-15

21 Submissions, pp. 305-306

popular but it was widely unpopular in Bangkok for its perceived lack of leadership, especially in dealing with the city's ever-worsening traffic jams.<sup>22</sup>

1.30 Chuan's government collapsed in May 1995 over a land reform scandal. The Palang Dharma (Moral Force or Power of Virtue) Party led by the Deputy Prime Minister, Mr Chamlong Srimuang, refused to support the government in a parliamentary motion of no confidence. The debate was the culmination of concerns which arose in late-1994 and centred on corruption in the implementation of a land reform program to help poor farmers. Wealthy people close to Democrat ministers and members of Parliament were suspected of receiving land on the resort island of Phuket. Although two ministers responsible for the program resigned and some recipients were forced to return the land they had received, the scandal led to increasingly bitter attacks on the government and to the eventual dissolution.<sup>23</sup>

1.31 An election was held in July 1995 with a voter turn out 62.04 per cent of the 40 million eligible voters. The Chart Thai party, led by Mr Banharn Silpaarcha, with 92 seats (up from 77) in the House took over government. It is in coalition with the New Aspiration Party (57 seats), Palang Dharma (23 seats) and four minor parties: the new Nam Thai (Leadership for Thailand) Party with 18 seats, the Social Action Party (22 seats), Prachakorn Thai (Thai Citizens) Party (18 seats) and the Muan Chon (Mass) Party with 3 seats. This coalition has 233 seats in the 391 seat House, increased from 360 for this election. The Democrats won 86 seats, up from 79 seats, but this was not enough to form another coalition and retain government. Much of Chart Thais' strength is in the north and north east, whereas the Democrats are strong in Bangkok and in the south. Chart Thai failed to win a seat in Bangkok.<sup>24</sup>

1.32 The election campaign was reportedly one of the most expensive in Thai history. During the campaign, Banharn denied allegations he had set up a fund of \$A83 million to buy the loyalty of politicians. It was estimated, however, that as much as \$A1 billion was spent buying votes, with sizeable amounts also offered to MPs in safe seats to change allegiances. Allegations of vote-buying and other dishonest practices on a grand scale were very common especially in the north east of the country and, just before the election, a prominent Chart Thai candidate was reported to have been arrested for this practice. The price of votes had allegedly doubled since the 1992 election to \$A30, a considerable sum for many villagers.<sup>25</sup>

1.33 Perhaps more importantly, the Chart Thai Party itself was tainted in Opposition with playing money politics and supporting the 1991-1992 military junta led by General Suchinda Kraprayoon. Vote buying was widespread in the 1995 election

22 *The Australian*, 26 May 1995, p 13

23 *The Age*, 20 May 1995, p 13; *The Australian Financial Review*, 22 May 1995, p 15

24 *AAP*, 3 July 1995; *The Australian*: 1-2 July 1995, p 17, 4 July 1995, p 8; *The Sydney Morning Herald*, 4 July 1995, pp. 1, 9; *Far Eastern Economic Review*, 13 July 1995, pp. 16-17

25 *The Australian*: 29 May 1995, p 7, 25 May 1995, p 7, 3 July 1995, p 7, 1-2 July 1995, p 17; *The Australian Financial Review*, 30 June 1995, p 28

campaign but it was also widely reported in both English language daily papers in Bangkok, with 106 people charged with the offence. These papers also criticised the Chart Thai Party for 'buying its way into office'. Mr Banharn himself had the nick-name 'Mr Automatic Teller Machine' for his use of government funds and his own money in his home and constituency of Suphanburi, 110 kilometres from Bangkok. Two of the Party's leading members were denied access to the United States because of alleged involvement in the illegal narcotics trade. Mr Narong Wongman lost his seat and Mr Vatna Asavahame was reported to have been unsuccessful in being appointed to a Cabinet post.<sup>26</sup>

1.34 Concerns are frequently expressed about the future of democracy in Thailand but developments since 1992 and especially in the period May to July 1995 are encouraging. Two democratic elections have now been held in succession and the government changed in 1995 as a result of the democratic process. In spite of problems between coalition members the Chuan Government lasted from September 1992 to May 1995, and its collapse was not the result of a coup by the military but a land scandal and subsequent parliamentary manoeuvres.

1.35 As already noted, substantial constitutional reforms were passed by the Parliament early in 1995 in time to lower the voting age for the elections in July and to set up the independent electoral commission. Since the election there have been calls for Cabinet members to declare their assets to allow public scrutiny and ensure transparency. Whether these measures are taken is not as important in the short term as the fact that the views were publicly expressed in the first place. While these are important changes they are not the only ones of significance.<sup>27</sup>

1.36 Changes in the governing coalition in December 1994 and the end of the Chuan Government in May 1995 illustrate the fluidity in Thai politics. Until the eve of the invitation to join that government, the Chart Pattana Party had been in the vanguard of the attacks against it. While some political parties are still significantly coalitions of money-based factions, there have been some increases in politics being based on ideological content. The Palang Dharma Party, especially in Bangkok, promotes itself as such a party.<sup>28</sup>

1.37 The significant socio-economic changes which Thai society has undergone are now having a profound impact on the political process. The events of May 1992 showed that the urban middle class, the beneficiaries of economic progress, will not accept direct, sustained interference in politics by the military. Although the Chuan Government did not last for its full four year term, the election of July 1995 showed

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26 *Far Eastern Economic Review*, 8 June 1995, p 21; *The Age*, 26 June 1995, p 8; *The Australian Financial Review*, 4 July 1995, p 10, 5 July 1995, p 12; *Bangkok Post*, 11 July 1995, p 3  
27 *Bangkok Post*, 11 July 1995, p 3; *AAP*, 10 July 1995, p 1; *The Australian*, 4 July 1995, p 14  
28 Transcript, 6 March 1995, p 871; *Far Eastern Economic Review*, 22 December 1994, p 14

some maturation of democracy in that the military did not intervene as it has in the past.<sup>29</sup>

1.38 Rural Thais are also becoming more assertive in the political process, protesting about low rice prices, the construction of dams and evictions from forest reserves. Rural voters return the majority of members of the lower house and, consequently, there seems to be agreement that rural problems need to be addressed if political stability is not to be jeopardised. Thus, political parties dependent on rural votes have provided an avenue for provincial and rural interests to assert their influence in the process.<sup>30</sup>

### The Role of the Military in Thai Politics

1.39 From 1932, when the military overthrew the absolute monarchy, until 1992 there were 17 coups in Thailand, of which ten have been successful.<sup>31</sup>

1.40 In February 1991, led by the Supreme Commander and the Army Commander, the military overthrew the Chart Thai government of General Chatichai Choonhavan in a bloodless coup, giving widespread corruption as a reason. The junta was initially popular because it appointed a government of technocrats, widely recognised as competent and impartial, headed by General Suchinda. It too became unpopular because of allegations of corruption, together with suspicions that, through the constitutional re-drafting process, it intended to retain power beyond the elections promised within one year of the coup. The appointment of an un-elected Prime Minister after elections in March 1992 led to mass demonstrations in Bangkok in May, which culminated in the army opening fire on demonstrators and killing, according to official figures, 52 people.<sup>32</sup>

1.41 The King's intervention was carried on national and international television, the non-elected Prime Minister resigned and the election which saw Chuan become Prime Minister took place in September 1992. The military largely withdrew from its previously dominant political role and its powers were subsequently curtailed, at least in theory. There are indications of a desire within the military for a more professional service, and for less involvement in domestic politics. It will of course continue to have a powerful influence in Thai politics because of continuing strong and intimate links with the bureaucracy, politics and the Sino-Thai business elites.

1.42 The election of July 1995 seems to have confirmed the military's position outside politics. Given Chart Thai's former reputation it should be remembered,

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29 Submissions, p 312; Transcripts: 13 September 1994, p 631, 6 March 1995, p 871  
30 Submissions, p 312; Exhibit No 4, pp. 9-10  
31 Submissions, p 307  
32 Submissions, pp. 310-311

however, that the Chatichai Government was overthrown in 1991 by the military because of widespread corruption.<sup>33</sup>

1.43 One notable feature of the military's involvement in Thailand's politics has been the influence of particular graduating classes from the Chulachomklao Military Academy. It was a group of Class 5, which graduated in 1958, who staged the 1991 coup against the Chatichai Government and subsequently put down the demonstrations in the streets of Bangkok in May 1992. Personal connections are important in Thailand, no less in the military than elsewhere. It is reported that there have been aversions between some members of Classes 5 and 8, and that such aversions and other alliances have an impact on the Army's yearly postings and promotion lists.<sup>34</sup>

1.44 In the aftermath of May 1992, professionalism and merit have been stressed in these lists and the former Army Commander General Wimol Wongwanich, who is a member of Class 5, vowed to keep the Army out of politics. The election of the Banharn Government appears to have revived the issue of the civil-military relationship, with the military reported to be viewing the 'greedy image' of the new government with a 'jaundiced eye'. While there have been critical commentaries about the government in the military media, very senior officers denied there would be a coup.<sup>35</sup>

## Thailand's Economy

1.45 Thailand's economy has been one of the fastest growing in the world over the past decade, with an annual average Gross Domestic Product (GDP) growth of about 10 per cent since the late 1980s. It has the second largest economy in ASEAN, with a GDP almost one third the size of the Australian economy. Thailand's GDP is also about four fifths the size of ASEAN's largest economy, Indonesia, with about one third of the latter's population. With this growth has come the rise of a prosperous, economically and politically powerful middle class.

1.46 The rapid expansion of foreign investment has underpinned Thailand's prosperity, as North East Asian countries, especially Japan, relocated labour intensive industries in response to currency appreciation and rising labour costs. This led to a large increase in manufactured exports from Thailand which now account for about three quarters of its total export earnings.

1.47 While GDP per head has increased by some two and a half times since 1986, most of this wealth has been generated in and around Bangkok. With its prosperous urban industrial and service sectors, there is also a much less prosperous,

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33 Submissions, pp. 311, 313

34 Submissions, p 312; *Far Eastern Economic Review*: 23 September 1993, p 18, 29 September 1994, pp. 15-16, 21 September 1995, p 19; Exhibit No 97, p 97

35 *Far Eastern Economic Review*: 29 September 1994, p 15, 21 September 1995, p 19

traditional agricultural sector in Thailand. Agricultural commodities, such as rice, sugar and rubber, are still important exports but, while it still employs about 60 per cent of the workforce, this sector only produces about 12 per cent of GDP.<sup>36</sup>

1.48 Prosperity has brought serious shortages of power and other resources which are required to keep Thailand's economy growing. It seeks to buy the power it needs from Burma and Laos and this has caused concerns about the influence it may be able to exert over these less developed economies.

1.49 Thailand's economy will be considered in more detail in Chapter 4.

## The Media in Thailand

1.50 In Thailand in 1994, there were 12 daily papers published in Thai, two papers published daily in English and five daily papers in Chinese. In addition, there were six weekly papers in Thai and two in English, and three fortnightly and 13 monthly papers in Thai. There were also nine foreign news agencies in Bangkok. A total of radio networks were in operation, notably Radio Thailand which has 91 stations broadcasting around the country. Its Home Service has 13 stations in Bangkok and 85 affiliated stations in 49 provinces and an External Service, founded in 1928, which broadcasts programs in 12 languages, including English. The Ministry of Education also has a radio broadcasting service, founded in 1954.

1.51 There are six television networks including the National Broadcasting Services of Thailand, which operates 16 colour stations, and the Royal Thai Army network which operates channels in Bangkok and three other cities. The Army also operates the TV Pool of Thailand which was established with the cooperation of all stations to cover special events.

1.52 Although coverage of Australia and Australian events is very limited, the television in Thailand provides high quality entertainment. Newspapers are distinguished by the quality of their articles. A 1976 decree, which gave the government arbitrary powers to suspend publications which might be regarded as a threat to national security, was repealed in January 1991 and has greatly increased the willingness of newspapers to publish controversial stories. Since the democratic elections in 1992, there has also been some liberalisation of the regulations governing the ownership of radio and television industries in Thailand. While the events of May 1992 in Bangkok were not widely reported on the local media, there were no restrictions on the foreign media sending out their stories.<sup>37</sup>

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36 Material in this section was from Submissions, p 282

37 Material in this section was drawn from *The Europa World Year Book 1994*, Vol II, 35th Edition, pp. 2892-2894; Submissions, pp. 604-605; Transcripts: 18 May 1994, pp. 374-376, 389, 9 August 1994, p 489

1.53 Since the Chuan Government's election in September 1992, there has not been any disruption to the media's position in Thailand. It remains open and competitive.

## CHAPTER 2: AUSTRALIA'S RELATIONS WITH THAILAND - AN OVERVIEW

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### Introduction

2.1 Thailand is playing an increasingly important and assertive role in a number of regional and international issues in which Australia has major interests, notably:

- . the Cairns Group and the Asia Pacific Economic Cooperation (APEC) group,
- . ASEAN, in which it is an influential member,
- . its policy towards Cambodia and the Khmer Rouge has been integral to the success of the peace process, and
- . as an immediate neighbour, major economic partner and potential sponsor within ASEAN, Thailand has the capacity to promote positive change in Burma.<sup>1</sup>

### Contacts prior to 1940

2.2 Although both countries were members of the League of Nations from 1919, and there were contacts before the Second World War, these should be seen in the context of Australia's dependence on the United Kingdom and limited interests outside Imperial affairs. After the Second World War, and until the late 1970s, the relationship seems to have languished and been sustained largely by its defence and education aspects.

2.3 In the 1880s, Woodyear's Royal Australian Circus visited Thailand, apparently the first circus to visit that country. In 1882, the Thai-language press reported that Louis, the son of Anna Leonowens, returned from Victoria with 200 horses and carriage equipment, together with a gift of Australian animals from the Victorian Zoological Gardens.

2.4 At this time, Australian horses were popular with Thailand's cavalry and with its racing industry. Australian horses were so prized that the Master of the Royal Stables visited three states in the early part of this century. At another level, it is not clear how the legendary Phar Lap got his name, 'lightning' in Thai, but it appears to have something to do with these early horse racing connections.

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<sup>1</sup> Submissions, p 250; Transcript, 17 May 1994, p 201



2.5 In commerce, there were contacts, with Australian products such as jams and preserves, canned milk, baby food and butter being sold in general stores in Bangkok, and Phuket on Thailand's south western coast. More significant were later Australian investments in tin mining at Phuket. The use of dredges made this operation very profitable and, by the 1920s, as many as 15 companies with Australian interests were registered. These Australians, with their Sino-Thai partners, floated a number of tin companies on the Melbourne Stock Exchange before the Second World War.

2.6 There was a range of more miscellaneous contacts. Before 1939, newsreels such as **Australian Gazette** taught film-going Thais something about Australia. More importantly, a small number of Thai aristocrats sought refuge in Australia after the coup in 1932 which overthrew the absolute monarchy. An Oxford-educated Australian, Mr Francis Stuart, served in Bangkok between 1937 and 1941 with the then British Consular Service. Although a small number of Australian tourists went to Thailand, they rarely published anything about the country. The same contractors who were responsible for the Sydney Harbour Bridge built the first bridge across the Chao Phraya River in Bangkok.<sup>2</sup>

#### 1940 to 1945

2.7 In 1940, the Thai government sent a goodwill mission to Australia for nearly three weeks. It comprised several military officials, an education official and an officer from the Protocol Section of the Foreign Ministry. As part of its program, the mission met with the Governor-General and the Minister for External Affairs. This mission appears to have suggested Thai students study in Australia, but the proposal was apparently declined by the Australian side.<sup>3</sup>

2.8 Following the fall of Singapore on 15 February 1942 and the subsequent capture of the Dutch East Indies, some 22,000 Australians became prisoners of war (POW) of the then Imperial Japanese Army. Early in 1943 the Japanese became increasingly worried about the vulnerability of their army in Burma. In September 1942 Australian POWs were sent to Thanbyuzayat in Burma to begin constructing the 421 kilometre rail way link south to Ban Pong in Thailand.<sup>4</sup>

2.9 About 13,000 Australians were sent north from Singapore with other Allied POWs and conscripted Asian workers to build the link. Those who went to the Thai end

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2 See **Towards Coming of Age: A Foreign Service Odyssey**, by Francis Stuart, *Australians in Asia Series No 2*, Centre for the Study of Australia-Asia Relations, Griffith University, 1989, Chapters 4 to 7. Other material in this section was drawn from Exhibit No 72, pp. 1-2

3 Submissions, p 258; Exhibit No 72, p 2

4 **POW: Prisoner of War: Australians under Nippon** by Hank Nelson, ABC Enterprises, Sydney, 1985, p 46; **Australia in the War of 1939-45**, Volume IV, 'The Japanese Thrust' by Lionel Wigmore, Australian War Memorial, Canberra, 1957, Part III, p 545

of the line had to march some 300 kilometres from Ban Pong to Kanchanaburi. The Thai section of the railway north to Three Pagodas Pass added such places as Hellfire Pass and Pack of Cards Bridge to the roll call of places where heroic Australians laboured and died.

2.10 The track was finished in November 1943 and the Official Historian quoted Japanese records which indicated completion of the railway involved building 4,000,000 cubic metres of earthworks, shifting 3,000,000 cubic metres of rock and the construction of 14 kilometres of bridgework in about ten months, with absurdly primitive tools.<sup>5</sup>

2.11 Diseases, starvation, savage guards and a gruelling timetable combined to take their toll. To mention but a few of many, officers such as Brigadier A L Varley, Lieutenant Colonel (later Sir Albert) A E Coates, Colonel (later Sir Edward) E E 'Weary' Dunlop, Major K J Fagan, Major R W J Newton and Captain C R B Richards earned respect and devotion for the care they took of their men in appalling conditions and especially for their willingness to stand up to guards. This was often at the greatest personal risk.

2.12 The human toll was very great. About 2800 Australian prisoners died working on the railway and some 1360 are buried in Kanchanaburi War Cemetery and about the same number in the Thanbyuzayat War Cemetery in Burma. Those who returned from the railway were forever marked in mind and body by their experiences on the railway. The treatment by guards was often contrasted by the survivors with the assistance given by Thai villagers. It was probably the powerful post-war photographic and newsreel images of the surviving prisoners which heightened Australian awareness of Thailand. Each year, Anzac Day ceremonies are held at Kanchanaburi Cemetery and at Hellfire Pass, often attended by survivors and their families. When a delegation from the Committee visited these places in November 1994, wreaths were laid from the Government and People of Australia. In the report on this visit, the Cemetery and the Pass were referred to as 'enduring reminders of the strong links between the Australian and Thai peoples'.<sup>6</sup>

#### The Diplomatic Relationship since 1945

2.13 Australia established a mission in Bangkok in December 1945. This became a consulate-general in 1946 and a legation in 1951, and the embassy was established on 6 December 1955. Thailand established a legation in Australia in 1952 which was raised to embassy status on 7 December 1955.

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5 Wigmore, *op cit*, p 588

6 **The Burma-Thailand Railway: Memory and History** edited by Gavan McCormack and Hank Nelson, Allen & Unwin, Sydney, 1993, Appendix A, pp. 160-161; Exhibit No 72, pp. 2-3; Submissions, p 259; JSCFADT, 1995, p 3

2.14 Until the 1980s, Australia's bilateral relationship with Thailand was dominated by Cold War security issues. Both countries were members of the South East Asia Treaty Organisation (SEATO), signatories to the 1954 Manila Treaty, and fought on the same side in the Korean and Vietnam Wars. A significant Royal Australian Air Force contingent was stationed at Ubon in Thailand during the latter conflict. A Defence Cooperation Program (DCP) began with Thailand in 1972/73.

2.15 A 1974 Cultural Agreement was followed in 1979 by a Trade Agreement which established regular trade discussions. Since the late 1980s, relations have broadened, especially in trade and investment, with memoranda of understanding and agreements being signed in a number of areas. A Development Cooperation Agreement was signed in 1989.

2.16 Reciprocal Prime Ministerial visits in 1989 and 1990 led to the 1990 Economic Cooperation Agreement which provided for regular meetings of a Ministerial Commission. The momentum of the relationship was stalled, and activation of the Commission delayed, as a result of political events in Thailand in 1991 and 1992. While the bilateral relationship including development cooperation and the DCP was largely unaffected, there was some restraint over ministerial visits and non-DCP military contacts postponed or avoided. Relations were further affected after violence in Bangkok in May 1992 and a range of measures put in place as expressions of the Australian Government's concern.

2.17 After the election of Mr Chuan Leekpai's government in September 1992, these restrictions were lifted and the previous bilateral relationship was restored. The political relationship has since re-gained momentum with over 40 ministerial and parliamentary visits. The most significant event in this period was the opening of the Friendship Bridge over the Mekong River from Thailand to Laos in April 1994. The Prime Minister's involvement in the opening ceremony, together with Australian funding and construction of the bridge, was a means of emphasising the importance which is attached to the relationship with Thailand and, more generally, Australia's commitment to Asia and the region.<sup>7</sup>

2.18 Both countries continue to have interests in common regional security issues and are committed to the peaceful development of Indo-China. Australia's moves from 1983 to resolve problems in Cambodia were initially received with 'some reserve' in Thailand. The change of emphasis under the Chatichai government (1988-1991) led to close cooperation between the two countries. Australia's major role in helping to prepare the way for the Paris Agreements on Cambodia has added to the strength of the relationship.<sup>8</sup>

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7 Material in this sub-section was drawn from Submissions, pp. 259-260

8 Exhibit No 2, p 1

2.19 Thailand joined with Australia and other countries to establish the Cairns Group on trade in 1986, and it has provided an additional, important forum for developing common interests. Thailand has been positive about Australia's growing involvement in Asia and in the region in particular, is a member of the Asia Pacific Economic Cooperation group (APEC), and has suggested Australian involvement in the ASEAN Free Trade Area (AFTA) which itself was partly derived from Thai initiatives and promptings. Thailand has proved a most useful interlocutor for Australia on regional, economic and political issues such as APEC, the ASEAN Regional Forum and Burma and Cambodia.<sup>9</sup>

2.20 This is not to say that there have not been tensions from time to time. Late in 1994, there were some strains as a result of comments about links perceived to exist between elements of the Thai military and the Khmer Rouge. After a somewhat public exchange between the governments, the matter was defused. The lack of permanent damage which it seems to have sustained is now seen as demonstrating the underlying strength of the relationship.<sup>10</sup>

2.21 The Australian Government places considerable importance on the relationship with Thailand. Dr Ann Kumar from the Australian National University pointed out, however, the trade relationship is disappointing and the Australian business sector has not taken maximum advantage of the range of opportunities in Thailand. A witness from the Department of Foreign Affairs and Trade (DFAT) observed that the bilateral relationship had not received the attention it warrants and that it had been taken for granted by both sides.<sup>11</sup>

2.22 When allowances have been made for such factors as the distance between the two countries and their very different histories and cultures, it is hardly surprising that the relationship at national level can be characterised as close but, at the same time, taken for granted. As this chapter only provides an overview, much of the detail of the Australian relationship and connections with Thailand will be found in Part Three below. At the personal level, the two peoples have much in common and, although some of the following examples may be seen to be random, they do provide a broad view of the bilateral relationship at the more personal level.

### The Thai Community in Australia

2.23 The 1991 Census showed that there were 14,023 people in Australia who were born in Thailand, or born in refugee camps in Thailand. While the Thai community in Australia is not large, there are a number of Thai-Australian associations. The NSW Association has about 390 members and aims to promote friendship and goodwill

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9 Exhibit No 2, p 1; Transcripts: 26 April 1994, pp. 68-69, 6 March 1995, p 869

10 Transcript, 6 March 1995, pp. 869-870

11 Transcripts: 13 September 1994, p 574, 26 April 1994, pp. 3, 6

between the two peoples, as well as a range of support for people of Thai background who are living in Australia. This support includes fostering strong interaction between the broader Australian community and the Thai speaking community. For the past 12 years it has organised a Loy Krathong Festival which, in 1994, attracted a crowd of over 10,000 people. The Association runs a language school for children and young people which is the largest Thai school in Sydney. It is supported by the NSW Ethnic Schools Board and Marrickville Adult Migrant English Service as well as by Chulalongkorn University in Thailand and the University of Western Sydney.<sup>12</sup>

2.24 One of the Association's members has produced a guide to assist Australians who wish to do business in Thailand. The Association has also compiled a comprehensive Community Services Directory written in Thai for the use of its members.<sup>13</sup>

2.25 There is an expatriate Thai community in Australia, including about 9500 people who regularly speak Thai at home. This small number has consequences for the teaching of the Thai studies. Ms Nilwan Jiraratwatana of Sydney University pointed out that the large number of Thai restaurants now found in Australia prefer bilingual staff who are advertisements for both cultures. She also observed that Thai organisations in Australia have similar needs and employing such staff also promotes this country effectively to Thai tourists.<sup>14</sup>

2.26 The views expressed by Thais who have lived for years in Australia are clear evidence of the compatibility of the two peoples. Mrs Punnee Buatara noted the contribution Australian development assistance had made to Thailand and added that Australia is famous for its generosity, referring in particular to the education given to migrants as the foundation for employment. She believed that the Thais living in Australia were contented and observed that the only central difference at the personal level between the two peoples was their attitude to the family.<sup>15</sup>

2.27 Mr Sukhum Wongprasartsuk also believed that Australians and Thais get on well together because of their love of freedom and openness to new ideas. Such qualities as fairness, being open-minded and straight forward in dealings make Australians welcome visitors to Thailand, and mean that Thais (and others in South East Asia) are more at ease with us than with some other nationalities. He referred to the contribution Australia has made to Thailand's infrastructure, specifically mentioning the Friendship Bridge over the Mekong River, but added that assistance with long term socio-economic projects was also required.<sup>16</sup>

12 Exhibit No 108, p 12; Submissions, pp. 1162-1164; Exhibit No 78

13 Submissions, p 1164

14 Submissions, p 167; Transcripts: 17 May 1994, pp. 199-200, 284, 7 October 1994, p 692

15 Submissions, pp. 25, 28

16 Submissions, pp. 31, 34-35

## Australians in Thailand

2.28 At any time, there are a large number of Australians living and working in Thailand or visiting as tourists for shorter periods. When Committee members were in that country in November 1994, they met many Australians there in a variety of different jobs, including some of those working for Australian firms in joint ventures there, consultants at Mae Moh lignite mine, staff from the University of New South Wales attached to Mahanakorn University of Technology and volunteers working for Australian and Thai non-government organisations (NGOs). Information on the work of some Australians in Thailand can be found in Appendix 5.

## Australian Media Contacts with Thailand

2.29 The role of the Australian media in developing contacts with Thailand and more detailed information about Australian foreign correspondents working in Thailand and other countries of South East Asia can be found in Chapter 10.

## The Committee's Views

2.30 Since the Second World War, Thailand and Australia have had a range of bilateral and multilateral contacts, their peoples get on well and these important and positive features are unlikely to change. Although there are differences of language, culture and history, these should not be overstated. Perhaps because the relationship has been so free from conflict it has not always had the attention it merits. Nevertheless, the Committee believes it is important that this relationship be nurtured to ensure that it remains strong and mutually beneficial.

2.31 In 1996 Thailand will celebrate the Golden Jubilee of His Majesty's accession to the throne of Thailand. His Majesty is the longest reigning monarch in the world and has made an enormous contribution to his nation and people. It would be appropriate for Australia formally to recognise this jubilee, not only in recognition of the central position of the King in Thai society, but also because of the importance of Australia's relationship with Thailand.

2.32 The Committee recommends:

**Recommendation 1: That the Department of the Prime Minister and Cabinet and the Department of Foreign Affairs and Trade consult about an appropriate way for Australia formally to commemorate the Golden Jubilee in June 1996 of His Majesty the King's accession to the throne of Thailand.**

## CHAPTER 3: THE STUDY OF THAILAND AND THE THAI LANGUAGE IN AUSTRALIA

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### Introduction

3.1 Australia's political and economic interests in the South East Asia region have provided the main rationale for strengthening Asian studies in this country. Recent economic growth in the region has served as a further incentive to promote Asian studies in Australia. Indeed, the most powerful argument for promoting South East Asian studies has been a pragmatic one: that Asian studies can help ensure Australia's political and economic future in the South East Asia region. As the 'economic and political centre of gravity in mainland South East Asia', Thailand is becoming increasingly important to Australia in seeking to promote and protect our political, security and economic interests in the region.<sup>1</sup>

3.2 The study of Thailand and the Thai language in Australia is an integral part of the overall educational relationship between our two countries. More broadly, a knowledge and understanding of the Thai culture, history and language is increasingly being recognised as one of the mechanisms for achieving Australia's strategy of fostering and enriching our links with Thailand as an important nation in our region. This chapter therefore examines the importance to Australian-Thai relations of Thai studies in Australia and highlights the consequences of the decision by the Council of Australian Governments (COAG) to give priority to the study of only four Asian languages in Australian schools. Detailed arrangements for the teaching of Thai at undergraduate and secondary school levels, and the usefulness of Thai studies to people wishing to do business in Thailand, are also discussed.

3.3 During its visit to Thailand, the Committee learned of the regard in which the work of the National Thai Studies Centre (NTSC) is held in that country and of the relatively low levels of financial support provided by the Commonwealth Government and the Australian National University (ANU). The importance of role of the NTSC and the sources of its funding are also discussed in this chapter.

### Australia's Asian Language Policies

3.4 In its submission, the Department of Employment, Education and Training (DEET) explained that Australia's policy of supporting the study of Asian culture and

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1 Exhibit No 33, pp. 1, 21; Submissions, p 250

languages is predicated on the need to bring our education and training practices into alignment with our location in the Asia-Pacific region. The current emphasis on Asian studies is fundamentally a recognition of Asia's importance to our trade and foreign relations strategies.<sup>2</sup>

3.5 While the States and Territories have constitutional responsibility for primary and secondary education, the Commonwealth plays a facilitating role by providing funds to enhance educational outcomes and by maintaining a national perspective. Australian State and Territory governments each have their own education policy relating to languages other than English (LOTE).

3.6 The Commonwealth currently offers a range of programs to encourage the study of second languages, including Asian languages, in schools. These programs derive in large part from the Commonwealth's 1991 White Paper, **Australia's Language: Australian Language and Literacy Policy**, which set a national target of 25 per cent of Year 12 students studying a second language by the year 2000. The Australian Language and Literacy Policy (ALLP), which was endorsed by Ministers for Education in all States and Territories, identified 14 priority languages for special support, one of which was Thai.<sup>3</sup>

3.7 In December 1992, COAG commissioned a working group to prepare a report on a proposed national Asian languages and cultures strategy for Australian schools and TAFEs. This initiative developed from COAG's discussions of the importance to Australia's economic interests in the Asia Pacific region of achieving proficiency in Asian languages and an understanding of Asian societies.

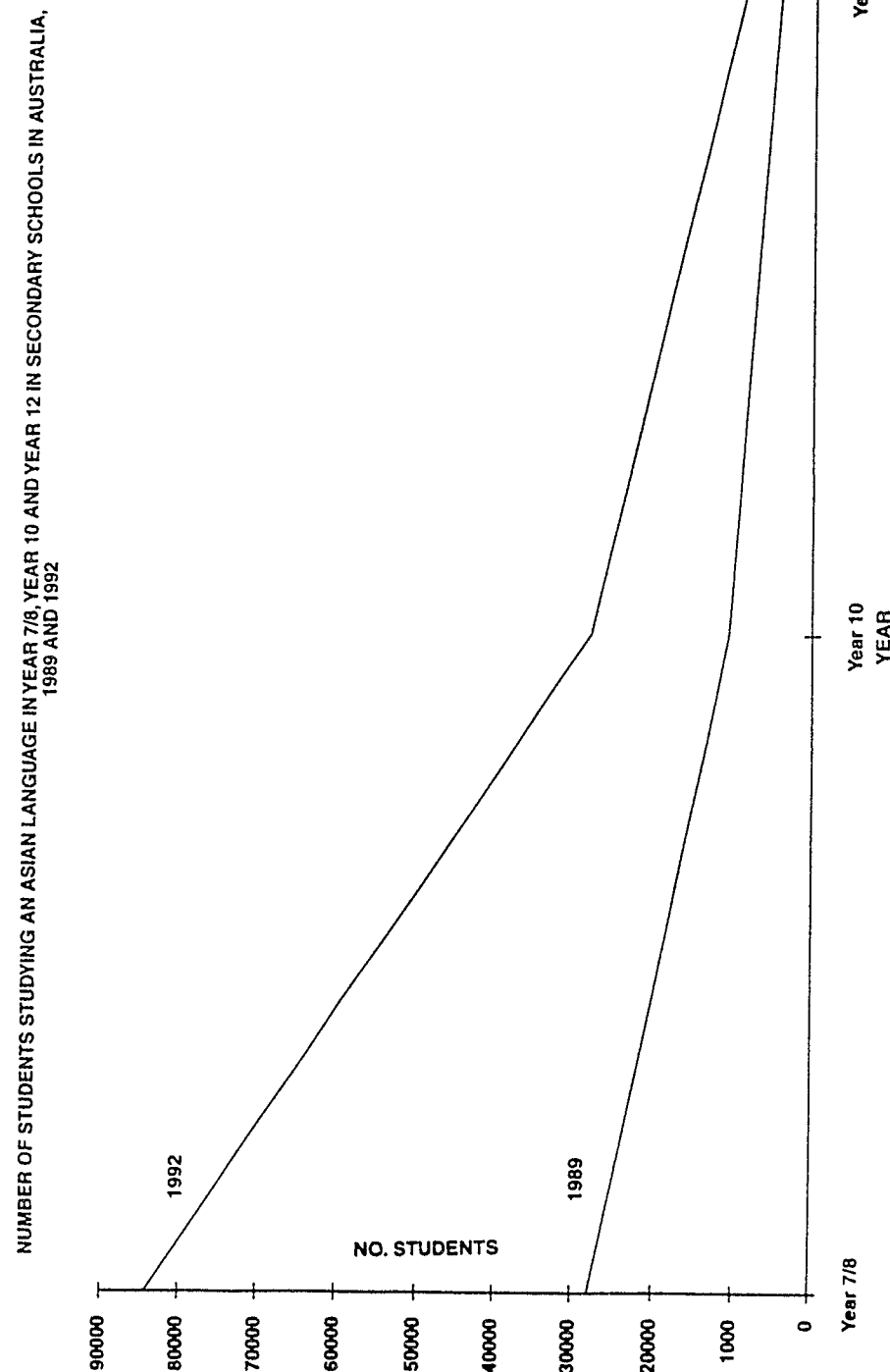
3.8 In February 1994, the working group's report, **Asian Languages and Australia's Economic Future**, recognised the importance of the development of a comprehensive understanding of Asian languages and cultures through the Australian education system. The report concluded that Asian language development is a matter of national importance for Australia's economic future in the South East Asia region. The report also indicated that even after strong pro-Asian languages policies for many years, Year 12 enrolments in Asian languages remained low, declining sharply from student numbers registered in Years 7/8, as shown in Figure 3.1 for the years 1989 and 1992. In addition to the small numbers of students at that time studying an Asian language, retention rates between Years 7 and 8 and 10 to 12 were low. This was the case for both LOTE education in general and Asian languages in particular.<sup>4</sup>

2 Submissions, p 678

3 ibid

4 Exhibit No 59, pp. i, 79, 87-89

Figure 3.1



3.9 The report also drew attention to the overall decline in the numbers of students studying a second language in Year 12 in almost all Australian education systems for which statistics were available from 1982 to 1992. The statistics compiled for the report did indicate, however, that the number of Year 12 students studying an Asian language as a proportion of total final year students had increased slightly, albeit from a very low base. More recent statistics show around 4 per cent of Year 12 students are studying an Asian language.<sup>5</sup>

3.10 The working group's report recommended a detailed long-term strategy for achieving a significant increase by 2006 in the study of second languages and culture in general, and Asian languages and culture in particular. It clearly stated that any attempt to cover all future contingencies by offering the full range of Asian languages in schools would only result in dilution of the national effort. It concluded that governments must decide priorities if limited resources are to be used effectively.<sup>6</sup>

3.11 The four Asian languages recommended as priority studies by the working group were Japanese, Chinese (Mandarin), Indonesian and Korean. The report envisaged that any subsequent expansion or re-ordering of the priorities would be based on rigorous economic analysis by a recognised authority, for example the East Asia Analytical Unit of DFAT, or a comparable organisation. It should be noted that the report highlighted Thai and Vietnamese as two languages which should be given particular attention because of the likelihood that they will become increasingly significant to Australia's economic future. The report's focus on Australia's economic interests has been challenged by some who feel that the exclusive focus on economic aspects risks being counterproductive, since 'economies ebb and flow'.<sup>7</sup>

3.12 The decision by COAG in March 1994 to accept the recommendations of the working group has implications for the study of Thailand and the Thai language in Australia. While the report clearly indicated that the list of priority languages could be modified and that the Thai and Vietnamese languages in particular could warrant attention, the effect of the COAG decision is likely to place Thai studies at a disadvantage in relation to the chosen four priority Asian languages.<sup>8</sup>

3.13 The NTSC maintained that the full implications of the COAG decision are not yet clear, but that the gains in recent years could be placed at risk in the longer term unless commitment to recurrent funding is forthcoming. It nevertheless pointed out that 'school systems take their lead from national education policy in developing their curriculums' and 'the absence of Thai from the recent COAG meeting decision sends an unfortunate signal to educators that the Commonwealth and State Governments no longer regard Thai studies as an important component of the national curriculum.'

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5 *ibid*, p 86; Transcript, 27 April 1994, p 126

6 Exhibit No 59, pp. ix, 43

7 Exhibit No 59, pp. 44, 47; Transcript, 27 April 1994, p 126

8 Exhibit No 59, p 44

Furthermore, the NTSC warned that 'without explicit ongoing Government commitment to Thai studies in national education policy, it is highly probable that the Commonwealth's significant investment in the development of Thai language teaching and curriculum materials in recent years will ultimately prove to have been fruitless'.<sup>9</sup>

## Asian Language Programs

3.14 The following is a brief summary of the other main bodies and programs involved in Australia's Asian language policy development:

- . Ministerial Council for Employment, Education and Training and Youth Affairs (MCEETYA), a key national planning council comprising representatives from all States and Territories.
- . Asia Education Foundation (AEF), established in 1992 by the Commonwealth to promote and support learning about Asia in Australian schools and to raise awareness of the importance of 'Asia literacy' for all Australians. It has four main initiatives:
  - the National Magnet Schools Program, involving 209 schools throughout Australia, State and Territory Education Departments and the Asian Studies Association of Australia;
  - the Curriculum Development Program, under which the National Framework for the Study of Asia has been developed as well as teaching materials for trial in schools;
  - the Partnerships Program, which aims to enhance the study of Asia by developing school curriculums and forging alliances with Asian and Australian foundations and corporations; and
  - the Asian Languages Teachers In-Country Scholarship.
- . Innovative Languages Other Than English in Schools (ILOTES) Program, now superseded. It did allocate nearly \$1 million in support of innovative and nationally significant language initiatives in schools, an estimated half of which supported Asian studies development.<sup>10</sup>
- . School Language Program of the ALLP, comprising two components which both provide support for the expansion and improvement of LOTE studies:

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9 Submissions, p 382

10 Submissions, p 1177

- Priority Language Support Element (PLSE), formerly known as the Priority Languages Incentive Element (PLIE); and
- Community Language Element (CLE).

National Asian Languages and Studies in Australian Schools (NALSAS) Strategy. NALSAS targets only the four national priority Asian languages (Chinese(Mandarin), Indonesian, Korean and Japanese). A MCEETYA task force is overseeing the implementation of the NALSAS Strategy, to which the Commonwealth contribution will be \$67.7 million over four years. NALSAS does not cater for the study of Thai.<sup>11</sup>

3.15 In its submission, the National Languages and Literacy Institute of Australia (NLLIA) highlighted the considerable differences which have existed for some time between the priorities adopted by the State and Territory education authorities under the now superseded PLIE for the study of non-English languages in Year 12. Information provided by DEET on the PLIE priority languages indicates that Thai was not selected as a priority language by any of the State or Territory education authorities. The languages given priority by education authorities in 1994 are shown in Appendix 6.<sup>12</sup>

3.16 In 1995, the Commonwealth provided \$4 million nationally under PLSE. It should be noted, however, that the States and Territories did not direct any of that funding to Year 12 Thai language study in 1995, as Table 3.1 illustrates. In the same year, the Commonwealth provided \$10.73 million under CLE to fund classes in the languages and cultures of ethnic communities. DEET has not been able to provide statistics on the specific impact of this program on Thai studies in schools.

3.17 According to the NLLIA, increased demand for Thai can only be anticipated from three sources:

- . the Thai community in Australia;
- . academics with an interest in promoting the study of Thai; and
- . Commonwealth, State and Territory government initiatives.

3.18 The NLLIA reported little impetus from the first two of these categories, claiming it would fall to governments to make the decision that more needs to be done to encourage the study of Thai in schools and universities. An additional comment from the NLLIA was that such a decision appears more likely to be based on doing business with Thailand, rather than because of an appreciation of its culture.<sup>13</sup>

11 ibid, p 1178  
 12 Submissions, pp. 165-166, 183, 1187  
 13 Submissions, p 168

Table 3.1: Priority Languages Support Element of the Australian Language and Literacy Policy  
 1995 Program Year Statistics

LANGUAGE	NEW SOUTH WALES	VICTORIA	QUEENSLAND	SOUTH AUSTRALIA	WESTERN AUSTRALIA	TASMANIA	AUSTRALIAN CAPITAL TERRITORY	NORTHERN TERRITORY	TOTALS
Aboriginal Langs.	0	0	0	0	0	0	0	0	0
Arabic	391	126	0	0	2	1	0	0	520
French	1 598	856	700	285	459	202	244	13	4 357
German	811	468	626	329	130	115	139	0	2 618
Italian	673	605	109	249	382	72	45	4	2 139
Greek	536	923	14	108	0	9	5	6	1 601
Russian	62	71	9	1	0	12	0	0	155
Spanish	397	205	0	71	0	9	64	0	746
Thai	0	0	0	0	0	0	0	0	0
Vietnamese	390	561	9	136	0	0	0	0	1 096
TOTALS	4 858	3 815	1 467	1 179	973	420	497	23	13 232

Source: Submissions, pp. 1184-5

Note: Statistics relate to 1993 completions

## The Relevance of Thai Studies to Australia's Bilateral Relations

3.19 According to the NTSC, the study of Thai language, history, society, economics, politics and environment in Australia's schools, colleges and universities is a vital component of our national relationship with Thailand. The NTSC considers it is important to establish and maintain a professional skills base on Thailand so that Australia is in a position to take full advantage of the rapidly expanding opportunities for cooperation that are developing in various fields, including commerce, industry, education and government.<sup>14</sup>

3.20 This theme was echoed by the Australia-Thailand Business Council (ATBC), which argued that effective and long lasting relations between the two countries will only be ensured by fostering Thai language and associated studies in Australia. In the ATBC's view, the deeper and broader the pool of Australians familiar with Thai culture, language and social and political structures, the more successful and lasting any business connections and ventures are likely to be.<sup>15</sup>

3.21 Another facet of the links between familiarity with language and culture and successful business operations in Thailand was illustrated by research undertaken in 1993/94 by Mr Ron Edwards and Mr Siva Muthaly of the Faculty of Business at Monash University. They surveyed 17 Australian businesses operating in Thailand. The results of the survey indicated that language factors were important in the planning phases of investment and that familiarity with the Thai language and culture were commonly recognised as critical to business success in Thailand.

3.22 These researchers advised Australian businesses contemplating setting up operations in Thailand to consider seriously the language and cultural empathy of their expatriate employees as a factor for longer term success. The study also recommended that existing programs in Australia should be expanded considerably to promote cultural and language skills as assets for business.<sup>16</sup>

3.23 According to the NLLIA, business oriented Thai language training is very limited and there is a widespread perception in the Australian business community that Thai language skills are not essential for commercial success in conducting business in Thailand. Furthermore, 'Australian business in general is more interested in training which focuses on cultural familiarisation rather than the acquisition of language skills.'<sup>17</sup> Commonwealth funded initiatives in business training related to Thailand include the Austrade Asia Fellowship Scheme and Research and Development Internships in Asia. Private sector initiatives include the Thailand-Australia Foundation of the University of Central Queensland, the Centre for the Study of Australia-Asian Relations at Griffith

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14 Submissions, p 379

15 Submissions, p 120

16 Submissions, pp. 101-102, 891

17 Exhibit No 108, pp. 33-34

University and the briefing seminars arranged by the New South Wales Chamber of Manufactures.<sup>18</sup>

## Difficulties of Learning and Teaching Thai

3.24 The broad characteristics of the Thai language were mentioned briefly in Chapter 1. Thai incorporates five distinct lexical tones, extensive derivational compounding and verb serialisation and a topic-prominent word order. Inflection is completely lacking in Thai, but derivation and word compounding occur widely. Deference is explicitly marked, and personal address styles are complex. A single Thai consonant sound may be represented in writing by multiple letters which sometimes determine the reading of tones. The alphabet has 42 consonant signs, four tone markers and many vowel markers.<sup>19</sup>

3.25 The Committee received some background information about the perceived difficulties inherent in learning a tonal language such as Thai, and consequently the demands made from the point of view of teaching Thai and its non-roman script. As the NTSC pointed out, the teaching of Asian languages such as Thai is labour intensive, making low candidature languages particularly vulnerable to funding cuts if competitive funding support is based on student enrolments. On the other hand, the NLLIA stated that perceptions of Thai being a difficult language to learn are not wholly justified. In 1973, the United States School of Language Studies of the Foreign Service Institute grouped foreign languages studied by native English speakers according to the degrees of difficulty experienced. There were four groups, with Group IV containing the most difficult languages such as Arabic, Chinese and Japanese. Thailand was included in Group III, with Vietnamese, Burmese, Lao and Filipino, as well as non-Asian languages such as Russian.<sup>20</sup>

3.26 An issue raised by the NLLIA was the problem of losing proficiency in a foreign language, particularly tonal languages such as Thai, if the language is not used on a regular basis after years of study. The potential for this to occur is particularly relevant where structured links between secondary and tertiary learning programs have not been established or where recurrent funding is not guaranteed.<sup>21</sup>

3.27 From a business perspective, initial contacts in Thailand can be hindered by unfamiliarity with the Thai script, although even a small amount of linguistic and cultural training can overcome this situation. A 1994 survey by the Australian Language and Literacy Council of the needs of business and industry for language skills suggested

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18 *ibid*, pp. 34-35

19 Exhibit No 99, pp. 2-4

20 Transcripts: 27 April 1994, pp. 127, 134-136, 13 September 1994, p 608; Submissions, pp. 393-394; Exhibit No 108, pp. 14-15

21 Submissions, p 172; Transcript, 27 April 1994, p 135



that approximately 5,000 hours of language study is required for proficiency in an Asian language. This contrasts markedly with the actual hours of tuition revealed by an informal survey of Thai studies courses in Sydney, which showed that only around 390 hours of Thai language tuition are provided during three year undergraduate courses.<sup>22</sup>

3.28 The NLLIA raised the issue of restricted career paths for language teachers. It cited the **Report of the Review of the Teaching of Modern Languages in Higher Education**, which identified the difficulty universities experience in attributing seniority to specialised staff within language departments. The report concluded that, as a consequence, there is a tendency for staff seeking promotion to favour literature and cultural aspects over applied linguistics and the teaching of communicative competence in languages. The NLLIA believes this predisposes students towards more theoretical and cultural elements of language study.<sup>23</sup>

3.29 As recently as 1992, the supply of teachers was identified as presenting a barrier to the development of Thai language programs in schools. For example, in response to inquiries from the NTSC, the Victorian Department of School Education noted several teaching issues which hindered the development of Thai language programs in the State's schools, including:

- . no qualified and accredited LOTE teachers of Thai in Victoria;
- . lack of suitable teaching materials;
- . lack of knowledge and understanding of contemporary Thai society, history and economic development among teachers of these subjects; and
- . relative unawareness of Thai in school communities which are considering LOTE programs.<sup>24</sup>

3.30 The supply of teachers was still noted as a problem in the COAG working group's report of 1994, and the Committee did not receive any evidence to suggest that the situation had improved significantly.<sup>25</sup>

3.31 Articles published in journals such as the **Asian Studies Review** have pointed to the crucial importance of teacher training and proficiency as keys to the success of Asian language programs in schools:

The COAG Task Force must ensure that the production of linguistically proficient and pedagogically trained teachers is the first priority, and that the upgrading and development of currently serving teachers is

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22 Submissions, p 503; Transcript, 13 September 1994, pp. 574, 608

23 Submissions, p 172

24 Submissions, p 395

25 Exhibit No 59, pp. 127-128

appropriately funded and structured. The introduction of programs in schools must be based on the supply of properly trained teachers.<sup>26</sup>

3.32 Opportunities for in-country Thai language study have included support under NALSAS for teachers of Asian languages and undergraduate students intending to become Asian language teachers to apply for DEET funded awards for up to one year's language study in Thailand. In 1992, three awards were made and five were granted in 1994.<sup>27</sup>

3.33 Native Thai speakers resident in Australia make up the majority of teachers in most education sectors in Australia. According to the NLLIA, only a minority of Thai language teachers have received formal training in LOTE methodology. While the NLLIA sees the need to improve teachers' LOTE skills as a continuing issue, in its view the maintenance of current Thai language programs is of far greater importance to the future of Thai language teaching in Australia.<sup>28</sup>

### Government Assistance for Thai Studies in Australia

3.34 Since 1990, there have been a number of Commonwealth supported initiatives aimed at addressing the priority areas of need originally identified by the then National Thai Studies Association of Australia. The Association's report, entitled **A National Strategy for Thai Language Studies**, was in the main adopted as the basis for Commonwealth policy in the area of Thai studies.<sup>29</sup>

3.35 The Asian Studies Council was established towards the end of 1986 to advise the Commonwealth Government on Asian studies at all levels of education and to foster an interest in Asian studies in industry and the community. The Council was disbanded in 1991 and responsibility for its initiatives and programs was transferred to DEET and the NLLIA. Through the Asian Studies Council, the Commonwealth funded the National Thai Curriculum Project in conjunction with several State and Territory education departments to facilitate the teaching of Asian languages and studies in schools. The project produced a curriculum framework in six Asian languages, including Thai, and also developed student materials for all year levels in Indonesian, Chinese and Japanese, for Years 11 and 12 in Thai and Korean, and for primary levels in Vietnamese.<sup>30</sup>

3.36 As part of the Commonwealth-funded National Thai Pilot Project from 1993 to 1994, the Thai materials developed in the Curriculum Project were trialled in

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26 Exhibit No 114, p 117

27 Exhibit No 108, p 36

28 Exhibit No 108, p 38

29 Submissions, p 380

30 Submissions, p 1179

senior secondary level schools in New South Wales, Western Australia, the Australian Capital Territory (ACT) and the Northern Territory. The participating States and Territories have undertaken to continue the teaching of Thai in their schools after the expiry of the DEET grant for the Pilot Project, funding for which totalled \$177,300 in 1993/94.<sup>31</sup>

3.37 The NTSC was granted funds to organise and deliver an in-service training course for teachers participating in the National Thai pilot project. Although four secondary schools (one each in the States and Territories which participated in the pilot project) introduced the teaching of Thai language in 1993, it clearly has a long way to go before it is a subject studied by a significant proportion of Year 12 students.<sup>32</sup>

3.38 Limited funding has been made available to assist language teachers to visit Thailand. In 1991 for example, three fellowships were awarded to teachers to visit Thailand and other countries in Asia under the auspices of the Asian Studies in Secondary Schools Incentive Fellowships Scheme. In 1993, a team of teachers from Springvale Secondary College in Victoria visited Thailand to gather resources, make contacts and develop materials for use in the College.

3.39 According to DEET, significant funding has been directed towards projects which will promote the study of Thailand and the Thai language. Recent Commonwealth funded initiatives in tertiary level Thai language teaching include programs funded under the National Priority (Reserve Fund) and the ALLP, details of which are set out in the NLLIA's recent publication on Thai studies, one of a series entitled **Unlocking Australia's Language Potential: Profiles of Languages in Australia**. Similar information about financial assistance for secondary education programs in Thai language study is also provided in the NLLIA publication.<sup>33</sup>

3.40 Funding assistance continues to be provided to the NTSC within the Faculty of Asian Studies at the Australian National University (ANU), as discussed below. In addition, DEET provided \$93,000 to the NTSC under the ILOTES Program in 1992 to produce and trial interactive computer-video learning modules in Thai, and to organise and administer an in-service training course for teachers participating in the National Thai Syllabus pilot project in the ACT, Western Australia the Northern Territory and New South Wales. DEET expects that these programs will assist in increasing awareness of, and participation in, Thai studies and will lead to increased enrolments at higher education institutions in future years. In grants to other institutions, DEET provided 'one-off' funds of \$57,000 to enable the University of Sydney and Macquarie University to continue their Thai studies programs into 1995.<sup>34</sup>

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31 Exhibit No 108, p 28

32 Submissions, pp. 167, 1179

33 Exhibit No 108, pp. 24-28

34 Submissions, pp. 679-680, 1180

## Assistance for Thai Studies in the Schools Sector

3.41 As noted above, DEET assistance provided the impetus for establishing the first formally accredited school level Thai language programs outside Thailand in four Australian high schools in 1993.<sup>35</sup>

3.42 The Committee received limited information about the Thai studies programs taught in primary and secondary schools, although the NLLIA's publication in June 1995 of a Thai language volume in its series on profiles of languages in Australia has surveyed the situation in secondary education.<sup>36</sup> Projects such as the National Thai Curriculum Project and the awards to teachers under the Asian Studies in Secondary Schools Incentive Fellowships scheme have been mentioned above. The NTSC indicated in evidence that the first Year 12 program in Thai was not offered until 1994, and some support has recently been provided by NTSC for the Magnet teacher network program in the ACT and Thai language programs in regional centres such as Yass.<sup>37</sup>

3.43 The issue of maintaining continuity in Thai language teaching programs in schools was raised by the NTSC. It cited the ineffectiveness of one-off grants to schools in isolation from broader programs which can be sustained over time. The particular example cited was the grant of \$3,500 by the former Asian Studies Council to Wesley College in 1991 to introduce Thai at Year 9 level. Although innovative, the project was not continued after the expiry of the grant. The NTSC concluded that programs for small candidature languages will only succeed when the programs are integrated into the school's core curriculum, are formally accredited by the relevant State or Territory education authority, are adequately resourced and are conducted by qualified teaching staff whose continuity can be guaranteed.<sup>38</sup>

## Higher Education Courses in Thai Studies

3.44 In 1994, tertiary level Thai language programs were conducted by seven higher education institutions. These institutions were ANU, Monash University, Curtin University of Technology, Macquarie University, the University of Sydney, the University of Queensland and the Australian Defence Force School of Languages. According to the NLLIA, the programs at Monash, Sydney and Macquarie are under review because of low enrolments and funding problems, while the course at the University of Queensland was commenced only in 1994 with one part-time Assistant Lecturer. The NLLIA also pointed out that the position of Thai in Australian universities is similar to other

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35 Submissions, pp. 167, 380; Exhibit No 108, p 28

36 Exhibit No 108, pp. 28-31

37 Transcript, pp. 580-581; Submissions, p 396

38 Submissions, p 395

relatively small candidature languages, and reflects the inadequate funding of language study in universities generally.<sup>39</sup>

3.45 Some insight into the environment in which Thai is being taught in the Sydney area at a tertiary level was provided by Dr Day and Ms Jiraratwatana of the Department of South East Asian Studies at the University of Sydney. The key issues they identified were:

- . undergraduate education in the field of Thai language, culture and history is invaluable in fostering long term skills and attitudes which are relevant to Australia's future relationships with Thailand;
- . experience in metropolitan Sydney suggests that approximately 30-35 per cent of students in all Thai courses at tertiary level are business people or academics;
- . Sydney is well placed to provide on-going training in Thai studies because of its significant community of native Thai speakers;
- . some Australians may never develop the relationships that are required to do business in Thailand unless a satisfactory level of sensitivity and awareness is developed for certain areas of culture and social behaviour;
- . DEET's policy on funding Thai should be revised so that the current short term links with single universities can be developed into long term support covering a viable catchment area;
- . Thai courses should be designed for both academic and non-academic users and be presented at times when part-time students are more likely to attend; and
- . the EFTSU (Equivalent Full Time Student Unit) funding formula used by DEET does not allow a low demand language like Thai to be recognised as viable.<sup>40</sup>

3.46 The problems caused by short term (three year) funding for languages including Thai at tertiary level were highlighted by Dr Day and Ms Jiraratwatana, who provided the following information on the structure of the three types of Thai studies courses available in metropolitan Sydney.<sup>41</sup>

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39 Submissions, pp. 171, 504; Exhibit No 108, pp. 20-22

40 Submissions, pp. 224-245, 503-505

41 Transcript, 17 May 1994, p 283

3.47 **Short Courses.** These are of six to ten weeks duration and vary according to the institutions providing them. The focus of this type of course is on basic survival skills for communication, and does not provide any tuition in writing the language. Some cultural awareness topics are covered briefly in these courses.

3.48 **Undergraduate Courses.** These are conducted by the University of Sydney and Macquarie University, consisting of five hours per week. The course content includes cultural awareness topics as well as language tuition, although the School of Asian Studies still does not consider the amount of teaching adequate to meet the needs of the business and research communities.<sup>42</sup>

3.49 **In-country Courses.** These courses are for students who have spent three years studying Thai at tertiary level, and involve spending one year in Thailand. These courses enable practical language experience to be gained in Thailand. There is a greater focus on Thai culture, history and other aspects at this level of study.

3.50 Dr Day and Ms Jiraratwatana identified the major problems for the teaching of Thai as being the funding period of three years, which is 'not a sufficiently long period for a new language course to be established, trialled, sold to a sceptical university administration and an under-motivated community, evaluated and revised.' At the University of Sydney, it was claimed, the School of Asian Studies has to fight constantly to keep the Faculty of Arts committed to Thai, even within the framework of DEET funding. They also emphasised that DEET funds are only given to single institutions which are unlikely and unable to support low-enrolment courses like Thai beyond the three-year period of DEET support. They recommended that DEET funding policies should instead be directed towards a single, centrally located and well resourced professional Thai studies centre in Sydney, which has the largest concentration of ethnic Thai people in Australia.<sup>43</sup>

3.51 In their opinion, five years is the recommended minimum time frame for recurrent funding of a lecturer position for the Sydney catchment area. They also argued that any Thai studies centre in metropolitan Sydney should be designed to meet the needs of the business as well as academic communities, and should involve the local Thai community.<sup>44</sup>

## Maintaining the Momentum

3.52 As previously mentioned, the NTSC considers it is important that a pool of professional Australians educated in Thai history and contemporary Thai affairs is developed in the public and private sectors and maintained over time. The NTSC is also

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42 Submissions, p 503

43 Submissions, p 504

44 Transcript, 17 May 1994, p 280

of the view that there is no planned effort by governments in Australia to ensure that a national professional skills base on Thailand is developed and maintained.<sup>45</sup>

3.53 Educational institutions and systems are experiencing problems in maintaining the current level and quality of Thai studies programs because almost all Commonwealth initiatives in recent years have been of a project nature and supported by short to medium term funding. The present funding arrangements are considered to be inadequate in terms of ensuring that the initiatives in Thai studies can continue for more than the two or three years specified in funding arrangements.<sup>46</sup>

3.54 The need to improve links between schools-based programs and higher education programs was another aspect which the NTSC brought to the Committee's attention. The NTSC recommended that DEET should establish effective coordination between secondary, TAFE and tertiary Thai language programs in the States and Territories, in order to promote the development of feeder links between the school, technical and university sectors. The COAG working group report highlighted the importance of developing the relationships between school based language training and higher education levels of study, so that 'our tertiary and further education sectors [become] the refiners rather than the primers of the nation's Asian languages/cultures skills'.<sup>47</sup> As the NTSC pointed out, there are a small number of secondary school courses with the potential to feed matriculating students into university courses, although there is no coordination between secondary and tertiary levels in any State or Territory that would enable this to happen.<sup>48</sup>

### Commonwealth/State Perspectives

3.55 As the NTSC explained, part of the problem in establishing viable Thai language courses in schools results from the tensions inherent in Commonwealth-State relations in the area of school education:

... while the Commonwealth has determined that the trialing of Thai language materials is a national education priority, it is the States and Territories which are responsible for the provision of secondary education in Australia.<sup>49</sup>

3.56 The perceived lack of a supportive policy environment for Thai studies is of concern to institutions engaged in the delivery of such programs or interested in their outcomes. These institutions pointed to the 1994 COAG decision which had relegated

45 Submissions, p 379

46 *ibid*, p 381

47 Exhibit No 59, pp. 132-133

48 Submissions, p 382; Transcript, 13 September 1994, p 579

49 Submissions, p 396

Thai to the status of a non-priority language.<sup>50</sup> Table 3.1 above clearly shows that, while Thai is one of the PLSE languages, no State or Territory authority has directed Commonwealth funds to Thai at Year 12 level.

3.57 The NTSC asserted that progress on Thai studies is hindered by inconsistencies in the Commonwealth's approach to supporting Asian education and training. In particular, DFAT provides guaranteed recurrent funding for cultural and educational links with Australia's larger Asian trading partners, through several bilateral councils and foundations.

3.58 Programs which promote cultural and language skills as assets for business need to be considerably expanded. This is the conclusion of Mr Edwards and Mr Muthaly of the Faculty of Business at Monash University, who indicated that Australian business has failed to embrace the reality that English, despite being the language of international business, is insufficient on its own to sustain good business practice in many countries. They recommended that programs which promote cultural and language skills as assets for business need to be considerably expanded, because 'language and cultural skills remain low priorities in personnel selection, yet are the key constraints to doing business, in Thailand, if not in other countries as well'.<sup>51</sup> Evidence from the Returned Services League (RSL) and the ATBC strongly supported this view and highlighted the unique nature of Thai culture and traditions.<sup>52</sup>

### Composition of Courses

3.59 Although the Committee did not examine in detail the composition of the various Thai studies courses available, comments received from organisations such as the ATBC and academic institutions suggested that insufficient consideration has been given in undergraduate courses to vocationally relevant aspects in course design. The recommendations flowing from the survey by Mr Edwards and Mr Muthaly have already been mentioned in relation to the relevance of language and cultural studies to business students. Further information was provided by Sydney University, which indicated that there is scope for presenting courses with a business focus, particularly as evening rather than day courses, since they would be more readily available to students already in the workforce. These students make up a sizeable proportion of the undergraduate students in Thai studies at that University.<sup>53</sup>

3.60 Language and cultural studies alone do not ensure graduates would be attractive as potential employees in the private sector, and not all students of Thai intend to become teachers or to perform some other direct role in promoting Thai

50 Submissions, pp. 163, 171, 176, 376, 386-386

51 Submissions, p 891

52 Submissions, pp. 120-121, 432

53 Submissions, p 224; Transcript, 17 May 1994, pp. 281-283

studies. DEET referred in evidence to the success of the Korean Studies Centre and the South-Asian Studies Centre in Melbourne in maintaining a core of social studies, cultural and economic studies. DEET also reported that some institutions had been more successful than the NTSC in forging mutually beneficial links with industry in recent times and in developing expertise in marketing products and services in Thai language and culture.<sup>54</sup>

3.61 Leaving aside for the moment the issue of the relatively minor place of Thai studies in current curriculums, and despite the growing enthusiasm for South East Asian language studies, important questions remain to be answered, including:

- . what proficiency should students attain, if Asian studies are to benefit Australia's relationship with key nations in the region?
- . what kind of language education can bring about the required level of proficiency? and
- . in what sense and to what degree should the economic benefits of language and cultural study determine the shape of language and cultural studies?<sup>55</sup>

3.62 DFAT provides funding of approximately \$1 million per year for the Australia-Japan Foundation and for the Australia-Korea Foundation. However, as will be noted in discussing the NTSC, cultural and educational links with Thailand do not have the same security of recurrent funding. The NTSC argued that the 'activities least able to support themselves are the very ones required to pay their own way, while activities with wealthier countries that have large philanthropic institutions - such as Korea, Taiwan and Japan - receive substantial Australian government support.<sup>56</sup>

3.63 Effective management of the inter-related cultural, educational and language elements of Australia's relationship with Thailand is discussed in Chapter 10.

### Thai Government Support for Thai Studies in Australia

3.64 As the NLLIA has observed, there is currently no direct Thai Government or Thai private sector support for Thai studies in Australia, due to the fairly recent expansion of Thailand's economy and the historical view in Thailand that it is a recipient of international education assistance rather than a donor. The NLLIA added that in coming years Thai Government agencies are likely to become increasingly interested in sponsoring activities which raise Thailand's profile in Australia, for example the support

54 Transcript, 15 February 1995, p 843

55 Exhibit No 33, p 22

56 Transcript, 13 September 1994, pp. 575, 583

for the Loy Krathong cultural festival in Parramatta last year, which is discussed in Chapter 10.<sup>57</sup>

### The National Thai Studies Centre

3.65 A major Commonwealth initiative was taken in 1991 when DEET funded the establishment of the NTSC at ANU to provide a national focus for the study of Thailand and the Thai language. The NTSC's functions apart from conducting an undergraduate course in Thai studies include sponsorship of the annual Thailand Update Conferences, promoting the rationalisation of Thai language teaching throughout Australia and publishing public information papers on Thailand.

3.66 Outside Thailand, the NTSC is the only academic and public information centre in the world which is dedicated to contemporary Thailand. In terms of enrolments, the NTSC was operating in 1994 with approximately 150 students from first year to fourth year levels. It was established following a competitive tender process, as a result of which DEET provided a grant of \$550,000 for the first three years of operation. ANU provided approximately \$65,000 per annum for support services, although an offset charge of \$65,000 for overheads was levied. Over the same period, funds from external sources provided approximately \$173,000 for curriculum development, the Update Conferences and specific studies. As stated in the NTSC's Business Plan, no funding has been provided by ANU for the NTSC's recurrent salaries expenditure.<sup>58</sup>

3.67 During the Committee's visit to Thailand in November 1994, the members heard specific endorsement of the role of the NTSC, in round-table discussions hosted by the Thailand Institute of Public Policy Studies in Bangkok, chaired by Professor Chai-anan Samudavanija and attended by a number of eminent people in a variety of fields. In his opening remarks, Professor Chai-anan made particular mention of the excellence of the NTSC and its importance in educating Australians about Thailand. The Committee's report of that visit highlighted the importance of the NTSC in the context of Australia's relations with Thailand and the relatively low levels of financial support received from the Commonwealth and ANU.<sup>59</sup>

3.68 There is no equivalent organisation for Thailand of the Australia-China Council and, as a consequence, the NTSC tends to become involved in such activities as cultural exchanges, publications and visits by prominent Thai nationals. The Committee recommended in its report that DEET should examine all of the issues relevant to Commonwealth funding of the NTSC, with a view to ensuring its continued operation

57 Exhibit No 108, p 56

58 Transcript, 13 September 1994, pp. 573, 578, 582-583; Exhibit No 102, pp. 3-4; Exhibit No 108, p 25

59 JSCFADT, *A Report on a Visit to Thailand and Laos*, 1995, pp. 18-20

under conditions no less favourable than those then applying. To date, the Government's response to the recommendations in the report has not been received.<sup>60</sup>

3.69 DEET confirmed that the original grant of \$550,000 over the first three years for the establishment of the NTSC was provided on the understanding that the NTSC would become self-funding after the expiry of the grant period. In 1994, a small additional grant of \$50,000 was provided in order to enable the Centre to develop a structured business plan, including a clear statement of the level of support which could be expected from ANU. On the basis of the NTSC's business plan, the Minister for Employment, Education and Training agreed to fund the NTSC at decreasing levels until 1997/98. In a letter from DEET to the Deputy Vice-Chancellor of ANU dated 28 June 1995, it was explained that this funding is subject to the condition that the NTSC is able to attract funding from other sources in 1996 and 1997. Direct financial support from the Government will cease after 1997/98.<sup>61</sup>

3.70 DEET acknowledged that there is a continuing need for a national centre or organisation to draw together skills and capabilities to service Australia's need for knowledge about Thailand and the Thai language. According to DEET, other institutions have begun to develop productive links with Australian industry and business in an endeavour to attract corporate sponsorship. The NTSC's current Business Plan acknowledges that its success depends upon its ability to generate revenue through sale of its products and the attraction of corporate and public sector sponsorship. At the same time, the Plan recognises the public interest nature of a proportion of its activities and foreshadows several strategies for achieving cost recovery and corporate sponsorship, as well as on-going financial support from ANU.<sup>62</sup>

3.71 To some extent, DEET's anxiety about providing financial support without guaranteed external funding sources was echoed in evidence from Dr Day and Ms Jiraratwatana from the University of Sydney. They questioned the cost-effectiveness of providing support for the programs run by the NTSC while the Thai studies programs at universities in Sydney are struggling to survive. They suggested that coordination of national programs was not necessary since there was no national system in place for the study of Thai.<sup>63</sup>

## The Committee's Views

3.72 There was a consistent view in submissions and evidence that recognition should be given to the benefits of acquiring skills in all second languages, not necessarily Asian or individual languages within that particular group. For this to be achieved, the

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60 *ibid*

61 Exhibit No 101, p 1

62 Transcript, 15 February 1995, p 843; Exhibit No 102, pp. 3-8

63 Transcript, 17 May 1994, p 286

policy makers, analysts and commentators would need to be persuaded of the benefits of reducing the current emphasis on the potential of specific languages to provide employment for school leavers and graduates, since all second languages have this potential.

3.73 It is arguable that more emphasis should be placed on the value of language study for its own sake, since students will find it easier to take up languages targeted towards specific employment prospects if they have already completed second language studies. Dr Day made a similar point about the need to develop a policy 'that better supports language study as a whole, whatever the language may be, and then looking at specifically how to provide minimum support for a language like Thai ...'.<sup>64</sup>

3.74 The need to establish better links between employer groups and graduates is not confined to the field of Thai studies. The Business and Industry Language Advisory Council, which was established by the NLLIA, is a step in this direction, although its achievements are limited by the extent of funding that it can attract. For example, in 1994 an award for excellence in export was presented at the Language Expo in Darling Harbour, with sponsorship from the NLLIA, Austrade and the Royal Australian Mint.<sup>65</sup> The Committee believes that initiatives such as these should be encouraged, and regular participation by promoters of the cause of Thai studies should also be encouraged.

3.75 Given the relatively low demand for Thai studies in comparison with the priority Asian languages, organisations involved in the field of Asian or Thai studies were clearly in favour of greater coordination at the Commonwealth level to ensure that the limited available funding was well spent. However, there was no suggestion in the evidence that other languages should be downgraded in order to raise the level of support for Thai. While agreeing with this line of argument, the Committee considers that recognition should nevertheless be given to the 'second level' Asian languages such as Thai and Vietnamese.

3.76 Although both DEET and DFAT support Asian studies, including Thai, the current fragmented funding and coordination arrangements should be rationalised. Small candidature languages such as Thai receive short term or project-based funding, while Asian languages with larger numbers of students attract recurrent funding support at both secondary and tertiary levels.

3.77 The issue becomes, then, one of determining how to ensure that relatively small programs like Thai studies remain viable in the longer term. It was on this issue that the various organisations presented differing views to the Committee. Witnesses from the University of Sydney saw merit in providing recurrent funding and government support to a single metropolitan languages centre in Sydney. The NTSC, on the other

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64 Submissions, p 173; Transcript, 17 May 1994, p 288

65 Transcript, 27 April 1994, p 137

hand, felt that consolidation of a small number of existing programs would be the most effective way of maximising the utilisation of scarce resources. DEET questioned the effectiveness of channelling further public funding support through the NTSC when there were signs that other institutions had been more successful in forging links with the business sector. Commonwealth funding for the NTSC over the next three years is unfortunately being reduced from the initial levels granted for its first three years, and Commonwealth funding will not continue beyond 1997/98.<sup>66</sup>

3.78 The Committee reiterates the concerns it expressed in its report on its visit to Thailand and Laos in November 1994. It views with alarm the uncertainty of funding for the NTSC and the doubts expressed by that organisation of its capability of achieving self sufficiency in funding. It is imperative that the impetus to Thai studies provided by the establishment of the NTSC in 1991 is not weakened, particularly in light of recognition in Thailand of the NTSC's work. While accepting the practicality of limiting the number of organisations for which Commonwealth support and funding assistance can be provided, the Committee is nevertheless conscious of the achievements of the NTSC even under less than ideal funding conditions.

3.79 The Committee therefore reaffirms the recommendation it made in **A Report on a Visit to Thailand and Laos:**

**Recommendation 2: That the Department of Employment, Education and Training examine all of the issues relevant to its funding of the National Thai Studies Centre at the Australian National University, with a view to ensuring its continued operation under conditions no less favourable than those which have applied to date.**

3.80 The stage has been reached where initial 'startup' funding assistance and other forms of government encouragement for establishing Thai studies in Australia have produced useful short term gains. Efforts should now be directed towards ensuring that the momentum is continued and that resources are not unduly stretched by attempting to support a wide range of programs at different locations. A joint working party of DEET and DFAT should examine the mechanisms required to coordinate an effective program of Commonwealth funding for non-priority languages such as Thai through the State and Territory education systems. Input should be sought from educational institutions representing the schools sector and higher education and from organisations with a particular interest in promoting Asian and Thai studies.

3.81 The Committee recommends:

**Recommendation 3: That a joint working party comprising representatives from the Department of Employment, Education**

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66 Submissions, p 377; Exhibit No 102, p 4

**and Training and the Department of Foreign Affairs and Trade, in conjunction with State and Territory education authorities and organisations with an interest in promoting Asian and Thai studies, examine the mechanisms required to coordinate an effective program of Commonwealth support for languages such as Thai which have been termed non-priority languages.**

3.82 The Committee heard from several sources about the topics studied in Thai courses, particularly at tertiary level institutions. In broad terms, there was consistent criticism of the insufficient tuition time devoted to Thai language and culture. There were also concerns about the influence of business requirements on the content of the academic syllabus. It seems that, if business requirements generate a demand for Thai studies, then courses should include adequate coverage of topics other than pure language, such as:

- . Thai society and culture;
- . economic and commercial topics relevant to Thailand;
- . marketing of products and services in Asian countries and Thailand in particular.

3.83 In an earlier section of this chapter, the success of the Korean Studies Centre and the South-Asian Studies Centre in maintaining a core of social, cultural and economic studies in conjunction with language was noted. This integrated approach is supported, and DEET should formally examine the progress made by institutions involved in the field of Thai studies, with a view to directing support towards those which can demonstrate results in promoting integrated Thai studies.

3.84 The Committee recommends:

**Recommendation 4: That the Department of Employment, Education and Training formally examine the capacity and effectiveness of Thai studies institutions other than the National Thai Studies Centre, with a view to promoting the teaching of integrated Thai studies.**

3.85 Improving the linkages between tertiary and secondary levels in Thai studies was a consistent theme in most of the submissions relating to this aspect of the Inquiry. This is consistent with the school-based emphasis recommended by the COAG working group in 1994 and is critical to the long term survival of language studies attracting a limited number of candidates, such as Thai.

3.86 The mechanisms for achieving a structured inter-relationship between secondary and tertiary levels of education already exist in the form of the Ministerial Council on Employment, Education and Training and Youth Affairs, for example. Greater emphasis should be placed on the development of links between the school-

based programs developed by the COAG working party and higher education programs, particularly for minority languages such as Thai.

3.87 The Committee recommends:

**Recommendation 5: That in relevant forums such as the Ministerial Council on Employment, Education and Training and Youth Affairs, education authorities recognise the need to assist small candidature languages such as Thai by:**

- . placing greater emphasis on strengthening the links between the teaching of Asian languages at primary, secondary and tertiary levels; and
- . ensuring attention is given to linking language studies with the teaching of history and culture.

3.88 Reference has been made in this chapter to the crucial importance of Asian language teacher training and proficiency in achieving success in the field of Asian studies. The joint task force set up to implement the COAG Report's recommendations should give appropriate emphasis to this aspect of Asian language studies, including consideration of the requirements of lower candidature languages such as Thai.

3.89 In the universities, the new degree structures such as the Master of Teaching Degree at Sydney University could be used as the basis for developing a new breed of Asian language teachers whose language, cultural, linguistic and professional studies skills are equal to world best practice. The smaller candidature languages such as Thai should not be overlooked in this process.

3.90 The Committee recommends:

**Recommendation 6: That the Task Force established to implement the recommendations of the Council of Australian Governments' report entitled *Asian Languages and Australia's Economic Future* give appropriate emphasis to the crucial importance of teacher training and proficiency to the success of Asian studies in schools, and to the particular needs of languages such as Thai.**

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## PART TWO: ECONOMIC RELATIONS

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## CHAPTER 4: THAILAND'S ECONOMY

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### A Brief Economic History of Thailand to 1987

4.1 Although Thailand's economy would now be the envy of many other nations, this has not always been the case.

4.2 In 1855, Thailand was coerced into signing the Bowring Treaty by the United Kingdom. This had the effect of opening the hitherto closed Thai market to international trade, and began the gradual process of integration into the international economy. Treaties with other western nations followed. This opening up of Thailand was reinforced in the second half of the Nineteenth Century by major reforms, including the modernisation of the bureaucracy and revenue systems, the establishment of modern post, telegraph and railway networks, the growing of export crops such as tobacco and the introduction of irrigation to the central plains.

4.3 These developments, together with the Anglo-French Agreement of 1896 which guaranteed Thailand's independence, underpinned economic development and trade in the first part of this century. Prior to the Second World War, the Thai economy was based entirely on agriculture. During the Depression of the 1930s, prices of items such as rice, tin, and rubber fell drastically, with a major impact on Thailand. In 1950, after a century of zero growth of output per head of population, Thailand was one of the poorest countries in the world.<sup>1</sup>

4.4 In the post-war era, growth in the manufacturing sector was assisted by Thailand's broadening international relations. The government also became aware of the need to strengthen this base when the commodities boom associated with the Korean War ended and export prices dropped. General Phibun Songkram's second government (1948-1958) adopted a policy of import substitution industrialisation and attempted by direct intervention to hasten the establishment of an industrial framework, supported by high levels of protection. Attempts were made to break the domination of the economy by the Sino-Thais, a source of discontent in the Depression of the 1930s. Various industries were nationalised and state enterprises, supported by government monopolies, were established to run key sectors of the economy, displacing Sino-Thai companies.

4.5 By the end of the 1950s, the economy was experiencing difficulties and the government of Field Marshal Sarit Thanarat (1958-1963) stopped the competition with the Sino-Thais, and sold or leased many of the state enterprises to the private sector. It was from about this time that Sino-Thai businesses began to include a range of senior

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1 Exhibit No 47, p 1

military and political figures on their boards, a practice which has continued to the present.

4.6 From this period also, with the assistance of the World Bank and the United States, the government increasingly used technocrats trained in the US to manage the economy. Policies were put in place to support private enterprise through the provision of infrastructure and encouraging stable macro-economic conditions and foreign investment. Most importantly, it adopted as its core economic strategy the promotion of Thailand's industrial base through the export of manufactured goods.

4.7 In 1960, the government established the National Economic Development Board, now the National Economic and Social Development Board (NESDB), to devise and oversee the implementation of the first of the National Economic and Social Development Plans (1961-1966).

4.8 Although this and subsequent Plans have not been strictly adhered to, they have provided a focus and guide for the economic development of various sectors and the aggregate economy. To 1971, the first two Plans concentrated on the rural sector and the expansion of agricultural production, although the manufacturing sector also received attention through investment in infrastructure, particularly transport, power generation, irrigation projects and communications. These Plans served to open up substantial areas of land for cash crops and, with investment incentives, encouraged the rapid development of an import substitution based industrial sector.

4.9 The 1960s were characterised by high growth, of about 8 per cent per year, and economic stability. In this period, Thailand also benefited from US and other development assistance which was directed into road and railway construction, agriculture, irrigation and economic planning.

4.10 Growth continued in the early 1970s, with significant export markets for such crops as cassava, sugar cane and pineapples, as well as for manufactured goods such as textiles and garments. The Third Plan (1972-1976) emphasised both import substituting industrialisation and export oriented industrialisation.

4.11 By the middle 1970s, however, Thailand was affected by fluctuations in commodity prices, rising interest rates and exchange rate speculation. The combination of the slowing down of the world economy and the reduced American military presence in Thailand affected its economy greatly. Most notably, the oil price increases of 1973 and 1979 led to rapid inflation and deterioration in its trade and current account deficits. Thailand's dependence on imported raw materials and intermediate goods to supply its expanding manufacturing sector further increased these deficits. In the Fourth Plan (1977-1981), the need to reduce the balance of payments deficit was strongly reflected in the central role given to increasing exports.

4.12 In spite of difficulties in the economy, foreign investment grew rapidly and, between 1970 and 1982, the Thai GDP grew at 6.6 per cent per year and exports grew by 12.3 per cent per year. The country's industrial base was, however, concentrated in labour intensive industries such as textiles, petroleum refining, chemicals, transport equipment, electrical goods and iron and steel finishing. Manufacturing was supported by tax incentives and protected by high tariffs.

4.13 In the first part of the 1980s, a number of threats emerged which had the potential to endanger Thailand's continued economic growth. These included oil price increases in 1979-80, high international interest rates, unstable exchange rates and the collapse of commodity prices for such exports as rice, rubber, tin, maize, tapioca and sugar. Vietnamese military activity on Thailand's borders and the limited ability of industry to export its products also had significant impacts. Economic indicators such as the balance of trade and payments deficits figures widened further and foreign debt grew correspondingly rapidly. As the economy slowed, the government's income fell. Finding jobs for the expanding labour force and dealing with the increasing gap between Bangkok and the provinces were added to the list of problems it faced.

4.14 The Fifth Plan (1982-1986) attempted to deal with these problems through the reduction of rural poverty and the maintenance of a balance between development and conservation. Other features included improving the balance of payments by intensifying export promotions, increasing energy conservation measures and the development of alternate sources of energy, and the reduction of the budget deficit by attempting to increase government revenue.

4.15 Perhaps of more long term significance, for the first time the impact of deteriorating environmental conditions, particularly on agricultural activities, seems to have been noticed. Two decades ago, there were probably only a few hundred factories operating in Thailand. Since then, in spite of measures introduced by the Anand Government (1991-1992), they are estimated to have increased to over 50,000. They have operated virtually without controls over what is released into the air and water.<sup>2</sup>

4.16 More importantly, in many areas of occupational health and safety Thai law is substantially below international standards and there have been factory fires which have demonstrated these deficiencies graphically, notably the Kader toy factory fire in May 1993.<sup>3</sup>

4.17 The submission from the Australian Council of Trade Unions (ACTU) lists the International Labor Organisation (ILO) Conventions Thailand has ratified since it became a member in 1919. No Conventions have been ratified since 1967 and requests by the ILO in 1994 for information on the implementation of some of the ratified Conventions had not received any replies. There are particular concerns in Thailand

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2 Transcript, 26 April 1994, pp.16-17

3 Transcript, 7 October 1994, p 710

about the buying and selling of children for work in such places as private houses, restaurants, factories and brothels. The relationship between Australia and Thailand in legal matters and industrial relations will be considered in more detail in Chapters 14 and 16 respectively.<sup>4</sup>

4.18 The average GDP in the Fifth Plan fell to 4.4 per cent against a target of 6.6 per cent. In response, in the Sixth Plan (1987-1991), the government of General Prem Tinsulanonda (1980-1988) and the central bank maintained strong austerity measures and resisted widespread pressures for more expansionary fiscal and monetary measures, notably by devaluing the baht in 1984 to make exports more competitive. This combination of national development policies, together with the revival in world trade, rises in tourist income and remittances from Thai nationals working abroad, contributed to impressive growth rates from the second half of the 1980s. By about 1987, Thailand's economy had been transformed from one based on the export of commodities to one dependent on the export of light industrial products and processed foods.<sup>5</sup>

### The Thai Economy since 1987

4.19 The policies of the Fifth Plan were continued into the Sixth Plan, together with the promotion of an increased contribution from the private sector, particularly in the provision of infrastructure and commercial agriculture. The Sixth Plan also continued the emphasis on reducing rural poverty and maintaining a balance between development and conservation.<sup>6</sup>

4.20 Between 1984 and 1990, the Thai economy was growing faster than any other in the world. Since 1991, this growth has slowed from the double-digit figures of the late 1980s to below 8 per cent. The impact of the 1991 Gulf War on tourism and oil prices, global recession and political instability following the coup in March 1991 and the government's suppression of demonstrations in May 1992 have been blamed for this slow down. The consequences of economic over-heating also played a part. Although reduced growth has modified inflation and land prices, sluggish export sales, poor prices for commodities and slow investment by government in infrastructure were offset by continued strong private consumption and investment.

4.21 With economic growth has come the rise of a middle class. It is difficult to define this group in Thailand, and even harder to estimate its numbers. It is, however, a relatively high income group with recognisable social, cultural and political, as well as economic, characteristics. In Thailand the middle class has income well above the average and are part of a relatively small middle and upper income group. While it has its own characteristics, it also has behaviour patterns and outlooks which are recognisable

in other countries. Thus such things as equality for women and fair treatment for minorities, the preservation of the environment, and an emphasis on personal freedoms are important to this group.<sup>7</sup>

4.22 Between 7 and 12 per cent of Thais are estimated to have middle class purchasing power and they are concentrated in and around Bangkok, the powerhouse of the economy, where they have considerable political power. Their numbers are predicted to grow for the rest of the decade.<sup>8</sup>

4.23 In the first half of the 1990s, the Thai economy could be characterised as semi-industrialised but predominantly agricultural, with an increasingly powerful middle class. Much of the growth since the late 1980s was prompted by the rapid expansion of exports, particularly in manufacturing which expanded from about 18 per cent of GDP in 1975 to about 28 per cent in 1994. There are still serious inefficiencies in resource allocation, especially in such import substitution industries as oil refining, vehicle assembly, chemicals and machinery which were set up in the 1970s with tariff protection and investment incentives to back them. The advantages of relatively low average labour costs are not now as great as they were because of more restrictive and competitive world markets. The Thai government has responded by imposing greater fiscal and monetary discipline, limiting public external borrowing and emphasising export performance through such measures as easier access to imports.<sup>9</sup>

4.24 The government of Mr Chuan Leekpai (1992-1995), through the Seventh National Economic and Social Development Plan (1992-1996), sought in particular to decentralise the economy and redistribute wealth by:

- . maintaining stable economic growth with a reasonable inflation rate and an acceptable trade deficit. To achieve this goal, a flexible monetary policy and a deregulated environment are required;
- . more equitable income distribution and extended provincial development schemes; and
- . improved quality of life and protection of natural resources.

4.25 Management at the macro-economic level continues to be balanced and steps have been taken to liberalise further the trade and investment environment. Thailand has introduced a number of important reforms to its financial system, including liberalisation of the banking system, enacting securities and exchange and public companies legislation in 1992. In the past, constraints on trade and investment in

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4 Submissions, pp. 1087-1088, 1092  
5 Material in this section was drawn from Submissions, pp. 283-284  
6 Exhibit No 4, pp. 8-9 and Submissions, pp. 282, 444 have been used in this section

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7 Exhibit No 64, pp. 148, 139-140  
8 Transcript, 18 May 1994, p 358; Exhibit No 64, p 146; Transcripts: 7 October 1994, pp. 699-700, 13 September 1994, pp. 630-631; **The Australian Financial Review**, 24 May 1995, p 39  
9 Transcript, 26 April 1994, p 4

Thailand have included high tariffs, non-tariff barriers such as a complex system of commercial licensing, rules on market entry, restrictive rights of establishment and a lack of transparency in government regulations and decisions. Import barriers have protected inefficient local producers, and industrial licensing procedures have restricted investment in new plant and expansion. Reduction of tariffs has been an important signal from the Thai government of an altered approach.<sup>10</sup>

4.26 With the rise of its current account deficit by 64 per cent in the year to the end of March 1995, imports up by 28.9 per cent and inflation up by 5.4 per cent in the same period, there has been some concern that Thailand's economy was beginning to overheat. The consumer price index rose by 5.8 per cent for the year ended in July 1995 and by 6.2 per cent for that ended in August 1995. The current account deficit continued to grow and is expected to be 6.3 per cent of GDP at the end of the current financial year. These figures were recorded as the economy continued to grow at about 8 per cent per year. Reasons could be advanced, however, to explain these and other statistics which seem to sit uneasily with undoubted progress.<sup>11</sup>

4.27 The current account deficit reflects the gap between domestic savings and the level of investment Thailand needs to sustain its economic growth. The high import bill reflects the amount of capital goods such as factory machinery it needs. Such machinery should eventually enlarge its production capacity, and exports are already increasing: up 27 per cent in the year to the end of March 1995. The rise in inflation was largely due to a 7.5 per cent rise in food prices, while non-food prices only rose by 3.9 per cent. The impact of spending for the election in July, increases in wages and agricultural prices could also have had an impact on inflation.<sup>12</sup>

## Tariffs

4.28 Until recently, Thailand had on average the highest tariffs in ASEAN and had not undertaken a comprehensive program of tariff rate reductions. In addition, these high levels of tariffs were coupled with intra-ASEAN preference arrangements which make up the ASEAN Free Trade Area (AFTA), and in particular the ASEAN industrial joint venture scheme. The submission from the Department of Industry, Science and Technology (DIST) included a table which demonstrated the various tariffs applied by a number of Asian countries, including Thailand, compared with Australia's rates. In the Attachment to the submission from the ATBC, Arthur Andersen explained the Thai tariff

10 Submissions, pp. 290, 754-755

11 *Far Eastern Economic Review*, 8 June 1995, p 48, 14 September 1995, p 64; *The Australian*, 9 June 1995, p 25

12 *Far Eastern Economic Review*, 8 June 1995, *ibid*

system, commenting on the lack of transparency in its administration and noting that many foreign countries were becoming reluctant to import items into Thailand.<sup>13</sup>

4.29 In a written submission, Mr David Peel, the Managing Director of The Tile Factory, identified the unequal treatment of tariffs on ceramic tiles in Australia and in Thailand. When his firm imported tiles from Thailand they were subject to a 5 per cent rate of duty, but when they were imported into Thailand they were subject to a duty of 115 per cent.<sup>14</sup>

4.30 In early 1995, the Thai government announced it would begin to cut tariffs on over 3000 items. There was also a commitment to reduce the average duty on all imported items from 30 to 17 per cent by 1997.<sup>15</sup>

4.31 Thailand has recognised its obligations under the GATT Uruguay Round and it can be expected that non-tariff barriers and some market entry regulations will be further modified. It has developing country status under the Uruguay Round and its tariff liberalisation timetable is less stringent than those for developed countries. It has been given ten years, for example, to phase in its commitments for agricultural products. It has accepted the timetable for further tariff reductions which resulted from the Asia Pacific Economic Cooperation group meeting at Bogor in 1993.<sup>16</sup>

## Quarantine and Food Inspection Issues

4.32 As part of the Department of Primary Industries and Energy (DPIE), the Australian Quarantine and Inspection Service (AQIS) seeks to identify opportunities for Australia's resource and agricultural sectors in Thailand, and to liberalise a range of barriers restricting trade which are still applied there. Access is also sought for our citrus fruit and cattle. The Australia-Thailand Joint Trade Committee and the Thailand-Australia Joint Technical Working Group on Quarantine and Food Inspection are two bilateral forums in which Australian objectives are pursued.<sup>17</sup>

4.33 The Working Group has held discussions with Thai authorities to resolve a range of quarantine and food inspection issues, including access to Australia for cooked chicken meat, tapioca pellets, condensed milk and tropical fruits. In Thailand, there have also been quarantine restrictions on citrus products, as well as tariffs on all sorts of fruit and vegetables. One of the outcomes of the Uruguay Round was an agreement on a

13 For more detailed information on the Thai tariff structure as it affects Australian products, see Submissions, pp. 994-997, 1039-1041; Transcript, 7 October 1994, p 747; Submissions, pp. 125-126

14 Submissions, pp. 2-3,

15 Transcript, 6 March 1995, p 870

16 Transcript, 17 May 1994, pp. 190-191; Submissions, pp. 1039-1041; Transcript, 7 October 1994, pp. 670-672

17 Material in this section is drawn from Submissions, pp. 1018-1019, 1029-1030, 1035, 291

framework of sanitary and phytosanitary measures against which countries will have to justify their quarantine provisions.<sup>18</sup>

4.34 One of the Working Group's achievements was the signing in August 1994 of a Memorandum of Understanding (MOU) on Plant Quarantine. This sets up a framework of cooperative activities, scientific assessments of applications and the use of international standards.<sup>19</sup>

### AFTA and CER

4.35 The possibility of forging links between AFTA and Australia/New Zealand through the Closer Economic Relations (CER) mechanism was discussed by the Thai and Australian Prime Ministers at the November 1993 APEC meeting. In September 1994, ASEAN economic ministers agreed to examine possible linkages between AFTA and other regional trade groupings to enhance multilateral world trade. An informal working group undertook to handle consultations to improve information exchanges and explore areas of likely benefit. Linkages between AFTA and CER could assist in overcoming some discriminatory tariffs which favour goods traded between ASEAN countries. There have been preliminary discussions with New Zealand whose views on the linkage of CER to AFTA are similar to Australia's.<sup>20</sup>

4.36 It is also likely that while tariffs may come down, under AFTA arrangements with Thailand's ASEAN partners, a preference will still favour Australian goods manufactured in an ASEAN country over the same Australian goods made in Australia. ASEAN has also agreed to scrap some arrangements which contained protectionist elements in favour of AFTA's commitment to a 5 per cent maximum common tariff by 2003.<sup>21</sup>

### The Alien Business Law

4.37 Thailand's Alien Business Law and Alien Occupation Act have required majority Thai ownership in most sectors, or reserved certain occupations for Thai nationals. It has been seen to be discriminatory against foreigners, but the United States had a privileged position under the Treaty of Amity and Economic Relations with Thailand dating from the early post-Second World War period. This has given the US and its nationals considerable leverage in Thailand but, if the law is amended, this situation will change.<sup>22</sup>

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18 See Exhibit No 79 for the AQIS position on cooked chicken meat from Thailand.  
19 Submissions, p 1035  
20 Transcripts: 26 April 1994, p 6, 7 October 1994, pp. 671, 685  
21 Transcript, 17 May 1994, pp. 190-191; **The Australian Financial Review**, 1 May 1995, p 10  
22 Transcript, 26 April 1994, pp. 31-32, 49

4.38 In 1994, a joint public-private sector consultative committee reviewed foreign ownership laws and finalised a proposed Bill which, if enacted, would repeal the existing legislation. This new Bill contains a number of progressive changes, particularly in the potential liberalisation of professional services markets. It was seen as a positive and further policy development in the government's long term strategy to internationalise the Thai economy, and one of the many reforms which should enhance its attractiveness to most foreign investors. Although this measure had bipartisan and bureaucratic support, at the dissolution of the Thai Parliament in May 1995, it had not been presented for consideration.<sup>23</sup>

4.39 Among the most vocal critics of the draft Bill were the US Government and the American Chamber of Commerce in Thailand. Their concerns related to the absence of a provision which recognised rights provided to US nationals and companies under the current Treaty of Amity and Economic Relations. If it is passed by the new Parliament, the Bill will send an unmistakable signal to foreign businesses now in Thailand and potential investors alike about that country's attitudes to foreign investment and participation.<sup>24</sup>

4.40 Evidence was received from Mr Bill Porter of McConnell Dowell of the difficulties caused to Australian firms by the law, and of possible solutions. Although there were restrictions on ownership and occupations, in practice the law was probably not as great an impediment as might have been expected and it was possible for foreign companies to operate worthwhile businesses in Thailand. It was only in a very limited number of areas that the law actually applied to restrict the level of ownership, and many manufacturing activities did not fall within it.<sup>25</sup>

### The NESDB and the Private Sector

4.41 The Seventh Plan has extended the emphasis on the private sector by the establishment of a new public-private sector body which consults widely and down to the provincial level. Beginning in May 1993, the National Economic and Social Development Board (NESDB) has held regular conferences in different regions of the country, involving both sectors and every province.<sup>26</sup>

4.42 At a meeting with NESDB officials in Bangkok in November 1994, Committee members were told of an integrated government strategy to diversify the economy, overcome the increasing problems in Bangkok and assist in improving regional economies. In this strategy, the private sector has a key role.

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23 Submissions, pp. 838, 1065  
24 Submissions, p 1066  
25 Transcripts: 9 August 1994, pp. 450-451, 18 May 1994, p 321, 15 February 1995, p 765  
26 Material in the next two sections has been drawn from **A Guide to Investing in Thailand**, BOI, September 1993, pp. 31-38 and Exhibit No 4, pp. 13-15

4.43 To decentralise prosperity, the budget for the physical and social infrastructure in the provinces has been increased. The national committee for rural development has been reorganised and its name changed to encourage participation by the private sector. A 2000 kilometre, four lane national highway system from Bangkok throughout the nation will be built at a cost of \$US2 billion over a six year period, with a second phase of 4000 kilometres at a cost of at least \$US4 billion also forecast. The national railway network will also be extended. Thailand's infrastructure will be considered in Chapter 12.

4.44 A special fund has been set up for the 76 provinces, excluding Bangkok, for the diversification of employment and the provision of additional jobs and income in the provinces. To ensure its involvement in decision-making and responsiveness to its needs, the private sector in the provinces has been invited to sit on provincial committees.

4.45 The provinces are now allowed and encouraged to collect revenue, previously sent to Bangkok, so that in the 1995 fiscal year local revenues are expected to double. The role of the provincial development committees, chaired by the governor and including the private sector, has been enhanced.

### The Board of Investment

4.46 While the NESDB was established in 1960 as the central planning agency with responsibility for ongoing analysis of Thailand's economy, in 1954 the government had already established the Board of Investment (BOI) as its principal agency for providing incentives to stimulate investment in Thailand. This agency has functioned effectively since then and it is located within the Prime Minister's office. He is its Chair, with economic ministers, senior bureaucrats, representatives of major private sector organisations and academics serving as board members or advisers. The Minister for Industry is the Vice-Chair of the BOI.

4.47 The Board's major role is to promote the establishment of private sector investments which are in line with the government's overall development goals, set out in the National Economic and Social Development Plans. It is empowered to provide and administer a wide range of fiscal and non-fiscal incentives and guarantees to investment projects which meet these national economic goals. It therefore conducts extensive promotion activities both in Thailand and abroad, maintaining an office in Sydney among other international locations. The BOI also offers a comprehensive range of business-related services to investors and potential investors, and has recently begun to help Thai firms invest overseas, especially in Indo-China and ASEAN.

4.48 In Thailand, the BOI promotes projects which:

- . strengthen Thailand's industrial and technological capacity;

- . use domestic resources;
- . create employment opportunities;
- . develop basic and support industries;
- . earn foreign exchange;
- . contribute to the economic growth of regions outside Bangkok;
- . develop infrastructure;
- . conserve natural resources; and
- . reduce environmental problems.

4.49 In April 1993, the BOI divided Thailand into three zones, so that the further from Bangkok businesses are relocated, the greater are the benefits. Numerous incentives, including a range of exemptions for the relocation of established factories to an outer zone, have been developed.

4.50 Zone 1 covers the greater Bangkok area, the city and five neighbouring provinces, and exemptions for businesses include:

- . a 50 per cent reduction to import duties on machinery on which at least 10 per cent import duty is imposed, provided the project exports at least 80 per cent of its production, or is located in an industrial estate or promoted industrial zone;
- . exemption from corporate income tax for three years for a project which exports at least 80 per cent of its product and is located in an industrial estate or promoted industrial zone; and
- . exemption from import duties for one year on raw or essential materials for products of which at least 30 per cent are exported.

4.51 Zone 2 covers ten provinces within about 100 kilometres of Bangkok, and the following concessions apply:

- . 50 per cent reduction of import duties on machinery on which at least 10 per cent import duty is imposed;
- . exemption from corporate income tax for three years, extendable to seven if projects are located in industrial estates or promoted industrial zones; and
- . exemption from import duties for one year on raw or essential materials where 30 per cent of the goods produced are exported.

4.52 Zone 3 covers the rest of the country, the other 60 provinces, and the Laem Chabang Industrial Estate and attracts the following concessions:

- . exemption from import duty on some machinery;
- . exemption from corporate income tax for eight years;
- . exemption from import duties for five years on raw or essential materials, provided the project exports at least 30 per cent of its product;
- . 75 per cent of duties on raw or essential materials imported for domestic sales for five years, renewable on an annual basis;
- . special expenses deducted for tax purposes; and
- . exemption from import duty for machinery related to basic transportation systems, public utilities, conservation and enhancement of the environment, technological development or primary industries.

4.53 In addition to these three zones, the BOI has identified projects in the following areas as priority activities:

- . basic transportation systems;
- . public utilities;
- . environmental protection and/or restoration;
- . direct involvement in technological development; and
- . basic industries.

4.54 These projects receive the following privileges:

- . exemption from corporate income tax for eight years regardless of location;
- . 50 per cent import duty reduction on machinery which is subject to that duty greater than or equal to 100 per cent for projects in Zones 1 or 2; and
- . exemption from import duty on machinery for projects in Zone 3.

## Prospects for the Thai Economy

4.55 Thailand's strong economic performance has been based on a low wage structure, an entrepreneurial, largely Sino-Thai, business community, conservative monetary policies and generally consistent overall economic policies. For its growth to continue, it will need to resolve a range of problems, in addition to those in the rural/agricultural sector. It will also have to continue to reconcile high economic growth with

the need to keep such things as the current account deficit and inflation within reasonable limits.<sup>27</sup>

4.56 While the Thai economy has grown since the late 1980s by an average annual GDP of 8 to 10 per cent, there is a significant rural/urban, wealthy/poor income difference which appears to have accelerated during this period. The middle class has grown so that it now has significant economic and political power, especially in and around Bangkok. With continued economic growth and political stability, it is unlikely its power and influence will decline.

4.57 Between the 1960s and the end of the 1980s, the proportion of the poor in the population fell from nearly 60 per cent to 21 per cent (26 per cent in rural areas, 8 per cent in cities). Government figures estimate that at least 20 per cent of the rural population is still living below the poverty line. The hill tribes are in the worst position of any economic group in Thai society. Although the position of the poor has improved, because of such things as the construction of a network of roads and the provision of schools, the average income in the north east is only about 30 per cent of that in greater Bangkok, the north only 40 per cent and the south only marginally higher. Professor Helen Hughes suggested that most of the reduction in rural poverty which has occurred has come about because people have moved out of rural areas into other industries and more land is available for cultivation.<sup>28</sup>

4.58 The concentration of economic activity in the Bangkok region draws workers from rural areas, except during planting and harvest seasons. For most of the year, workers from the poor and populous north east have left for the capital for work. As a consequence, harvest wages have increased rapidly without solving the longer term difficulty of providing farmers with an assured source of labour. The Thai government is committed to using research and technology and the promotion of a planned, capital-intensive approach to solve problems in the agricultural sector which have been ignored for decades. To date, there has been little financial or planning assistance to agriculture, despite the contribution it has made to the economy. In fact, taxation and pricing policies were used to create agricultural surpluses to fuel industrial development. Low product prices have contributed to rural poverty and incentives are needed to assist the move away from such products.

4.59 Continued economic growth will need to be based on building new comparative advantages in competition with Vietnam, Indonesia and southern China in labour costs and natural resources. To have more efficient local industries and increase foreign trade, investment and technology, Thailand needs to lower protection further and integrate more fully into the world economy.

27 Material in this section has been primarily drawn from Submissions, pp. 283-284 and Exhibit No 4, pp. 9-10

28 Submissions pp. 619, 314, 621 and Transcript, 18 May 1994, p 356

4.60 While economic growth has been proceeding, a number of major social and other problems have arisen, including: urban and rural poverty, factory conditions, the use of child labour, power shortages, degradation of land, air and water, pollution and traffic congestion in Bangkok.<sup>29</sup>

4.61 As with many other countries which have developed rapidly, Thailand's growth has been accompanied by a marked decline in its rate of population increase, from over 3 per cent in the 1950s to less than 2 per cent currently. Infant mortality has declined, but is still above international standards, and life expectancy has increased, both as a result of improved quality and coverage of health care. Against these real gains, all commentators agree that the high incidence of HIV/AIDS in Thailand is a serious problem, the dimensions of which are still emerging. Apart from the personal suffering involved, it will have an as yet unquantified but major impact on its economy for the medium to long term, reducing the workforce and enormously increasing health care costs.<sup>30</sup>

4.62 Although shortages of land and other resources are emerging as possible constraints on further economic growth, the most serious limitation may be in skilled personnel. While members of the Committee were in Thailand in November 1994, they were repeatedly told of the intention to increase compulsory education from six to nine years. All children between six and eleven years are required by law to be at school and there are 38,000 schools in the public system across Thailand to provide places. One aspect of the imbalance between Bangkok and the provinces has been differing standards of education, in spite of the provision of additional resources outside the capital.

4.63 While only about 5 per cent of children do not receive formal education, it has been estimated that 76 per cent of the workforce has only been educated to sixth year. Extension of the compulsory education system will also generate stresses to provide facilities and trained teachers.

4.64 Added to this general deficiency are more crucial and specific shortages of qualified people. It was suggested to Committee members in November 1994 that, if every child now at school in Thailand were to graduate from university, there would still be a shortage of suitably qualified personnel in the country. Particular shortages exist in all engineering disciplines and in areas requiring an emphasis on technology.

### The Committee's Views

4.65 In its evidence, the Export Finance and Insurance Corporation (EFIC) rated the Thai economy as just below the prosperous Organisation for Economic Cooperation and Development (OECD) economies and a group including Malaysia,

29 Transcripts: 26 April 1994, p 17, 7 October 1994, p 702

30 Submissions, pp. 619, 314, 315-316

Hong Kong, Korea and Taiwan. In EFIC's view, Thailand has a very manageable foreign debt, in spite of rapid growth in recent years, with rapidly growing output and exports and an economy which is very flexible and adaptable. It survived the 1990-1991 Gulf War, and the political troubles of 1991 and 1992 when there were concerns that foreign investment might decline. EFIC also referred to structural bottlenecks in this economy, especially in infrastructure, and whether the government could increase infrastructure spending within a prudent budget deficit. There is also the question of Thailand's ability to sustain its previously strong export growth, as it increasingly competes with emerging low cost producers in other parts of Asia and the rest of the world. It will need to keep the current account deficit and rates of inflation under review, while still encouraging growth.<sup>31</sup>

4.66 Over about 25 years, the Thai economy was transformed from a narrowly based economy dependent on a limited range of export commodities, such as rice, rubber, tin and teak, to one counted among the 'newly industrialising economies' (NICs). This economic growth seems to have greatly strengthened Thailand's position and its ambitions within its region. Since the late 1980s in particular, the manufacturing and services sectors have reduced the dominance of the agricultural sector, but Thailand remains one of Asia's main agricultural exporters.<sup>32</sup>

4.67 While the economy has grown remarkably since the late 1980s, this progress has not come without costs, nor has it been universal. Major problems remain unsolved. These include traffic problems and pollution in Bangkok, poverty and the widening gaps between rich and poor and between Bangkok and the provinces. Most notably, progress seems to have been at the expense of the environment. The range of tariff and non-tariff barriers needs to be reduced further, in line with responsibilities under the GATT Uruguay Round and to ensure Thailand's industries remain competitive. While the various National Economic and Social Development Plans have sought to redress imbalances within the overall economy and to direct it, they do not seem always to have been rigorously applied. The early Plans, with their emphasis on the rural/agricultural sector, gave attention to needy areas of the economy, and the provinces. While the goals of the various Plans are widely quoted, there is less emphasis on their achievements. In view of the problems the nation has still to solve, it could be asked whether they have failed or simply not been followed through.

4.68 Other measures taken, such as the greater involvement of the private sector in decision-making at all levels, but especially in the provinces, and regular NESDB conferences in different parts of the country, have reinforced and extended the work and approach of the various Plans since 1961. Since 1993, and within the NESDB guidelines, the BOI has sought to decentralise industry outside Bangkok. There has been some development in the provinces, especially involving tourism, but much has yet to be done, with conditions in Bangkok remaining a major challenge. Both there and in the

31 Submissions, pp. 364-370; Transcript, 18 May 1994, p 325

32 Submissions, p 444



provinces, major health and education issues are still to be attacked. International assistance would be appropriate.

4.69 In many areas, Australia is well suited to assist because of its expertise and technology, but its private sector appears to have neglected Thailand in favour of other South East Asian and ASEAN countries. In November 1994, Committee members heard of the range of opportunities which are available in Thailand from the Australia-Thai Chamber of Commerce, and these opportunities will be discussed further in Part Three.

4.70 Australia's development assistance program to Thailand will be dealt with in Chapter 6, but as this program has legitimate humanitarian and business concerns, they must both be included in projects. The Australian Agency for International Development (AusAID) has to identify more, and more effective, ways of including our expertise in solving some of Thailand's pressing problems.

4.71 The Committee recommends, in conjunction with Recommendation 14:

**Recommendation 7: That AusAID be encouraged to maintain a development assistance program in Thailand which makes maximum use of the range of Australian skills and technology to help in resolving the range of problems confronting that country.**

4.72 The Australian Government has been involved in negotiations at both the bilateral and multilateral levels on such issues as tariffs and quarantine restrictions. Various frameworks now exist which should, given the more liberal and deregulatory spirit in Bangkok, resolve outstanding problems. The Thai Government must be supported and encouraged to implement the further tariff reductions agreed at Bogor in 1993.

4.73 The Committee recommends:

**Recommendation 8: That the Australian Government continue to encourage and support the Government of Thailand to reduce tariffs as agreed at the Asia Pacific Economic Cooperation group meeting at Bogor in 1993.**

4.74 The Treaty of Amity and Economic Relations between the US and Thailand has benefited both countries, but it has discriminated against all other nations. It would be in the interest of all those in business in Thailand if this special relationship were put to one side for the good of all. Such a move would also be consistent with more open world trade.

4.75

The Committee recommends:

**Recommendation 9: That the Australian Government urge the Government of Thailand to renegotiate documents such as the Treaty of Amity and Economic Relations with the United States of America to remove discrimination against third party countries in trade and commerce.**

## CHAPTER 5: BILATERAL TRADE AND INVESTMENT

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### Economic Links between Thailand and Australia

5.1 There are two major bilateral economic agreements between Thailand and Australia:

- . the 1979 Trade Agreement, and
- . the 1990 Economic Cooperation Agreement.<sup>1</sup>

5.2 The Trade Agreement provides for a Joint Trade Committee (JTC) which meets annually to review the trade relationship and resolve specific bilateral trade issues. It was this body which in 1992 established the Joint Technical Working Group on Quarantine and Food Inspection, referred to in Chapter 3 above. The JTC meets each year and has also instituted mid-term reviews to improve the focus on addressing outstanding requests between meetings. In 1993, its agenda was broadened to include discussion of international and regional trade policy issues.

5.3 The Economic Cooperation Agreement provides the framework for the economic relationship and identifies commercial and investment opportunities. It set up a Ministerial Commission and a Project Review Committee which intended to give notice to the Australian Government and business community of forthcoming projects in Thailand.

5.4 The Ministerial Commission is expected to meet every two years to review the work undertaken by all bilateral officials-level forums. Activation of this body was delayed because of the political situation in Thailand in 1991 and 1992 and it has yet to meet. Australia's representatives are the Ministers for Foreign Affairs and Trade, Thailand's Minister of Foreign Affairs and Minister of Commerce. There is scope for involving additional ministers from both sides.

5.5 In discussing the Commission, a DFAT witness drew attention to the range of issues in the economic area which are not simply the preserve of commerce or trade ministries, and also to the involvement of the business community in what were previously considered 'official' relationships.

5.6 DFAT said that the main objectives in Australia's bilateral trade strategy with Thailand are:

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1 Material in this section was drawn from Submissions, pp. 259, 263; Transcripts: 26 April 1994, pp. 30, 40-41, 7 October 1994, p 737

- to improve liaison between government and business within Australia;
- to raise the level of government-to-government consultations on trade and investment issues;
- to seek reductions in Thailand's tariffs on key products;
- to accelerate streamlining of Thailand's non-tariff barriers and business regulation;
- to coordinate development assistance and related commercial interests;
- to identify opportunities, partners and promote two-way investments;
- to improve awareness of Australia as a competitive and reliable supplier of sophisticated manufactures and services;
- to increase awareness of opportunities to expand economic relations, including joint ventures in third countries;
- to promote industry, science and technology links;
- to coordinate education exchanges, scholarship and fee-paying student programs; and
- to maintain growth in tourism and utilise it for further business ties.<sup>2</sup>

### Australia's Exports to Thailand

5.7 In 1994, total trade between Australia and Thailand was worth \$A2.241 billion, up from \$A2.018 billion in 1993. Of this, Australia's exports were valued at \$A1.365 billion and imports from Thailand at \$A876 million. The excess of exports in Australia's favour was \$A488.5 million, up marginally from \$A485 million in 1993.<sup>3</sup>

5.8 Australia's market share of exports to Thailand has slowly increased from 1.8 per cent in 1987 to just over 2 per cent in 1994. This is about the same level as it was in 1992 which was, as discussed in Chapter 4 above, a time when the Thai economy was growing rapidly. Over this period, Thailand's imports from the rest of the world have grown at a trend rate of 26 per cent per year. While its economy is about 80 per cent the size of Indonesia's, with a GDP of about \$A100 billion, Thailand is only our fourth largest export market in ASEAN. Overall, Thailand is Australia's 17th largest trading partner, and our 16th largest in the Asia Pacific Economic Cooperation (APEC) group.<sup>4</sup>

5.9 Since the late 1980s, Australia has increased its share of the Thai market in all sectors except in simply transformed manufactures (STMs) where in relative growth terms our share of the market has declined, although unworked aluminium and alloys and unworked lead have been consistent. Exports of Australian agricultural products, cotton, and dairy products such as milk powder and butter, grew rapidly compared with imports of these products to Thailand from all sources. Other significant Australian exports are

2 Submissions, pp. 290-291

3 Material in this section was drawn from Exhibit No 74; Submissions, pp. 453-454; and Transcript, 26 April 1994, pp. 46-47

4 Transcript, 26 April 1994, pp. 47, 4; Submissions, p 288

gold, crude petroleum and, increasingly, pearls and some precious stones, paints, varnishes and pigments, passenger vehicles, general industrial machinery and a significant amount of wool.

**Table 5.1: Selected Australian Exports to Thailand - 1990-1994**

Product	\$A million				
	1990	1991	1992	1993	1994
Aluminium	181.9	143.1	163.9	182.4	212.5
Cotton	32.5	30.5	44.0	21.2	47.5
Milk & cream products	30.5	28.5	47.8	52.1	52.3
Gold, non-monetary	10.1	11.1	155.0	240.6	242.2
Crude petroleum	25.6	24.1	138.6	73.1	29.3
Food processing machinery	2.2	5.1	9.2	36.5	1.4
Pearls and precious stones	21.2	14.0	13.0	27.9	21.8
Paints, varnishes and pigments	12.1	8.5	21.9	26.2	27.6
Passenger vehicles	5.4	2.0	3.1	21.5	40.8
General industrial machinery	6.3	5.8	8.5	12.7	16.1
Computers and office machines	7.3	4.6	7.9	5.6	8.9
Electrical machinery and appliances	2.7	5.5	9.9	10.7	17.2

5.10 Exports of elaborately transformed manufactures (ETMs) to Thailand grew at over 30 per cent in 1993 and by 17.1 per cent in 1994. Significantly, Australia has been able to keep up with the growth trend of imports of these items from the world, thus marginally increasing its small share of Thailand's largest import sector. While the contribution to the growth in exports of ETMs has been widely based, the major items exported from Australia were computers and office machines, electrical machinery and appliances, and machinery for specialised industries. Such items are significant for Thailand's continuing economic development.

5.11 As Table 5.1 above makes clear, while exports of food processing equipment increased in the late 1980s/early 1990s, they declined steeply for 1994. The Department of Industry, Science and Technology (DIST) drew attention to the impact

on the processed food industry of the various impediments to trade discussed in Chapter 4 above. The effects of these impediments have been significant, so that while food exports grew at over 12 per cent per year in real terms from 1988 to 1992, their actual value was a mere \$A105 million and their share of Thailand's total food imports fell from 6.4 per cent in 1987 to 4.6 per cent in 1992. This decline in market share is in an area where Australia's processed food industry could have expected to appeal to the Thai middle class. Changed dietary patterns in this group in Thailand provide a major opportunity to ensure Australia's market share does not decline further.<sup>5</sup>

5.12 In the resource sector, Australian exports grew significantly compared to imports from the rest of the world, but the amount of crude petroleum fell from a 1992 peak in both 1993 and 1994. Gold exports to Thailand have increased significantly because the metal is used by Thailand in its trade with its neighbours.<sup>6</sup>

5.13 There are significant opportunities for Australia to increase its exports of black coal, as Thailand intends to generate up to 34 per cent of its electricity requirements from plants fired by black coal by 2006. As this will need an estimated 19 million tonnes of imported coal, Australia should be able to provide 40 to 50 per cent of this requirement. It should also be able to provide technical assistance on the efficient utilisation of both black coal and lignite, in the areas of environmental planning and management, coal handling and transport, and the construction and operation of large-scale infrastructures for power generation and distribution.<sup>7</sup>

5.14 Australian companies BHP and CRA are already involved in mining and investment in mining activities in Thailand. In November 1994 Committee members inspected the lignite mine at Lampang and were briefed on the opportunities in clean power generating equipment. Ausmine is an organisation supported by Austrade which has 106 member companies. Evidence given to the Committee's inquiry into the export of Australia's services by Mr John Broome, Ausmine's Chairman, referred to the availability of Australian technologies which would reduce emissions from coal-fired power stations to internationally acceptable standards without massive expenditure.<sup>8</sup>

### Imports to Australia from Thailand

5.15 Thailand's economic growth since the 1980s has been driven by its industries. It is now Australia's 17th largest source of imports and the principal items are processed seafood and fish, crude petroleum, textile yarn, animal feed, plastics and

jewellery. For the years 1991 to 1993, Thailand exported a significant amount of a particular grade of crude petroleum to Australia.<sup>9</sup>

**Table 5.2: Selected Imports to Australia from Thailand - 1990-1994**

Product	\$A million				
	1990	1991	1992	1993	1994
Processed seafood, fish	44.7	50.7	58.6	75.5	76.1
Crude petroleum	--	10.1	56.9	21.0	--
Textile yarn	18.0	37.9	33.7	33.9	51.7
Animal feed	28.0	32.6	27.1	37.5	30.0
Plastics	19.5	22.1	22.5	23.8	20.9
Jewellery	25.6	23.0	24.6	20.7	22.7

### Trade in Services with Thailand

5.16 In discussing the role of the Ministerial Commission, a DFAT witness also observed that one focus for this body could be the services sector and removal of any impediments in the way of Australian companies gaining their share of the Thai market. The trade in services between the two countries has grown strongly in recent years with the Thais having a clear surplus in 1992/93 of \$A69 million, principally because of Australian tourists visiting Thailand. This surplus was down from \$A84 million in 1991/92. The balance of services trade has been in Thailand's favour since 1983/84.<sup>10</sup>

5.17 As set out in Chapter 4, the middle class, especially in and around Bangkok, represents a rapidly expanding market for imported consumer goods and a range of services: including health, education, medicine and housing. If current measures are successful, decentralisation will further extend potential numbers and create opportunities in other areas of the country. Thailand's relatively low levels of skill and education, infrastructure deficiencies and environmental degradation all suggest there are opportunities for Australian service industries. As the list in DFAT's submission makes

5 Submissions, p 996; and Transcript, 7 October 1994, p 747

6 Transcript, 17 May 1994, p 205

7 Transcript, 7 October 1994, pp. 670-671

8 Services Inquiry, JSCFADT, Transcript, 20 April 1995, pp. 175, 181

9 Material for this section was drawn from Submissions, p 288 and Exhibit No 74

10 Material in this section has been drawn from Transcript, 26 April 1994, p 26; and Submissions, pp. 288, 290, 293-294, 455

clear, Australian companies are already involved in a range of activities in Thailand. Some of these firms provided submissions to the inquiry, as set out in Appendix 2.<sup>11</sup>

5.18 Telstra Corporation is one example among many Australian companies working there. Thailand has been identified by Australian telecommunications companies as one of the top ten priority markets. Telstra conducts business there on two levels:

- . as a correspondent to the Thai international telecommunications carrier providing services between the two countries, and
- . as a service provider in the Thai domestic market.<sup>12</sup>

5.19 Telstra holds equity in a Thai joint venture company, Samart Telecoms, which provides a high speed digital satellite data network service to the business community. Its partner is one of a group of companies which manufactures high technology telecommunications equipment.

5.20 Under the Seventh National Economic and Social Development Plan (1992-1996), the Thai government proposes to promote investment in telecommunication infrastructure to increase the number of telephones from 3.2 to ten telephones per hundred inhabitants, and provide an additional three million lines in Bangkok. This is estimated to cost about \$A8.8 billion. The government also has a plan to install a million lines in the provinces, and there has recently been significant investment to link Chiang Mai with Bangkok. The telecommunications infrastructure elsewhere in Thailand is limited and the government has recently approved installation by the concessionaires of an additional 600,000 lines in the greater Bangkok area, with another 500,000 lines elsewhere in the country. The State Telephone Organisation is to install a further 800,000 lines: 150,000 in Bangkok and 650,000 in the provinces. Pay and cable service television are obvious areas of opportunity in Thailand. Communications are dealt with in more detail in Chapter 12.<sup>13</sup>

5.21 Telstra earns more than \$A200 million per year in Thailand and has benefited from the increased size of the market there. It believes, however, that the telecommunications industry must be further deregulated and the necessary infrastructure provided to attract the amount of investment required to expand services as set out in the Thai Government's Plan.

5.22 Thailand is the third most popular Asian destination for Australian tourists. In 1994, 205,187 Australians visited Thailand, about 3.2 per cent of all arrivals there and 466,800 Thais visited Australia. While this was only about 2 per cent of total arrivals here, it represents an increase of 44 per cent over the 1993 figure. By 2003, the

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11 Submissions, pp. 296-298

12 Material in this section was drawn from Submissions pp. 136-138 and Transcript, 17 May 1994, pp. 292-293, 297

13 *International Business Asia*, 15 September 1995, p 12

Australian Tourism Commission (ATC) has estimated 309,000 Thais will visit Australia, and to achieve this figure the Commission knows a greater awareness of Australia needs to be created in the Thai market. Tourism from Thailand to Australia will be considered in more detail in Chapter 15 below.<sup>14</sup>

5.23 A number of Australian construction companies, or wholly owned subsidiaries involved in joint ventures, are working in Thailand including John Holland Group Pty Ltd, Concrete Constructions Pty Ltd and Leighton Holdings Ltd, building and supervising commercial projects. When Committee members were in Thailand, concerns were expressed about follow-up orders in a construction market which was already over-supplied.

5.24 The Association of Consulting Engineers Australia drew attention to the estimated \$A250 million Australian engineers earn overseas each year, without specifying how much of this amount was generated in Thailand.<sup>15</sup>

5.25 Water Resources Consulting Services (WRCS) is the self-funding unit of the New South Wales Department of Water Resources which undertakes external consultancies on a fee-paying basis. It seeks to develop cooperative relations with water management authorities in Thailand and neighbouring countries to gain from the project consultancies and the project development/construction work which might follow.

5.26 While the WRCS does not have strong connections with Thailand in particular, it does have an involvement with the region and with the Mekong Committee in particular. In January/February 1994, two officials were engaged on a consultancy to that Committee through AIDAB (now AusAID) to review water capture data and coordination arrangements for the Lower Mekong Basin. The team identified a number of further projects with technical merit consistent with an overall program and these are being pursued.<sup>16</sup>

5.27 In agriculture and farm management, Australia has considerable advantages in both skills and technology. These can be applied to traditional areas such as rice, sugar, cotton, tropical fruit and vegetables, and also to new fields such as the dairy industry, beef, and temperate fruit and vegetables.

5.28 While this section has sought to indicate briefly the many areas of Australian expertise in the supply of goods and services which are directly relevant to Thailand, areas such as defence, education and health services are considered in Part Three.

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14 Submissions, pp. 650, 1194, 1196; Transcript, 7 October 1994, pp. 689-690

15 *The Australian Financial Review*, 3 May 1995, p 37; Submissions, p 201

16 Transcript, 17 May 1994, pp. 251-254; Submissions, pp.80-81

## Bilateral Investment

5.29 Thailand was late in receiving Foreign Direct Investment (FDI) inflows because it pursued import replacement policies, rather than the export-oriented approach of Singapore and other Newly Industrialising Economies (NIEs). Thailand's FDI levels were relatively low until the mid- to late-1980s when Japanese and Taiwanese firms started to look to it as the first choice for offshore relocation because of increasing wage costs at home and in other regional countries. In a period when the currencies of Japan and the NIEs have been appreciating and their labour costs increasing, Thailand has used its cost advantages and attracted FDI to establish export bases for industries which have lost competitiveness in these countries.

5.30 Most FDI in the 1980s and 1990s flowed into Thailand's trade and services, electrical appliances, construction, mining and quarrying, and chemicals. Although Japan continues to dominate FDI in Thailand, its share has been declining as Hong Kong and Singapore become significant investors.

5.31 Australia's FDI in Thailand is small, despite our geographic proximity. Thailand does not have a mineral resource base which might attract investment in an area of Australian expertise. Most foreign investment in Thailand has been directed to low cost assembly operations in electronics and the computer industry which do not match our capabilities. There has been some disinvestment in recent years, with Australian investors moving out of companies in the glass, food processing and finance industries.

5.32 In the 1960s, Australian firms were significant investors in Thailand, but they did not expand with the growth of the economy and new firms did not follow them. By the mid-1970s Australia's direct investment in Thailand was negligible compared with Japanese, American, European and overseas Chinese investment there. Between 1970 and 1990, BOI figures (Table 5.3) show Australia's contribution to Thailand's net FDI inflows was \$A50 million, 0.4 per cent of the total. In 1991, the figure increased to \$A105 million, or 2.9 per cent of the total. More detailed BOI figures (Table 5.4) show that Australian investment in Thailand has fluctuated in the years since 1990 and that the amount of investment in particular sectors has also varied significantly.<sup>17</sup>

5.33 Both Australian and Thai statistics probably under-estimate the amount of Australian investment, as they are drawn from balance of payment figures and do not include retained earnings or investments brought into Thailand indirectly for tax or other reasons. In addition, deregulation in Australia has made it more difficult to get information on investments off-shore.<sup>18</sup>

17 Submissions, p 624; Transcript, 18 May 1994, p 356; Exhibit No 8, pp. 39-41; Submissions, p 289; Transcripts: 26 April 1994, p 47, 17 May 1994, p 191 and 7 October 1994, p 752. Exhibit No 52, pp. 57-59 and No 77, pp. 59-60, also refer to this subject.

18 Submissions, p 289; Exhibits No 52, p 58 and Exhibit No 77, p 59

Table 5.3: Australian Investments in Thailand Approved by Sector 1990-1992  
(Million Baht)

Sector	1990				1991				1992			
	No of Projects	Share in Total (%)	Investment	Share in Total (%)	No of Projects	Share in Total (%)	Investment	Share in Total (%)	No of Projects	Share in Total (%)	Investment	Share in Total (%)
Light Industries	1	10.0	26.0	1.6	--	--	--	--	1	16.7	7.0	0.5
Electric and Electronic Products	1	10.0	9.3	0.6	1	16.7	5.0	0.5	--	--	--	--
Metal Products and Machinery	1	10.0	70.0	4.4	1	16.7	70.6	6.9	1	16.7	206.0	15.7
Agricultural Products	2	20.0	111.0	7.0	1	16.7	685.0	67.0	1	16.7	25.0	1.9
Textiles	--	--	--	--	--	--	--	--	--	--	--	--
Services	4	40.0	1,347.3	84.7	2	33.3	246.4	24.2	2	33.3	1,039.3	79.4
Chemicals and Paper	--	--	--	--	1	16.7	10.1	1.0	--	--	--	--
Minerals and Ceramics	1	10.0	27.0	1.7	--	--	--	--	1	16.7	32.0	2.4
<b>TOTAL</b>	<b>10</b>	<b>100.0</b>	<b>1,590.6</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>1,017.1</b>	<b>100.0</b>	<b>6</b>	<b>100.0</b>	<b>1,309.0</b>	<b>100.0</b>

Table 5.4: Australian Investments in Thailand Approved by Sector 1993-1994  
(Million Baht)

Sector	1993				1994 (Jan to June)			
	No of Projects	Share in Total (%)	Investment	Share in Total (%)	No of Projects	Share in Total (%)	Investment	Share in Total (%)
Light Industries	2	25.0	61.5	3.9	3	50.0	245.1	14.3
Electric and Electronic Products	--	--	--	--	--	--	--	--
Metal Products and Machinery	1	12.5	5.80	0.4	--	--	--	--
Agricultural Products	--	--	--	--	1	16.7	117.6	6.9
Textiles	--	--	--	--	--	--	--	--
Services	1	12.5	492.0	30.9	--	--	--	--
Chemicals and Paper	2	25.0	540.8	34.0	2	33.3	1,353.9	78.9
Minerals and Ceramics	2	25.0	492.7	30.9	--	--	--	--
<b>TOTAL</b>	<b>8</b>	<b>100.0</b>	<b>1,592.8</b>	<b>100.0</b>	<b>6</b>	<b>75.0</b>	<b>1,716.6</b>	<b>100.0</b>

Source: BOI

5.34 Thai investment in Australia is about \$A300 million, mostly in real estate and equity investment, but a combination of this small amount and confidentiality provisions combine to make it difficult to find details.<sup>19</sup>

5.35 DIST suggested that the level of Thai investment in Australia is low because of the opportunities to be found not only in its own dynamic economy, but also in the economies in its immediate region. DIST also suggested that there are opportunities for Thai investment in Australian companies in the food processing area, thus providing critical local knowledge needed to expand the market share in Thailand. Because of the acute shortage of Thai engineers and other technical personnel, there are also great opportunities for Thai firms to invest in Australia's research and development capacity in technologies which would be useful in Thailand. These could include rural systems, solar-powered apparatus, mobile phone technology and satellite communications equipment and services. Telstra's experience has shown that there are worthwhile opportunities in the telecommunications field in Thailand.<sup>20</sup>

### Trade by the Australian States with Thailand

5.36 All the Australian States and Territories were approached to supply the Committee with information on their trade with Thailand. Responses were received from the Northern Territory, Queensland, South Australia and Western Australia.

5.37 The Northern Territory has concentrated on areas of special expertise, principally in fisheries and agriculture research.<sup>21</sup>

5.38 Queensland has established a South-East Asia Secretariat which seeks to position its business interests to benefit from the rapid economic growth which is occurring in Thailand and other ASEAN countries. The Department of Transport has hosted a number of Thai engineers on a study tour, and has provided a senior officer on secondment to lecture university students in Bangkok. It has worked on the possibility of providing consultancy services on administration, and training for the regulation and transport of dangerous/hazardous goods. Queensland Rail, in conjunction with the private sector, has hosted Royal Thai Railway officials on a study tour of trade welding technologies. The Department of Primary Industries is involved in a range of activities, of which the main interests are tropical rain forests, the tropical cattle industry, horticulture and land use and planning programs. It also undertakes collaborative research under funding from the Australian Centre for International Agricultural Research (ACIAR). The Department of Education sells text book materials for translation, adoption and use in Thai Government schools. Contact has been maintained

19 Transcript, 18 May 1994, pp. 355, 359; Submissions, pp. 624, 1000

20 Submissions, p 1000

21 Submissions, pp. 58-59

with Thai Ministry officials since 1988 to continue to expand opportunities to offer suitable curriculum materials for sale.<sup>22</sup>

5.39 Thailand has not been a key market for South Australia and, in 1990/91, it ranked 21st as an export trading partner for that State. Major exports include petroleum, lead, motor vehicles and parts and chemicals. SA appointed its first commercial representative in Thailand in 1988.

5.40 South Australia has not, with the exception of wine exports, shared in the growth of Australia's trade with Thailand. Current estimates are that SA supplies 70 per cent of Australian wine exports, but it is not clear how much of this goes to Thailand. While consumption there is generally restricted to tourists and the expatriate community, the Thai middle class and especially those who have lived and been educated abroad is showing an interest in Australian wines. The marketing emphasis is now being directed to sales from supermarkets and other retail outlets where the main thrust has been hotels and restaurants. The SA Government pointed out that one impediment to the continued growth of wine exports to Thailand is the wide array of government restrictions on imports, including import licenses, import duties, excise duty and municipal taxes.<sup>23</sup>

5.41 Over the past decade, Western Australia's relations with Thailand have developed so that exports now exceed imports. Since 1982/83 imports have grown from \$A5 million to \$A61 million, while in the same period exports grew from \$A5 million to \$A298 million. Imports from Thailand to WA consist principally of fish and crustaceans, petroleum, pearls, animal feed, rice, textiles, clothing and plastic goods. Western Australia's major exports consisted of gold, petroleum products, pigments, pearls and alumina. In 1994, 248 WA companies were exporters to Thailand and over 400 were registered as having an interest in that market.

5.42 While there is little investment in either Western Australia or Thailand by the other, Thailand is becoming a market for the export of WA's education services. In 1990, the WA government recruited 84 students to study English and in 1994 this program attracted 200 full fee-paying students from Thailand. In May 1994, the WA Education Group participated in a major promotion of education services in Bangkok and Chiang Mai.<sup>24</sup>

### Doing Business with Thailand

5.43 While Australian companies have some complaints about doing business in Thailand, there are also concerns from the Thai side. Thailand has complained about the bilateral trade imbalance which has grown, and is still growing, in our favour over

recent years. There is also some Thai irritation about Australia's anti-dumping and anti-subsidy inquiry procedures, believing that in the context of a favourable trade balance inquiries into Thai imports are inherently unfair. The Thais claim that their products are cheaper than Australia's because of their more competitive companies and characterise our anti-dumping inquiries as trade harassment about a small volume of their exports.

5.44 Thailand's concerns should also be seen in the context of its previously protectionist position and the ASEAN view of anti-dumping measures as a restriction on world trade which it believes should be as unfettered as possible. This position has been argued at the GATT/World Trade Organisation (WTO) and other forums and bilateral discussions. In addition, these countries do not take anti-dumping actions because they see them as a way in which long term markets could easily be disrupted.

5.45 In reply, Australia has pointed out that its procedures comply with GATT requirements and action is only taken when it has been demonstrated that dumped or subsidised imports are causing or threaten to cause material injury to the domestic industry which is producing similar products. Few actions are taken in total or at the same time and, contrary to the Thai view, they are carefully researched.<sup>25</sup>

5.46 As set out in Chapter 4, the Alien Business Law, tariff and non-tariff barriers and quarantine restrictions have been seen to hamper Australia's trade with Thailand. In December 1993 and January 1994, Mr Ron Edwards and Mr Siva Muthaly of the Business School at Monash University interviewed the chief executives of a number of Australian-owned companies operating in Thailand. Their research indicated that the primary constraints on doing business in Thailand are a lack of cultural knowledge, poor infrastructure, poor market intelligence and, to a lesser extent, unfamiliarity with the language. Secondary issues include lack of political influence, high tariff levels, high local equity requirements and poor management practices. The latter included entering the market with short term expectations and the use of styles and structures which might not be suitable in Thailand.

5.47 This research also confirmed that, subject to avoiding the mistakes listed above, Australians are popular in Thailand for their expertise and professionalism, and because they are seen as friendly, egalitarian and informal. Political, historical and geographical factors work in favour of Australian businesses in Thailand, so that other comments made to the researchers included: Australia is not a threat, Australia had not been a colonial power in the region, our soldiers had fought in the Second World War and Australia's development assistance contribution is appreciated. Mr Edwards also pointed out that although Australians were liked individually and collectively, and although respected as a supplier of minerals and agricultural products, Australia was not

22 Submissions, pp. 489-490

23 Submissions, pp. 877-878

24 Submissions, pp. 765-769

25 Material on this subject was compiled from Submissions, p 292, and Transcript, 26 April 1994, pp. 87-88



seen as a 'high tech' country. This research supports an amount of other evidence received on the 'difficulties' of doing business in Thailand.<sup>26</sup>

5.48 While Committee members were in Thailand in November 1994, they spoke to current and former trade union leaders appointed to the Thai Senate about the reputation of Australian companies in that country. These Senators indicated that we are well respected for the way our factories and businesses are run. The Australian Council for Overseas Aid (ACFOA) recommended that, because they have some responsibility to adhere to international standards for workers' rights and environmental considerations, these companies should abide by a code of conduct which governs all aspects of their behaviour to their workers, and ensure environmental considerations are also taken into account.<sup>27</sup>

5.49 Chapter 16 provides details of a Working Party on Labour Standards which has been set up within the Foreign Affairs and Trade portfolio, with assistance from AusAID and the Department of Industrial Relations (DIR), to examine a range of issues concerning labour standards in the Asia-Pacific region.<sup>28</sup>

5.50 Some Australians may never develop the relationships to do business in Thailand unless they develop a satisfactory level of sensitivity and awareness of certain areas of culture and behaviour. Australia will not therefore succeed in Thailand, and in Asia generally, unless more effort is put into, first, understanding and then practicing 'the Asian way of business'. Comparatively simple measures will correct some of the mistakes documented by Mr Edwards and Mr Muthaly and mentioned by other witnesses. Melbourne University, for example, has prepared a guide to doing business in Asia and a legal guide to business in Asia, including a chapter on Thailand.<sup>29</sup>

5.51 As Dr Allan Thompson pointed out, the cultural aspect of doing business in Asia is a major issue which has been relatively neglected in both academic and business circles. The research base of this cultural information which a business or business person needs to succeed in Thailand varies. Thus, while information on the legal aspects of setting up a business there is available, material on how to run a factory, or conduct business relationships, or the role of trust in business is not so easily available. Australian businesses are therefore less well served about cultural aspects of business in Thailand than their competitors, and this could be a very important element in determining our international competitiveness in Asia in future.<sup>30</sup>

5.52 Given this lack of knowledge it is hardly surprising that, in spite of the good reputation Australia and Australians have in Thailand, many mistakes have been made

and misconceptions held. In addition to the general ones set out above, the following are relevant:

- . Professor Williamson of the University of Melbourne observed that there is a perception in Thailand that Australians are less 'hard-nosed' in their business dealings than their competitors;<sup>31</sup>
- . Dr Thompson of the same university suggested that Australians do not understand Thai expectations in authority relationships;<sup>32</sup>
- . Mr Edwards referred to the impression he had received that Australians in Thailand do not mix widely outside the expatriate community;<sup>33</sup> and
- . Dr Ann Kumar from the ANU said that it seemed that the business community in Australia seems to be hindered by its views of business there, rather than by real commercial barriers, in particular that Thailand is a difficult market to break into because of its language.<sup>34</sup>

5.53 There can be no doubt that Thai business customs and the language can be the cause of problems for business people. But, as Dr Ann Kumar from the National Thai Studies Centre observed, a small amount of linguistic and cultural training can overcome these problems. Dr Tony Day and Ms Nilwan Jiraratwatana estimated that 30 to 35 per cent of students in all Thai language courses in Sydney in 1994 were business people or academics seeking knowledge prior to travelling to that country. The RSL stated that business should be encouraged to train executives in the Thai language and customs, but noted that although some government departments have recognised the value of this training, businesses have not, primarily because of the costs involved. This is in spite of the fact that, according to Dr Day, the business community is 'squarely behind' the call for improved language and cultural training for business people planning to work in Thailand. Teaching of the Thai language and culture in Australia has already been addressed in Chapter 3.<sup>35</sup>

5.54 DFAT told this inquiry of 'the plethora of overseas trade promotion and investment promotion missions' which have been visiting Thailand. There is a risk that too many such missions may not only be uncoordinated, and that their various enthusiasms may be in competition and actually work against the overall national interest. The department suggested business should work more cooperatively by spacing delegations and operating in a much more coordinated manner. The Australia-Thailand Business Council drew attention to narrow definitions of trade and missions which fail

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26 Submissions, pp. 878, 884-889; Transcript, 10 August 1994, pp. 557, 559-560  
27 Submissions, p 901; Transcript, 7 October 1994, pp. 704-705, 710-711  
28 Exhibit No 105; Transcript, 15 February 1995, pp. 796-797, 798-799  
29 Submissions, p 224; Transcripts: 17 May 1994, pp. 191, 201, 10 August 1994, p 516  
30 Transcript, 10 August 1994, pp. 507, 546, 508-509

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31 Transcript, 10 August 1994, p 513,  
32 Transcript, 10 August 1994, pp. 544-545  
33 Transcript, 10 August 1994, p 565  
34 Transcript, 13 September 1994, pp. 574, 586  
35 Transcript, 13 September 1994, p 574; Submissions, pp. 224, 432; Transcript, 17 May 1994, p 279

adequately to represent the services industry. It recommended that the time had arrived when general trade missions had passed, and suggested that the greatest value to business from Australia would come from missions focused around specific themes.<sup>36</sup>

5.55 The Association of Consulting Engineers Australia referred to a perception in the engineering field that government-sponsored trade missions rightly or wrongly emphasised the export of goods rather than services. The Association also complained that many of its overseas competitors are supported by their governments' funds to carry out feasibility studies which give these firms a significant competitive edge. The Association made a number of other recommendations which will be considered in Chapter 6 below, in the context of Australian development assistance to Thailand.<sup>37</sup>

5.56 Professor Helen Hughes pointed out that Thailand has a public works program of about \$A45 billion for a five year period. The bulk of this program was supplied under contracts through the World Bank and the Asian Development Bank. Australia did not receive one contract because our firms did not bid for them in the market of international competitive bidding. She added that, because the Japanese, the Americans, the Taiwanese and firms from Hong Kong are already in Thailand, Australian firms find it hard to break in. Australian companies are doing better with contracts from the Asian Development Bank, but not from the World Bank.<sup>38</sup>

### Assistance to Australian Businesses

5.57 DFAT provides a range of services in support of organisations and individuals doing business in and with Thailand. These include the Thailand Country Economic Brief (CEB) which is updated twice per year. It contains extensive information on economic conditions and political developments, government policies and bilateral economic relations. Some services have a more general application than Thailand. In 1993, the department introduced a new cable subscription service which allows access to a regular flow of the latest cabled assessments on economic and political issues in key Asian markets. It has also created a Business Affairs Unit (BAU) to expand its corporate relationship, and to seek the views of business on trade policy and provide advice on business trends and concerns.<sup>39</sup>

5.58 In early 1994, the department's **Asialine** monthly newsletter was subscribed to by over 2000 companies. It also provides specialist briefings to corporate clients and, most notably, the reports of the East Asia Analytical Unit such as **Changing Tack: Australian Investment in South-East Asia**.<sup>40</sup>

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36 Transcript, 26 April 1994, p 21; Submissions, p 122

37 Submissions, p 204; Transcript, 17 May 1994, pp. 219-220

38 Transcript, 18 May 1994, pp. 357, 359; Submissions, p 626

39 Material on this subject was drawn from Submissions, pp. 298-301

40 Exhibit No 8

5.59 The Asian Business Visits Program (ABV) was announced in March 1993 to boost the integration of Australia's economy with the Asian region, and to generate export-led growth. The program's broad objective is to bring to Australia Asian business leaders, senior economics editors and commentators who can either contribute to or influence our expanding trade and investment links with the region. It also seeks to encourage greater networking, leading to the possible formation of strategic alliances, and to build on existing overseas visitor programs. Under the ABV, 40 to 50 Asian business leaders are to be invited to visit this country each year.

5.60 In 1993, the department held the inaugural National Trade and Investment Outlook Conference (NTIOC). It brought together decision-makers from small and medium-sized enterprises, as well as mainstream corporate Australia, to discuss ways in which business can be informed and take full advantage of international market developments and opportunities. Over 900 domestic and international participants attended, including about 60 senior business visitors from 12 focus markets which included Thailand. The conference was held to be 'an outstanding success'. The Thailand Country Focus Group saw a valuable exchange of views on the Thai business environment from a panel which included senior Thai business leaders in the retail, energy, communications and construction sectors who were brought to this country under the ABV.

5.61 NTIOC in December 1994 was organised along the same lines as the inaugural conference, with Thailand again one of the focus markets. Another delegation of senior Thai business people came to Melbourne, and that visit complemented a business mission the Australian Minister for Trade had taken to Thailand in August 1994. The Embassy in Bangkok received very positive responses to the conference from the Thai participants.<sup>41</sup>

5.62 The National Trade Strategy Consultative Process (NTSCP) was launched by DFAT in March 1991 as a vehicle for close consultation between Australian governments, the business community and trade unions to ensure a more coordinated approach to trade development and strategies. It has operated through two annual, formal mechanisms: the officials level Trade and Investment Forum which feeds into a Commonwealth/State Ministerial meeting, chaired by the Minister for Trade.

5.63 At the August 1993 NTSCP meeting, the concept of Team Australia was launched. It joins government, industry and unions in a collaborative effort to lift trade and investment performance and to ensure Australia is in the front rank of exporting economies by 2000. The NTSCP involves regular meetings of industry associations, unions and government officials. It includes an annual Trade and Investment Forum which reviews bilateral and sectoral trade and investment strategies and makes recommendations to the Ministerial meeting.

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41 Transcript, 6 March 1995, p 868; Minister for Trade, Press Release, MT59, 16 August 1994

5.64 These formal meetings have been underpinned by a working document, the Australian Trade and Investment Development (TRAID) paper which is drafted in consultation with NTSCP participants. Its purpose is to provide a framework to enable the Australian participants to pursue national trade and commercial interests; to identify key priorities and objectives; to provide an assessment of the 'strategic fit' for each market for the following two years, and to identify government actions which will assist in achieving goals in each market.

5.65 The TRAIID paper contains bilateral trade and investment strategies for priority markets, including Thailand, and identifies key issues, objectives and forward programs for each market. It also sets out government strategies for the commodities, manufacturing and service sectors, with the identification of domestic impediments to our international trading performance. It is prepared in consultation with Austrade and a range of Commonwealth and State agencies and industry organisations. The bilateral strategies are a blueprint for the trade and investment activities of the various Commonwealth and State agencies, including their overseas posts.<sup>42</sup>

5.66 The Australian Trade Commission (Austrade) has a total of 18 Australian-based and locally employed staff in Thailand and in 1994/95 had a budget of \$A1.596 million to carry out its operations there. In 1993, it was estimated that the Bangkok post had had contact with about 1000 Australian firms. Additional information on Austrade's role, within Australia and in Thailand and including a range of scholarship and fellowship programs, can be found in Appendix 7.<sup>43</sup>

5.67 In its first submission, Austrade suggested that investment in Thailand which leads to increased exports could be provided with tangible assistance by expanding the eligibility criteria for what was then ITES. It recommended that eligible expenditure could include some start-up costs associated with investing in Thailand, and other markets, in projects which will increase exports of raw materials or components for those projects. Austrade indicated that the degree of assistance would need to be determined with industry bodies and financial institutions, but could cover some of the capital costs incurred in new or expanded offshore investments. Export performance goals would not need to be changed, but would need to be carefully monitored if additional assistance was to result in higher exports.<sup>44</sup>

5.68 A second recommendation by Austrade was based on a Canadian initiative called Enterprise Thailand Canada (ETC), whereby the government through its development assistance agency assists in the development of business opportunities between Canadian and Thai partners. These opportunities can be joint ventures, technology transfers and other forms of association, with the expectation that most will

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42 Transcript, 26 April 1994, p 20

43 Hansard, Senate, 11 May 1995, pp. 411-412; Submissions, pp. 467, 487; Transcript, 26 April 1994, p 47

44 Submissions, p 487

be located in Thailand. Grants are provided on a shared cost basis for exploratory, feasibility, technical and marketing studies, as well as for training.<sup>45</sup>

5.69 The Export Finance and Insurance Corporation (EFIC) is Australia's official export credit agency and is self-financing but with a full government guarantee. Its mission is to provide internationally competitive insurance and financial services to Australian exporters, particularly to countries, companies and contracts which the commercial market may not have the capacity to cover. EFIC's loans are determined in accordance with an international agreement on government-backed export credits under OECD conventions.

5.70 While the terms of loans may be 'softened' under the Development Import Finance Facility (DIFF), by its choice Thailand has not been a significant recipient of such funding. The only DIFF loan it has received from Australia was of \$A52 million for railway communications equipment and this situation is comparable to the experience of other countries. EFIC believes the reluctance to accept DIFF-type funding reflects Thai doubts about the benefits of that form of assistance, unless the project has been the subject of competitive tendering. In Australia's case, another reason could be an incompatibility between the DIFF cycle and the Thai's project planning process. Further discussion of the DIFF scheme is in Chapter 6.

5.71 In 1993/94, EFIC signed seven commercial loans for projects in Thailand, with a value of \$A19.217 million. It believes Thailand represents a major prospective market for the export of Australian products and that EFIC's facilities will continue to grow in relevance. Its support for major projects there indicates the growing sophistication of Australian companies, which if combined with increased DIFF funding, could result in a substantial increase of exports of goods and services in the future.<sup>46</sup>

## The Committee's Views

5.72 At the beginning of this inquiry, a DFAT witness drew attention to the 'very solid and productive relationship' Australia had with Thailand. He went on to say this relationship had not received the attention it deserved, in either the private sector or in the community generally. The reasons for this comparative lack of interest are complex, but some have been given earlier in this chapter: language and culture have been barriers to understanding.<sup>47</sup>

5.73 There is no doubt that the strength of Thailand's economy and the prospect of continued growth at about 8 per cent present opportunities for trade and investment. For a number of reasons, Australia and Australians have particular standing in Thailand

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45 Submissions, pp. 487-488

46 Submissions, pp. 361, 363, 848; Transcript, 18 May 1994, pp. 326-327, 330

47 Transcript, 26 April 1994, pp. 3-4

and with the business community there. Although there have been business missions to Thailand, the amount of bilateral trade and investment make clear that largely unexploited opportunities have existed at least since the late 1980s. Some firms, it is true, have not succeeded in spite of their best endeavours and others have not understood the market or prepared themselves adequately. Others have been there for some time but ceased operations. Against such situations must be set the successes of such firms as Telstra or the John Holland Group, to mention but two notable Australian enterprises in Thailand.<sup>48</sup>

5.74 In commodities, manufacturing, goods and services there are many opportunities for Australia in the Thai market. Our performance will be assisted by understanding that market, by avoiding the various errors set out earlier in this chapter, by taking advantage of deregulation in Thailand, especially of the tariff structure, and by carefully targeting trade missions.

5.75 The most effective way to avoid obvious mistakes is for business people to take courses which are available on Thai language and culture. Even if these do not have a specific business focus, they are likely to include sufficient general material to be useful guides to doing business. Austrade officials should be able to brief businesses on these cultural issues. Business people should also contact the Australia-Thai Chamber of Commerce in Bangkok whose membership covers a wide range of the market and which meets regularly.

5.76 The issue of competing trade missions is a complex one which reflects the desires of individual businesses and State governments to maximise their trade with Thailand. In its report **Australia's Relations with Indonesia**, the Committee referred to the complexity of coordinating numbers of trade missions to that country. It suggested that only the increased involvement of individual Business Council members in the planning of missions would reduce unnecessary duplication and effort.<sup>49</sup>

5.77 Further reference to this matter in the current inquiry suggests this matter is still causing problems. It is very difficult to see how this situation can be improved other than perhaps through increased liaison between Austrade and the Australia-Thailand Business Council in the planning of such missions.

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48 **Business Review Weekly**, 8 May 1995, pp. 28-29. The matters dealt with in this section also relate to the previous chapter.

49 JSCFADT, 1993, pp. 203, 206

5.78 The Committee recommends:

**Recommendation 10: That, in planning trade and industry missions to Thailand, Austrade should liaise with such bodies as the Australian Chamber of Commerce and Industry and the Australian Chamber of Manufactures to ensure such missions have more focused objectives.**

5.79 Of more concern, given the continued balance of services trade in Thailand's favour, is the accusation that trade missions concentrate more on the export of goods than services. While the Association of Consulting Engineers Australia was unable to provide any evidence of the favouritism it was alleging, Professor Hughes countered by pointing out that Australian firms are not competitive enough and have been left behind by firms from other countries. The points raised by these witnesses do indicate that those who are seeking to export goods and services to Thailand are not satisfied with the response of Australian government agencies.

5.80 There are a number of programs and supporting mechanisms for Australian exporters but use of these programs by exporters to Thailand seems to be limited. Although EFIC is financing various projects there, the substantial increase in exports of goods and services it looked for in its first submission has not yet occurred. Thailand's continuing reluctance to receive DIFF funding does not seem to have any impact on other projects funded by EFIC. Thai government restrictions on borrowing by its agencies do not assist Australian businesses competing with firms from other countries in Thailand. While not making a recommendation on this matter, we believe possibilities for DIFF funding there need to be kept constantly under review.

5.81 In its first submission, Austrade made recommendations about the funding of Australian businesses operating overseas, especially those which are entering the market. While there may be no resulting changes to existing arrangements for these businesses, the range of opportunities in Thailand compared with Australian successes seems to demand an examination of the range and effectiveness of these programs. Such an examination would be more effective if it included appropriate industry bodies as well as government agencies.

5.82 The Committee recommends:

**Recommendation 11: That a review be initiated to determine the relevance and effectiveness of the training and financial programs supporting Australian exports to Thailand.**

5.83 ACFOA's suggestion about a code of conduct for Australian companies in Thailand referred specifically to workers' rights and environmental considerations. There is already an ILO code of conduct for foreign workers' rights but the treatment of workers employed in overseas countries by Australian companies impinges on the nation's

good name through its citizens as employers and should cover the operations of Australian companies world-wide. While such a code could not be enforced, it would be a worthwhile statement of support for appropriate behaviour by Australian companies and employers, and it would also be consistent with our positions on human rights and environmental responsibility.

5.84 Given the code's importance for Australia's name, measures should be taken to ensure the existence of the code and its provisions receive maximum exposure within the business community. As set out in Chapter 16, this matter is already under consideration by a tri-partite working party which will report late in 1995.

5.85 The Committee recommends:

**Recommendation 12: That the report of the tri-partite Working Party on Labour Standards be provided to the Joint Standing Committee, with specific reference to any recommendations which might deal with:**

- . promulgation of a code of conduct governing the operations of Australian businesses overseas; and
- . arrangements for appropriate training in the provisions and implementation of that code.

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## PART THREE: AUSTRALIAN CONNECTIONS AND OPPORTUNITIES

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## CHAPTER 6: AUSTRALIAN DEVELOPMENT ASSISTANCE TO THAILAND

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### Introduction: Overall Policy Direction

6.1 The Australian Agency for International Development (AusAID) is the vehicle for Australia's assistance to developing countries. The stated objective of this agency is 'to promote the sustainable economic and social development of the peoples of developing countries in response to Australia's humanitarian concerns, as well as Australia's foreign policy and commercial interests'. The assistance Australia provides is underpinned by humanitarian, commercial and foreign policy concerns. Its primary goal is ecologically sustainable development.<sup>1</sup>

6.2 AusAID divides its activities into country, non-country and regional/global programs. Within these categories, the major components of Australia's development cooperation are:

- . poverty reduction;
- . humanitarian concerns;
- . a focus on exports;
- . obtaining commercial benefits in those areas of the program where this is appropriate and relevant; and
- . specific policies on cross-sectoral issues, particularly women in development and the environment.

6.3 Projects seek to include the equal participation of women in development, as well as the principles of ecologically sustainable development. Specific policies and measures in other key areas entail poverty alleviation, human rights population, narcotics control, HIV/AIDS and health, including that of women and children.

6.4 Poverty reduction is integral to AusAID's objectives. Implementation is specific to each country and takes account of the needs and priorities of the individual country, Australia's capacity to assist and the involvement of other donors. There is now also a greater emphasis on 'aid/trade' and specialised policy considerations in country, regional and global planning, as the development cooperation program has become an important instrument in the Government's broader strategy of greater engagement with Asia.

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1 AusAID was until 29 March 1995 the Australian International Development Assistance Bureau (AIDAB). *Insight*, 18 April 1995, p 9. Material for this section was drawn from Submissions, pp. 519-522, 514

6.5 AusAID believes that a key determinant of the nature of the partnership with any developing country is the characteristics of that country and its government as a recipient of development cooperation. This involves assessments of such factors as:

- . the structure of formal coordination arrangements;
- . the working arrangement between AusAID and the government concerned;
- . the institutional strengths/weaknesses of the government and its agencies;
- . the capacities of its private sector; and
- . the country's capacity to absorb development cooperation.<sup>2</sup>

### The Development Cooperation Program with Thailand

6.6 In 1989 all development cooperation activities with Thailand were consolidated under a Memorandum of Understanding (MOU) on Development Cooperation between the Royal Thai Government and the Australian Government. This MOU records that all development cooperation activities are a joint activity between the two governments and are initiated and implemented by joint agreement. Within this framework annual High Level Consultations coordinate program development and implementation. The Department of Economic and Technical Cooperation (DTEC) is AusAID's Thai program coordinating agency, and participates in management of individual activities through membership of each Project Coordinating Committee with the individual Thai counterpart agency.<sup>3</sup>

6.7 The effectiveness of country programs is regularly assessed through a range of reporting and monitoring processes, and through planned and ad hoc consultations between the two nations. A formal Effectiveness Review was last conducted in 1992 and found that the program had been effective in contributing to Thailand's economic and social development, and in enhancing the broad bilateral, inter-governmental, trade and foreign policy relationship. The Review found that the program had also been closely aligned to Thailand's priority development constraints and that Thailand had exhibited a strong capacity to utilise Australian assistance effectively.<sup>4</sup>

6.8 At the 1992 High Level Consultations, the last occasion when the program's concept and implementation was fully considered, a revised strategy was endorsed. This emphasised:

- . the economic and social development of the Thai people remains the focus, so that Australia's central objective is development; and

2 Submissions, p 525  
 3 Submissions, p 525  
 4 Submissions, pp. 267-268, 513, 523

within this focus, there will be greater emphasis on combining development with the promotion of Australian trade and investment.<sup>5</sup>

6.9 Australia's development cooperation program, its fifth largest, with Thailand began in 1952 and has generally been in the form of grant aid. Table 6.1 sets out total annual program expenditure since 1991/92.

**Table 6.1: Total Program Activities FY 1991/92 to 1994/95**

	1991/92	1992/93	1993/94	1994/95
Agriculture and rural development	33%	22%	14%	12%
Economic infrastructure, energy and mining	27%	30%	21%	18%
Education and training	24%	30%	35%	39%
Public planning and social infrastructure	11%	14%	23%	21%
Other	5%	4%	7%	10%
<b>TOTAL</b>	100%	100%	100%	100%
Country Program	\$A25.7m	\$A28.4m	\$A25.3m	\$27.4m
Other	\$A9.2m	\$A13.3m	\$A15.5m	\$A17.5m
<b>TOTAL</b>	\$A34.9m	\$A41.7m	\$A40.8m	\$A44.9m

6.10 The balance between sectors in the overall program has changed, so that whereas agriculture and rural development accounted for nearly half the program in 1986/87, in 1993/94 it was only 14 per cent and in 1994/95 a mere 12 per cent. In addition to its agricultural development programs, AusAID also funds research work from different parts of the program through the Australian Centre for International Agricultural Research (ACIAR). In 1994/95 the ACIAR program in Thailand received \$A3.565 million, up from \$2.49 million in 1992/93 and \$A2.736 million in 1993/94.

6.11 In 1994/95 country program activities totalled \$A27.4 million and the main projects were:

- . training in Australia - \$A9.53 million;

5 Submissions, p 514

- six major, multi-year technical assistance projects - \$A9.76 million; and
- four major NGO and small activities programs - \$A5.18 million.

6.12 In the country program, education and training has risen from 24 per cent in 1991/92 to 39 per cent in 1994/95.

6.13 While it would not be appropriate or possible to analyse all of its country, non-country and regional/global parts in a report of this kind, five quite different projects are significant enough to warrant some examination. These projects are in addition to AusAID's ongoing educational and scholarships programs for Thais to study in Australia and on in-service programs which are dealt with below.<sup>6</sup>

6.14 **Northern AIDS Prevention and Care (NAPAC) Program.** In 1994, the World Health Organisation estimated that there were at least 600,000 HIV positive people in Thailand. Depending on the success of the response to the pandemic, by 2000 there will be between two and four million HIV positive people in the country. NAPAC is currently AusAID's main HIV/AIDS project in Thailand, although there was a smaller Non-Northern AIDS project which was completed in June 1995. The project began in June 1993 and will be funded for four years. It aims to reduce the rate of HIV transmission in the northern provinces where it is very high. This is because of the prevalence of a 'brothel culture' in Thailand and also because northern women are considered to be particularly attractive and are in demand for the sex industry throughout the nation. An additional reason for high transmission rates is the movement of sex workers around the country. Working from the city of Chiang Mai, NAPAC's activity is concentrated in the provinces of Chiang Rai, Phayao and Chiang Mai.<sup>7</sup>

6.15 The project aims to expand the management and programming capacity of local organisations and communities through a combination of institutional strengthening with technical and financial assistance by providing a number of initiatives under a grant program. When Committee members were in Chiang Mai in November 1994, they were briefed about this project, and inspected one of the local initiatives, the San Pa Tong Women's Paper Making Project where women make paper and use it to make a range of products. These women acquire useful skills and remain in their villages, they are paid for their work, and are thus more protected from the need to seek work in the sex industry. While this is a small contribution given the overall HIV/AIDS crisis in Thailand, it does appear to be a worthwhile direction to pursue. HIV/AIDS will be considered in the context of health issues in Chapter 13.<sup>8</sup>

6 Material in this section was drawn from Submissions, pp. 267, 513, 558, 1148, 539. For ACIAR's work, see Submissions, pp. 950-963

7 Submissions, p 544; Transcript, 7 October 1994, p 715

8 Submissions, p 561; Transcripts: 27 April 1994, p 111, 7 October 1994, p 716, 6 March 1995, pp. 864-865

6.16 **Land Titling Project (LTP).** This is joint project with the World Bank and the Thai Department of Lands (DOL) which provides technical assistance to accelerate the issue of title deeds to all eligible land-holders. It also attempts to strengthen the Thai department, including the Central Valuation Authority (CVA), in the performance of this task. Over a 20 year period the target is to establish a land valuation system and up-to-date records. Training has been on the job, through work attachments and post-graduate training in Australia. Phase I was from 1984 to 1990, Phase II began in October 1990 and lasted until September 1994, at a total cost to Australia of \$A19.2 million.

6.17 Phase III commenced in 1994 and is being undertaken simultaneously with Phase IV, which is being implemented from Thai Government resources. Thus the project can be completed by 2000 in accordance with a direction by the Minister for the Interior. AusAID's funding for Phase III is estimated at \$A7.2 million.

6.18 The main beneficiaries from LTP are smallholder farmers whose claims to land are recognised by the issue of secure documentation. The DOL will also be a substantial beneficiary of this project, through the improvement of service delivery, better use of information resources and more efficient land administration.<sup>9</sup>

6.19 This project is seen by one of its originators, Professor Ian Williamson of the University of Melbourne, as having built up strong linkages into the Thai bureaucracy for Australia, capitalising on doing what we do well.<sup>10</sup>

6.20 **Thailand-Australia Community Assistance Program (TACAP).** TACAP is a program of direct assistance to non-government organisations (NGOs) in Thailand. Grant assistance will be provided for community based development projects aimed at raising living standards for poorer sections of Thai society, particularly in rural areas. The program also aims to strengthen the role and capacity of local organisations to plan, manage and implement activities through appropriate training and support for NGO staff.

6.21 Any NGO, community or women's organisation involved in development activities and controlled and managed primarily by Thais is eligible for TACAP funding. Australian NGOs accredited as foreign NGOs in Thailand are also eligible to participate, provided they meet program guidelines, and the activity is developed and implemented in association with a Thai NGO.<sup>11</sup>

6.22 The Australian Council for Overseas Aid (ACFOA) suggested an increase for the program to allow Thai NGOs which are still evolving time to develop their capacity to absorb assistance. ACFOA would also like to see an Australian NGO window within TACAP to develop community linkages and involve our NGOs in stimulating the

9 Submissions, pp. 556, 589-590; Transcript, 27 April 1994, p 105

10 Transcript, 10 August 1994, p 516

11 Submissions, pp. 544, 560; Transcript, 27 April 1994, p 117



development of their Thai counterparts; a scaling down of the overall program to Thailand, and refocussing of funding for projects like TACAP which are aimed at developing the community sector, as well as towards issues such as poverty and HIV/AIDS. Although they are active in projects in urban areas, Mr Russell Rollason, then the Executive Director of ACFOA, said the capacity of Thai NGOs to deliver assistance at the village level in more remote rural areas is increasing and this should be reflected in funding.

6.23 He also emphasised the benefits to be gained by including Australian NGOs in TACAP, as such projects helped provide a broader range of links between Thailand and Australia.<sup>12</sup>

6.24 **The Mittaphap or 'Friendship' Bridge.** Opened in April 1994, this bridge across the Mekong River north of Nong Khai in Thailand into Laos was the first road link between Thailand and Laos and the first bridge to span the river. It was a major component of the Australian development assistance program to Thailand from the time its construction was agreed in 1989. Known by some as 'the Kangaroo Bridge', it can be seen as a symbol for this country's commitment to Asia, and also for peace, stability and prosperity in the region. The presence of His Majesty the King, the President of Laos and the Prime Ministers of Thailand, Laos and Australia at the opening ceremony give some indication of the importance these countries attach to the bridge.<sup>13</sup>

6.25 Designed and built with AIDAB/AusAID funds at a cost of \$A42 million, the 1.17 kilometre long bridge carries two lanes of road traffic and has provision for a railway line in future. The works funded by Australia extend 2.4 kilometres between the border control facilities on either side of the river. They include approach embankments at each end and, because cars in Laos drive on the right hand side of the road, a traffic change-over area on that side. A number of Australian firms were involved in building the bridge, including John Holland Construction and Engineering Pty Ltd, Transfield Construction Pty Ltd and a joint venture of Maunsell and Sinclair Knight and Partners.<sup>14</sup>

6.26 After the opening of the bridge, there were reports of difficulties about administrative procedures between Thai and Laotian authorities but these appear to have been resolved. Members of the Committee travelled to the site in November 1994, viewed the bridge from the Thai side and, crossing into Laos, inspected the plaque at its centre commemorating the opening in April 1994. They were able to see the change-over area for vehicles on the Laotian side and both border control facilities. On the approach to the bridge on the Thai side, the extensive construction of shop-houses made it plain that the local business community saw considerable opportunities from the traffic

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12 Submissions, p 898; Transcript, 7 October 1994, p 707

13 Submissions, pp. 268; Transcript, 17 May 1994, p 191; **The Age**, 9 April 1994, p 3; **The Weekend Australian**, 9/10 April 1994, pp. 1, 2

14 **Insight**, 28 March 1994, p 5; Submissions, pp. 15, 553

it would generate. The success of this project has led Australia to offer to fund 70 per cent (\$A54 million) of a similar project over the Mekong River at My Thuan in Vietnam. Provided a feasibility study supports the project an Australian firm will start construction in 1997.<sup>15</sup>

6.27 **Lignite Mine Development Project (LMPD).** The Electricity Generating Authority of Thailand (EGAT) operates Thailand's only large, open cut lignite mine at Mae Moh in the north of the country. Eleven adjacent power stations, 13 by the end of 1995, supply electricity to the country from the lignite the mine produces. When the last two units are commissioned the original three will be demolished.

6.28 Although this AusAID/AIDAB-funded project has only been in operation since 1983, Australian involvement in lignite mining at Mae Moh began in 1954. Phase III of the project, from July 1992 to June 1996, involves expenditure of \$A11.55 million. Total Australian expenditure over the 12 year project is estimated at \$A26 million, but about \$A340 million in trade benefits have been or will be awarded to Australian industry and services in that time.

6.29 The demand for electricity in Thailand is increasing by about 10 per cent per year and the 14 million tonnes of lignite from the mine generates about 25 per cent of the current national requirement. Of the latter amount, about 4 million tonnes per year are used by the power stations at the mine. It currently produces about 180 million tonnes of waste material and lignite per year.

6.30 To establish and expand the mine, about 2500 families have had to be relocated in new villages at EGAT expense. The Authority employs about 7000 people in the mine and at the associated power stations at Mae Moh, so employment and other benefits to the surrounding area have been considerable.

6.31 EGAT is working towards a total reclamation program for the 5 kilometre by 3 kilometre by 200 metre deep hole within 50 years. This work is progressive and involves such things as selection of seeds in advance for eventual re-planting. Because water management is so critical, other integral parts of the project include the creation of reservoirs and the treatment and re-cycling of water from the large, high pressure aquifer underlying the site. Environmental concerns about flue gases have also led to the progressive installation of de-sulphurisation plants on the power stations' stacks. By the end of 1995 eight units will have been retro-fitted, at a cost to EGAT exceeding \$A500 million. The last two units will have these plants fitted during construction.

6.32 The project has provided a core of Australian advisers working at the mine, supplemented by visiting technical advisers, to assist EGAT's managers to operate

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15 **The Australian Financial Review**, 9 June 1994, pp. 1, 2, 22 June 1994, p 20; **The Canberra Times**, 20 July 1994, p 8; **The Australian Financial Review**, 20 July 1995, p 12; **Focus**, June 1995, p 6; **The Age**, 1 August 1995, p 6; **The Canberra Times**, 1 August 1995, p 2

efficiently and manage the mine. Members of the Committee visited Mae Moh in November 1994 and were briefed on its operations. They toured the site, including the wetlands and areas which had been reclaimed after they had been mined.<sup>16</sup>

6.33 AID/WATCH gave evidence on Mae Moh in the context of its concern about the increasing commercial slant of the development assistance program towards large-scale, high-technology projects. As Thailand has become a donor country within its region, it queried Australia's increased allocation and the move away from poverty alleviation projects. It referred to a document which set out health problems which arose in a village near the mine in October 1992 as the result of an equipment failure at one of the associated power plants. It also drew attention to Australia's financing of this project, and said Australia could not be divorced from the human tragedy because its money allows the lignite to be mined and the power plants are completely serviced by the mine.<sup>17</sup>

6.34 Further, the submission dealt with the generation of greenhouse gases in the use of fossil fuels for the production of energy and suggested other ways the Thais could meet their energy needs more efficiently. It recommended a moratorium on Australian assistance to fossil fuel projects in Thailand.<sup>18</sup>

6.35 AID/WATCH also referred to articles in the Bangkok newspapers in English which described Mae Moh as a blot on EGAT's environmental record.<sup>19</sup>

6.36 ACFOA generally supported AID/WATCH's submission about the health and environmental effects of the Mae Moh mine. It believed there should be a much greater emphasis on energy conservation and renewable energy from such sources as power from the sun, methane and ethanol. These matters will be taken up further in consideration of environmental issues in Chapter 12 below.<sup>20</sup>

6.37 **Educational and Scholarship Programs.** AusAID expects education and training to be the largest component of its program with Thailand in future years. The development assistance program in Thailand is supplemented by post-graduate education schemes in Australia, as well as short courses of a semester or less in Australia.<sup>21</sup>

6.38 Training in Australia is supplemented by projects in Thailand which support the institutional development of Thai universities, linkages between educational institutions in both countries and the alumni network of graduates of Australian training

programs. A small amount of assistance is also provided to DTEC's Language Institute for in-service courses for government officials.<sup>22</sup>

6.39 In addition to their considerable development benefits, both the scholarship programs in Australia and the activities in Thailand aim to raise the Thais' awareness of the quality and usefulness of educational services in Australia. The various development assistance programs therefore seek to complement efforts by educational institutions, government agencies and the private sector in Australia to tap the Thais' demand for education and training overseas, as well as Australia's efforts to be involved in the commercial delivery of education services in Thailand itself. The educational relationship with Thailand is considered in more detail in Chapter 9.<sup>23</sup>

6.40 The Australian Sponsored Training Scholarship Program (ASTAS), formerly called the Sponsored Training Program, is the largest single part of the Thai country program. It involves the provision of awards for Thai public sector professionals nominated by their government to study at Australian educational institutions. Pre-course English tuition, post-graduate fellowships, diploma courses in linguistics and specialised short courses can all be provided in a wide range of disciplines. On average, there are over 200 Thai people holding ASTAS awards studying in Australia at any time, the majority for Masters Degrees and a smaller number at PhD level.<sup>24</sup>

6.41 In 1993, the Australian Development Cooperation Scholarships (ADCOS) replaced the Sir John Crawford Scholarship Scheme (JCSS) and the Equity and Merit Scholarship Scheme (EMSS). Features of ADCOS, part of the non-country program, include selection by open competition, gender balance in the offer of awards and the freedom of applicants to choose their academic programs and institutions. There are two types of ADCOS awards:

- Tuition awards for students of exceptional merit, who do not receive assistance with travel or living costs but have academic fees paid. These awards have not been offered to Thailand.
- Full awards are for outstanding students who meet criteria specific to their country. They receive an annual stipend, return air fares to Australia and have their academic fees paid.

6.42 DTEC and AusAID have agreed that targeted ADCOS scholarships at undergraduate level will be provided for economically disadvantaged applicants from the north, north eastern and southern provinces of Thailand. Targeted scholarships at post-

16 Submissions, p 555; Transcripts: 27 April 1994, pp. 103-104, 6 March 1995, p 858; Exhibit No 55

17 Transcript, 15 February 1995, pp. 829, 831; Exhibit No 73; Submissions, pp. 1057-1058

18 Submissions, pp. 1058-1059; Transcript, 15 February 1995, p 839

19 Transcript, 15 February 1995, pp. 831, 834; Exhibit No 62

20 Transcript, 7 October 1994, p 711

21 Submissions, p 539

22 Submissions, pp. 551, 552

23 Submissions, p 539; Transcript, 6 March 1995, p 882

24 Submissions, p 550

graduate level are focused in the priority sectors of building and construction, energy, mining, environmental sciences, agriculture and telecommunications.<sup>25</sup>

6.43 In his evidence, Dr Gehan Wijeyewardene of the Australian National University referred to the current regulations covering the award of ASTAS and ADCOS. He expressed the view that the conditions for both scholarships appeared to rule out most social science and humanities candidates except in economics and languages. The consequences would be an end to many long-standing contacts between Australian and Thai academics, and increasing difficulty in Australian support for advanced research training in social science activities in Thailand.<sup>26</sup>

6.44 Dr Wijeyewardene believed this situation had come about because DTEC, which has an important role in the selection of candidates, has a technological emphasis. Furthermore, as a result of the introduction of fees in Australia, universities had lost some control over the choice of foreign students to AusAID and the Department of Employment, Education and Training (DEET).<sup>27</sup>

6.45 He pointed out that as a result of the strictly formulated policies of AusAID and DTEC, a smaller number of Thai students than in the past will be able to gain a broad experience of Australia. Nor will Australia benefit from the knowledge and experience of the Thai students who might otherwise have lived and studied here. This lack of knowledge on both sides will, he believed, result in more articles of the sort he had forwarded to the inquiry which were insulting to Australia. He argued that we need as many Thais in as many disciplines as possible for the available scholarships.<sup>28</sup>

6.46 In response, AusAID pointed out that both scholarship schemes were targeted as the result of agreement with Thailand to areas where the skills base needs to be increased for continued economic development. It agreed that the targeting in the past few years had gone towards the 'harder' disciplines. However, under ASTAS in 1994 about 15 per cent of awards had gone to social sciences and humanities candidates in international relations, linguistics, psychology and education. Awards were also made in such disciplines as business/economics, health, science, engineering, law, computer science, environmental science and urban/regional planning.<sup>29</sup>

6.47 While awards are targeted towards priority disciplines, specific awards could be made outside the targets. ADCOS was also particularly targeted towards poverty-stricken individuals within poor regions of Thailand. AusAID saw the distribution of scholarships to the highest priority sectors as a means of rationing the available funds against the many requests for assistance.<sup>30</sup>

6.48 Professor Ian Williamson of Melbourne University recommended a review of the number and processes for the awarding of tertiary scholarships as part of the Assistance program to Thailand. While he supported the allocation of scholarships to the north and north east on humanitarian grounds, he felt that this process meant Australia was not receiving students of the calibre of those who had come here under the Colombo Plan of the 1950s. Australia was beginning to benefit from the pro-Australian views and contacts of those from various nations who had studied here under that Plan and who are now senior in government or important in business. Allocation of many scholarships to Thailand on humanitarian grounds would not attract enough of the potential political figures or business leaders.<sup>31</sup>

6.49 Professor Williamson also referred to the difficulty of promoting schemes which had been characterised by frequent changes of name, from the Equity and Merit Scholarship Scheme to the Sir John Crawford Scholarship Scheme to ADCOS. He also suggested that the selection process for ASTAS, in which DTEC is involved, should be examined and streamlined.<sup>32</sup>

## Poverty Alleviation

6.50 While Thailand has made enormous social and economic progress in the last 30 years, poverty alleviation and basic human needs, especially in rural areas, are still critical issues. While poverty dropped from 30 per cent to 21 per cent between 1981 and 1988, there are still very substantial variations in average income and other social and economic indicators between regions, between rural and urban areas and between ethnic groups. Thus there are large segments of the rural population in provinces remote from Bangkok who live in acute poverty with severe income, nutrition, health and other problems.<sup>33</sup>

6.51 The proportion of poverty alleviation activities in Australia's assistance program to Thailand has declined largely because of the fall in rural development projects which typically had a direct focus on such activities. The proportion of projects which are designed to reduce poverty indirectly has increased, however, with a growing number directed at improving incomes and living conditions through measures other than direct intervention against poverty. AusAID argued that all its activities in developing countries are directly targeted at poverty and that there is also a substantial part targeted against poorer regions or individuals. It quoted the Mae Moh mine, the LTP and the Friendship Bridge as examples of projects which provide significant direct economic

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25 Submissions, p 565

26 Submissions, p 192; Transcript, 15 February 1995, p 769

27 Transcript, 15 February 1995, p 770

28 Transcript, 15 February 1995, pp. 769, 771; Exhibit No 44

29 Transcript, 6 March 1995, p 853; Submissions, p 1171

30 Transcript, 6 March 1995, pp. 854, 857

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31 Submissions, p 139; Transcripts: 10 August 1994, pp. 506, 521, 530, 27 April 1994, pp. 159-160, 18 May 1994, p 355

32 Transcript, 10 August 1994, p 510

33 Submissions, pp. 515-516

benefits to the poor and disadvantaged as well as contributing to national economic development.<sup>34</sup>

6.52 ACFOA believed that given the size of the current Thai program and that country's relative wealth, the program should be re-focused on the community sector to address effectively issues such as poverty especially in the north east of the country. It is a region where there is a concentration of people and of poverty, where in the absence of other opportunities drugs are often grown as a source of income. Poverty is worsened by the inability of a declining agricultural sector to support the rural population and this is a particular problem in the north east. For many such people their poverty is further increased as a consequence of landlessness and migration to regional centres and Bangkok.<sup>35</sup>

6.53 AID/WATCH questioned the move away from direct poverty alleviation projects and the allocation of funds to what its representative saw as polluting, socially and environmentally destructive projects. If Australia is truly to assist in Thailand's development this organisation believes the focus should be on reducing the poverty of those who have not benefited from development. Further assistance should only be on humanitarian grounds. By supporting destructive projects Australia will only further divide rich and poor and exacerbate escalating environmental problems. AID/WATCH urged use of the Australian development assistance dollar to give particular assistance to health programs and projects which assist the poorest in the Thai community.<sup>36</sup>

## Women in Development

6.54 Since the early 1990s Australia has emphasised Women in Development (WID) throughout its development assistance program. All our programs seek to promote the equal participation of women in development and ecologically sustainable development. In Thailand, projects have been undertaken in accordance with WID principles, and these issues have also been integrated into monitoring and evaluation. Specific WID components have been incorporated in projects where appropriate and gender analysis has been standard in the design of major projects and activities, such as community development and those relating to health matters. For example an equal balance of women and men from Thailand has been achieved in the training programs.<sup>37</sup>

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34 Submissions, pp. 513-514; Transcript, 6 March 1995, pp. 851-852  
35 Transcript, 7 October 1994, p 703; Submissions, p 895, 898  
36 Transcript, 15 February 1995, p 831; Submissions, pp. 1049, 1059  
37 Submissions, pp. 523, 519, 268

## Development Import Finance Facility

6.55 As noted in Chapter 5, one of Australia's major forms of development assistance in some other countries, the Development Import Finance Facility (DIFF), has not been used much in Thailand. This is a market-driven program which seeks to assist developing countries to reduce the costs of equipment and services for developmentally worthy projects. It also assists Australian exporters to secure foreign government contracts from competitors from other countries. For Australian exporters, the Export Finance and Insurance Corporation (EFIC) provides competitive financing terms to overseas purchasers. Loan repayment terms for these export credits usually range from two to a maximum of ten years. These terms may be 'softened' under DIFF by AusAID grants to achieve highly concessional financing. EFIC's involvement in financing exports through DIFF is in addition to its role in providing credit insurance support and overseas investment insurance.<sup>38</sup>

6.56 Organisation for Economic Cooperation and Development (OECD) rules govern the operation of this concessional finance facility. They restrict it mainly to public utilities which are dependent on budget support from the receiving government, such as public sector water supply/sanitation, waste management, transport, power and telecommunications and to projects with environmental benefits.<sup>39</sup>

6.57 Since 1991 it has not been possible to operate DIFF in support of Australian commercial contracts in Thailand because of that government's broad restrictions on its own overseas borrowing arrangements. This has been in spite of a considerable program of de-regulation in Thailand since the late 1980s. DIFF has also traditionally been a program which required the Australian private sector to start the process, and there has minimal involvement in such projects in Thailand. A contributing factor to the lack of interest in the use of DIFF in Thailand is the fact that the two countries have different financial years, from October to September in Thailand, and necessary bureaucratic processes are not therefore aligned.<sup>40</sup>

6.58 Only two projects in Thailand have used DIFF funds, for a total of \$A18.7 million. In 1990/91 they contributed to a small water diversion project to improve irrigation and water supply. This had been preceded in 1989/90 by a loan as part of a \$A52 million program for railway telecommunications equipment. This involved a number of Australian firms from 1989 to 1994, although preliminary work began in 1986. In its evidence, Austrade suggested that railway development, including the provision of rolling stock was an area where there are opportunities for Australian companies. The Association of Consulting Engineers Australia also drew attention to the fact that the Thai Government has commissioned feasibility studies for the duplication of the rail system throughout the country. This issue will be further considered in the discussion of

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38 Transcript, 27 April 1994, p 98; Submissions, p 362  
39 Submissions, p 532  
40 Submissions, p 532; Transcripts: 27 April 1994, p 99, 18 May 1994, pp. 326-327

opportunities for Australia in the deficiencies in Thailand's infrastructure in Chapter 12.<sup>41</sup>

### The 'Aid/Trade' Debate

6.59 While humanitarian concerns have been central to the Australian development assistance program for many years, policies and measures have been refined to integrate foreign policy and commercial interests more closely into the overall program. There is now an increased emphasis on seeking commercial benefits in those areas of the program where this is appropriate and effective. AusAID has developed a focus on the identification of trade opportunities in projects, and on the design of activities to create trade and investment opportunities with development benefits. There is also a more systematic management of commercial and development benefits within country programming.<sup>42</sup>

6.60 As a result of the 1992 High Level Consultations with Thailand, the majority of program activities will promote both the economic and social development of the Thai people and commercial trade and investment. Seventy per cent of country programs will have this dual objective, while over 30 per cent of country program funds will be directed to address basic human needs. AusAID sees its mandate as encompassing a range of ends, whereas some of its critics believe all of its projects should be targeted against poverty. As was pointed out during the consideration of poverty alleviation above, AusAID maintains that this is in fact the case.<sup>43</sup>

6.61 This view of AusAID's program was not accepted by some other witnesses. Professor Ian Williamson of the University of Melbourne argued for a greater linkage of Australia's trading strengths with Thailand's needs, thus aligning development assistance and trade. It was his view that we do not do this in the ways our competitors do and they are bemused that we do not. He also commented that compared with how the US, the European Community and Canada operate, Australia is 'quite soft'. His 1992 review of the Australian-ASEAN Economic Cooperation Program confirmed that nearly all the other major trading countries tie their development assistance closely with their trading strengths and Australia does not.<sup>44</sup>

6.62 The Association of Consulting Engineers Australia asserted that, as many Australian companies seeking business in Thailand had not previously undertaken projects there, it was preferable for them to enter that market through the development assistance program. It also believed that assistance linked to the participation of

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41 Submissions, pp. 529, 301, 554, 363; Transcripts: 9 August 1994, pp. 446-447, 26 April 1994, p 47, 17 May 1994, pp. 210-211

42 Submissions, p 519

43 Submission, p 268; Transcript, 6 March 1995, p 852

44 Submissions, p 140; Transcript, 10 August 1994, pp. 505, 524, 513-514

Australian companies is crucial to success in Thailand and should be high on the Government's agenda.<sup>45</sup>

6.63 With reference to the connection of the development assistance program to Australian foreign policy objectives, Mr Charles Battersby of the Australia-Thailand Business Council observed that the Friendship Bridge had been portrayed as a very constructive part of our foreign policy with great benefits to this country.<sup>46</sup>

6.64 ACFOA, on the other hand, argued for a greater focus on poverty alleviation stating that the commercial and diplomatic relationship has surpassed humanitarian assistance and development as the basis for the bilateral program. AID/WATCH was particularly concerned about what it saw as the increasingly commercial slant of the program. It questioned the rationale behind increasing the budget for Thailand and moving away from direct poverty alleviation. It also believed that it was a pity the program was directed by commercial needs, rather than assist the less fortunate.<sup>47</sup>

6.65 Putting a slightly different case, Mr Ron Edwards and Mr Siva Muthaly of Monash University recommended that Australia's development assistance program to Thailand might be directed to overcoming the misconception that this country lacked advanced technology. To do this, development assistance could take the form of secondment of technical personnel to Thai government departments and companies. Mr Edwards thought it would be useful to target our assistance to show that our interest is not purely selfish and, at the same time, use it to change Australia's image as an unsophisticated supplier of products.<sup>48</sup>

### The Future of Development Assistance to Thailand

6.66 Thailand's continuing economic growth and social development raise the issue of the future of the Australian development assistance to that country. While any program needs to reflect trends in the recipient country's progress, its specific needs and the application to changed circumstances, continued assistance to Thailand could be questioned. In this context, it is relevant to note that Thailand is developing its own program for its poorer neighbours. In 1994/95, DTEC was allocated 278 million baht (about \$A14.5 million) to provide assistance primarily to Laos, Vietnam and Burma. As was pointed out in evidence, this could lead to an examination of our overall program to Thailand.<sup>49</sup>

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45 Submissions pp. 205, 203; Transcript, 17 May 1994, p 213

46 Transcript, 17 May 1994, p 202

47 Submissions, p 898; Transcript, 7 October 1994, p 703; Submissions, p 1049; Transcript, 15 February 1995, pp. 829, 831, 838

48 Submissions, p 890; Transcript, 10 August 1994, p 567

49 Submissions, p 1146; Transcript, 6 March 1995, p 882

6.67 AusAID suggested that over the past decade Thailand's importance to Australia and other countries in the region has grown. Its sustained growth and trading links have been reinforced by its relative political and social stability. It is a central player in ASEAN at time when that organisation has become more important in regional and global affairs. Thailand's central position in South East Asia makes it central to stability in that area. It is a major agricultural exporter which has given it an important role in the Cairns Group. AusAID stated that the major 'diplomatic' benefits from the program arise from its overall conduct, rather than the achievement of any specific objectives although some projects have had such benefits. These include the Friendship Bridge, the lignite mine at Mae Moh, the Land Titling Project and the scholarship program. It expects the activities of the Thai program will continue to serve Australia's diplomatic objectives.<sup>50</sup>

6.68 AusAID believes however that social and economic factors present a clear case for a continuation of humanitarian concerns as the central orientation of the program with Thailand. Its program experience over the past decade has indicated that appropriately designed activities can contribute to the economic and social development of poor and disadvantaged Thais. At the same time, benefits to Australia can be secured through the promotion of its trade and investment in Thailand, as discussed above.

### The Committee's Views

6.69 The development assistance program to Thailand covers many areas of activity and many separate projects, only some of which have been considered in this chapter. It also raises many philosophical and policy issues which cannot be fully resolved to the satisfaction of all those individuals and organisations involved in this inquiry. The views of ACFOA and AID/WATCH set out in the section on the 'aid/trade' debate reveal perceptions about the purpose of development assistance, and to Thailand in particular, which differ greatly from those of AusAID.

6.70 Two further comments can be cited to show that the program is not without general critics or some self-analysis. Professor Helen Hughes suggested that Australia's contribution has been a negligible proportion of the total assistance Thailand has received and that it has not brought us any influence there. AusAID's Mr Trevor Kanaley also referred to the small impact our activities have had on poverty in Thailand and to the need to target projects for maximum impact.<sup>51</sup>

6.71 The four features of the Australian development assistance program are its economic/development aspects, humanitarian concerns, foreign policy interests and commercial interests and it is against these criteria that any assessment of the program with Thailand must be made.

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50 Submissions, pp. 522-523

51 Transcripts: 18 May 1994, p 356, 6 March 1995, p 852

6.72 There are still profound regional and urban/rural differences in Thailand which prosperity has not been able to remove. WID, poverty alleviation and TACAP projects, for example, still make contributions to needy groups within Thai society and whether such projects would continue without the current Australian contribution is debatable. In any event, the program appears to meet its development and humanitarian objectives.

6.73 The overall program also clearly supports such countries as Thailand with similar ideas on regional security and economic growth and will continue to support Australia's diplomatic objectives in these areas.

6.74 In the same manner that some witnesses criticised the way in which the commercial aspects of the program were managed others were critical of any commercial links at all. While these are not the sole reason behind the program, Australian companies do get development assistance contracts in Thailand, as the Friendship Bridge makes clear. Regardless of whether or not an Australian company undertakes a particular project, such assets do add to the development of the regions where they are located. A case study of this project would probably show that it met all of the objectives of the program.

6.75 Given Thailand's continuing stand against the acceptance of DIFF funding, there is no likelihood of expenditure on projects which might involve 'soft' loans. Because of the possibility of further deregulation within the Thai Government and because of the amount which could be spent on its infrastructure, there could be opportunities for Australia in the future. While not making a recommendation on this matter the Committee believes the possibility of projects becoming eligible for DIFF in Thailand should be kept under review.

6.76 While the program in Thailand meets AusAID's objectives and its internal balance seems to be valid, there remains the issue of giving development assistance to a country whose growth has been so noticeable since the late 1980s. Humanitarian aspects of the program can be justified against the various regional and other differences in Thailand. Australia may have a range of educational and training skills which Thailand may continue to use, but Thailand's recently acquired status as a donor to neighbouring countries argues for an examination of the focus of the program it receives. Should it continue to assist its neighbours, there is a need for Australia's program to Thailand to continue and, for example, poverty alleviation measures should remain part of that development contribution to Thailand.

6.77 The Committee recommends:

**Recommendation 13: That the Department of Foreign Affairs and Trade and AusAID examine Thailand's needs for development assistance in the context of its economic progress and the commencement of Thailand's own assistance program to nations in its region.**

6.78 The Thais have a range of other, serious problems, such as rural poverty, urban congestion in Bangkok and environmental degradation, which will be set out in Chapter 12. Through its development assistance program, Australia has the capacity to assist in solving these problems. In Chapter 4, the Committee has recommended that AusAID maintains a development assistance program making maximum use of Australian skills and technology. Minorities and refugees in Thailand need to be the targets of specific projects to encourage them away from drugs and the sex industry, with the attendant risks of HIV/AIDS. AusAID's program should be concentrating on assessing what projects would assist these people directly and in fields where private sector Australian expertise and technology could be used most effectively.

6.79 The Committee recommends, in conjunction with Recommendation 7:

**Recommendation 14: That AusAID examine the relevance of the present development assistance program in dealing with the urgent needs of the Thai people, especially those in the north and north east of the country, in fields such as health, trafficking in women for the purposes of prostitution, urban pollution, waste disposal and water quality.**

## CHAPTER 7: AUSTRALIA'S DEFENCE RELATIONSHIP WITH THAILAND

### Introduction

7.1 Australia's defence relations with Thailand are long standing and very broad in nature. Formal defence ties date from the formation of the South East Asia Treaty Organisation (SEATO) in 1954. This led to a range of cooperative activities including the supply of equipment and training. Australians and Thais fought on the same side in the First World War, the Korean and Vietnam Wars and, in the latter conflict, shared a common operational boundary. From 1962 to 1968, a Royal Australian Air Force (RAAF) fighter squadron was stationed in Ubon in eastern Thailand. A Defence Cooperation Program (DCP) with Thailand has been in operation with Thailand since 1972/73. More recently, both countries contributed troops to the United Nations' operation in Cambodia. In 1993, Australia signed a Memorandum of Understanding (MOU) on Logistics Support with Thailand.<sup>1</sup>

7.2 Australia provides a range of training to RTAF personnel in this country and the ADF holds a number of combined exercises with the RTAF. Some Australians are trained in Thailand and some ADF personnel are also seconded to the RTAF.

### Thailand's Armed Forces

7.3 The force structure of the Royal Thai Armed Forces (RTAF) has changed in response to shifts in Thailand's strategic perceptions. Serious threats to its internal security effectively ended in the early 1980s, and subsequent concerns over the situation in Cambodia were allayed by Vietnam's withdrawal in 1989 and the eventually favourable outcome of the Paris peace process. As set out in Chapter 17, Thailand has some concerns about the security of its region and these, combined with the opportunities created by years of economic growth, have led to major spending on weapons in various categories.<sup>2</sup>

7.4 Between 1986 and 1991 Thailand made large alterations to its force structure to reflect the change from counter-insurgency to conventional military

1 Submissions, pp. 500, 496, 436, 499, 265-266; Transcript, 26 April 1994, pp. 76-77; Exhibit No 6, p 27

2 Submissions, p 501; Transcript, 26 April 1994, pp. 69, 71



capabilities. These changes included the raising of mechanised and armoured divisions and the acquisition of some capabilities unique to the region.<sup>3</sup>

7.5 The RTAF consists of 256,000 active personnel: the Army, with about 150,000, the Navy of about 63,000 (including about 20,000 Marines) and the Air Force with about 43,000. There are also about 200,000 reservists together with police and para-military organisations, including Border Patrol Police. Conscripts in the Army and Navy serve for two years. Mr Michael O'Connor of the Australia Defence Association (ADA) expressed the view that there are substantial elements of the RTAF which are very professional, but equally large proportions which are not so professional. An examination of the materiel in the RTAF inventory shows a variety of sources of supply. Much of the Army's equipment is obsolete and came from the Peoples' Republic of China and the USA.<sup>4</sup>

7.6 Although it has suffered because of its involvement in the coups and killings of 1991 and 1992, the Royal Thai Army (RTA) has been the pre-eminent service and is replacing its diverse types of armour and artillery with more modern equipment. While it has already reduced its numbers from about 190,000 to about 150,000 people over the last two years, restructuring will continue for the rest of this decade. At the same time it is integrating higher levels of technology and making more effective use of its reserve component. Between 1992 and 1996 the size of infantry and armoured divisions will be reduced by some 15 per cent and further reductions are expected.<sup>5</sup>

7.7 The Royal Thai Navy (RTN) has moved from being a 'brown water' navy to having a 'blue water' capability. It has sought to build a capacity for maritime power projection and the protection of the nation's maritime boundaries and offshore economic resources. In the early phases of the changed role in the early 1980s the intention was to fill gaps in the inventory and replace older vessels. Towards the end of the decade contracts were signed for three anti-submarine warfare corvettes, four Chinese frigates, two enlarged Chinese frigates and, significantly, a helicopter carrier. The latter is due for delivery from Spain in 1997 and will also be fitted with a ski-jump ramp for VSTOL fighters. Talks are being held with Spain for the sale of nine second-hand Harrier jet aircraft. This year the RTN is expected to take delivery of 18 operational A-7E fighters and, in 1996, three P-3B Orion maritime patrol aircraft and six SH-60 Seahawk helicopters. This re-equipment program has caused some concerns within Thailand's region and will be further considered below.<sup>6</sup>

7.8 The Royal Thai Air Force (RTF) is the most technically advanced of the Thai services and perhaps the most comprehensively equipped air force in the ASEAN region. Its purchases since the late 1980s include 18 F-16 fighters, E-2C Airborne Early

Warning aircraft, transport aircraft from Italy and jet trainers from Czechoslovakia. It has completed two of a three phase plan to develop an integrated national air defence system.<sup>7</sup>

## The Defence Relationship with Thailand

7.9 Australia's **Strategic Review 1993** saw Thailand as one of the ASEAN members which forms a strategic triangle providing stability across the most likely approaches to Australia's north. It is also a significant military power and one which is modernising at quite a rate. Occupying an important position in South East Asia and with its economic status and influence in Burma and Indo China likely to grow, access to Thailand on strategic issues enhances Australian access to the region as a whole. Thailand is showing increasing interest in operational exchanges and in cooperating on strategic guidance, operational analysis and research and development. While cooperative activities will be modest, the Review stated, Australia should continue to take advantage of such opportunities in defence industry and logistics to develop the relationship.<sup>8</sup>

7.10 The Department of Defence said the Review looked forward to developing Australia's South East Asian defence relationships in ways that reflect the growing sophistication in the region, regional perceptions of a more complex strategic environment and the evolution of a sense of a regional strategic community. The Thai's strategic outlook and attitudes to regional security are complementary to Australia's, and the two nations share an interest in regional approaches to security issues.<sup>9</sup>

7.11 Thailand is showing an interest in operational exchanges and other forms of defence cooperation with Australia. It sees the Australian Defence Force (ADF) as a small but highly professional force with advanced equipment and capabilities. Cooperation with Australia offers the Thai military an additional source of exercises, training and professional advice. Australia's experience as a middle power in force structure planning and development, and in the introduction of advanced equipment, is particularly relevant to Thailand.<sup>10</sup>

7.12 The defence relationship is underpinned by regular and reciprocal high level defence visits. Visits by senior Service and Ministry officials are made and returned on a regular basis and annual policy talks are also held. The RSL observed that such regular visits will do much to promote closer relations. The power structure in Thailand is such that Commanders-in-Chief have considerable power and they meet their regional

3 Submissions, p 501

4 Exhibit No 94; Submissions, pp. 501, 55; Transcript, 9 August 1994, pp. 405-406

5 Submissions, pp. 501-502

6 Submissions, p 502; Exhibit No 95, p 17; Transcript, 26 April 1994, p 69

7 Submissions, p 502; Exhibit No 96, p 54

8 Transcript, 26 April 1994, pp. 68-69; Exhibit No 7, pp. 24, 25-26

9 Submissions, p 496

10 Submissions, pp. 496-497



counterparts frequently, often informally. In this way any problems which arise can often be solved quickly.<sup>11</sup>

7.13 The ADA noted that the RTAF had shown some interest in the ADF Peacekeeping Centre at Williamstown but was also aware that Thailand lies outside Australia's area of direct military interest. The Association observed that apart from Western Pacific Naval Symposium and ASEAN Regional Forum processes our security interaction with Thailand is also limited. It did not see any direct interest which would engage our operating with Thai forces bilaterally.<sup>12</sup>

7.14 High level defence contacts and the development of new cooperative activities were suspended following the February 1991 coup and the killings in Bangkok in May 1992. Following the formation of a coalition government after the September 1992 elections, normal defence relations were resumed.<sup>13</sup>

### Australia's Defence Cooperation Program with Thailand

7.15 The DCP began in 1963 as bilateral defence cooperation with Singapore and Malaysia and now embraces cooperative activities with the countries of South East Asia and the South Pacific. It aims to contribute to Australia's defence and security interests in the Asia-Pacific region, especially South East Asia and the South Pacific, through cooperative defence activities with selected countries.<sup>14</sup>

7.16 Before the specific program began in 1972/73, assistance to Thailand was charged to the SEATO appropriation within the then Department of Foreign Affairs.<sup>15</sup>

7.17 As shown in Table 7.1, DCP assistance to Thailand remained low until the Vietnamese invasion of Cambodia in 1979. Until 1980/81 DCP to Thailand was primarily directed towards funding training and study visits. From then until 1987/88, the emphasis was on project aid, mainly new equipment for training schools, provision for refurbishing Tracker aircraft and assistance in maintaining the RTF's Nomad aircraft. As the RTAF has become more self-reliant the amount in the program devoted to project and equipment assistance has declined. By 1992/93 the proportion of funds in this category was only 14.22 per cent and involved a language project, training gun refurbishment and maintenance, provision of a target system, research consultants and the funding of joint ionospheric research.<sup>16</sup>

11 Submissions, pp. 497, 437

12 Submissions, p 56

13 Submissions, p 497

14 Exhibit Nos: 6, p iii, 81, p 3-2

15 Exhibit No 81, p 2-2

16 Exhibit No 6, p 27; Submissions, p 497; Transcript, 26 April 1994, p 74

Table 7.1: Australian DCP to Thailand (\$A millions)

Financial Year	Combined Exercises	Training & Study Visits	Projects/Equipment Assistance	Total
1972/73	-	-	-	0.006
1973/74	-	-	-	0.024
1974/75	-	-	-	0.032
1975/76	-	-	-	0.025
1976/77	-	-	-	0.031
1977/78	-	-	-	0.027
1978/79	-	0.053	-	0.053
1979/80	-	0.107	-	0.107
1980/81	-	0.438	0.211	0.649
1981/82	-	0.876	0.330	1.206
1982/83	-	1.054	2.785(a)	3.839
1983/84	0.179	1.187	4.276(b)	5.642
1984/85	-	1.049	3.253	4.302
1985/86	0.172	1.523	3.420	5.115
1986/87	0.007	1.838	2.300	4.145
1987/88	0.252	2.991	1.748	4.991
1988/89	-0.001	4.171	1.094	5.264
1989/90	-	3.449	0.562	4.011
1990/91	-	3.441	0.909	4.350
1991/92	-	3.492	0.754	4.246
1992/93	-	3.577	0.593	4.170
1993/94	-	4.188	0.032	4.647
1994/95	0.040	3.397	0.224	4.265

(a) Includes \$2.150 million for Royal Thailand Navy (RTN) Nomad aircraft, and \$0.279 million in Royal Thailand Air Force (RTAF) Nomad assistance.

(b) Includes \$3.060 million for RTN Nomad Aircraft and \$0.958 million in RTAF Nomad Assistance.

Sources: Exhibit No 6, p 28; Exhibit No 81, pp. E-22 to E-23

7.18 Annual policy talks are held with Thailand and involve the broad range of defence and security issues, including defence industry and logistics, the DCP, exercises and training.<sup>17</sup>

7.19 A recent evaluation of the DCP conducted by the Inspector-General's Division of the Department of Defence noted that there was little specific guidance about which aspects of 'security' should be emphasised under the DCP. It recommended adoption of a hierarchical framework of objectives and related strategies for defence cooperation activities to address the gaps between program level guidance, quoted above, and the particular activities being undertaken in each country. The evaluation proposed the following objectives for the DCP in the South East Asian region:

- . To foster an informed appreciation by Australia and regional countries of our respective security concerns in South East Asia and of the security approaches being followed to address those concerns.
- . To foster strong relationships between the ADF and the defence forces of the region, at both the organisational and individual levels.
- . To enhance the capability of the ADF and regional defence forces for joint and combined exercises.
- . To cooperate in the development of military capabilities of mutual strategic interest.

7.20 The evaluation recognised that the application of these objectives and a number of under-lying strategies to a particular country would depend on such factors as:

- . the priority of engagement with the country;
- . the capacity and preparedness of the country to share the costs of activities; and
- . the level of development of the relationship.<sup>18</sup>

7.21 The hierarchical objectives and underlying strategies recommended by the Inspector-General's evaluation would, if adopted, relate the DCP more closely to strategic guidance and ensure particular activities are closely integrated with Australia's perceived needs. The Department of Defence is in the process of implementing the Inspector-General's recommendations and the implications for the program with Thailand are yet to be assessed.

17 Submissions, p 497  
18 Exhibit No 81, pp. 3-2, 3-4 to 3-5

## ADF Exercises with the RTAF

7.22 The ADF has regular combined exercises with all three of the Thai Services. They are important in establishing professional contacts, demonstrating the ADF's skills and complement exercises held with other regional countries. The ADF observes the large scale Thai/US annual exercise COBRA GOLD and the Thais have observed Australia's multilateral exercise PITCH BLACK.

7.23 The Royal Australian Navy (RAN) exercises with the RTN in the AUSTHAI series, last held in September 1994. It is directed towards such mutual interests as anti-submarine warfare. Vessels of the RTN participated in Exercise KAKADU 95 off Darwin.<sup>19</sup>

7.24 The Australian Army conducts reciprocal exchanges at sub-unit (120 personnel) with the RTA. Exercise TEMPLE JADE is held every three years. This exercise and Exercise CHAPEL GOLD, the visit to Thailand by the Australian rifle company on rotation in Malaysia, were held in 1994 and 1995 respectively. There are also regular special forces exercises for troops from both countries.<sup>20</sup>

7.25 The RAAF and the RTF hold Exercise THAI BOOMERANG annually following the deployment of Australian F/A-18 aircraft to Malaysia. This permits professional discussions and air combat practice with the RTF on an instrumented range.<sup>21</sup>

7.26 Separate counter-terrorist training has also been provided to Thailand for command and control of a terrorist incident, as well as disposal of explosive devices and mounting counter-terrorist exercises.<sup>22</sup>

## Training and Study Visits

7.27 Since 1988/89, the following numbers of Thai military personnel have been trained in Australia:<sup>23</sup>

1988/89	205
1989/90	200
1990/91	110
1991/92	109
1992/93	152

19 Submissions, p 497; Transcript, 26 April 1994, p 71  
20 Submissions, p 498  
21 Submissions, p 498  
22 Submissions, p 498  
23 Hansard, Senate, 11 October 1994, pp. 1468, 1471

1993/94	119
1994/95	178

7.28 The training provided in Australia includes officer training from junior to middle level, specialist military skills courses, management courses, sponsored university courses in strategic studies and technical and trade courses. It also includes Combat Instructor Courses which involve about 40 students from each country and are held annually in turn by the ADF and RTAF. About half of the courses are in the professional military skills/trades area but the resource/financial management and strategic studies component is growing. The overall program is devised in consultation with the Thais and as becomes a mature relationship they pay some of the costs incurred.<sup>24</sup>

7.29 Places are reserved at the staff colleges of each country for students from the other. An average of 30 Thai officers each year are sponsored on study visits to Australia to examine aspects of our Defence organisation or procedures. Advice and training has also been provided on formulation of strategic guidance and defence management. Early in 1993 two teams of Thai officers visited Australia as part of Thailand's preparation to draft its own Defence White Paper.<sup>25</sup>

### Logistic and Defence Industry Cooperation

7.30 In November 1993 Australia and Thailand signed an MOU on Logistics Support which provides the basis for the development of mutual support for combined exercises, defence industry cooperation and information exchanges. Defence hopes the MOU will lead to the development of new activities with Thailand. During a visit to Thailand by a high level Australian delegation in February 1994 the concept of broadening collaboration to include defence industry was endorsed. Possible areas of mutual interest are being identified. Defence is part-funding with Austrade a Defence Trade Commissioner in Bangkok to make further contact with Thai commercial and procurement agencies and follow up specific sales opportunities.<sup>26</sup>

7.31 Thailand's modernisation plans present Australia's industry with real opportunities, including for defence exports. Our industries have particular interests in such areas as aerospace, plastics, communications equipment, mine hunting and mine clearance.<sup>27</sup>

7.32 The RSL believes Australia has failed in the past to exploit the potential for defence sales in the region and in Bangkok in particular. It also referred to the

number of arms salespersons in that city and to the many factors which help to secure a contract, including a good agent, a good product, persistence, leverage from the right source at the right time and a good financial package. Australia has not done well in the field in the past because these principles were not followed.<sup>28</sup>

7.33 The ADA was aware that potential exists for mutual equipment acquisition programs and for logistic support. While it believed Australia should be engaged in such programs, the Association considered that they should not become the focus of our regional security program. The ADA was concerned that our commitment could be seen to be driven by profit and felt that such a perception in Asia would threaten the potential benefit of our regional security strategy.<sup>29</sup>

### ADF Language Training

7.34 In 1994 the ADF completed a review of its foreign language requirements and how best they could be met. The contract for the provision of the service was awarded to the ADF School of Languages. For the teaching of the Thai language it is required to train five ADF members in general skills and two members in advanced skills. In addition it conducts two annual re-qualification courses for graduates to ensure retention of working standard proficiency. There is also a small annual requirement for a lower level of colloquial proficiency for those involved in the DCP with Thailand. In early 1995 the ADF had 35 currently proficient Thai graduates serving in the Army and Air Force. Five ADF students from the RAN and the Army were studying the language at the ADF School of Languages.<sup>30</sup>

### Issues in the Defence Relationship

7.35 Australia's defence relationship with Thailand raises a number of important issues, some of which throw light on the situation in the region. Others relate to ways in which the relationship with Australia could be enhanced.

7.36 Mr Noel Adams pointed out that a defence relationship with Thailand is an important part of an overall web of regional connections. He saw a need to balance the relationships Australia has with Malaysia and Indonesia by one with Thailand which is a mainland South East Asian power. He believed that dialogue with Thailand was valuable because of that country's understanding of the emergence of China and developments in the region.<sup>31</sup>

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24 Submissions, p 498  
 25 Submissions, p 499; Transcript, 26 April 1994, pp. 73-74  
 26 Submissions, pp. 499-500, 1127-1135; Transcript, 26 April 1994, pp. 70-73  
 27 Transcript, 26 April 1994, pp. 70, 71, 73; Submissions, p 1125

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28 Submissions, p 437; Transcript, 13 September 1994, p 635  
 29 Submissions, pp. 56-57  
 30 Transcript, 26 April 1994, pp. 77-78; Submissions, pp. 1125-1126, 1136  
 31 Transcript, 15 February 1995, pp. 819-820

7.37 Mr Adams mentioned the success of the various training programs for RTAF personnel in this country, saying that our way of training seems to suit the Thais. A number of RTAF personnel who have been trained in this country are now reaching quite important positions in the Thai community, not only in the Services but also in the bureaucracy and business. Such people provide a range of influential contacts who are generally well disposed towards Australia. Mr Adams also suggested that Australia should be targeting key Thai officers more than is done at present. For example, the top student at the Thai Army Staff College could be offered a scholarship to undertake further study in Australia. He felt that more attention should be paid to alumni of Australian training courses. A number of measures, including a newsletter, arranging for visiting senior Australians to address gatherings, would reinforce the benefits of time spent in this country.<sup>32</sup>

7.38 Finally Mr Adams drew attention to the relevance of Australian experience in the defence field to Thailand. He referred to our involvement in the preparation of their White Paper on defence, to the assistance we could provide in such areas as command, control, surveillance and logistic support and to cost-effective ways we have of maintaining capabilities. Australia has much to offer in such fields and he believed our industry would be able to manage the contracts Thailand would want filled.<sup>33</sup>

7.39 Both the ADA and Mr Adams saw the RTAF on a path of reform, having changed from an emphasis on counter-insurgency and internal security towards a more outward-looking focus towards maritime and air surveillance. This new focus has not been without its critics in the region. With no real threat to its maritime security, Thailand's military expansion and modernisation has been described as 'not immediately explicable'. Various plans and purchases have raised concerns that Thailand may be thinking about more than simple protection of its economic interests. Its naval purchases, especially the helicopter carrier, has raised questions of whether this was the rise of a new maritime power flexing its muscles in South East Asian waters, and whether it would trigger a new arms race. Malaysia's purchase of two British frigates and China's emergence into the South China Sea have both been suggested as possible causes for Thailand's acquisitions and plans.<sup>34</sup>

## The Committee's Views

7.40 Committee members held discussions with the then Defence Minister, HE General Vijit Sookmark in November 1994. He was grateful for the opportunities the DCP had given the RTAF to train its personnel in Australia and indicated that the provision of training was more important than equipment. He also said the RTAF would

like to continue joint exercises with Australia, and that while there were likely to be opportunities for Australian and Thai defence industries to work together, more study was needed on this subject. The Minister added that the expansion of the RTN was being undertaken to protect resources in the Gulf of Thailand.

7.41 The Committee agrees with the General's remarks and sees advantages in continuing the close ties between the RTAF and the ADF will have a number of benefits for both forces. Current training and exercise links with Thailand should be continued and, if possible, expanded.

7.42 In this context and bearing in mind the expansion of training recommended in its recent report **Officer Education: The Military After Next**, the Committee has recommended that each stage of officer training courses include instruction on such topics as:

- . Australia's democratic processes;
- . the rule of law;
- . the individual's equality before the law;
- . the relationship between policing and military responsibilities; and
- . the civil/military relationship.<sup>35</sup>

7.43 The Committee believes that instruction in these topics should also be provided to foreign students, and should be in addition to the expansion of training in human rights which will be discussed in Chapter 14.

7.44 The Committee recommends, in conjunction with Recommendation 40:

**Recommendation 15: That the current military exercise and training links between Australia and Thailand continue and, if possible, be expanded.**

7.45 Australia's **Strategic Review 1993** saw the relationship with Thailand as part of the focus on ASEAN and referred to its important position which enhances our access to the region. Within the outlook envisaged by that review Thailand's strategic importance to Australia is unlikely to change.

7.46 The DCP is seen as making a worthwhile contribution to the relationship with Thailand. It has clearly been of considerable benefit to that country and it wants the program to continue, including the present emphasis on training in Australia. Among the other benefits of the DCP, various formal and other associations formed with ADF personnel have re-emphasised to RTAF personnel the importance of human rights and strengthened other perspectives on a range of human issues.

32 Transcript, 15 February 1995, pp. 821, 820, 822

33 Transcript, 15 February 1995, pp. 821-822

34 Transcripts: 15 February 1995, p 823, 9 August 1994, p 404; **Far Eastern Economic Review**, 17 March 1994, p 30

7.47 The range of defence contacts between Thailand and Australia is extensive, but little attention seems to be given to ways of harnessing the goodwill generated as a result of the various training courses undertaken by RTAF personnel in Australia. The Committee believes that reminding graduates of Australian training courses of their time in this country, through coordinating functions with visitors, distributing newsletters with articles of interest etc, would be of benefit.

7.48 The Committee recommends, in conjunction with Recommendation 19:

**Recommendation 16: That the Department of Defence examine ways to build and maintain an effective alumni network in Thailand of the graduates of Defence professional development, education and training courses in Australia.**

7.49 Such an approach has implications for the large number of Thais who have studied at other institutions in Australia over many years. Ways to involve this important group in alumni activities will be further considered in Chapter 9.

## CHAPTER 8: AUSTRALIAN BANKS IN THAILAND

### Introduction

8.1 Under the supervision of the Bank of Thailand there are 29 commercial banks in Thailand: 15 locally incorporated banks and 14 foreign bank branches. These banks dominate the Thai financial industry with approximately 80 per cent of total deposits and loans. There are four government or quasi-government banks and the Export-Import Bank of Thailand. Those foreign banks which have licences are restricted to a single branch and foreign ownership is limited to 25 per cent, with any one shareholder in a Thai bank limited to a share holding of 5 per cent.<sup>1</sup>

8.2 In 1992, the Bangkok International Banking Facilities (BIBF) were established as part of the liberalisation of the regulatory framework, and in March 1993 47 banks (including all 15 local banks) were licensed to operate BIBFs. The Seventh National Economic and Social Development Plan (1992-1996) incorporates many reforms to Thai financial markets, a number of which have been implemented.

8.3 In order to gauge their involvement in the Thai market, letters were sent to all Australian banks seeking submissions to this inquiry. Most wrote back saying they had no such involvement.

8.4 In its submission, the ANZ Banking Group Ltd stated that it was the first Australian bank to establish a presence in Thailand with the opening of a representative office in Bangkok in 1985, in the name of its subsidiary ANZ Grindlays. The representative licence means that the ANZ Group can only solicit business for the ANZ worldwide network. It can also provide information on Thailand and assist customers doing business or looking to do business there.

8.5 While the Bank cannot maintain balance sheets or book business in Thailand, it does provide a range of its products and services there. The ANZ Group has clearly identified the Asia-Pacific as an area of strategic importance because of the high growth rates it has experienced and the clear links the Australian business community now has. These make the Bank's interest in the region a natural extension of its existing corporate franchise.

1 Material for this section was drawn from Submissions, pp. 40-43 and Transcript, 9 August 1994, pp. 392-403

8.6 The ANZ Group expressed the hope that the establishment of the BIBFs and the internationalisation of the Thai banking system as it effects foreign banks would further liberalise the system to allow such banks to play a greater role in future.

8.7 The Commonwealth Bank of Australia (CBA) said it did not have any administrative or branch representation in Thailand, but that responsibility for business is vested in the Bank's General Manager, Singapore who visits Bangkok regularly. The Bank's activities in Thailand are primarily directed towards the facilitation of two-way trade and financial dealings between Australian and Thai businesses. It has correspondent bank arrangements with 26 banks in Thailand.<sup>2</sup>

8.8 Although invited to do so, the National Australia Bank and the Westpac Banking Corporation did not forward submissions. Unfortunately, the same situation arose in the Committee's previous inquiry into Australia's relations with Indonesia.

### Changes to the Operations of Foreign Banks in Thailand

8.9 In mid-1995, the Thai Government announced a five year plan for the decentralisation of its banking institutions. By April 1996 it will issue five new domestic banking licenses, each with a minimum capital requirement of one million baht (\$A294 million).

8.10 The new licenses, the first to be issued since 1967, have regional development as their goal. Under strict guidelines approved for the new licenses, the new banks must have headquarters in the provinces. As the new banks cannot be more than a total of 25 per cent foreign-owned, these guidelines also ensure that ownership will remain primarily in Thai hands. Any participation by foreign banks in any of these new banks would therefore be limited to a minority shareholding interest.

8.11 Earlier in 1995, the Thai Minister for Finance had indicated that up to seven commercial banking licenses might be issued to foreign banks. No timing or other details are yet available. Of these three appear to have been reserved for Japanese banks and one for the Bank of China. These entities are already licensed to conduct overseas banking unit activities in Thailand, which are only permitted to deal in foreign currencies. For foreign banks, access to business in baht is the attractive aspect of the new licenses, and it appears that they will only be made available to banks with an existing Thai presence.

8.12 It has also been reported that new offshore banking licenses will be granted. While these BIBFs are limited to foreign currency transactions and loans, they

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2 Submissions, p 1188

are regarded as a suitable entry to the Thai market and this is an option for foreign institutions.<sup>3</sup>

### The Committee's Views

8.13 Apart from lack of contact with the market in Thailand, commercial sensitivities understandably restricted the amount of information some Australian banks were prepared to provide to the inquiry. The Thai Government's restrictions on the operations of foreign banks have begun to be lifted but, as the CBA pointed out, the minority shareholding option is not attractive. It still remains to be seen whether the new BIBFs will provide the range of opportunities banks such as the ANZ Group and the CBA seek in Thailand.

8.14 The lack of interest in the inquiry shown by the Westpac Banking Corporation and the National Bank of Australia is unfortunate because this report is unable to present anything like a complete picture of Australian involvement in banking in Thailand.

8.15 The lack of response from these important Australian banks is disturbing. In its report on relations with Indonesia, the Committee stated that its wish for information was not intended to be intrusive, nor was there a wish to publish sensitive commercial information. For this inquiry, as for the last, the Committee sought information 'to assist with judgements about trade between and investment in' Thailand and Australia.<sup>4</sup>

8.16 This inquiry would also have benefited from the information these banks could have provided about their operations involving Thailand. It is clear, if only from the gaps in the material on investment in each country by the other which were revealed in Chapter 4, that the non-sensitive information which was sought would have added worthwhile detail to this overview of the relationship.

8.17 It would not be appropriate to comment on government policies concerning the operation of foreign banks in Thailand, other than to suggest that further deregulation and decentralisation of its banking system should continue. Additional measures in these areas would benefit the relationship between Australia and Thailand by providing more detailed information on the range of their commercial relationships.

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3 Material in this section was drawn from Submissions, pp. 1189-190. See also **The Australian**, 16 October 1995, p 21

4 **Australia's Relations with Indonesia**, JSCFADT, 1993, p 215

## CHAPTER 9: EMPLOYMENT, EDUCATIONAL AND TRAINING RELATIONSHIPS

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### Introduction

9.1 Educational and training connections between Australia and Thailand are a particularly important part of the bilateral relationship. In the past these connections were based mainly around Australia's development assistance program to Thailand, Thai students studying here and links established by individual institutions. In the employment area, contacts with the Thai Ministry of Labour and Social Welfare have so far been limited.<sup>1</sup>

9.2 In examining employment, education and training links, the following factors need to be noted:

- . the severe skills shortage in Thailand which Australian expertise is well placed to assist in overcoming;
- . Bangkok/provincial and urban/rural differences in educational and training opportunities;
- . the potential for greater trade in services between the two nations, based on the complementary nature of their economies;
- . the means of developing a core of Australians who understand how Thailand's society and economy work; and
- . Thailand's intention to market education within its region.<sup>2</sup>

9.3 Some of these issues have already been dealt with, such as the trade in services between the two countries in Chapter 5. The related and vital issue of the study of Thailand and of the Thai language has been dealt with in Chapter 3.

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<sup>1</sup> Submissions, pp. 662, 669; Transcript, 13 September 1994, pp. 600-601

<sup>2</sup> Submissions, p 665; Transcript, 10 August 1994, p 514

## Employment Aspects

9.4 There are about 35 million people in Thailand's work force with about 60 per cent still employed in agriculture. This proportion has declined as people have moved from the country into the services sector and labour-intensive manufacturing industries which employ about 12 per cent of the work force. About 1.2 million people are unemployed, falling to about 500,00 in seasonal labour-intensive periods. As the economy continues to grow it also has to face increasing structural unemployment.<sup>3</sup>

9.5 As noted in Chapter 4, Thailand's relatively low labour cost advantages are not now as great as they were because of more competitive world markets. Other countries in the region such as Vietnam and southern China are now replacing it as a low wage destination for foreign investment. Thailand has to re-focus on more skill-intensive industries to retain its competitive edge. Its labour force must be capable of attracting foreign investors and, more importantly, of supplying the high value technical skills needed for continued economic growth.<sup>4</sup>

9.6 The Thai Government is therefore increasingly focusing on labour market planning issues. The Seventh National Economic and Social Development Plan (1992-1996) notes the Government's intention to increase job placement services. It also highlights the need to develop labour market information systems for use in career guidance and the linking of the design of educational/training courses with job vacancies.<sup>5</sup>

9.7 In 1993 the Thai Government established a Ministry of Labour and Social Welfare to help ensure training is more closely integrated with labour market planning. The Ministry is also responsible for employment services and for a number of centres in Bangkok and the provinces where training is provided in the development of industrial skills. It plans to increase markedly labour market training programs and to develop a modern computerised job monitoring system.<sup>6</sup>

9.8 Thailand is looking to Australia for advice on policy formulation in integrating employment with education and training. Australia delivers a range of employment services which may be relevant. These include a well-developed capacity for labour market analysis, information technology development and skills development measures aimed at improving efficiency and equity in the labour market. The initial phase of contact is to develop a senior staff exchange to establish an understanding of systems and policy answers to needs. This process began in February 1995 with the visit

3 Exhibit No 63, p 2

4 Submissions, p 284; Exhibit No 63, p 2; *International Business Asia*, 1 September 1995, p 8

5 Submissions, p 669

6 Submissions, p 669; Transcript, 13 September 1994, p 598; Exhibit No 63, p 8

of a senior officer of the Department of Employment, Education and Training (DEET) to Thailand.<sup>7</sup>

## The Thai Education System

9.9 In Bangkok in November 1994 Committee members were told it was estimated that about 76 per cent of the work force in industry have less than six years education. The Thai Government is undertaking wide-ranging reforms for all levels of the education and training system and expenditure in this field is now the largest single item in Thailand's budget. In addition it plans to borrow \$US400 million from the World Bank for educational upgrading, including science and engineering in higher education, and for areas of secondary, technical and vocational education.<sup>8</sup>

9.10 **School Education.** A senior official of the Thai Ministry of Education told Committee members in November 1994 that there were 38,000 schools in the public system. Compulsory schooling has been extended from six to nine years and this is causing a range of difficulties, including the provision of sufficient numbers of qualified teachers.<sup>9</sup>

9.11 Outside Bangkok and especially in rural areas it is difficult to ensure all children go to school, but it is estimated that only about 5 per cent do not get any formal education. In 1993 it was believed that about 90 per cent of students went on for a seventh year of schooling and it was hoped this would increase to 98 per cent in the school year beginning in May 1994. If these are valid estimates good progress is being made, because according to the Seventh National Economic and Social Development Plan (1992-1996), transition rates from primary to lower secondary education were intended to increase from 46.2 per cent to 73 per cent by 1996.<sup>10</sup>

9.12 While emphasising increasing school retention rates, Thailand is also concentrating on improving the quality of teaching. Curriculum development is a priority and there is interest in moving away from rote learning towards teaching the critical thinking skills needed for a society with an emphasis on high technology. Science, mathematics and linguistics are receiving special attention. In spite of these changes and the sums expended, the proportion of skilled workers in the work force will not increase significantly in the medium term because of the long lead times involved.<sup>11</sup>

9.13 **Universities.** The Thai Government is in the process of de-centralising decision-making in its higher education system so that universities have greater autonomy

7 Submissions, pp. 1143, 669; Transcript, 15 February 1995, p 846

8 Submissions, p 666; Exhibit No 63, p 3

9 Submissions, p 666

10 Submissions, p 666

11 Submissions, p 666; Exhibit No 63, p 3



in running their own affairs. It has also identified shortages of academic staff in key disciplines and is seeking to address these needs through the provision of scholarships to enable junior academic staff to undertake post-graduate studies overseas. The critical areas include engineering, architecture, pharmacy, medicine, dentistry, nursing, science and technology and foreign language teaching.<sup>12</sup>

9.14 The Thai higher education system is based on the US model in terms of both its academic programs and in its mix of public and private institutions. There are 21 public universities in Thailand but they can only take about 15 to 20 per cent of those who meet the national entrance requirements. There are also 29 private universities, such as Mahanakorn University of Technology, where the fees are ten times those in the public system. Private universities and colleges are registered by and under the control of a ministry. There are also 36 teacher training colleges which are seeking university status and 200,000 students in Open University distance education. While students at the latter do not receive formal qualifications they use a national television station, radio and correspondence in their education.<sup>13</sup>

9.15 Committee members visited Mahanakorn in November 1994 and held discussions with the Vice-Chancellor, Dr Sitthichai Pookaiyaudom, a double graduate of the University of New South Wales (UNSW). The Vice-Chancellor paid tribute to UNSW's contribution in the establishment of Mahanakorn. Earlier in the inquiry Professor Christopher Fell, Deputy Vice-Chancellor of UNSW, had given details of that university's involvement in the process.<sup>14</sup>

9.16 In his briefing to Committee members Dr Sitthichai expressed concerns about the impact of the combination of Thailand's national education system and the common university examination on first year students at Mahanakorn. He believed that it produced undergraduates whose study habits were not directed towards thoughtful absorption of material because they had only been concentrating on passing this examination. When such students arrived at places like Mahanakorn, he said, they were unable to cope with the workload and the academic demands placed on them.

9.17 **Technical and Vocational Education.** The ability of industry to absorb labour and increase productivity will depend in part on improvements in technical and vocational training in particular. Thailand faces a particular problem: to provide new entrants to the work force with relevant skills, and to upgrade the skills of those already in that work force in the context of rapid structural change within the economy.<sup>15</sup>

9.18 While there are demands on all educational sectors in Thailand, the immediate focus of industry's needs is in technical and vocational education. As DEET

pointed out this sector of the Thai system is not well understood in Australia, as its pathways are not well defined and it is characterised by a number of providers. These pathways are:

- . Upper secondary education in a separate stream from general education, providing a three-year certificate. Thereafter students may undertake two years' tertiary studies and receive a diploma.
- . Over 240 Department of Vocational Education (DOVE) colleges across Thailand focusing on five fields: agriculture, trade and industry, home economics, business and arts and crafts.
- . Rajamangala Institute of Technology (RIT) is responsible for technical education at four levels from certificate to graduate diploma. It has 31 campuses, 11 faculties and provides training in 140 fields such as engineering, business studies, administration, home economics, music and drama. The joint venture agreement with SAGRIC International is dealt with below.
- . The Department of Non-Formal Education (DNFE) provides basic education, news and information and skill training in five main areas: trade and industry; home economics and arts and craft; agriculture, plant science and horticulture; and business. This is given in a variety of locations and through a variety of means. DNFE is a major provider of skills in rural areas and has responsibility for distance education development for disadvantaged adult groups in those areas.
- . There are over 300 private vocational education and training colleges providing formal programs which can be selected from DOVE or RIT curriculums.<sup>16</sup>

### Australia's Educational Links with Thailand

9.19 Although there was a proposal in 1940 that Thai students study in Australia, it was not until the Colombo Plan of the 1950s and 1960s that Thai students actually came here. For most of them, and the Australians they met, the experience seems to have been worthwhile.<sup>17</sup>

9.20 A key strategy for developing the education and training relationship with Thailand has been through formal Memoranda of Understanding (MOUs) between Thai Ministries and DEET. Such agreements provided a framework for cooperation and

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12 Submissions, p 668

13 Submissions, pp. 1139, 668

14 Submissions, pp. 36-38; Transcript, 17 May 1994, pp. 223-235

15 Submissions, pp. 285, 667

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16 Exhibit No 63, pp. 3-5; Submissions, p 668

17 Exhibit No 72, p 2; Transcripts: 27 April 1994, pp. 159-160, 10 August 1994, pp. 506, 568

encourage a more coordinated approach to developing the relationship in this area. They also play a role in Thailand in securing funding for cooperative activities.

9.21 In September 1991 an MOU was signed with Thailand's Ministry of University Affairs. It aims to encourage information exchanges, staff and student exchanges, institutional links and collaborative research and development in higher education. Activities under the MOU include an expert team working with a Thai group to conduct an analysis of staff development and management needs for their institutions. It also provides for cooperation in the applied sciences and technologies, health and social sciences, natural sciences and mathematics and language education.

9.22 A program of 20 cooperative activities under this MOU has been agreed. These include meetings and workshops of Australian and Thai officials here and in Thailand. Grants under the Thailand-Australia University Links Program are provided to Australian universities and, in June 1995, funding totalling \$97,000 was announced to support ten university staff exchanges and research projects. A research and development project will also be developed with industry in areas regarded as having trade and investment potential: environment management, information and communication technologies, engineering and business management.<sup>18</sup>

9.23 An MOU was signed with Thailand's Ministry of Education in June 1994. Projects using the Thai satellite Thaicom, an expanded teacher exchange program, collaboration in vocational and training to enhance that system and staff development in applied science and special education have been agreed. These projects reflect Thailand's interest in distance education to meet the rapidly growing demand in the school level and in vocational education and training.<sup>19</sup>

9.24 Further work is being undertaken to develop other projects for implementation under this MOU. Thailand has embarked on a major upgrading of services for the intellectually and physically disabled as well as gifted students. Training grants are being made available for over 200 teachers to undertake specialist training and DEET expects a number of these to study in Australia. The Thai Education Ministry is granting up to 800 scholarships to science teachers and has asked Australia to design courses for at least some of these teachers.<sup>20</sup>

## UMAP Program and TIL

9.25 Australia is encouraging greater mobility of its students in the region as a means of developing the capacity of graduates to operate confidently and effectively in an Asia-Pacific context. The goal is to make study in Asia an integral part of the

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18 Submissions, pp. 670-671; Transcript, 13 September 1994, p 598; Exhibit No 98  
19 Exhibit No 63, p 8; Transcripts: 13 September 1994, p 597, 15 February 1995, p 841  
20 Exhibit No 63, p 8

university courses of many future Australian students. One of the vehicles for achieving this goal is the University Mobility in Asia and the Pacific (UMAP) program. This is a joint initiative between the Australian Vice Chancellors' Committee (AVCC), DEET and countries in the region to increase student and university staff mobility. In 1993 there were seven linkages with Thailand with funding of \$A159,400, in 1994 eight linkages with funding of \$A206,000 and 15 linkages in 1995 funded to \$A342,400.<sup>21</sup>

9.26 UMAP is a large-scale program of two-way exchanges, primarily for undergraduates in all disciplines to study for one or more semesters in universities in the region. Important elements of the exchange include waivers of fees and full academic recognition for the study undertaken overseas.

9.27 Within the UMAP framework, DEET has developed a trial program which includes Thailand as a priority country for undergraduate exchange arrangements. In 1994 45 Australians undertook study at Thai universities in disciplines such as language studies, health, arts, social sciences and business. In 1995, 111 Australian students were approved to study in Thailand.<sup>22</sup>

9.28 The Targeted Institutional Links (TIL) program was initiated in 1990 as part of the response to the report **Australia and the Northeast Asian Ascendancy**. Through DEET, the program provides seed money for Australian higher education institutions to support collaborative research links with their regional counterparts to foster internationally competitive research and development in areas of Australian national priorities. Since 1990 the program has approved grants of \$A11.01 million to support 50 projects and 44 scholarships, including seven collaborative research and development projects in Thailand totalling \$A579,000. Six of these projects were funded in 1990 and the other in 1995.<sup>23</sup>

9.29 Features of the awards under the TIL program were that none had been made to Thailand from 1991 to 1994 (inclusive), and that all but one were with major Thai universities such as Thammasat and Chulalongkorn.<sup>24</sup>

## Other Links

9.30 **Scholarship and Fellowship Schemes.** DEET has scholarship programs aimed at encouraging Australian students to study in Asia, including Thailand. Language students can study under the National Asian Language Scholarship Scheme, and postgraduate research students can apply under the Australian Awards for Research in

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21 Submissions, pp. 674, 1175  
22 Submissions, pp. 674, 676, 691, 1175  
23 Submissions, pp. 676, 692-696, 1173-1174; Transcripts: 15 February 1995, p 845, 6 March 1995, p 855  
24 Submissions, p 1173

Asia. Thai postgraduate students can undertake research in Australia under the Overseas Postgraduate Research Scholarships. Scholarships awarded by AusAID have also been dealt with in Chapter 6.<sup>25</sup>

9.31 **Electronic Linkages.** Electronic linkages such as E-Mail and databases which enable high speed information exchanges already exist between Australian and Thai education institutions. These links are for a variety of purposes, including collaborative research.<sup>26</sup>

9.32 **English Language Centre of Australia (ELCA).** There is a great deal of interest in learning English in Thailand, both to study abroad and for business reasons. ELCA provides high quality training in English for Thais who have Australian scholarships. IDP Education Australia, as it has since become, established ELCA in 1988 in association with the University of the Thai Chamber of Commerce and with the endorsement of the Ministry of University Affairs. The Centre provides teaching for a range of academic and business clients and also conducts evening classes. These activities also form a strong base for other Thai-Australian activities.<sup>27</sup>

9.33 In addition to ELCA's activities, one of the main activities of Australian Volunteers Abroad (AVA) in Thailand is in English language training. Some information on the work of the Overseas Service Bureau and AVAs in Thailand is set out in Appendix 5.<sup>28</sup>

## Thai Students in Australia

9.34 As Dr Denis Blight of IDP Education Australia pointed out, Thailand is an important educational market for Australia. While Thais studying here are a direct source of export earnings and they generally go back with positive views about this country, we only attract about 5 per cent of Thais who study overseas. This is only about 4 per cent of the foreign students in Australia, but the Thais are seen as a key group of students.<sup>29</sup>

9.35 While Thai students have been coming to Australia since the Colombo Plan of the 1950s, the overall number until recently has been relatively low. They have grown from 1611 in 1989 to 2367 in 1993 and then to 2400 in 1994, with the likelihood that numbers will continue to increase by the 20 per cent which they have been in recent years.<sup>30</sup>

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25 Submissions, p 676

26 Submissions, p 413

27 Submissions, pp. 414-415

28 Submissions, pp. 1117-1118; Transcript, 15 February 1995, pp. 806-807, 810-811, 812

29 Transcripts: 27 April 1994, p 155, 18 May 1994, p 355, 27 April 1994, p 143; Submissions, p 675

30 Transcripts: 26 April 1994, p 22, 13 September 1994, p 609, 27 April 1994, p 157; Submissions, pp. 673, 675

9.36 While the US remains the most popular destination overseas for Thai students, Australia is also popular with students and their parents for a number of reasons, including:

- . the quality of the education which is perceived to be of 'reasonable' quality;
- . fees charged are competitive;
- . a reasonable cost of living;
- . Government support for links with Asia;
- . a safe and pleasant environment;
- . time zones which are not too far apart;
- . ease of travel to and from Australia; and
- . weather which is not too cold.<sup>31</sup>

9.37 There are of course some criticisms of Australia as a place in which to study. These include a belief among some in Thailand that racism in Australia is a problem, differences in our academic years and delays between completion of courses and graduation. Ms Glenda McIntyre, Manager, International Students at the University of Melbourne, commented on this matter, saying she had not been informed of any racist incidents directed at foreign students. She also referred to the impact a lack of consistency in changes to student visa regulations had had on numbers and expressed the thought that a simplification of processes from 1 September 1994 might rectify the confusion of the past few years.<sup>32</sup>

9.38 On this issue, the Department of Immigration and Ethnic Affairs conceded there had been a 'fairly marked decline' in the number of students from Thailand after changes to immigration policies in 1990/91. According to the Department, numbers began to increase from 1992. Dr Blight attributed increased numbers to changed student visa arrangements for Thailand, and to the care his organisation took with the students who applied to come to Australia.<sup>33</sup>

9.39 Thais and other foreign students can encounter problems in Australia because of such things as seemingly annual changes to arrangements for health insurance. Although the cost of this insurance is not expensive, frequent changes to rates makes it difficult for students and administrators to plan.<sup>34</sup>

9.40 According to Ms McIntyre, foreign students broaden the outlook of those Australians with whom they come into contact and, perhaps, because of their motivation encourage others to work harder. The presence of foreign students at Australian universities in large numbers, whether from Thailand or not, does cause some problems. Professor Malcolm Smith from the University of Melbourne referred to 'the strong view'

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31 Submissions, p 673; Transcripts: 10 August 1994, p 533, 27 April 1994, p 161

32 Submissions, p 673; Transcript, 10 August 1994, pp. 509, 534

33 Transcripts: 27 April 1994, pp. 146, 158-159, 162

34 Transcript, 10 August 1994, p 509

he had been given from local students that foreign students are seen as displacing Australians. He said Melbourne University had a particular problem because so many qualified Australians had to be turned away. Measures had been taken to ensure that no-one who gets into under-graduate courses has not been able to demonstrate a higher level of achievement than the last Australian accepted.<sup>35</sup>

### Projecting Australian Education into Thailand

9.41 In the past, DFAT provided funding for an Australian studies program at Silpakorn University. Melbourne University has MOUs with such important Thai universities as Chulalongkorn, Khon Kaen and King Mongkut. In 1994 \$A20,000 was provided by DEET to fund an Australian studies project in Thailand and in December 1994 such a centre was opened at Kasetsart University on the outskirts of Bangkok. This was established under the MOU with the Ministry of University Affairs and is planned to be a counterpart of the National Thai Studies Centre (NTSC) at the Australian National University which is considered in Chapter 3.<sup>36</sup>

9.42 In December 1994 the Australian International Education Foundation (AIEF) was established. It is responsible for advising the National Board of Employment, Education and Training on strategic directions for Australia in the promotion of international education and training, institutional research activities, exchanges and recruitment of international students. The Australian Vice-Chancellors Committee's private company IDP Education Australia has taken over the management of some of the Foundation's education centres.<sup>37</sup>

9.43 Prior to the establishment of the AIEF, IDP Education Australia was responsible for Australian Education Centres (AECs), including four in Thailand: at Chiang Mai University, at Khon Kaen University in the north east, at Prince of Songkla University in the south, as well as in Bangkok. Their operations have now been centralised in the Bangkok Embassy. These AECs provided representational and promotional functions and were used by students as sources of reliable information and advice about studying in Australia. Following a review in 1993 it was decided there was a need for a more comprehensive and coordinated approach to the marketing of education and training overseas. The AIEF was set up to provide 'one stop shops' and to consolidate government and industry resources in promoting opportunities in these fields in Australia.<sup>38</sup>

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35 Transcript, 10 August 1994, pp. 534, 519-520  
36 Submissions, pp. 680-681; Transcripts: 10 August 1994, p 515, 15 February 1995, p 841  
37 Transcripts: 15 February 1995, p 841, 13 September 1994, p 614  
38 Submissions, p 412; Transcripts: 27 April 1994, p 159, 13 September 1994, p 612; Submissions, pp. 422, 673

9.44 In the context of the formation of the Foundation, DEET drew attention to dissatisfaction expressed by secondary schools about the way they were marketed as a group. Private schools did their own marketing and some of the State systems had close government-to-government links. The AIEF plans to give more time and space to the range of sectors, including English language training and business studies schools, by showing how standards are maintained, and by directing its messages to Thai parents, employers and government agencies. DEET also believes that the strategy of emphasising the school sector will feed students into the upper levels of education.<sup>39</sup>

9.45 Ms McIntyre referred to the 'tension' between IDP Education Australia and DEET over the relocation of the AEC to the Embassy. She observed that the building was not the sort of welcoming place which would attract and welcome would-be students.<sup>40</sup>

9.46 In its evidence, the NTSC stated that education and training about Thailand were hindered by inconsistent Australian Government policy on education in Asia. It referred to the recurrent funding and staff support given by DFAT to a number of institutes or councils dedicated to the development of Australia's relationships with China, France, India, Indonesia, Japan, Korea and New Zealand. This was contrasted with the fact that although it had funded the Centre, DEET required the NTSC to become self-funding. Possibilities for the more effective management of the educational, language and cultural aspects of the relationship have been discussed in Chapter 3.<sup>41</sup>

### Contributions of the Australian States

9.47 Textbook materials developed by the Queensland Education Department are sold for translation, adaption and use in Government schools in Thailand. Since 1988 contacts have been maintained with the Ministry of Education to expand opportunities to offer suitable curriculum materials for sale.<sup>42</sup>

9.48 Western Australia is conscious of the demand from the middle class in Asian countries for the opportunity to study overseas. It has actively promoted its services into these markets with considerable success and the industry marketing body, the WA Education Marketing Group, intends to focus on increasing its market share in existing markets, including Thailand. In 1990 84 Thai students came to WA to study English and in 1994 this program attracted 200 fee paying students.<sup>43</sup>

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39 Transcript, 13 September 1994, pp. 610-611  
40 Transcript, 10 August 1994, pp. 510, 550-551  
41 Transcript, 13 September 1994, p 575  
42 Submissions, p 490  
43 Submissions, pp. 766, 795

9.49 South Australia's contact with Rajamangala Institute of Technology (RIT) began in 1991. The relationship has included exchanges and fellowship placement of RIT staff in TAFE colleges. In May 1993 the SA Department of Employment, Training and Further Education (TAFE) signed a joint venture agreement with RIT. The Department's management vehicle is its joint venture with SAGRIC International and the project with RIT comes under that joint venture.

9.50 The major thrust of the agreement is to develop a commercial vehicle which can:

- . market TAFE courses in Thailand;
- . develop joint TAFE/RIT courses for delivery throughout RIT for a fee;
- . develop a joint TAFE/RIT capability to deliver short courses for Thai industry; and
- . deliver courses which will attract participants from the region and from Thailand itself.

9.51 The SA Government is aware of Thailand's shortage of skilled workers and is keen to assist in providing training. From the middle of 1994 specialist lecturers from SA TAFE Institutes have visited Bangkok and other industrial centres to develop and teach courses in computing, tourism and hospitality and refrigeration engineering. This is the first phase of a plan to offer TAFE award courses in Thailand. In another area of the partnership SA TAFE and RIT have begun joint consulting work in Vietnam, Cambodia, Malaysia and Indonesia.

9.52 The SA Department for Education and Children's Services has an International Student Program and Thailand is one of the target countries for the developing market at the secondary school level. In this program Thai students spend 20 to 30 weeks in an intensive English course, followed by three years in each of the secondary and tertiary areas. In addition to the revenue earned through this program, the long term interest generated in Thailand is important given the lack of knowledge in that country about the range of services available from Australia.<sup>44</sup>

9.53 Committee members visited the Wang Klai Kang Won Campus of RIT in Petchaburi Province in November 1994 and were briefed on its operations, and on the joint venture with SAGRIC. Located near the resort centres on Thailand's east coast it specialises in training for the tourism and hospitality industry.

### Geelong Grammar School and Thailand

9.54 In a submission to the inquiry, the then Principal of Geelong Grammar said the suggestion was first made in the 1930s that the school consider taking pupils from

Thailand. The Second World War prevented the implementation of the idea but the first boy from Thailand came to the school in 1947. Since then there has been a strong and continuing association with Thai families. In 1994 there were 58 Thai girls and boys at Geelong Grammar. It believes the association has been of some significance for the bilateral relationship and welcomes the opportunity to foster understanding by taking pupils from Thailand, and from other countries.<sup>45</sup>

9.55 One of the more significant of those who attended the school, and Melbourne University, is Mr Mechai Viravaidya who has been Deputy Prime Minister and a Cabinet Minister in a number of Thailand's governments. In recognition of his contribution to the relationship with Australia, early in 1995 he was made an honorary Officer of the Order of Australia.

9.56 The relationship between Geelong Grammar and Thailand has been strengthened by the establishment of an international boarding school in the north of Thailand to commemorate the Golden Jubilee of the accession to the throne of His Majesty the King in 1996. The school will have a commitment to excellence in all fields of academic and co-curricular endeavour. The intention is that there be exchanges of students between the two schools, and the curriculum will include an emphasis on environmental protection and on interaction with the local hill tribes.

9.57 Receipt of Royal patronage for the project from the late Her Royal Highness The Princess Mother was a great honour and she donated the land to the foundation to establish this school. Mr Mechai's support and vision has also been of great value and a further tribute to his close contacts with Geelong Grammar and Australia.<sup>46</sup>

### Alumni Associations

9.58 There is now a pool of very senior Thai alumni of Australian educational institutions in the bureaucracy, business and the military. Limited Embassy support is given to an alumni association, the Thai-Australian Technological Services Centre. It provides advice to Thais planning to study in Australia and offers some post-graduate scholarships. There is also a Thai-Australian Association which acts as an umbrella organisation for Thais who have connections with Australia. In 1993 the Embassy established a data base of alumni and consideration may be given to establishing an alumni association.<sup>47</sup>

9.59 In its submission, IDP Education Australia said an alumni association was one of the most effective means of maintaining links between Australia and Thailand.

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45 Submissions, p 14; Transcript, 27 April 1994, p 164

46 Exhibit No 100

47 Submissions, p 274

In evidence Dr Blight mentioned the need for alumni activities to create a system which allows for both institutional and country loyalties. As discussed in Chapter 7, little has been done to foster a sense of alumni among the Thai military who have studied in Australia.

9.60 Mr Noel Adams and Professor Ian Williamson of the University of Melbourne supported the importance placed on alumni linkages in Asia compared with Australia. Since mid-1992 the university has had a strong and active alumni chapter in Thailand, as well as others in South East Asia. Whenever senior academics visit Thailand they try to include the chapter in their programs. The university also offers an alumni scholarship to each of its chapters.<sup>48</sup>

9.61 The University of New South Wales has an alumni group in Thailand which is active. There is also a strong alumni association of the National Centre for Development Studies at the Australian National University (ANU) which organises functions and puts out a newsletter. When staff from the Centre visit Thailand specific functions are arranged.<sup>49</sup>

9.62 Several witnesses commented on how Thai alumni and their associations had been neglected. Professor Helen Hughes said that until recently Australian embassies would have nothing to do with them and suggested an edict had recently changed that situation. Dr Ann Kumar of the ANU referred to the goodwill which continues to be expressed and, while we should capitalise on them, these linkages have not been kept in good repair.<sup>50</sup>

9.63 Committee members met a number of alumni at a reception during their visit in November 1994, and all of them seemed delighted to be able to keep up their ties with Australia. In his evidence, Mr Roger Peacock of DEET referred to a function held in Bangkok for the launching of the AIEF at which 150 alumni were present. He added that the alumni had provided a scholarship for a student from Chulalongkorn University to study in Australia. Dr Blight referred to the success of a function for alumni at the Embassy in Bangkok.<sup>51</sup>

## The Committee's Views

9.64 The relationship with Thailand in the employment field is not as long-standing or varied as it is in the education and training areas but contact has been made. Thailand's needs for labour market planning are on a completely different scale to

48 Transcripts: 10 August 1994, pp. 516-517, 529, 15 February 1995, pp. 822, 824; Submissions, pp. 274, 643

49 Transcripts: 17 May 1994, p 228, 18 May 1994, p 370

50 Transcripts: 18 May 1994, p 370, 13 September 1994, pp. 585, 587

51 Transcripts: 15 February 1995, p 841, 27 April 1994, p 165

Australia's and its systems to deal with its problems are not as developed. Bearing these important differences in mind Australia should continue to provide whatever assistance it can in this important area.

9.65 Thailand's education system faces many challenges and the Committee believes Australian assistance should continue in ways the Thai authorities think are most useful. The MOUs with the Education Ministry and with the Ministry for University Affairs have been set up to develop the education and training relationship and they are the vehicles which should continue to be used.

9.66 Thailand's greatest need is for more and better technical and vocational education to service its industries. This is an even greater need than for more compulsory school education for more of its children. While a higher level of basic education is vital for the long term, industry needs more technically qualified people in the short term. The variety of ways of acquiring technical education in Thailand is tribute to its determination to provide the appropriately qualified human resources it needs within the shortest time frame. This is an area where Australia may be able to provide assistance.

9.67 The Committee recommends:

**Recommendation 17: That the Department of Employment, Education and Training investigate whether useful assistance could be provided to the technical and vocational education system in Thailand, given it has a widely acknowledged shortage of skills.**

9.68 At the same time as it allows numbers of Australians to study there, the UMAP program and the TIL program are making contributions to tertiary institutions in Thailand. However, it is clear from figures supplied by DEET that there have not in fact been many Australian links with Thai universities. More significantly, none of the links were with the provincial universities which probably need greater assistance.

9.69 The establishment of the AIEF may manage the marketing overseas of Australia's education and training more effectively than previous arrangements. Because of the importance of providing an effective service for prospective and current students, and because of the concerns which have been expressed about their implementation, it would be appropriate to review the new arrangements after they have been in operation for a year. Such a review should include representatives of universities, the school sector and other interested bodies. Because of the importance of the effective marketing of education services to Australia, it should not be solely related to the operation of the Foundation in Bangkok.

9.70 The Committee recommends that:

**Recommendation 18: That the Department of Employment, Education and Training examine, with the Department of Foreign Affairs and Trade, the Australian Vice-Chancellors' Committee and the peak bodies of other interested educational bodies, the effectiveness of the operations of the Australian International Education Foundation and report back to the Joint Standing Committee.**

9.71 The educational programs the various Australian states provide to Thailand attract numbers of students and revenue to the providers, and these services make a worthwhile contributions to the overall relationship. Geelong Grammar's long-standing relationship with Thailand is a special one. The establishment there of an international school which will be closely linked with Geelong Grammar means the further strengthening of the existing connections.

9.72 Many witnesses emphasised the benefits of retaining close links with Thais who have studied in Australia. It is clear that, in spite of greater efforts by some institutions, this reservoir of goodwill has been largely neglected at an official level. Ties to both Australia and particular educational institutions need to be encouraged. The Committee believes that the long term benefits for Australia in retaining ties with the alumni are perhaps not as tangible as some in other areas but they are just as important. Maintaining and, where necessary, establishing viable alumni associations in Thailand and other South East Asian countries should have the necessary resources provided at embassies. Costs in staff time and, possibly, funding for activities for the alumni need to be absorbed because they are the most suitable places to obtain items of interest from Australian institutions, and handle the administrative work involved in such activities.

9.73 Retaining regular and worthwhile contact with our alumni has implications for Australia's relationships with many regional countries and needs a coordinated approach, without interfering in any way with the work which may already being undertaken for their own purposes by chapters maintained by individual institutions.

9.74 Given the lack of action in this area in the past, effective support for alumni activities, even at the basic level suggested, is unlikely to be provided without additional resources. To provide the requisite support in Thailand, it will be necessary to approach Australian institutions for information on their graduates to assess the numbers involved before estimates can be made of the various resources which will be required to maintain an effective and continuing alumni network. While collation of this information will be time consuming, the Committee believes that such efforts would be repaid in the long run.

9.75 Because of the numbers of Royal Thai Armed Forces who have undertaken professional training courses at military colleges in Australia, these graduates should be

included in any examination of the resources needed to develop an effective alumni organisation.

9.76 The Committee recommends, in conjunction with Recommendation 16:

**Recommendation 19: That the Departments of Foreign Affairs and Trade, Defence and Employment, Education and Training:**

- . **review current arrangements for the support given to alumni organisations in Thailand and estimate the human, financial and other resources which would be necessary to maintain contact with alumni of Australian universities there, with a view to introducing an effective and continuing system as soon as practicable; and**
- . **report the findings of this review to the Joint Standing Committee.**

## CHAPTER 10: CULTURAL AND MEDIA CONTACTS

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### Introduction

10.1 The educational and language issues which comprise important elements of Australia's cultural relationship with Thailand were canvassed in Chapters 3 and 9. In this chapter, other key elements of the relationship are examined, including the role of the Australian media, and a proposal to establish an Australia-Thailand Council.

### Cultural Links Through DFAT

10.2 Activities to promote an understanding of Australian culture in Thailand under the auspices of the Cultural Relations Program commenced with the establishment of diplomatic relations in the mid 1940s. During the next 20 years, further development of these activities was somewhat piecemeal until an Information and Cultural Relations Branch was established in the then Department of External Affairs in 1964. A Cultural Agreement was signed with Thailand in 1974.<sup>1</sup>

10.3 As the Department of Foreign Affairs and Trade (DFAT) explained in its evidence, much of what it is trying to achieve in the bilateral relationship with Thailand hinges on public perceptions of Australia in that country. It is unfortunate that, while many Thais have first hand knowledge of Australia, anecdotal evidence suggests that widespread and fundamental misconceptions about this country persist. Many Thais have an outdated view of our economy, society and national identity, and the predominant image of Australia among Thais 'is that of a farm, a mine, a beach and kangaroos'.<sup>2</sup>

10.4 **Cultural Relations Program.** The aim of DFAT's Cultural Relations Program in Thailand is to provide the opportunity to develop people-to-people contact, to project an image of modern Australia and thus to enhance our foreign and trade policy objectives. The International Cultural Relations Branch in DFAT works closely with organisations such as the Australia Council, the National Gallery of Australia and the National Library of Australia to promote exhibitions, workshops and interchanges.

10.5 According to DFAT, the present allocation of funds is a limiting factor on what can be achieved. The staff resources dedicated to the Thai component of the program consist of one officer in DFAT whose responsibilities also cover the Philippines, Malaysia, Singapore and some countries in the Indian subcontinent. In Bangkok, an

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1 Submissions, pp. 262, 270

2 Submissions, p 271



Australia-based officer manages both the Public Affairs operations of the International Public Affairs Branch and the Cultural Relations Program.<sup>3</sup>

10.6 In 1993/94 expenditure on the bilateral cultural program with Thailand amounted to approximately \$98,600, including \$18,500 for the salary of a locally engaged contract employee to assist with the implementation of the program. From 1994/95, the budget allocation system was revised to give posts increased responsibility for discretionary expenditure overseas, resulting in \$60,000 being designated for Bangkok. Discretionary expenditure covered the salary of the contract employee, artist exchange and other visual arts programs, music and the performing arts and small contributions to literature and museum conservation activities. It is anticipated that funding for 1995/96 will be maintained at the levels established in 1994/95.<sup>4</sup>

10.7 In addition to the discretionary funding allocated to the post, funding is committed by the International Cultural Relations Branch to regional activities. In 1994/95, these activities supported a number of visits by influential arts practitioners from Thailand including Mr Somkid Chotigavanit, Director-General of the Fine Arts Department and Ms Siriwan Teerapathurop, President of the Bangkok Playhouse. Funding was also allocated to the development of several art exhibitions, two of which will be staged in Thailand throughout 1995/96. Substantial funding will be made available in 1995/96 and the following year to support a major presentation by Australia during the Golden Jubilee celebrations of His Majesty the King's accession to the throne, including the Handspan Theatre and Circus Oz, and the Australian Chamber Orchestra's visit to Thailand in September 1996.<sup>5</sup>

10.8 **The Public Affairs Program.** The Public Affairs Program in Thailand is managed by DFAT's International Public Affairs Branch. The Program is implemented by the Embassy in Bangkok, which has a Counsellor supported by seven locally engaged staff including three on contract: a cultural relations officer, a radio producer and an electronic publishing specialist. Funding for public affairs activities in Bangkok for 1995/96 is \$41,000. This compares with \$46,000 in 1994/95 and \$40,000 in 1993/94.<sup>6</sup>

10.9 The aim of the Program is to project Australia as a reliable, technologically advanced, commercial partner with strong business links to Thailand. Australia's record and technological achievements in the field of environment protection also provide a focus for the Program, as does the projection of Australia's well respected educational institutions, its multicultural society and cultural diversity and its sophisticated and varied tourist attractions.<sup>7</sup>

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3 ibid  
4 Submissions, pp. 270, 1197  
5 ibid  
6 Submissions, p 1198  
7 Submissions, pp. 269, 1198-1199

10.10 The Program makes strong use of the media, particularly radio, in projecting an image of Australia in Thailand. The Embassy radio unit produces eight programs each month which are transmitted by 50 radio stations throughout the country. Feedback from listeners shows a high level of interest in program topics. Material is also provided on a regular basis to print media outlets and to television broadcasters, and two newsletters, **Australia News** and **Environews**, are produced for readers on a mailing list.

10.11 Future directions for DFAT's cultural programs with Thailand were foreshadowed in its submissions. These included targeting regional centres outside Bangkok and collaborative ventures in conjunction with Austrade, DEET and the Australia Abroad Council. Current strategies call for:

- expanding contacts with media and cultural organisations, senior politicians, government officials and business leaders;
- presenting a tighter focus on major policy interests by encouraging local media to carry increased coverage of Australia in business;
- maintaining placement rates of programs to radio stations which currently use the Public Affairs Section material; and
- investigating the feasibility and economics of locally-produced television items combined with opportunities for using Australian television material on Thai television channels, including broadcasting Australia Television programs.<sup>8</sup>

### Cultural Links Through the Media

10.12 **Print Media.** As revealed in a 1993 survey of Australian foreign correspondents in Asia by a former ABC journalist, coverage of Asia by the Australian media has often been maintained by part time 'stringers' rather than by correspondents employed by individual media organisations. Usually in Asia for strictly limited periods, correspondents often travelled from their bases to various parts of Asia in pursuit of particular stories. Apart from major news items such as the political troubles of 1991 and 1992, the news from Bangkok has generally been produced by stringers.

10.13 One of the most revealing findings of the survey was that Australian journalists working in Asia relied overwhelmingly on Western sources in obtaining information. After diplomatic contacts, the second most highly regarded source for coverage of South East Asian stories was the weekly **Far Eastern Economic Review**, which maintains an established network of correspondents and bureaus throughout the

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8 Submissions, pp. 272, 1198

region, including in Bangkok. Most of the survey respondents considered Australian coverage of the region was inadequate because most Australian news organisations failed to provide the necessary resources to report in any depth on Asia. There was too little understanding of cultural differences, and there were too few outlets inside Australia for good analysis. Respondents also considered there was a perceived lack of interest among the Australian public in regional affairs and a 'Eurocentric' bias in the Australian media.<sup>9</sup>

10.14 The sensitivities which can complicate media coverage of Thai affairs by Australian journalists were demonstrated recently in relation to Thailand's refusal to grant work visas to two Australian journalists. The reason for the refusal was reported in the Australian press as being the publication in December 1994 by *The Age* newspaper of a cartoon involving the Thai monarchy, which was considered offensive by Thai authorities.<sup>10</sup>

10.15 **Electronic Media.** The Australian Broadcasting Corporation (ABC) broadcasts radio and television programs internationally to encourage awareness of Australia and an international understanding of Australia's attitude on world affairs. The ABC's links with Thailand have been maintained through a number of means:

- . Radio Australia and Australia Television;
- . the ABC News Bureau in Bangkok, established in 1972;
- . the sale of television programs, training programs, and consultancies; and
- . regular contact between ABC personnel and various organisations in Thailand.<sup>11</sup>

10.16 The ABC has maintained an office/news bureau in Bangkok since September 1972. It has been the base for coverage of events in Thailand, Vietnam, Cambodia and Laos, and news from Burma and other regional countries has also been covered by correspondents from Bangkok.<sup>12</sup>

10.17 Radio Australia maintained a continuous short-wave radio service to Thailand in the Thai language from 1942 until the service ceased in September 1995. In 1993, the Thai language unit which produced the programs comprised four full-time staff producing daily news and information programs for one hour per day from 6.00am to 7.00am local time. The English language broadcasts to Thailand are transmitted 24 hours a day on short-wave radio.

10.18 In response to a perceived shift away from short-wave reception by South East Asian audiences, Radio Australia is increasingly using a variety of delivery and

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9 Exhibit No 80, pp. 21-22

10 *The Courier Mail*, 7 October 1995, p 3; *The Canberra Times*, 8 October 1995, p 2; *The Sydney Morning Herald*, 13 October 1995, p 14; *The Australian*, 16 October 1995

11 Submissions, pp. 596-603

12 Submissions, p 601

program formats. Radio Australia is now carried on the Indonesian Palapa B2P satellite for local retransmission, in addition to the English language broadcasts on short-wave radio. The reason given by the General Manager of Radio Australia for the recent decision to cease the Thai language short-wave service was the serious disadvantage suffered by short-wave in competition with Thailand's rapidly developing local radio and television services.<sup>13</sup> Radio Australia will continue discussions with Thai domestic broadcasters about the possibility of providing Thai language programs from Australia for rebroadcast on local radio stations. The short-wave English language service received in Thailand since 1965 will continue, as it is well supported as a source of news and information about the region and as a means of improving spoken English. The current resources of the Thai unit consist of two full-time and one part-time staff who are engaged on providing short, five minute television bulletins for five days per week on Australia Television, in addition to Radio Australia news and information items on Thai issues. In 1994, the Thai unit comprised four full-time staff and one casual employee.<sup>14</sup>

10.19 During 1994, Radio Australia with the assistance of DEET produced a series of programs in Thai called **Study in Australia**. Other outreach programs delivered by Radio Australia include courses for Thais wishing to improve their command of English, which have been very popular since 1965. However, these courses clearly need updating and external funding assistance will be required to produce a new series of training programs and associated reading materials. Consideration is being given to producing advanced courses as well, including business oriented lessons.<sup>15</sup>

10.20 The ABC launched its international television service, Australia Television, in 1993. Australia Television broadcasts in English via satellite to fifteen countries in South East Asia, including Thailand, and to Southern China. Australia Television News is re-broadcast by agreement with IBC, a privately owned cable television network in Thailand which claims an audience reach of 400,000. Research conducted for the ABC in February 1994 found that 456,000 people in Thailand have access to the full Australia Television service through home satellite dishes.<sup>16</sup>

10.21 Australia Television's programs include a news service specifically produced for the region, as well as current affairs, documentary features, sports coverage, drama, education and children's programs. Short daily news update segments in Thai began in July 1994.

10.22 In his evidence, the then Managing Director of the ABC clearly signalled a shift towards television broadcasting rather than short-wave radio for the South East Asia region and the profound implications this would have for the ABC's international broadcasting by Radio Australia to countries such as Thailand. Thailand is becoming

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13 Exhibit No 103

14 Submissions, p 598

15 Submissions, p 598; Transcript, 18 May 1994, p 380

16 Submissions, p 600

increasingly affluent with a rapid take-up of consumer equipment and television sets. There are no government restrictions on international satellite television broadcasting into Thailand. The Managing Director believed there will be a faster rate of growth in the migration from radio to television in Thailand than is being seen in Indonesia.<sup>17</sup>

10.23 The ABC also stated that marketing Australia Television has been difficult. Since the initial 'startup' Government funds of \$5.5 million for capital equipment were allocated, there has been no additional funding. By mid 1994 the service was covering around half its operating costs and the break even point was expected to occur by the end of 1995/96. Since then, the ABC has been working towards attracting corporate sponsorships and advertising revenue in order to be able to devote more resources to marketing its products in the region. At last report there were only two people engaged in marketing for the entire Asian region, one based in Sydney and the other in Hong Kong. This level of investment is minute compared with the resources committed by the ABC's competitors, such as the Murdoch group.<sup>18</sup>

10.24 The need for English language courses on Australia Television has been recognised in the allocation of AusAID and DEET funds for the production of 26 half hour programs. These programs are not targeted towards any specific Asian country and are conducted entirely in English.<sup>19</sup>

10.25 The regional Asia Pacific Broadcasting Union, of which the ABC is a founding member, comprises membership from broadcasters of all the Asia Pacific countries. Both public and private sector broadcasters are members of the Union. According to the ABC, the Union has been a very useful forum for concluding assistance and cooperation agreements between broadcasters. In addition, the Union is a useful mechanism for members to discuss responses to the threats and opportunities presented by the advent of satellite television. Over the years, Radio Australia has trained a number of media employees from Thailand, some of these under the auspices of the Union.<sup>20</sup>

10.26 The ABC asserted that the costs of rebroadcasting in Thailand through powerful new ground facilities operated by the BBC and Voice of America, particularly via medium wave radio but increasingly via television, were inhibiting the ABC's ability to compete for signal space and audiences. Radio Australia in particular has therefore been left behind by its competitors in taking advantage of the opportunities presented by the new technology available in the region. Apart from this constraint, the ABC saw its capabilities in Thailand in a very positive light, including the progress being made in attracting corporate sponsorships from organisations such as Qantas, Fosters, Digital and Telstra. In stark contrast was the ABC's assessment of the very small contribution to its

17 Transcript, 18 May 1994, pp. 377-378

18 Transcript, 18 May 1994, p 380

19 Transcript, 18 May 1994, pp. 380-381

20 Transcript, 18 May 1994, pp. 382-383

revenues by government agencies such as Austrade, the Australian Tourist Commission and Market Australia.<sup>21</sup>

10.27 Australia Television does provide an Australian view of the world to those who can receive its programs, but concerns have been expressed about the appropriateness of some of the material used by Australia Television. In particular, Ms Glenda McIntyre of the University of Melbourne expressed the view that some programs she had seen were not those which would develop positive links between viewers in Asia and this country.<sup>22</sup>

10.28 An inter-departmental committee is currently reviewing the ABC's international broadcasting services through Radio Australia and Australia Television. Membership of the committee comprises the Department of Communications and the Arts, DFAT, the Department of Finance and the ABC. Some of the issues which that committee has been examining include financial support and sponsorship arrangements for Television Australia, its relationship with Radio Australia and the option of utilising the new Indonesian Palapa C satellite facility for Australia Television, a decision the ABC must take by November this year.

### The Australia Council

10.29 The Australia Council is a Budget-funded statutory authority within the Communications and the Arts Portfolio. The Council's activities in relation to Thailand are fostered in the context of its International Arts Promotion Policy, which aims:

- to promote the contemporary Australian arts in other countries;
- to enhance the level of marketing success; and
- to increase knowledge and appreciation of the arts as an expression of Australia's diverse identity.

10.30 The Asia Pacific component of the Council's funding for international activities was \$1.75 million in 1993/94, or approximately 37.5 per cent of the total international expenditure of \$4.68 million. The Australia Council's target for the Asia Pacific region is 50 per cent of its total international expenditure.<sup>23</sup>

10.31 The Visual Arts/Craft Board (VACB) is one of the most active of the Council's five Boards. It provided approximately \$134,000 towards Thailand projects in 1993/94, supplemented by a grant of \$20,000 from the Council and \$20,000 from DFAT.

21 Transcript, 18 May 1994, pp. 387-388

22 R Smyth, Deakin University, 'Managing Australia's Image in Asia', a paper delivered to a conference in Seoul in June 1994, pp. 27-30; *The Australian Financial Review*, 4 November 1994, p 29; *The Australian*, 25 January 1995, p 3; Transcript, 10 August 1994, pp. 542-543

23 Submissions, p 872

The work of the VACB in Thailand centres around establishing one to one contact with artists, curators and museum personnel by supporting Asialink and the Australian Art to Asia organisation, originally instituted in conjunction with DFAT in 1990. The focus of these programs is a series of travelling exhibitions and artists residencies in Asia. The residencies program was commenced in 1989 and has been particularly successful in Thailand, where links with art centres have been facilitated by Thai universities. Reciprocal links with Australian universities have been encouraged through artist/lecturer exchanges with several Australian art schools.<sup>24</sup>

10.32 Several Thai artists have been assisted by the VACB and DFAT to participate in exhibitions, seminars and presentations associated with major international events based in Australia since 1990. There have been a number of exhibitions of Australian contemporary art and museum/curatorial workshops which have been staged in Thailand during the same period.<sup>25</sup>

10.33 The Committee heard of efforts being made by the Council's Literature Board and Community Cultural Development Board to promote cultural links with Thailand, although these have been much smaller than the projects supported by the VACB. Research conducted by the Community Cultural Development Board will provide a valuable mechanism for developing on-going cultural links with the Thai community in Australia.<sup>26</sup>

10.34 The VACB expressed satisfaction with the progress being made in the Australia-Thailand cultural relationship, particularly the touring exhibitions and residencies/exchanges components. However, there were two aspects which the VACB saw as needing improvement. The first concerned the resource demands arising from funding incoming as well as outgoing exchanges and exhibitions, although Thailand has been more cooperative in this regard than some other Asian countries. As a result, the VACB is looking to secure increased financial contributions from its partners in overseas exchanges and other initiatives. The second aspect highlighted by the VACB was the difficulty it had found in achieving a major impact in Thailand, due to the limited scale of the contemporary arts infrastructure in that country.<sup>27</sup>

10.35 In terms of its relationship with DFAT, the Australia Council stated that in recent years there has been more collaboration with DFAT, mainly in the form of sending observers to meetings. Nevertheless, the Australia Council pointed out that negotiations are in place with DFAT to obtain more definite matching funds in collaborative projects such as Asialink and through its membership of the Australia Abroad Council.<sup>28</sup>

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24 Submissions, pp. 872-873, 197-198; Transcript, 17 May 1994, p 237

25 Submissions, p 199

26 Submissions, p 872; Transcript, 17 May 1994, p 237

27 Transcript, 239

28 Transcript, 17 May 1994, pp. 241-242

## National Library of Australia

10.36 The National Library of Australia (NLA) has enjoyed a long and successful relationship with libraries in Thailand, particularly the National Library of Thailand. For example, from 1981 to 1992 the NLA's Regional Cooperation Program provided its Thai counterpart with new Australian books to the value of \$10,000 and about \$24,000 in literature search and photocopying services. Over the years a number of Thai librarians and technicians have received training and work experience here.<sup>29</sup>

10.37 The NLA holds the largest Thai language collection in the southern hemisphere, comprising some 28,000 volumes of monographs and 1400 serial and newspaper titles. The collection's strengths lie in history, politics and government, economics, statistics, law, sociology, language and literature, religion and fine arts. The NLA is actively developing its Western language collections about Thailand. With the discontinuation of the United States Library of Congress acquisition office in Bangkok, the NLA's Thailand collection is expected to become increasingly significant for researchers overseas.<sup>30</sup>

10.38 Based on figures for 1992/93 and projections for 1993/94, the NLA provided statistics showing use of the Library's Thai language collection as at April 1994, as distinct from English language texts. Each year, 6,500 Thai language items are used by readers at the NLA. Tertiary education users account for 70 per cent of the demand. Access by government and business sources amounts to around 10 per cent each, as does the general public sector. In addition there are approximately 300 document supply requests per year for interlibrary loans and photocopied extracts.<sup>31</sup>

10.39 As a result of support from DFAT through the Thai Acquisitions Program run by the Australian Embassy in Bangkok, the NLA obtains a regular supply of Thai publications not available through commercial sources or through the usual gift and exchange channels. Most of these are government publications. In 1994, the NLA established a Regional Officer Asia based in Jakarta, with responsibility for liaison throughout South East Asia, including Thailand.

10.40 The NLA described its relationship with library and information centres as one of professional cooperation rather than the earlier aid-oriented links with the National Library of Thailand. The relationship is in some senses a more mature one than has been established with some other countries in South East Asia, due to the relatively more sophisticated library network in Thailand. Nevertheless there are opportunities for Australia to assist in increasing automation in Thailand's libraries and establishing greater resource sharing between them and with other countries in the

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29 Submissions, p 134

30 Submissions, pp. 134-135

31 Submissions, p 875

ASTINFO network, which is UNESCO's Regional Network for the Exchange of Information and Experience in Science and Technology in Asia and the Pacific.<sup>32</sup>

## Loy Krathong Festivals

10.41 The Melbourne Loy Krathong Festival of Lights Project was originally scheduled to be staged in November 1994. The Melbourne events were intended to follow the lines of the traditional Loy Krathong cultural event held annually at Sukothai, the ancient capital of the first Kingdom of Thailand. The Melbourne program was designed to include exhibitions, a concert, individual and group performances and a spectacle on the banks of the Yarra River.

10.42 Planning for the Melbourne Loy Krathong began in 1992 in conjunction with Thailand's Office of the National Culture Commission (ONCC) which promotes Thai culture throughout the world. The Victorian Government agreed to provide substantial support for the Festival until concerns were raised about the planning arrangements and the projected costs of staging the events. In addition, advice was received that Her Royal Highness Princess Maha Chakri Sirindhorn would not be able to attend the 1994 Festival ceremonies. The Victorian Government subsequently indicated that it could not justify providing financial support on the same basis as originally proposed.<sup>33</sup>

10.43 The Commonwealth's position on support for the Festival in Melbourne was explained in a letter from the Minister for Foreign Affairs in May 1995 in which he stated that given the scope and nature of the Festival and the relatively limited funds available for cultural activities, DFAT is not in a position to provide funding on the scale required. The letter added that DFAT's Cultural Relations Program is designed for the promotion of Australian culture abroad rather than the other way around.<sup>34</sup> Recent informal advice from the Royal Thai Consulate General in Melbourne confirmed that plans for staging the Festival have been postponed indefinitely.

10.44 In New South Wales, the voluntary Thai-Australian Association has fostered links between the Thai-speaking community and the wider Australian community through a range of cultural, educational, social, welfare and spiritual activities. The Association has been operating for over thirty five years and receives only limited government funding from the State and the Commonwealth. According to the Association, attempts to obtain funds through the Department of Immigration and Ethnic Affairs have not been successful, with consequences for attracting financial support from New South

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32 Transcript, 27 April 1994, pp. 118-119, 121, 123

33 Letter to Mr L D T Ferguson, MP from the Victorian Deputy Premier and Minister for Tourism, received 18 April 1995

34 Letter to Mr L D T Ferguson, MP from the Minister for Foreign Affairs, 11 May 1995

Wales government sources. Despite these impediments, the Association has staged the main Loy Krathong celebrations in New South Wales for over 12 years.<sup>35</sup>

10.45 In November 1994, the Loy Krathong Festival was held on the banks of the Parramatta River. The event was staged by the Thai-Australian Association and the Thailand Tourist Authority in conjunction with the Parramatta City Council and attracted between 10,000 and 15,000 people to a cultural program consisting of performances of Thai dancing and music, Thai food stalls and the traditional candle boats. A larger program is being planned for November 1995.

## Other Cultural Initiatives

10.46 Other State-based cultural initiatives have been taken in South Australia, although on a fairly limited scale. A highlight in 1994, however, was the Thai National Dance Troupe's performances at the Adelaide Festival of Arts. It is hoped that the Adelaide Symphony Orchestra will be able to include Bangkok in its proposed Asian tour in 1966. Many of South Australia's major arts organisations have considerable experience in organising visits by overseas artists and arts organisations. In addition to the Festival of Arts, these organisations include the Adelaide Festival Centre Trust, the State Theatre and State Opera and the Fringe Festival.

10.47 The South Australia Department for Arts and Cultural Development has been involved in developing the relationship with Thailand through participation in cultural exchanges and provision of arts and cultural content in trade missions. The Department is keen to explore the export potential of the specialised material conservation services available through Artlab Australia, which is based in Adelaide.<sup>36</sup>

## Establishment of an Australia-Thailand Council

10.48 Within the Foreign Affairs and Trade portfolio, there are a number of bilateral Institutes, Councils and Foundations which were established to develop greater understanding between the peoples of Australia and overseas countries. Two of these, the Australia-Indonesia Institute and the Australia-Korea Foundation, were mentioned in Chapter 3 in relation to Commonwealth support for non-English language and cultural studies in Australia.

10.49 Organisations promoting greater support in Australia for the study of Thailand and the Thai language made comparisons between the level of support attracted by priority languages such as Indonesian, Japanese and Korean and the lesser degree of support achieved by low candidature languages such as Thai. The National

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35 Submissions, p 1163

36 Submissions, p 881

Thai Studies Centre (NTSC), for example, criticised the level of short term financial support provided to the Centre through the Department of Employment, Education and Training (DEET) when compared with the recurrent funding arrangements operating through the various Councils and Foundations within DFAT.

10.50 DFAT indicated that efforts to promote people-to-people contacts in support of the bilateral relationship with countries such as Thailand have been pursued as elements of broader cultural relations programs. DFAT is reviewing the range of cultural relations programs and associated funding levels and acknowledged that there is scope for greater support for programs with a focus on Thailand.<sup>37</sup>

10.51 The established institutes and foundations support more than simply the cultural aspects of the bilateral relationship. The Australia-Indonesia Institute, for example, covers activities in fields such as media, youth and sport, arts, science and technology, business and trade, language and cultural studies and Australian studies.

10.52 Support for establishing an Australia-Thailand Council or Institute along the lines of other such bodies was received from several sources, including the NLLIA and witnesses from the School of Asian Studies at the University of Sydney. These organisations and individuals also strongly supported involvement by the Thai community and warned against the expediency of draining resources from other worthy programs in order to support Thai studies and cultural initiatives. The point was also made that, once the organisations have been set up, the momentum in terms of funding support must be maintained and not degenerate into short term project support.<sup>38</sup>

### The Committee's Views

10.53 DFAT acknowledged that, with more resources, more could be done to promote Australia's cultural relationship with Thailand, which in turn would underpin Australia's regional economic and political interests. The Committee agrees that this would 'achieve a greater acceptance of Australia as a helpful and willing regional partner and as an innovative and dynamic economy offering sophisticated technology, goods and services'.<sup>39</sup>

10.54 Continuing attention should be given to:

- . building on common elements in the bilateral relationship;
- . developing long term strategies aimed towards improving the perceptions of Australia in Thailand; and
- . expanding the cultural exchanges programs.

37 Transcript, 26 April 1994, pp. 35-36

38 Transcripts: 27 April 1994, p 139, 17 May 1994, pp. 289-290, 18 May 1994, p 323

39 Submissions, p 271

10.55 The most effective mechanism for providing a focus for the broader relationship between the two countries would be an Australia-Thailand Institute framed along lines similar to those of the Australia-Indonesia Institute. An Australia-Thailand Institute would ensure greater coordination and consistency in the scale and direction of funding and other resource allocation, which at present is fragmented and relatively short term or project based. Moreover, the two way nature of the relationship would be greatly enhanced by establishing a reciprocal organisation in Thailand, consistent with the Committee's recommendation in its 1993 report on the relationship with Indonesia.<sup>40</sup>

10.56 Establishment of an Australia-Thailand Institute would enable major cultural events such as Loy Krathong festivals to be promoted more effectively. It would provide a focus for collaborative efforts to stage the festivals in appropriate locations and to obtain public and private sector sponsorships which failed to materialise in the case of the ambitious Melbourne proposals.

10.57 The Committee recommends:

**Recommendation 20: That the Department of Foreign Affairs and Trade provide office space and adequate secretariat and other support services for an officer of the Department to commence preparatory work on developing contact networks and information holdings which would form the basis for the later, formal creation of an Australia-Thailand Institute.**

**Recommendation 21: That the Department of Foreign Affairs and Trade encourage the simultaneous establishment of an Australia-Thailand Institute and a Thailand-Australia Institute:**

- . to foster mutual knowledge and understanding between Australia and Thailand; and
- . to strengthen the cultural, educational and other links between Australia and Thailand.

10.58 Much of the impact of the cultural relationship is reflected in the public perceptions prevailing in both countries. These in turn are generated largely by the media. The intermittent coverage of Thai affairs by our media does not assist Australians to become more knowledgeable about Thailand.

10.59 Thailand is but one country in the region which must be covered by the Australian media. The 1993 survey's findings about the inadequate resource levels of foreign correspondents in South East Asia and their over-reliance on Western sources were important. For example, the Special Broadcasting Service (SBS) has relied largely

40 JSCFADT, *Australia's Relations with Indonesia*, 1993, Recommendation 18, pp. 152-153

on material syndicated by Reuters for its international news coverage, although current affairs reporters were assigned to Singapore and Cambodia during 1993. The survey also highlighted the need to include Asian language and culture studies in the education and training of journalists, so that reporters do not have to rely so heavily on secondary sources such as diplomats and English language news magazines.<sup>41</sup>

10.60 Much of what Australia Television transmits seems more appropriate for expatriate Australians staying in European-style hotels in South East Asia, rather than for general transmission across the region via satellite. Many of its programs are outdated or inappropriate, notably the sports coverage. While they may be suitable for pay television it must be questioned whether they are worth international coverage. Some of the cultural material is equally questionable. Because it is so identified with Australia in Asia, particular attention needs to be paid to Australia Television's programs.

10.61 The Committee recommends:

**Recommendation 22: That the Australian Broadcasting Corporation keep the programs shown in Asia by Australia Television under constant review, to ensure they are presenting a reasonable picture of Australian life and attitudes and that they are appropriate to the different cultures and life experiences of Asian nations.**

10.62 The ABC, SBS and the commercial television networks do not use very much material produced in Thailand. Given the size of that market, and the number of its television networks and stations, there should be an abundance of quality material which would be available for Australian audiences. More effective liaison between the Australian domestic broadcasters could provide access to quality material which would ensure greater knowledge in Australia of Thai society and culture. This would assist in giving the overall relationship greater depth.

10.63 The Committee recommends:

**Recommendation 23: That the Australian Broadcasting Corporation, the Special Broadcasting Service and the commercial television networks be encouraged to present a greater number of television programs made in Thailand to Australian audiences.**

10.64 With the increasing penetration of television in the South East Asia region and the improving living standards for middle class Thais, Australia's use of that medium to project a favourable image in Thailand and other countries warrants further attention. Adequate resources for Australia Television are essential to the success of the Australian component of the cultural relationship. Until it does more than cover its costs, it will not

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41 Exhibit No 80, p 20

be able to invest more heavily in marketing its services and selling its product to potential consumers. The ABC is attempting to secure increased levels of corporate sponsorship from the public and private sectors and has expressed disappointment at the support received from the Commonwealth business sector. These businesses should be urged to support the ABC's efforts to obtain external financial support for Australia Television, so that it is able to take advantage of advanced technologies and compete with well resourced private sector operators. There is considerable untapped potential for using Australia Television to market ABC products available domestically through the ABC Shops and other outlets.

10.65 As indicated above, these and other issues, such as whether Australia Television should be directly funded from the Budget or required to seek sponsorship and advertising to support its operations, are currently before the inter-departmental committee reviewing the ABC's international broadcasting services. The Committee awaits with interest the outcome of this review, particularly the aspects which directly affect Australia's relations with Thailand and other countries of South East Asia through the operations of Australia Television and Radio Australia and the sources of financial support for these organisations.

10.66 The Committee recommends:

**Recommendation 24: That the Minister for Communications and the Arts, in considering the report of the inter-departmental review of the Australian Broadcasting Corporation's international services:**

- **recognise the increasingly important role of Australia Television in projecting a favourable image of Australia to other countries of our region, including Thailand;**
- **accept that without significant Commonwealth funding the service provided by Australia Television will not survive; and**
- **in consultation with the Minister for Foreign Affairs, develop strategies to provide increased sponsorship for Australia Television from, in the first instance, Australian public sector organisations.**

10.67 The closure of Radio Australia's daily Thai language short-wave service is of particular regret and concern to the Committee, especially if an alternative medium for delivery of a Thai language service cannot be found. The Thai language service could be delivered by Australia Television or through the rebroadcast facilities available from either local Thai radio or by means of the ground facilities for television and medium-wave radio operated by major organisations such as the BBC and Voice of America, as outlined above. The Committee's strong preference would be to utilise Australia



Television and local Thai radio, as expressions of interest from local radio stations in recent months have been encouraging.

10.68 The options for utilising the Thai language staff formerly attached to Radio Australia is one of the issues being considered by the inter-departmental committee. The reduction to less than three full-time staff represents a backward step in projecting a favourable image of Australia to Thailand. It is particularly disappointing in view of Australia's long-standing and productive relationship with Thailand as a friendly and increasingly significant neighbour.

10.69 The Committee recommends:

**Recommendation 25: That expertise and resources within Radio Australia which were formerly dedicated to Thai language programs be retained within the Australian Broadcasting Corporation.**

## CHAPTER 11: SCIENCE CONTACTS

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### Introduction

11.1 A Memorandum of Understanding (MOU) on science and technology matters was signed between Thailand and Australia in 1987. There has been little activity funded under its provisions for the past five years, perhaps as a result of the amalgamation of the Department of Science with the Department of Industry, Science and Technology (DIST) in 1987. DIST does not see Thailand as a priority country for Australian science. There is, however, a range of important scientific contacts between the two countries at both the official and institutional levels.<sup>1</sup>

11.2 The existing contacts involve the work of such bodies as the Commonwealth Scientific and Industrial Research Organisation (CSIRO), the Australian Centre for International Agricultural Research (ACIAR) and the Australian Nuclear Science and Technology Organisation (ANSTO).

### CSIRO

11.3 A number of areas within CSIRO have undertaken research in Thailand under the development assistance program using funds usually provided by ACIAR or AusAID.<sup>2</sup>

11.4 **Dairy Products.** In the 1960s and 1970s, CSIRO's Division of Food Science and Technology was directly responsible for the development of recombining technology and for the establishment of major recombining industries in South East Asian countries, including Thailand. This has provided valuable export markets for Australian milk powder and anhydrous milk fat which CSIRO estimates to have been worth a total of more than \$A800 million. More recent work at the Dairy Research Laboratory has resulted in innovations which have improved the suitability of milk powder for use in recombining plants.<sup>3</sup>

11.5 Thailand has had in place a variety of schemes to protect its dairy product industry. Australian exports decreased in the early 1990s as a local content scheme rapidly increased Thai production. Thailand expects to maintain an annual production increase of up to 20 per cent to 1997 and to improve self-sufficiency to about 80 per cent

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1 Submissions, p 1001

2 Submissions, p 228

3 Submissions, p 229



in that year. Its milk and dairy sector has undergone rapid change with total consumption continuing to increase, but the limiting factor continues to be raw milk. While Australia holds a major market share in the region, there are competitors and the Australian dairy industry is more interested in selling its product than selling its technology there.<sup>4</sup>

11.6 **Animal Health.** This Division played an important role in providing technical expertise and training which helped Thailand to control foot and mouth disease (FMD). In 1986 it began a joint project on the diagnosis and control of FMD in Thailand. It was co-sponsored by the CSIRO-Australian Animal Health Laboratory (AAHL) and ACIAR and was developed to meet objectives agreed by CSIRO-AAHL and the Thai Department of Livestock Development. A second phase began in 1989. An additional objective was added: cost benefit analysis of improved control strategies arising from the research. A workshop in Thailand in 1993 strengthened its role as a leader of FMD control in the region.<sup>5</sup>

11.7 In the evolution of a control strategy for FMD in the region, Thailand has initiated bilateral discussions with Burma, Laos and Cambodia. These have explored practical models for the control of international animal movements without impeding trade in the region, and by donating vaccine to these countries. Thailand has also provided facilities for the regional coordination office for the Sub-Commission on the control of FMD and it will house the regional reference laboratory supporting the control program. It is also the only major producer of FMD vaccine in South East Asia and has the potential to be the vaccine producer for the region.<sup>6</sup>

11.8 **Plant Industry.** This Division has conducted an ACIAR-funded collaborative research program with the Thai Department of Agriculture which showed that production costs can be reduced and rice yields can be significantly increased by the use of urease inhibitors after floods. Contamination of the environment by nitrogen emissions is also reduced. As part of the project, Thai scientists were trained in Australia and in Thailand.

11.9 The Division also undertook two ACIAR-funded projects at Chiang Mai University between 1985 and 1991 and convened a training workshop there in 1989. The first developed and evaluated methods to measure nitrogen inputs by food legumes in inter-cropping systems. The second project used the same technology to measure the contribution of different legume species and varieties to soil nitrogen fertility, and to assess various aspects of the sustainability of management systems in rotating cropping systems. Many of the studies were undertaken in farmers' fields and used for extension purposes to promote more sustainable and productive farming practices.

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4 Submissions, pp. 229-231; Transcript, 15 February 1995, p 779  
5 Submissions, pp. 231, 236-237  
6 Submissions, p 231

11.10 The objective of the training workshop was to transfer effectively the technology developed as part of the two projects. It generated considerable local and international interest and publicity and worthwhile flow-on effects have occurred.<sup>7</sup>

11.11 **Forestry.** This Division has worked with Thai counterpart institutions for a number of years and ACIAR projects have been important in these interactions. The ACIAR-assisted program began at a significant level in 1985 with the establishment of major field trials, following which Thailand was selected as a significant partner. Thailand's Royal Forest Department has been a very capable collaborator and joined with ACIAR to host an international workshop in Thailand on acacias. Collaborating Thai scientists have hosted counterparts from Laos, providing training in experimental techniques and nursery operations. They have also visited Laos to assist in the extension of results, thereby contributing valuable expertise to regional development.

11.12 Most of the assistance and collaborative research has been related to the cultivation of Australian trees in tropical and sub-tropical countries. Support from ACIAR has permitted the systematic and sustained introduction of trees to other countries for fuel, building materials and other purposes. Results of work in Thailand on trees suitable for cultivation on saline sites has been relevant to land care problems in Australia. Our development assistance in Thailand has been complemented by the efforts of its authorities to improve the choice and quality of trees cultivated. There is significant potential for Thailand to remain an effective and desirable partner.<sup>8</sup>

11.13 **Horticulture.** This Division has two ACIAR projects in Thailand: one on disease control and extension of storage life in tropical fruit which builds on previous projects. The other is on the flowering behaviour and productivity of mangoes. The Division considers development assistance through these projects has been effective in developing science in Thailand and building collaborative links with scientists. There have also been opportunities for Thai scientists to be trained in Australia.<sup>9</sup>

11.14 **Oceanography.** This Division's primary involvement with Thailand has been through the marine science project of the ASEAN-Australian Economic Cooperation Program. In this project the Division has collaborated with Thai Navy oceanographers in a regional ocean dynamics expedition, using an Indonesian vessel. Some Thais have received training at the Australian National Tidal Facility as part of the project.

11.15 CSIRO believes this project through AusAID has been effective in enabling working level links to be established between Australian and South East Asian oceanographers. This has been particularly beneficial in gaining access to a region which is important for climate research and for the training of regional scientists in international

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7 Submissions, pp. 232-233  
8 Submissions, pp. 233-235  
9 Submissions, p 236

climate programs. It may also provide a pathway for future cooperation in regional resource exploitation.<sup>10</sup>

11.16 **Atmospheric Research.** This Division has provided advice to Thai authorities on acid deposition and air quality and, for two weeks in 1993, hosted a Thai scientist for collaborative work on climate change. In 1991 Thai delegates participated in a Climate Change briefing conducted by CSIRO.<sup>11</sup>

### CSIRO's Multilateral Agency Linkages

11.17 CSIRO has extensive linkages to a large number of multilateral agencies, including:

- . specialist representation on agency committees, especially where expert scientific knowledge is required, for example, the Desertification Convention, the Committee on Earth Observation Satellites, the Asia-Pacific Telescope, the Asia-Pacific Region Committees on Space Technology Applications;
- . national representation on an agency which is relevant to CSIRO's interests, for example, the Chair of the Intergovernmental Oceanographic Commission, Chair of the Committee on Earth Observation Satellites;
- . participation in major multilateral scientific research projects, for example, research into global change under the International Geosphere-Biosphere Program of the International Council of Scientific Unions and the Global Research Network System with Japan, China, Indonesia and Thailand; and
- . contractual arrangements with multilateral agencies either to provide a service, or to undertake a consultancy or a project, for example, scientific consultancies for the UN's regional body, the Economic and Social Commission for Asia and the Pacific (ESCAP) or the International Atomic Energy Agency (IAEA).<sup>12</sup>

### CSIRO Office of Space Science and Applications (COSSA)

11.18 COSSA places strong emphasis on regional and international cooperation in space science and technology. It has also sought to obtain tangible economic benefits, including export earnings, from investments in this field. COSSA has gained significant

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10 Submissions, p 240  
11 Submissions, p 240  
12 Submissions, p 1200

experience in science and technology-based trade with Thailand over a ten year period. It has identified many past opportunities where Australian scientific equipment or technical services were the preferred choice of Thai authorities but other countries secured contracts. Countries such as the US, Canada, France and Japan apply consistent and mutually supportive development assistance and trade policies which make use of and appropriately reward their scientific agencies and developers of technology.

11.19 COSSA was aware of the significant potential for technical development assistance to the region through ESCAP, and has achieved some success in supplying space-related goods and services to that body. In its submission CSIRO expressed the view that Australia has almost ignored ESCAP in favour of the Asia Pacific Economic Cooperation group (APEC). Australia's contributions to ESCAP have fallen in successive years. CSIRO suggested that members of ESCAP interpreted the low level of Australian support either as a lack of interest in the region, or as an admission that it lacks the ability to contribute in a practical way to social and economic advancement.

11.20 The submission refers to the 'lack of interest, even scepticism bordering on hostility' from AusAID and DFAT personnel in Bangkok and Canberra. It accused AusAID personnel of not appearing to promote actively Australian goods and services, especially in high technology fields. According to CSIRO, the absence of expertise in the embassy and, more generally, within DFAT has hampered success in this field, and our development assistance program has had to be re-active because of the absence of forward planning. The reluctance of AusAID and DFAT to seek external technical services has made it difficult for technical agencies such as CSIRO to contribute as effectively as it could to Australia's diplomatic, economic and social objectives in Thailand.<sup>13</sup>

11.21 According to CSIRO, COSSA's experience was that development assistance programs did not fully comprehend the role of advanced technology and research in meeting Australia's objectives in Thailand. The separation of bilateral and multilateral activities on functional lines made it difficult to achieve the healthy symbiosis between industry, research agencies and trade which other countries demonstrated. With particular reference to ESCAP, the absence of Australian embassy staff at a Ministerial-level conference at Beijing in early 1994 had been contrasted with the 'profound support' given by the embassies of other delegations.<sup>14</sup>

11.22 CSIRO gave details of a number of instances of equipment which was supplied from other sources which could have been supplied by Australian firms. It dealt specifically with funding for the provision of CSIRO-derived technology for remote sensing in agriculture and hydrology, referring to AusAID's 'convoluted project selection and funding mechanisms'.<sup>15</sup>

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13 Submissions, pp. 237-238  
14 Submissions, p 239  
15 Submissions, p 239; Transcript, 13 September 1994, pp. 624-625

11.23 DFAT and AusAID were each asked to comment on CSIRO's views. The Department, while conceding that ESCAP had not been as effective a body as had been hoped, pointed out that there were some 15 Australian departments or agencies which relate to ESCAP. It was inevitable that there would be complaints from time to time about support from DFAT, but it was understood that the difficulties set out by CSIRO had been resolved. At a subsequent hearing, the Acting Chief Executive Designate of CSIRO stated that interaction with DFAT had improved considerably.<sup>16</sup>

11.24 AusAID commented that with the exception of the remote sensing project the submission from CSIRO had been generally favourable about the relationship between the two organisations. AusAID had also had concerns about the effectiveness of the use to which Australia's extra-budgetary contributions to ESCAP were put, and these were reflected in a reduction of contributions from about \$A800,000 in 1989 to about \$A300,000 in 1992. In 1994 the contribution was \$A400,000. While ESCAP is not told on what to spend Australia's contributions, an indication of priorities is sought and there is a process whereby the activities which will be funded are agreed. In particular the remote sensing project had not come forward from ESCAP as an item with sufficient priority.<sup>17</sup>

### CSIRO's Recommendations

11.25 CSIRO made a number of recommendations arising from its involvement with Thailand. It believed that one area which should be targeted was the use of Australia's considerable research and technical capability in the agricultural industries as a service to support and promote value-added and unprocessed exports. It recommended the establishment of an Australia-Thailand Agricultural Cooperation Agreement as a way of beginning to develop more extensive bilateral development programs. It referred to the Australia-China Agricultural Cooperation Agreement which supports joint missions of commercial enterprises and research agencies to foster agricultural productivity and trade. According to CSIRO, the establishment of such a body should be seen as a beginning of the development of more extensive bilateral trade development programs, as the close involvement of both government and industry would have the potential to cover all sectors of agriculture.<sup>18</sup>

11.26 CSIRO also recommended that Australian research agencies be more fully used, and appropriately remunerated, for their development assistance work in Thailand. In the context of its concerns about Australian neglect of that body, it specifically referred to Thailand's role as host of ESCAP and the opportunities in the region for Australian technology and services such as environmental management and remote sensing. To promote Australia as a modern, technically competent nation capable of

16 Transcripts: 26 April 1994, pp. 28-29, 15 February 1995, p 775

17 Transcript, 27 April 1994, pp. 108-109

18 Submissions, p 228; Transcript, 13 September 1994, p 627

providing technologically based development assistance requires longer term, consistent and parallel planning between DFAT and AusAID and such agencies as CSIRO. It recommended exploration of this matter to develop such planning mechanisms.<sup>19</sup>

### ACIAR

11.27 Members of the Policy Advisory Committee for the Australian Centre for International Agricultural Research (ACIAR) are drawn from the Australian agricultural research sector and from the major developing countries which are its partners in a range of programs. Thailand will have a representative for the 1995 to 1997 triennium, as it did from 1989 to 1991. In addition to its staff in Australia ACIAR has a small office within the Embassy in Bangkok to manage the country program.<sup>20</sup>

11.28 ACIAR carries out its program in Thailand under an Agreement on Development Cooperation between the two Governments, signed on 2 February 1989. ACIAR and the Department of Technical and Economic Cooperation (DTEC) are the designated cooperating agencies responsible for the planning, coordination and review of research, and for recommending changes to and developments in the program. Specific projects are covered by individual Memoranda of Subsidiary Understanding (MSA).<sup>21</sup>

11.29 Senior Thai ministry officials and scientists and ACIAR have met regularly since the program was initiated in 1983 to discuss specific projects and resolve implementation problems. Formal triennial consultations were begun in 1990 to ensure that the broad research programs accorded with Thailand's agricultural and natural resources problems, and that areas of particular Australian expertise were identified.<sup>22</sup>

11.30 Proposals for individual projects come from Thai and/or Australian research institutions in both the government and university sectors. These are worked into viable projects by the proponents with ACIAR's scientific staff, after which DTEC's formal approval of the Project Document submitted by the Thai collaborating institution is mandatory. The MSA is concluded between DTEC and ACIAR after all implementation details are agreed. The protocol is made operational through a Project Agreement between ACIAR and the Australian Commissioned Organisation which defines the contractual responsibilities of the parties.<sup>23</sup>

11.31 ACIAR's project cycle follows the well-established development agency model, including monitoring and review activities. Because ACIAR arranges

19 Submissions, p 227

20 Submissions, pp. 951, 953

21 Submissions, p 951

22 Submissions, p 952

23 Submissions, pp. 951-952

collaborative research with commissioned and counterpart agencies who contribute resources and are responsible for project implementation, these activities are kept one step removed from direct supervision or intervention. ACIAR has a highly developed internal review process. The contributions of Thai scientists are integral to these processes, including their roles as members of the external peer groups which undertake periodic project reviews.<sup>24</sup>

11.32 From the initiation of the Thai program in 1983 to the end of 1994/95, total direct project expenditure amounted to \$A20.5 million. Some 47 projects have been successfully concluded, at a cost of \$A17.7 million. There are currently 16 projects with a total budget allocation of \$A8.1 million and an estimated expenditure for 1995/96 of \$A1.9 million.<sup>25</sup>

11.33 Historically, research for improving agricultural productivity, sustaining basic soil and water resources and biocontrol of economically important pests and weeds have had pre-eminence in the program. Together with the emphasis on post-harvest technology for such agricultural products as tropical fruits, this demonstrates a degree of vertical integration in the crop-based program.<sup>26</sup>

11.34 Activities in animal sciences have concentrated on animal health, particularly FMD in cattle reflecting Australia's strong interest in ensuring this country remains free of this disease. Other aspects of animal science have included development of a vaccine against Newcastle disease in village chickens, buffalo improvement and forage management which together reflect a program covering animal health, genetic improvement and production aimed at improving the well-being and income of rural communities.<sup>27</sup>

11.35 Forestry projects have concentrated on the introduction of Australian trees and the development of suitable systems for sustainable plantings for fuel and essential oils, and for rehabilitation of degraded saline lands, particularly in the north and north east, in a highly seasonal environment. These programs also assist Laos and Vietnam by linking them into a frame work of cooperative activities and facilitating closer scientific ties in the region.<sup>28</sup>

11.36 ACIAR has also been working on new crops which might be suitable for the north of Thailand, including an evaluation of different low chill stone fruits which might be used as a high value replacement for opium.<sup>29</sup>

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24 Submissions, p 956  
25 Submissions, pp. 954, 1202-1203  
26 Submissions, p 955  
27 Submissions, p 955; Transcript, 7 October 1994, p 731  
28 Submissions, p 956; Transcript, 7 October 1994, pp. 730, 731  
29 Transcript, 7 October 1994, pp. 730-731

11.37 The economics program has concentrated on agricultural development policy. Thailand's agricultural research needs were identified following assessment of the performance of a wide range of agricultural products and estimating economic benefits from specific research.<sup>30</sup>

11.38 In keeping with its overall emphasis on training, ACIAR's project-related post-graduate training program develops young Thai scientists as well as strengthening their institutions on their return to Thailand. This program also provides unrivalled opportunities for Australian researchers to work in Thailand on domestic research priorities through ACIAR's collaborative projects. The ACIAR submission includes an impressive list of publications which demonstrates these benefits. An indirect benefit of the program includes promotion of the Australian tertiary education system, reinforcing the drive to market education services in Thailand. From 1984 to 1994 nine post-graduate ACIAR fellowships were awarded for study in Australia.<sup>31</sup>

11.39 Research collaboration with the 20 International Agricultural Research Centres (IARCs) supported by Australia through multi-lateral development assistance funds dispersed by ACIAR make an important if indirect contribution to Thai agriculture. Our contribution focuses on those IARCs which contain a strong Asian component, including crops and resource management systems relevant to Thailand. IARCs such as the International Rice Research Institute, the International Board for Soil Research and the South East Asian Program for Potato Research and Development give some indication of the range of Australian interest and support for cooperation with IARCs.<sup>32</sup>

11.40 ACIAR believes its program in Thailand should continue a systems approach to sustainability and environmental management issues which are critical to the viability of agricultural and forest resources and the communities dependent on them. It sees its current approach there as a combination of mutual benefit based on quasi-commercial research and development of commodities with a strong emphasis on systems-based research for natural resource management.<sup>33</sup>

## ANSTO

11.41 Since the 1980s the Australian Nuclear Science and Technology Organisation (ANSTO) has built up strong links with nuclear-related organisations in Thailand, principally the Office of Atomic Energy for Peace (OAEP). Collaborative programs and the application of nuclear physics with universities provide a firm basis for

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30 Submissions, p 956  
31 Submissions, pp. 957-958; Transcript, 7 October 1994, pp. 729, 727; Submissions, pp. 958, 964-987  
32 Submissions, p 959; Transcript, 7 October 1994, p 728  
33 Submissions, p 963

continuing interaction. Thus DIST funds a collaborative program of research between ANSTO and Chiang Mai University in the area of neutron scattering applications.<sup>34</sup>

11.42 Both Thailand and Australia are members of the IAEA, and are parties to the Nuclear Non-Proliferation Treaty, and much interaction has occurred under the IAEA umbrella. They are also active members of IAEA's Regional Cooperative Agreement for Research, Development and Training Related to Nuclear Science Technology for Asia and the Pacific (RCA). It incorporates an extensive industrial project funded by the UN Development Program (UNDP) targeted at technology transfer to industry. RCA/UNDP projects are grouped within industrial, medical and biological applications of nuclear techniques, food, agriculture, and nuclear and energy based studies.<sup>35</sup>

11.43 ANSTO is Australia's principal implementing agency for the RCA and is currently managing a project funded by AusAID which aims to contribute to regional development, personnel training and equipment support, based on activities related to the industrial, and medical applications of isotopes. The RCA is a major mechanism for ANSTO interaction with Thailand since it participates in many RCA meetings, training courses, etc.<sup>36</sup>

11.44 Collaboration with Thailand also occurs within the International Conference on Nuclear Cooperation in Asia (ICNCA), a Japanese initiative begun in 1990. It involves cooperative programs in the use of radio isotopes in agriculture, research reactor utilisation, nuclear medicine and public acceptance of nuclear energy. ANSTO's important research and commercial interests in nuclear medicine have been pursued by attending ICNCA workshops on applications of medical radio isotopes in Sydney in late 1991 and attending such workshops sponsored by other ICNCA members.<sup>37</sup>

11.45 The benefits to Australia from RCA have been numerous, including personal contacts and benefits to our industry. For example, the nucleonics control projects have assisted in introducing Australian technology in on-stream mineral analysis and coal analysis to the region. Australian technology in radiation processing has also been used in an RCA project.<sup>38</sup>

11.46 ANSTO's expertise developed through its links with OAEP in particular have led to close involvement in formulating a Thailand-Australia Nuclear Technology Project and an Australia-Thailand Occupational Health Project. The former is designed to ensure the safe and effective utilisation of Thailand's existing and expanded nuclear capabilities. ANSTO is among the Australian bodies involved in developing the

occupational health project, aimed at improving the institutionalisation of general occupational health and safety in Thailand.<sup>39</sup>

11.47 Thailand has maintained an interest in nuclear power since the early 1970s. Six sites near Bangkok were examined in 1977 and the first phase of a study on nuclear power's role in an overall energy strategy was carried out in 1983. In 1984 a long-term study concluded that the time to produce nuclear energy was about 2001. With the demand for electricity growing by about 14 per cent per year, there has been renewed interest in nuclear energy. This demand is expected to increase by between 10 and 15 per cent per year over the next decade and possibly for the next 20 years.

11.48 While the Thai Government has recognised the importance of nuclear power as an energy option and supports its eventual use, it has also stressed the need to establish a national consensus on its introduction. Conferences and meetings have been held to discuss a nuclear power program and the Electricity Generating Authority of Thailand (EGAT) has been conducting a pre-feasibility study for a nuclear power plant. While this will remain under consideration, it is not expected that a nuclear capacity will be included in Thailand's Eighth National Economic and Social Development Plan (1997-2001).<sup>40</sup>

11.49 ANSTO's experience with Thai authorities led to an approach by a US firm to be involved in its tender to the OAEP for the design and construction of a new nuclear research centre about 60 kilometres north east of Bangkok. Under the proposed association ANSTO would be responsible for the design and construction of the hot cells, processing facilities and target transfer systems needed for the production of radio isotopes used for medical and industrial purposes. ANSTO would also provide an outline design for the radio isotope production building and would specify the ventilation system requirements.<sup>41</sup>

## Other Scientific Contacts with Thailand

11.50 The 1987 MOU on Scientific and Technological Cooperation provided a useful impetus for various Australian science agencies to establish close and continuing links with Thai counterpart organisations.<sup>42</sup>

11.51 Initial activity under the MOU was managed by the Scientific Industries Steering Committee (SISC) from 1982 to 1987. Including CSIRO personnel as technical experts, it sought to develop business on a mutually beneficial basis with the region. Such things as regular visits by small teams who were familiar with clients' needs, identification

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34 Submissions, pp. 1002-1003, 1001

35 Submissions, p 1003; Transcript, 7 October 1994, p 740

36 Submissions, p 1003

37 Submissions, p 1003; Transcript, 7 October 1994, p 743

38 Transcript, 7 October 1994, p 740

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39 Submissions, p 1003; Transcript, 7 October 1994, pp. 741, 742-743

40 Transcript, 7 October 1994, pp. 741-742

41 Submissions, p 1004

42 Submissions, pp. 1001, 264; Transcript, 7 October 1994, p 738

of priority areas for project development and the attraction of private sector funding combined, in the view of a CSIRO participant Dr Roy Green, to make SISC operate in a sensible and inexpensive way. When the Department of Science was abolished and its functions became part of DIST in 1987, activities under the MOU seem to have been discontinued. Dr Green suggested that Market Australia within DFAT could take up its work.<sup>43</sup>

11.52 DIST expressed a view that Thailand has not been a priority country for Australia in science because it would be a very one-sided relationship, with minimal bilateral activity in the field. The activities which were carried out under the MOU included provision of training for Government testing laboratory staff and involvement in one of the Royal projects to upgrade the Thai food processing industry. The latter project stalled because of a lack of soft loan funding.<sup>44</sup>

11.53 In addition to contacts from CSIRO, ACIAR and ANSTO, there is a range of close and continuing links with Thai institutions by other scientific agencies. At a wider level Thailand was a participant in the Microelectronics Project under the ASEAN-Australia Economic Project (AAECP), funded by AusAID and managed by DIST. This project was successful in identifying a number of commercial projects of interest to Australian firms and the Thai Government expressed appreciation for the support and involvement the project received.<sup>45</sup>

11.54 DIST also funds bilateral science and technology activities. The International Science and Technology Program provides grants to support international research collaboration between Australian and overseas individuals and groups, and these can be applied to Thailand. The International Industry Collaboration (IIC) program assists firms to develop alliances with overseas groups, private firms and/or government bodies, to acquire or develop industrial knowledge in such areas as management, technology, products, markets and capital. Funding access is provided to reduce the costs of negotiating access to industrial technology programs, to provide a brokerage function to identify appropriate relationships and seed support for demonstration projects, but not for the project itself.

11.55 The IIC program is used by groups of enterprises seeking to establish collaborative industrial links with selected Asian countries. Preference is given to projects dealing with one or more of the following: processing of raw materials, waste and environmental management, telecommunications and information industries and other high value-added manufacturing.<sup>46</sup>

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43 Submissions, p 1001; Transcript, 15 February 1995, pp. 777-778

44 Submissions, pp. 1001, 264

45 Submissions, p 1001

46 Submissions, p 1002

11.56 In recent years the focus of DIST's activities has been towards Asia. In 1993, it established a new position of Counsellor, Industry, Science and Technology at each of the posts in Indonesia, South Korea and Malaysia. The department believes these positions have given it a strong regional presence, as they focus on the analysis of industry, science and technology policies in the host and neighbouring countries and on assisting collaboration between Australian institutions and firms. In evidence it said that, because of resource constraints, if another position were to be created overseas it would not be in Thailand.<sup>47</sup>

## The Committee's Views

11.57 While there may be a case for the establishment of a body which links government research agencies and industry bodies, no compelling evidence was presented by CSIRO in support of the need for a change to the existing arrangements. In view, however, of the number and variety of the projects being undertaken for AusAID by CSIRO and ACIAR, and evidence of some dissatisfaction in the past with payments made by AusAID to CSIRO, there is a case for examining how these bodies manage these programs.

11.58 The Committee recommends that:

**Recommendation 26: That AusAID examine, with the Commonwealth Scientific and Industrial Research Organisation, and the Australian International Agricultural Research Centre and relevant industry bodies, current planning and funding arrangements for the delivery of technology-based development assistance to ensure:**

- **Australia's objectives in Thailand and the region are being achieved; and**
- **the capabilities of Australian agencies and industry bodies are being utilised.**

11.59 CSIRO's recommendation about making greater use of ESCAP probably reflects the period when its relations with DFAT and AusAID were not wholly satisfactory. While it is clear that those difficulties have now been largely resolved, Australia's role in ESCAP could usefully be examined with a view to ensuring the benefits received are appropriate to the resources committed. There needs to be some assessment of the priorities given to such bodies as ESCAP, compared with such bodies as APEC. It may well be reasonable to reduce our commitment to ESCAP but this

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47 Submissions, p 992; Transcript, 7 October 1994, p 746

should be based on an analysis of its value, as a regional body and an organ of the United Nations.

11.60 The Committee recommends:

**Recommendation 27: That the Department of Foreign Affairs and Trade review, with other interested bodies such as the Commonwealth Scientific and Industrial Research Organisation, Australia's commitment to the Economic and Social Commission for Asia and the Pacific to establish whether the resources devoted to it are appropriate, given the importance of the region to Australia and the competing demands of other regional bodies.**

11.61 There can be no doubt that Thailand is facing a major shortage of energy which it needs to solve its economic, infrastructure and social problems. Nuclear power may be an option to provide the necessary energy, and Australian research and technology may be able to assist. The Committee believes there are significant opportunities in the field of energy technologies, based on both conventional and renewable sources. Australia should continue to provide any assistance requested by Thai authorities for the development of the country's energy needs. This matter will be further considered in Chapter 12.

11.62 It appears that the MOU with Thailand on science and technology lapsed after the amalgamation of the Department of Science into DIST in 1987. Under the MOU, the SISC process seems to have been an effective way of identifying areas of technology for development by the private sector. Australia has a range of research science and applied technology which could be of use to Thailand but, given the lack of use of the MOU, this knowledge may not be transferred and employed in the most effective ways.

11.63 The MOU still exists and may be a suitable vehicle to do these things more efficiently than they are at present. By reactivating the MOU it may also be possible to extend the range of scientific and technological contact between Australia and Thailand. Alternatively, as Dr Green suggested, Market Australia may be a more effective means of identifying technology for application in Thailand.

11.64 The Committee recommends:

**Recommendation 28: That the Department of Industry, Science and Technology examine the 1987 Memorandum of Understanding with Thailand on Scientific and Technological Cooperation with the Department of Foreign Affairs and Trade, the Commonwealth Scientific and Industrial Research Organisation and relevant industry bodies to establish:**

- . whether the scientific and technology assistance being given to Thailand is currently being managed in the most effective manner;
- . whether reactivation of the 1987 Memorandum of Understanding with Thailand would make the process more effective;
- . whether there should be an approach to the Government of Thailand about its views on reactivating the Memorandum of Understanding; and
- . whether consideration should be given to Market Australia taking over the provision of science and technology assistance to Thailand.

11.65 The Committee notes the creation of Counsellor, Industry, Science and Technology positions at the posts in South Korea, Indonesia and Malaysia which ensures coverage of most of the region in these fields. While it questions DIST's comment that Thailand is not a priority country for Australia in science, it is perhaps understandable that there is no such position in Bangkok. Provided the occupant of the position in Malaysia visits Thailand regularly, the current situation is a worthwhile improvement on that which applied before the establishment of the positions in 1993. The issue of a similar position in Thailand should be kept under review by DIST.

## CHAPTER 12: TRANSPORT, INFRASTRUCTURE AND ENVIRONMENTAL ISSUES

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### Introduction

12.1 This chapter deals with the interaction between Australia and Thailand on transport matters and also describes something of the needs of Thailand's infrastructure, broadly defined to include communications, power and water supplies and transportation systems. Years of unchecked economic growth have had a serious impact on the environment of the country. In each of these major areas there are opportunities for Australian expertise.

### Transport Issues

12.2 The Department of Transport (DOT) holds regular discussions with the Thai Department of Transport and Communications arising from the Memorandum of Understanding on Air Services which was signed in 1982.<sup>1</sup>

12.3 **Air Services.** Australia's aviation relations with Thailand are significant. In the year to June 1995, 306,347 passengers travelled on air services between the two countries, making it one of our larger markets. Travel to Thailand by Australians used to be the dominant feature of the market. Arrivals from Thailand have increased by about one third in each of the last two years, and Thai visitors were over 50 per cent of the traffic between the two countries in the year ended June 1995.<sup>2</sup>

12.4 Bangkok is a major distribution point for a number of airlines for traffic from Asia and Europe to and from Australia. It has been a central point for QANTAS for a number of years and the airline has been the major carrier of passengers, operating almost all of Australia's bilateral entitlements. While Thai International only uses about two thirds of its entitlement, DOT believes carriers of both countries should be given the chance to increase their capacity to grow at Bangkok and in Australia.<sup>3</sup>

12.5 QANTAS estimates it spends \$A100 million per year maintaining its operations in Thailand. This is in addition to the money spent by the 200,000 passengers per year which QANTAS estimates stopover in the country, en route to and from Europe for example. DOT expects airline traffic to and through Thailand to grow, underpinned

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1 Submissions, p 265

2 Submissions, pp. 717, 1206

3 Submissions, pp. 717, 1206, 264-265; Transcript, 15 February 1995, pp. 782, 783; Exhibit No 61



by strong growth in Australian travel there and in tourism to Australia. The Australia to Europe market is also expected to grow extensively and this will provide a continuing base for the promotion and development of Bangkok by QANTAS for stopover traffic. This matter will be considered further in Chapter 15.<sup>4</sup>

12.6 Thailand's rapid expansion in domestic and international air travel has placed pressures on its existing system. It has 28 airports including four international facilities which handled about 25 million people in 1994. Bangkok's Don Muang airport handled about 50 per cent of that traffic, an increase of up to 10 per cent per year which is placing considerable demands on its operational capacity. A six year expansion program is underway to extend the international passenger and cargo terminals, build a new domestic terminal and aircraft parking aprons.<sup>5</sup>

12.7 Further expansion of this airport is limited because of the lack of land to accommodate enlarged runway systems and the terminal area. The two parallel runways are too close to each other for simultaneous landings. Don Muang's capacity is estimated at 25 million passengers per year and it is estimated this will be reached before 2000.

12.8 In May 1991 the Thai Government announced plans to build a second international airport at Nong Ngu Hao, 30 kilometres east of Bangkok, at a cost of \$US4.2 billion. A recent report indicates that the Airports Authority of Thailand might re-examine the site, following comments by His Majesty about the need for an effective drainage system without which the site could be prone to flooding. This airport is planned to have two terminals and four runways and be capable of handling 100 million passengers per year. It is expected it will come into operation by the end of 1999. Initial site preparation is under way and selection of contractors is expected to be made towards the end of 1995, although DOT believes this project is behind schedule because of delays in the selection of the terminal design.<sup>6</sup>

12.9 In addition to the international airport developments, the Thais have announced plans to spend \$US20 million on the country's provincial airports. Thailand is also half way through a program to update national air navigation aids, with the work being carried out by a US firm. Improvement of the Thai aviation infrastructure on this overall scale could present opportunities for the Australian aviation industry in such areas as expansion of airports, design and developments of terminals, upgrading of air traffic control systems, and the development and monitoring of environmentally sensitive airport operations.<sup>7</sup>

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4 Submissions, pp. 717-718, 1207

5 Submissions, p 718

6 Submissions, pp. 718-719, 1152, 1153; **Bangkok Post**, 21 September 1995, p 6; **AAP**, 27 June 1995, p 2

7 Submissions, p 719

12.10 DOT believes Thailand could be a market for Australian organisations providing services related to aviation training and aircraft maintenance involved. Ansett Australia, for example, has provided aircraft simulator training for Thai pilots and also undertook engine repair and overhaul work for Thai Airways before it merged with Thai International.<sup>8</sup>

12.11 According to DOT, bodies such as the Federal Airports Corporation and Airservices Australia (formerly the Civil Aviation Authority) have expertise which Thai authorities could use as they develop their aviation industry. DOT stated that the Airports Authority of Thailand has a total of 25 projects worth about \$US400 million in the general aviation sector.<sup>9</sup>

12.12 Directories have been published by Austrade and other relevant bodies which set out Australia's capabilities in both the training and airport development areas.<sup>10</sup>

12.13 **Maritime and Port Services.** Australia and Thailand do not have formal bilateral arrangements on shipping matters, although there were discussions about issues of mutual interest in 1991. Thailand's maritime trade with Australia is small but has increased from a low base of about \$A520 million in 1987/88 to almost \$A2 billion in 1994/95, principally because larger volumes of petroleum oil were carried. In the last five years gold has become a significant export to Thailand but it is transported by air freight.<sup>11</sup>

12.14 There are no direct liner services, which ship containers, between Australia and Thailand because the volume of freight has not justified a direct commercial service. All scheduled services operate on a transshipment basis through Singapore. There are currently two liner conferences providing regular services to Bangkok via Singapore, sailing every seven to nine days. There are eight non-conference lines offering regular though less frequent services, ranging from every nine days to one service per month.<sup>12</sup>

12.15 There are no scheduled bulk services between the two countries of dry or wet bulk commodities such as oil, coal or wheat and, if there is to be an export of one of these, a vessel is chartered on contract for the voyage.<sup>13</sup>

12.16 Most liner and bulk commodities are carried by third country operators. Thai ports work efficiently apart from some limited congestion at busy times. Firms such as P&O Australia have joint venture arrangements in Thailand for the operation of some

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8 Submissions, p 720

9 Submissions, pp. 721, 1153

10 Exhibit No 61; Transcript, 15 February 1995, p 786

11 Submissions, pp. 722, 1204

12 Submissions, pp. 723-724, 1205; Transcript, 15 February 1995, p 791

13 Submissions, pp. 722-723; Transcript, 15 February 1995, p 791

container terminal ports. McConnell Dowell has built a deep water port and tank farm at Si-Chang Island in the country's south, at a cost of about \$A100 million.<sup>14</sup>

12.17 **Road Transport.** The Road Safety area of DOT has not had any direct dealings with Thailand but is actively pursuing harmonised standards and best practice in transport safety in the Asia-Pacific region. It is anticipated that this can best be done through the Asia Pacific Economic Cooperation (APEC) forum. The March 1994 meeting of its Transportation Working Group endorsed an Australian proposal to identify how harmonisation of standards and conformity of vehicle construction can be achieved to assist trade, and to provide an exchange of road safety strategies.<sup>15</sup>

### Infrastructure Issues

12.18 A recent survey of more than 3000 subscribers, in ten countries including Australia, to the **Far Eastern Economic Review** revealed some interesting views on Thailand's infrastructure. Of all those interviewed, the Thais were the only ones who did not believe their infrastructure would not keep up with economic growth in the next five years. Those interviewed from Thailand saw public transport and roads as the two most urgent infrastructure problems in their country. They did not nominate a 'best' piece of infrastructure from their country.<sup>16</sup>

12.19 Regardless of any scepticism about surveys, the views reflected above only confirm that the provision of infrastructure services such as town planning, roads, power, water and sanitation in Thailand, and especially in Bangkok, has not kept pace with the economic growth of recent years. When Committee members were in Bangkok in 1994, they inspected apartments which were being built for Embassy staff. The site is overlooked by a large building and serviced by a narrow lane, and this would not be an unusual situation in Bangkok.<sup>17</sup>

12.20 The city was originally built on klongs or canals and relied on these as a means of transport, hence the name 'the Venice of the East'. The klongs are now polluted and another way of getting around the city effectively is reduced. There does not seem to be much effort being devoted to rectifying this problem. During recent floods in Bangkok, His Majesty the King called for urgent efforts to prevent inundation of the city. He called for the installation of large pumps to drain water quickly from its eastern suburbs and suggested major canals should be drained to enable them to absorb flood water.<sup>18</sup>

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14 Submissions, pp. 724, 1205; Transcript, 15 February 1995, p 792; Submissions, pp. 830, 832; Transcript, 9 August 1994, p 445  
15 Submissions, p 724  
16 **Far Eastern Economic Review**, 14 September, 1995, p 44  
17 Submissions, p 295  
18 **Bangkok Post**, 20 September 1995, pp. 1, 6

12.21 Other areas, such as airport facilities, are receiving attention as outlined above, while there are plans for improving the rail network. In some fields, such as communications, the position is not as serious as in others but from comments by the Prime Minister, Mr Banharn, infrastructure issues seem likely to receive considerable attention from the government.<sup>19</sup>

12.22 The amount of investment required guarantees the private sector will play a key role in the construction and upgrading processes. Development of its infrastructure must be seen against Thailand's major objectives of making itself the economic centre of mainland South East Asia and the decentralisation of development away from Bangkok.<sup>20</sup>

12.23 **Traffic in Bangkok.** Bangkok's traffic problems are legendary and have become a factor affecting judgements about where to invest in the region. It has been estimated that 1.5 million cars travel in and out of Bangkok each day at an average speed of eight or nine kilometres per hour, which falls to three or four kilometres per hour when there is serious congestion. There are already at least three million vehicles in Bangkok and more than 1200 additional vehicles are registered there every day. There are therefore concerns about asking the influential middle class to stop bringing cars into Bangkok if there are no alternative, effective means of transport. Any move to reduce car sales could hurt Thailand, both in the competition for Japanese investment in the industry and in its efforts to become a centre for regional production.<sup>21</sup>

12.24 Responsibility for traffic management in Bangkok remains divided between ministries. In August 1995, His Majesty the King was reported to have commented on the government's inability to tackle the issue, suggesting that arguments between its appointees reduced foreign investment and deterred visitors. He was also reported to have been critical of the policy which gave responsibility for inner city traffic to one political party, Palang Dharma, and for the Highway Department and outer Bangkok traffic to its fierce rival in the July 1995 election, Prachakorn Thai. Palang Dharma's leader and a Deputy Prime Minister, Mr Thaksin Shinawatra, was reported in August 1995 to have promised to solve the traffic problems within six months. The reported drafting of paramilitary border police to help instil more traffic discipline is seen as the first measure in this quest, but his proposal to have army helicopters lift broken-down vehicles out of traffic has not been taken seriously.<sup>22</sup>

12.25 The Bangkok Expressway, which was built by a consortium headed by Kumagai Gumi of Japan, was the subject of a dispute over revenue-sharing with the state-owned Expressway and Rapid Transit Authority (ETA). A Thai construction firm

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19 Submissions, p 295; **International Business Asia**, 4 August 1995, p 3  
20 **AAP**, 27 June 1995, p 1; Submissions, p 295  
21 Transcript, 26 April 1994, pp. 17-18; **AAP**, 7 July 1995, pp 1-2  
22 **Far Eastern Economic Review**: 31 August 1995, p 22, 27 July 1995, p 17, 3 August 1995, p 13; **The Age**, 11 September 1995, p 10

bought Kumagai's 65 per cent share of the project. This expressway is also the cause of problems within the Banharn Coalition because the Prachakorn Thai Party wants to halt its construction. It has brought a measure of relief to drivers and tolls paid have exceeded expectations but it is at best a very small and local solution to traffic problems.<sup>23</sup>

12.26 **Mass Transit Systems.** There are currently three mass transit systems under construction in Bangkok and ETA is also studying the feasibility of these systems in other urban centres. Although there is agreement that Bangkok urgently needs, and has needed for some years, a comprehensive mass transit system, political wrangling and bureaucratic delays have prevented its completion. Changes of plans by government, whether the systems should be underground or not or how much, have not assisted planning.<sup>24</sup>

12.27 It has been reported that the entire system could take from 25 to 30 years to complete, it would tear up existing streets for at least 10 to 20 years and when completed it was likely to have little impact on the city's traffic. The three projects do not cover the whole city, nor do they all meet at any one place; there are only seven places where any two will connect. Only one, Bangkok Transit System's 24 kilometre light rail project costing \$A1.1 billion, seems to be making progress and should be ready by early 1998.<sup>25</sup>

12.28 The 60 kilometre, \$A3.2 billion heavy rail project being built by Hopewell Holdings is reported to have had many problems, so that it is about three years behind schedule, with 54 per cent of its structure completed but only about 3 per cent of the superstructure built. It was to have been finished by 1999.<sup>26</sup>

12.29 The third project was originally awarded to Bangkok Land Company in 1993 but the contract for the 20 kilometre Skytrain, costing about \$A2 billion, was taken over in May 1995 after the concessions needed to put it underground for about half its length were changed. The government will now build this project. Construction could begin this year but no timetable has been released and it is not likely to be finished until the turn of the century.<sup>27</sup>

12.30 **Highways.** The Highway Department has an ambitious road building program, including an outer ring road around Bangkok intended to reduce heavy vehicle traffic on arterial roads. Although oil tankers for example are only given access from 10pm to 5am daily, heavy vehicles constitute 40 per cent of daytime traffic coming into

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23 **Far Eastern Economic Review**, 24 March 1994, p 55, 23 February 1995, p 66  
24 **AAP**, 8 September 1995, 27 June 1995, p 1, 28 June 1995; **Far Eastern Economic Review**, 2 June 1994, p 63, 7 July 1994, p 71, 14 July 1994, p 61; **The Australian Financial Review**, 5 July 1995, p 12  
25 **AAP**, 8 June 1995  
26 **AAP**, 8 June 1995, 8 September 1995  
27 **AAP**, 8 June 1995; **The Australian**, 16 June 1995, p 22

the city on the major highway from the west and 30 per cent on the highway from the east. Trucks coming from the industrial eastern seaboard to Don Maung airport or to the north or west of the country have only one route: an expressway through the middle of the capital.<sup>28</sup>

12.31 The construction of new highways and the upgrading of current routes should also be seen in the context of Thailand's regional ambitions, referred to above and considered in more detail in Chapter 17.

12.32 **Rail and Bus Links.** To improve the national railway network which had some 3940 kilometres of track in 1990, a double track project is being implemented and a further phase of the project is under discussion. The State Railway Authority of Thailand is considering new perhaps privatised routes, needs more locomotives and rolling stock and plans to let contracts for maintenance of locomotives, rolling stock and tracks. New railway projects will also include opportunities for property development and the provision of services.<sup>29</sup>

12.33 There is an existing railway line into Cambodia which needs repairs and the possibility of extending the Thai national network into Laos is being examined. North-south links between southern China and Vietnam through Thailand and east-west links with Burma are also under consideration. Again, Thailand's regional aspirations cannot be ignored.<sup>30</sup>

12.34 A great deal of passenger travel, especially outside Bangkok and the provincial cities, is undertaken by bus. In November 1994, members were also told of the opportunities available for professionals in the running of bus networks in Thailand.

12.35 Thailand's network of highways and roads which are dominated by fleets of the ubiquitous ten wheel, short wheel base trucks. About 240 companies operate around Bangkok, most with less than ten vehicles each, and members of the Committee were briefed on the operation of such companies in November 1994. The Japanese car industry has an influence on the standards for vehicles in Thailand and these do not always lead to efficient carrying capacities, leading to inefficient loading and uses of vehicles.

12.36 **Power Supplies.** Thailand's demand for electricity is growing at about 14 per cent per year and is expected to continue at 10 to 15 per cent per year. This demand is equivalent to at least an additional 1000 megawatts of electricity per year for the next ten years and possibly for the next 20 years. Power is required for industry and the general electrical distribution system: about 98 per cent of the country, including remote areas, is connected. In the period from 1992 to 1997 Thailand has budgeted \$US

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28 **AAP**, 7 July 1995, p 1  
29 **Far Eastern Economic Review**, 6 April 1995, p 42; **AAP**, 27 June 1995, p 1  
30 Transcript, 6 March 1995, p 864

146 billion for the development of domestic energy, including gas-fired, coal-fired and hydro-electric power stations and the related facilities. AID/WATCH quoted figures from the Electricity Generating Authority of Thailand (EGAT) which forecast a tripling of the demand by 2005 and an additional 50,000 megawatts by 2035. Thailand's interests in nuclear power were discussed in Chapter 11.<sup>31</sup>

12.37 AID/WATCH also referred to a study done by the International Institute for Energy Conservation which concluded that 2000 to 3000 megawatts of power generating plants could be avoided over the next ten years if EGAT adopted a planning approach which included demand side management.<sup>32</sup>

12.38 Hydro-electricity schemes provide Thailand with a great deal of its power needs and it has plans to build such schemes in Laos. AID/WATCH drew attention to the Nam Theun 2 dam which would be developed by Transfield Corporation and which, it alleged, would have environmental impacts and threaten the livelihood of the local people. AID/WATCH also referred to large hydro-electric dams to be built on the Nam Cha River in northern Laos and on the Sekham River in southern Laos. The Tasmanian Hydro-Electric Commission's international arm and the John Holland group are constructing these dams.<sup>33</sup>

12.39 Thailand also has plans to build dams in Burma to supply it with energy. The Overseas Burma Liberation Front (OBLF) referred to 'lucrative energy joint ventures'. The Upper Salween River dam will be among the biggest in the world, according to the OBLF, and will result in the flooding and de-forestation of thousands of square kilometres and the displacement of thousands of people. Four other dams are to be located in this area, with a total of eight for construction in the Thai-Burma border area.<sup>34</sup>

12.40 Thailand's use of gas is expected to rise from about 900 million cubic feet per day to about 2000 million cubic feet per day by the end of the decade. Its proven resources of gas, mainly in the Gulf of Thailand, are about 15 trillion cubic feet which is enough for about 20 years at the rate of consumption forecast for the end of the decade. While Burma will be the first supplier to Thailand, discussions will be held with Malaysia about the possible supply of gas in liquefied form by tanker. Provided there is sufficient for export, it may also be possible to bring gas into the Thai grid along an 800 kilometre pipeline from fields off the south coast of Vietnam.<sup>35</sup>

12.41 There are two fields in the Gulf of Martaban off Burma which have large proven reserves of gas. It will be sold to the Petroleum Authority of Thailand and piped

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31 Transcripts: 7 October 1994, p 741, 27 April 1994, p 103; Submissions, pp. 296, 1050  
32 Submissions, p 1058; Transcript, 15 February 1995, p 837  
33 Submissions, p 1051; Transcript, 15 February 1995, pp. 830, 832-833  
34 Submissions, p 47; Transcripts: 17 May 1994, p 265, 13 September 1994, p 637  
35 *The Australian Business Asia*, 3-16 August 1994, p 4

400 kilometres from Kanbawk on the Gulf across the territory of the Mon people into Thailand. There is a 30 year agreement for the supply of natural gas from 1998 and total investment in the development of the field and construction of the pipeline has been put at more than \$US1 billion. It has been calculated that the field will provide revenue to the Burmese Government of about \$US1.4 million per day.<sup>36</sup>

12.42 The OBLF stated that villagers are being forced to work on the Ye to Tavoy 'death' railway. Up to three parallel railway lines are reported to be under construction, with the third line called a railway to cover up evidence of the slave labour on the route of the gas pipeline. Burma's State Law and Order Restoration Council (SLORC) first started work on the railway in October 1993 and up to 150,000 civilians, mainly Mon people but also including Karens and other Burmese, ranging in age from 15 to 60 years work as slave labourers. The Burmese Army was given the responsibilities of securing the route, and of capturing the labourers who have reportedly been forced to construct 'concentration' camps beside the pipeline.<sup>37</sup>

12.43 The Australia Burma Council reported that in 1994 the Thai Government attempted to clear land near Three Pagodas Pass in Ratchaburi Province to secure land for the pipeline. The government defended the decision to buy the gas as being in line with an ASEAN declaration in July 1994 to extend economic support and cooperation to help bring Burma into the world arena.<sup>38</sup>

12.44 **Water Supply.** An article in *The Economist* in 1994 drew attention to the serious drought which it saw developing in Thailand. In view of serious flooding in Bangkok in September 1995, which also saw a very public comment on the situation from His Majesty, this is a very ironic situation for Thailand. The country's rainfall varies seasonally and markedly from its northern to the southern regions. Over the past 20 years urbanisation and the encouragement given to farmers to grow a second crop in the dry season have driven up the demand for water at a time when the supply has fallen. Half of Thailand's forests have been cut down over the past 30 years and forests are crucial for the retention of rainfall. Since 1975 the flow of water into the Ping River in northern Thailand and from there into the Bhumibol Dam, which supplies Bangkok, has fallen by half.<sup>39</sup>

12.45 While farmers protest that Bangkok takes water from them, agriculture takes about 90 per cent of consumption, domestic users about 4 per cent and industry the balance. The World Bank has estimated that, where about 25 per cent of the Thai population had access to safe water in the period 1970 to 1975, in the period 1987 to

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36 Transcripts: 6 March 1995, pp. 874-875, 13 September 1994, p 641, 7 October 1994, p 680; Exhibit No 12, Document 1, pp. 3-4  
37 Exhibit No 24, Document No 3, pp. 1-2  
38 Transcript, 13 September 1994, p 641; *The Australian*, 19 September 1994, p 20  
39 *The Economist*, 12 February 1994, p 35

1992 the proportion was about 70 per cent. This has been in spite of growing concerns about the amount of pollution in Thailand's rivers.<sup>40</sup>

12.46 While engineers are keen to build more dams in Thailand these are often opposed on conservation grounds, and because of the impact on local people. The government is now trying to persuade farmers to turn to crops which need less water, such as sugar and maize. The central plains rely on a few, very large irrigation canals, where a more complex system of smaller canals might distribute water more efficiently to individual farmers. Economists want water in Thailand to be properly priced: irrigated water has been free for farmers and tap water costs city-dwellers little. Pipes in the cities are old, corroded and leak, and irrigation canals in the country also often leak. There are also concerns about increased soil salinity, because of rising water tables, in the north of the country. ACIAR has been involved in a project examining this issue.<sup>41</sup>

12.47 **Communications.** One aspect of the importance of communications in Thailand was graphically demonstrated during the pro-democracy demonstrations in Bangkok in May 1992. The demonstrators on the streets kept in touch with each other and the media using mobile telephones which is supposed to have provided more effective communications than the Royal Thai Army's system.

12.48 Thailand's telecommunications policies are largely based on laws made in the 1930s and, while private ownership of telephone lines is forbidden, the country is moving towards privatisation. It currently has about 3.1 telephone lines per 100 people and in Bangkok alone there are more than a million names on the installation waiting list of the Telephone Organisation of Thailand (TOT). Under the Seventh National Economic and Social Development Plan (1992-1996), the government proposed to promote investment in telecommunications infrastructure to raise the number of lines to ten per 100 people and put in an additional three million lines in Bangkok. This will require an investment estimated to exceed \$A8.8 billion.<sup>42</sup>

12.49 The government recently approved the installation of 1.1 million lines by concessionaires: 600,000 in Bangkok and 500,000 in the rest of the country, with a further 800,000 to be installed by TOT: 150,000 lines in Bangkok and 150,000 in the provinces.<sup>43</sup>

12.50 Thailand's policies towards wireless and satellite communications has allowed domestic companies to involve themselves in businesses ranging from telephone companies to cellular phone networks to cable television. No large foreign firms have

important investments in telecommunications in Thailand but a number, including Telstra Corporation, are involved in joint ventures there. Thai firms are also engaged in international projects with a considerable emphasis on involvement in China, Vietnam and Nepal.<sup>44</sup>

12.51 The boom in the telecommunications business has caused problems in employing and retaining trained staff in Thailand, and Committee members heard of these difficulties from a Telstra executive in Bangkok in November 1994. Shortages of personnel are also reflections of the deficiencies in the Thai education system which were discussed in Chapter 9.<sup>45</sup>

## Environment and Conservation Issues

12.52 Thailand faces serious problems of environmental degradation, including deforestation, air pollution in Bangkok and physical pollution of rivers and coastal areas. Problems also result from a lack of building codes and lack of sites and facilities for the safe disposal of household garbage and other wastes. Damage to the environment is seen as a particular cost of rapid economic growth, and within the Thai community there is now some recognition of the problems it has caused. While legislation is in place to enforce strict standards, it may be some years before implementation is commonplace.<sup>46</sup>

12.53 AID/WATCH referred to what it saw as the environmental impacts of dam construction in Thailand and Laos on the local people, the wildlife, fish stocks and on the river systems themselves. It also reported on the links between air pollution and sickness in the area around the lignite mine at Mae Moh. It asserted that serious environmental impacts will result if Australia continues to assist the power industry in Thailand in the continued use of fossil fuels in the production of energy.<sup>47</sup>

## Opportunities for Australian Expertise

12.54 Many of Thailand's problems in the transport, infrastructure and environmental areas are similar to those of many other developing countries. To each of these countries Australia can offer expertise, and at the same time gain the opportunity for exports of goods and services. The Board of Investment (BOI) has identified a significant number of opportunities in the country's infrastructure. There is

40 *Far Eastern Economic Review*, 1 June 1995, p 54; *The Economist*, 12 February 1994, p 35; *Far Eastern Economic Review*, 9 June 1994, p 13

41 *The Economist*, 12 February 1994, pp. 35-36; Transcripts: 17 May 1994, pp. 254, 259, 15 February 1995, p 775, 7 October 1994, p 730

42 *Far Eastern Economic Review*: 20 April 1995, p 72, 1 September 1995, p 66, 7 April 1994, p 41; Submissions, p 136

43 *International Business Asia*, 15 September 1995, p 12

44 *Far Eastern Economic Review*, 1 September 1994, p 66; Transcript, 17 May 1994, p 293; *Business Review Weekly*, 19 September 1994, p 82

45 *Business Review Weekly*, 19 September 1994, p 82

46 Submissions, p 295; Transcripts: 26 April 1994, pp. 16-17, 7 October 1994, p 703

47 Submissions, pp. 1050-1052, 1054-1055, 1057-1058; Transcript, 15 February 1995, pp. 830, 831, 832, 834

already some activity in this area, for example, Clyde Engineering is already selling railway carriages to Thailand.<sup>48</sup>

12.55 For Thailand to sustain its economic growth it needs a greater pool of highly skilled labour and more energy. Increasing the educational level of its people has already been dealt with in Chapter 9. Some of the means being used to increase the amount of energy at its disposal have attracted criticism, including its demands on the resources of neighbouring countries.

12.56 The use of alternative and renewable sources of energy, such as the sun and the wind, does not seem to receive much emphasis in Thailand. AID/WATCH suggested that technology in these areas for such things as solar cookers is available. As it pointed out, the widespread use of fossil fuels is responsible for the release of carbon dioxide and other greenhouse gases which are generally agreed to cause changes to the global climate. It recommended a moratorium on development assistance to fossil fuel energy projects in Thailand.<sup>49</sup>

12.57 It is probably in the related fields of the environment and conservation that there are the greatest opportunities for Australian companies. These are in such areas as environmental engineering and management and the production of equipment for use in air and water pollution monitoring equipment. The environmental consequences of largely unregulated industries are now quite clear. The market for waste water treatment equipment in Thailand is estimated at \$US1.7 billion, with a five treatment plants planned for Bangkok alone at a cost of \$US120 million. Other areas where opportunities exist are in the disposal of hazardous waste and in plans to revitalise the heavily polluted waters of the 380 kilometre long Chao Phraya River. Indications have already been given in Chapter 11 of the involvement of bodies such as CSIRO and ACIAR in the environmental field.<sup>50</sup>

### The Committee's Views

12.58 Thailand is the commercial hub for its region but it will have to solve a range of problems before it gains the pre-eminence it seeks. During the 1994 visit Committee members met M R Pridiyathorn Devakula, President of the Export-Import Bank of Thailand. Because of Bangkok traffic, he came to that meeting on a chauffeur-driven motor bike. He took the view that Thailand's economy would only prosper if Bangkok's traffic problems were solved.

12.59 In many areas of transport, infrastructure and the environment Australia can only provide expertise through its companies, usually in joint ventures with similar

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48 AAP, 27 June 1995

49 Transcript, 15 February 1995, p 837; Submissions, p 1059

50 Submissions, pp. 295-296

Thai bodies, through its development assistance program or if specific requests are made. It is quite clear that Thailand faces serious energy and pollution problems which are not capable of being solved easily or quickly, but anything which can reasonably be done should be examined with a view to implementation as soon as practicable. Much assistance is already being given in a number of sectors.

12.60 The use of alternative and renewable sources of technology is one way to reduce Thailand's dependence on power generated by fossil fuels. Australia has technology which could be of use in development assistance projects involving ACIAR and CSIRO.

12.61 The Committee recommends:

**Recommendation 29: That the Department of Industry, Science and Technology and AusAID examine the possibility of making greater use of Australian alternative and renewable technology in development assistance projects in Thailand.**

12.62 Australia has developed a good deal of expertise and 'clean' technology in such areas as coal mining which, if more widely introduced, would reduce atmospheric pollution. A number of Australian companies work in the areas in which this technology could be used and where the expertise is relevant. It would not be appropriate for the Committee to make recommendations to these companies about how they conduct their business. It does however express the hope that bodies such as the Australian Chamber of Commerce and Industry encourages their members to use the latest and most efficient technology to reduce pollutants of all kinds.

## CHAPTER 13: HEALTH ISSUES

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### Introduction

13.1 The major formal arrangement involving bilateral health issues is the Memorandum of Understanding (MOU) on Health Cooperation with Thailand, which was signed in 1993. The MOU provides a framework for developing bilateral contacts and co-operation between government agencies, health institutions, hospitals and other organisations. At this stage, no funds have been allocated to develop a specific plan of action under the MOU.<sup>1</sup>

13.2 In addition to health cooperation issues relating to the MOU, this chapter examines opportunities for Australia to export a range of health-related services, goods and equipment to Thailand and considers progress to date in grasping those opportunities.

13.3 The topic of illegal drug trafficking in Thailand, which is mentioned only briefly in this chapter, is discussed more fully in Chapter 19. The issue of child sex tourism and law enforcement in Australia and Thailand is discussed in Chapter 14.

### Government Policy on Health Cooperation with Thailand

13.4 The Department of Human Services and Health (DHS) maintained that continuing rapid economic development in Thailand, together with the growing internationalisation of the Australian economy, have had a major influence on Government initiatives to promote new bilateral and multilateral health initiatives in Thailand. A decision to increase expenditure in the development assistance budget for health, humanitarian and poverty alleviation programs has provided opportunities for both the Department and AusAID to develop stronger health links and programs with Thailand.<sup>2</sup>

13.5 Traditionally, the Department has looked upon the World Health Organisation (WHO) as the centre-piece of its international activities in the health field, through the headquarters in Geneva and the regional centre located in Manila. In recent years, DHS has tried to place greater emphasis on establishing bilateral arrangements between Australia and countries in the Asia Pacific region, and has begun to play a stronger role working with AusAID. It also works with regional countries, to strengthen

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1 Submissions, pp. 277, 1044

2 Submissions, p 1043

their health infrastructures and to establish export opportunities for the Australian health sector.<sup>3</sup>

13.6 The International Programs Unit of DSHS has responsibility for international advisory and coordination matters in relation to WHO, the OECD and other multilateral bodies. This unit assists specific program areas of the Department on international issues relating to HIV/AIDS, substance abuse and environmental health. Thailand is a particular focus of these activities, particularly in the field of HIV/AIDS, and the Unit has facilitated a small number of Thai study fellowships with funding support from WHO.<sup>4</sup>

13.7 New Delhi and Manila are WHO's headquarters for the South East Asia and the Western Pacific Regions respectively. Some irritation was expressed by DSHS with the WHO regional boundaries which place Australia in the Western Pacific Region with countries such as Cambodia, Malaysia, the Philippines, Japan and Vietnam, while Thailand and Indonesia are located in the South East Asia Region. Nevertheless, the Department agreed that there are definite advantages for health cooperation programs in working through regional forums, which could be under the auspices of ASEAN, APEC or the World Bank. The potential for overlap of effort by international bodies was seen as an issue to be considered, but not necessarily detrimental to Australia's interests in health cooperation in the region.<sup>5</sup>

13.8 DSHS acknowledged that the implementation of initiatives to promote new cooperative activities in Thailand have been developed primarily by private sector institutions. The main focus for Government resources has been placed to date on the Department's domestic responsibilities, with no explicit substantial funding for international activities. Nevertheless, DSHS stated that resources are being channelled into bilateral arrangements relating to the health sector, and hoped to be able to increase the level of resources over time.<sup>6</sup>

### Memorandum of Understanding on Health Cooperation

13.9 The 1993 MOU on health cooperation with Thailand supports the development of a three year cooperation program in areas including environmental health and health promotion, training for health workers, communicable diseases and AIDS control, health care evaluation and financing.

13.10 No funds have been allocated to develop a specific plan of action under the MOU, apart from development of a number of general health initiatives included as

activities under the agreement. DSHS considered its approach to be largely one of responding to opportunities which arise in Thailand, and contrasted the small scale of activity in Thailand with the more tangible results in Indonesia, where a similar MOU on health cooperation was signed a year earlier. The Department added that efforts have been made to strengthen the working relationship with AusAID, which in the past had occurred 'more by accident than design'. More recently, coordination of effort had been facilitated by mechanisms such as an advisory group on health comprising high level representatives from DSHS, AusAID and external consultants, in addition to more structured officer-level contacts between the two Commonwealth agencies.<sup>7</sup>

13.11 Within its existing resources, DSHS has been attempting to identify opportunities in the South East Asia region for the export of Australian health services. This project, with most of the focus on Indonesia, has been undertaken in conjunction with AusAID and the Department of Industry Science and Technology (DIST). DSHS acknowledged that securing appropriate Commonwealth funding has been hindered by the lack of a coherent and plausible program to which the Government could respond, despite the fact that a broad action plan had been developed early in 1994. A reciprocal plan from the Thai Government is considered to be an essential element of the MOU arrangements.<sup>8</sup>

13.12 Within the health industry, there is evidence of interest in regional opportunities for export of health and pharmaceutical services, supplies and equipment. A Health Industry Development Forum was established in conjunction with DIST in 1994, attracting participation from private sector organisations as well as public health institutions. The forum is designed to facilitate action by the industry members themselves rather than by direct Commonwealth involvement.<sup>9</sup>

### AusAID Programs

13.13 Australia's development assistance policy framework places poverty reduction as an integral part of the overall development cooperation program (see Chapter 6). A significant element of the Australian program in Thailand is allocated to meeting the basic human needs of the population, particularly those who are disadvantaged socially or economically, with programs aimed primarily towards poverty alleviation, basic education and basic health needs. AusAID indicated that over time up to 30 per cent of the Thailand program will have such a focus, and short term country program development is currently directed towards rural development, basic environmental needs, HIV/AIDS and occupational health and safety.<sup>10</sup>

3 Transcript, 7 October 1994, p 655  
4 Submissions, p 1043  
5 Transcript, 7 October 1994, pp. 665-667  
6 Submissions, p 1043; Transcript, 7 October 1994, p 655

7 Submissions, p 1044; Transcript, 7 October 1994, pp. 655-657  
8 Transcript, 7 October 1994, p 659  
9 Transcript, 7 October 1994, pp. 660-661; *The Australian Financial Review*, 9 October 1995  
10 Submissions, pp. 519, 522, 524



13.14 In addition to the Thailand (country) program, developmental assistance is provided through a range of Australian, regional and global programs. These include the South East Asia Regional Program, ASEAN/Australia Economic Cooperation Program, non-government organisation (NGO) programs, ACIAR and Australian Development Cooperation Scholarships. The South East Asia Regional Program for Thailand, for example, with funding of \$A3.5 million in 1992/93, contained a substantial health and HIV/AIDS component for Thailand, which AusAID expects will remain a major recipient of support for HIV/AIDS programs.<sup>11</sup>

### Issues Raised by ACFOA

13.15 The Australian Council for Overseas Aid (ACFOA) highlighted what it saw as the main problems and prospects facing Thailand today, among which were factors clearly relevant to health. For example, education and health services are not nearly as accessible to rural Thais (who comprise about 77 per cent of the population) compared with urban dwellers. As well, the seasonal nature of agriculture and its inability to support the rural population has led to localised unemployment and massive migration of mostly young men and women from the countryside to the towns and cities of Thailand, especially to Bangkok. According to ACFOA, and as discussed in Chapter 16, industry in Thailand is largely unregulated in terms of workers' health and safety, and it is often women who make up the majority of the workforce in the manufacturing sector. In Bangkok, growing numbers of slum dwellers constantly face eviction because of high land prices and the demand for commercial sites.<sup>12</sup>

13.16 Priority areas of concern for ACFOA have a strong emphasis on health matters, particularly in poor rural regions of Thailand. HIV/AIDS and prostitution, disease prevention, women's health issues and campaigns against trafficking in women and children remain high on ACFOA's agenda. Much of ACFOA's support is provided to Thai NGOs, many of which are largely dependent on overseas assistance. ACFOA's submission recommended redirecting Australia's assistance program towards alleviation of poverty, as a root cause of many of Thailand's social and public health problems. In particular, ACFOA called for a modest increase in funding for community assistance programs through TACAP, the Thailand-Australia Community Assistance Program. It also believed that inclusion of Australian NGOs in the process would enhance the capacity of Thai NGOs to deliver assistance at the village and poorer urban levels.<sup>13</sup>

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11 Submissions, p 566

12 Submissions, p 895

13 Submissions, pp. 897-898; Transcript, 7 October 1994, pp. 703, 706-707

### The Overseas Service Bureau

13.17 The Overseas Service Bureau (OSB) is a community based non-profit organisation involved in a wide range of programs and projects which provide direct assistance to people in developing countries. OSB's core program is the Australian Volunteers Abroad (AVA) Program through which skilled volunteers are assigned to work with communities in Asia, Africa, the Pacific and Central America. More detailed information on the work of the OSB can be found in Appendix 5.

13.18 OSB has been involved in Thailand since 1976. From that time until 1987, the Bureau was mainly involved in working with Lao and Cambodian refugees living in camps in northern Thailand. Assistance at that time primarily took the form of returned volunteers seeking further assignments being sent back to Thailand as English language teachers or as part of medical relief teams working for short term periods of three to six months. When an agreement was reached with Thailand's Department of Technical and Economic Cooperation in 1987, OSB was able to assign AVAs directly to Thailand.

13.19 In January 1995 there were 45 volunteers working in Thailand in various capacities and locations, mainly in the north and north east. While most of these are working as English language teachers, there are also a number employed in community development, agriculture and health education, including the field of HIV/AIDS. In addition to ongoing links with Thailand's Department of Technical and Economic Cooperation, contact has been made with NGOs working in the HIV/AIDS field, providing assistance in the development and implementation of community health education, the environment and women's issues. The OSB is looking at directing further effort towards health programs in such areas as prostitution and HIV/AIDS through increased cooperation with NGOs.<sup>14</sup>

### The Impact of HIV/AIDS

13.20 The severity of the HIV/AIDS epidemic in Asia is only just becoming apparent. Indeed, some commentators consider that, although Asia is on the threshold of an AIDS crisis of huge proportions, governments are not recognising the need for greater political commitment to combating the spread of the disease. According to a recent article in the *Far Eastern Economic Review*, WHO has estimated that 3.5 million people in Asia have been infected with HIV, of whom 750,000 are in Thailand. The disease is reportedly spreading rapidly through Burma, Cambodia and other mainland South East Asian countries.<sup>15</sup>

13.21 The spread of HIV/AIDS in Thailand is a serious problem. The majority of infections have occurred amongst heterosexuals, mainly low income earners in their

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14 Submissions, pp. 269, 1115-1122

15 *Far Eastern Economic Review*, 21 September 1995, pp. 26-27

late teens to early 40s, although the first cases were diagnosed among homosexuals and intravenous drug users in 1985. Increasing numbers of infected female prostitutes were noticeable by 1989.<sup>16</sup>

13.22 Although accurate statistics on the scale of the pandemic in Thailand are not available, an estimated 46,000 Thais will die of AIDS this year. The acceptability of prostitution and initial ignorance about AIDS in Thailand allowed the disease to spread quickly from intravenous drug users, homosexuals and prostitutes into the general population. This is a pattern which is being repeated in other Asian countries where poverty has driven large numbers of women into the sex trade. Thai truck drivers have been important sources of infection, and numerous Chinese and Burmese women have taken the virus home after working in the Thai sex trade.<sup>17</sup>

13.23 According to research conducted by the East West Center in Hawaii, almost 6,000 Thai children are born with HIV/AIDS each year. At present, more than two per cent of women attending antenatal clinics in Thailand are testing HIV positive, placing over 20,000 infants at risk annually. Tens of thousands of other children, primarily street children and child prostitutes, are placed at risk by actions they must take to survive.<sup>18</sup>

13.24 Another indicator of the scale of the HIV/AIDS problem was provided by VicHealth, which indicated that in 1994 over 20 per cent of military recruits aged 18 to 20 in the northern provinces were HIV positive. However, a recent report in the **Bangkok Post** suggests there are positive signs that the spread of the virus in the upper north of Thailand is declining. The report stated that although more than half of Thailand's HIV/AIDS infections are reported in the northern provinces, there has been a reduction in HIV infection rates among military conscripts, from 7.1 per cent in May 1992 to 3.05 per cent in May 1995.<sup>19</sup>

13.25 This was further confirmation that Thailand's vigorous AIDS education program has succeeded in slowing the spread of the disease. Some Committee members felt, however, that Thailand's anti-HIV/AIDS campaign should be independently evaluated.

13.26 The Deputy Director of the Program on AIDS run by the Thai Red Cross Society, Dr Wesarit Sittitrai, informed an international conference in Sydney in November 1994 that there had been a reduction in new HIV cases of 60 to 70 per cent since 1990. He indicated that Thailand had used the approaches adopted in the most effective community-based AIDS programs in Australia and adapted them for Thailand.<sup>20</sup>

13.27 Thailand has been engaged in public education and health care programs for HIV/AIDS since 1990. The public awareness programs include preventive education of the community and in schools. Since 1989, all donated blood has been tested for antibodies before use. Another key element of the prevention strategy is active promotion of the use of condoms, including free distribution in brothels.

13.28 Although the Thai government's efforts have not escaped criticism from activists such as Mr Mechai Viravaidya, the anti-AIDS budget in 1994 was approximately \$A87 million, a considerable increase over \$A60 million in the previous year. In November 1994 members of the Committee held discussions with Mr Mechai. He outlined the work of the Population and Community Development Association, which he chairs, which is heavily involved in assisting rural villages, conducting HIV/AIDS programs and running the Thai Business Initiative in Rural Development (TBIRD) programs.<sup>21</sup>

13.29 The Third International Conference on AIDS in Asia and the Pacific was held in Thailand in September 1995. It provided some evidence that nations in the Asia Pacific region are recognising the threat posed by the spread of HIV/AIDS throughout the region and the need for concerted efforts in the search for solutions. Nevertheless, a recent media report suggests that the campaign against AIDS has not generated sufficient commitment from political leaders in Asia.

13.30 Dr J Dwyer, President of the AIDS Society for Asia and the Pacific and principal organiser of the Conference was quoted as stating that the ingredient missing most in the fight against AIDS in Asia and the Pacific is not money: it is genuine political commitment. Dr Dwyer is also quoted as saying the crisis that is the spread of HIV in Asia and the Pacific has tragically deepened since the end of 1992 and that it appears as though the centre of the epidemic is moving inexorably from sub-Saharan Africa to Asia.<sup>22</sup>

13.31 At the same conference, Mr Mechai is reported to have asserted that the current Thai Government is turning back the clock on the progress achieved in the fight against AIDS under previous governments.<sup>23</sup>

13.32 ACFOA highlighted the opportunity presented by the success in Australia of community-based HIV/AIDS education, prevention and community care programs to assist in overcoming problems in Thailand. The programs sponsored by AusAID, run from Chiang Mai, were cited as examples of effective anti-AIDS and community care strategies conducted in collaboration with community organisations. There are now eight

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16 Submissions, p 315

17 **Far Eastern Economic Review**, 21 September 1995, p 27

18 Exhibit No 112

19 Transcript, 9 August 1994, p 467; **Bangkok Post**, 25 September 1995, p 1

20 **The Australian**, 8 November 1994, p 10

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21 Transcript, 7 October 1994, p 716; **Far Eastern Economic Review**, 21 September 1995, p 30; JSCFADT, op. cit. p 8

22 **The Canberra Times**, 19 September 1995, p 5

23 *ibid.*

Australian NGOs which run HIV programs in Thailand in conjunction with Thai NGOs.<sup>24</sup>

13.33 Through the Commonwealth AIDS Research Grants, DSHS funded a four year study project by Dr Jennifer Grey, a postdoctoral Fellow, on HIV/AIDS in northern Thailand. This project involved field work in rural villages, concentrating on women and prostitution.<sup>25</sup> Australia has pledged funding for 23 new HIV/AIDS projects in Thailand, Vietnam, the Philippines, Indonesia, Malaysia and Cambodia over the next three years. These will emphasise health education and prevention as well as support for people living with AIDS and their carers. Other measures of support have included a joint Australia-Thailand Travel Safe public awareness campaign for tourists, which was launched in March 1995.<sup>26</sup>

13.34 AusAID recognised the growing developmental, social and health problems presented by the increase in HIV/AIDS infection in Thailand by establishing the Northern AIDS Prevention and Care Program (NAPAC) in June 1993 in three northern provinces. Through NAPAC, AusAID supports the capacity of local organisations and communities to address the HIV/AIDS problem and operates a grants scheme in support of local preventive programs. The AusAID budget for NAPAC from 1993 to 1997 is \$A3.2 million. The prospect of further projects under NAPAC to transfer Australian expertise in the care and prevention of HIV/AIDS is being examined. A new grants scheme based on proposals from Thai and Australian organisations has been established to extend support beyond the provinces covered by NAPAC, with intended expenditure of \$A1 million in 1993/94 and 1994/95.<sup>27</sup>

13.35 It is not only public health aspects that are receiving attention in the wake of the HIV/AIDS epidemic in Thailand. There are serious economic implications as well. Some commentators have referred to Thailand's existing labour shortage which could only be worsened by deaths from AIDS. One recent study suggests that the AIDS pandemic will significantly slow the growth of the labour force. The number of workers in Thailand, expected to expand by 7.8 per cent between 1993 and 2000, will now only grow by 6.7 per cent. This could push up wages, making the Thai economy less competitive, which, as set out in Chapter 4, is serious given the pressure it is already under from other countries in the region.<sup>28</sup>

13.36 DFAT supported the conclusion that AIDS will have a significant impact on the Thai economy over the medium to long term, taking people out of the work force and increasing health care costs. The East-West Center made similar comments in a recent article on the impact of HIV/AIDS on Thai children.<sup>29</sup>

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24 Transcript, 7 October 1994, pp. 716-718

25 Submissions, p 278

26 *In Focus*, March 1995, p 2

27 Submissions, p 544

28 *Far Eastern Economic Review*, 21 September 1995, p 27

29 Submissions, p 316, Exhibit No 112

## Prostitution, Drugs and HIV/AIDS

13.37 It is a common perception that prostitution and multiple sex partners are part of the Thai male culture. Extreme poverty and a transient population moving from rural areas to Bangkok have ensured the growth of a low cost sex industry operating through massage parlours, tea houses, coffee shops and restaurants as well as brothels. Thailand's extensive road transport system has had the undesirable effect of assisting the spread of HIV/AIDS.<sup>30</sup>

13.38 ACFOA highlighted the direct links between prostitution and drugs and HIV/AIDS infection. Although prostitution is illegal in Thailand, efforts to enforce the law are inconsistent and, according to ACFOA, drug trafficking routes are also used to smuggle a range of merchandise including people destined for the sex trade.<sup>31</sup>

13.39 Media attention has been focussed on the exploitation of children in the prostitution and pornography industries since a 1994 UNICEF report estimated that in Asia around one million children were then involved in the sex trade under conditions that are indistinguishable from slavery. In Thailand, a highly developed sex-tourism industry involves many of the country's estimated 500,000 to 800,000 prostitutes, approximately half of whom are under eighteen years of age. Child prostitutes are subjected to the most serious abuse because of the mistaken belief that children are less likely to carry HIV/AIDS. As a result, the highest rate of infection is among prostitutes under sixteen years of age.<sup>32</sup>

13.40 Her Royal Highness Princess Dr Chulabhorn, the youngest daughter of His Majesty the King, is Thailand's most prominent advocate for child protection. The Chulabhorn Research Institute is cooperating with the United States National Institutes of Health to develop and test an AIDS vaccine. In addition, her Institute assists WHO to conduct anti-AIDS training programs for Thai health care professionals and has initiated grassroots preventive education programs in areas severely affected by prostitution and drug abuse. The Princess has stated that in Thailand the root cause of prostitution is poverty, with children from poor communities being used to support their families. There are also cultural factors which are prevalent in northern Thailand and in certain hill tribes which regard selling daughters into prostitution as a legitimate source of income. Part of her approach to the eradication of health and other problems associated with prostitution has been to educate poor rural communities to seek alternative sources of income.<sup>33</sup>

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30 Submissions, p 316

31 Submissions, pp. 925, 927

32 Exhibit No 110, p 5

33 *ibid*, pp. 6-7

## Substance Abuse

13.41 Chapter 19 examines Thailand's response to the problems caused by the production of and traffic in illegal drugs, both within its own borders and in conjunction with its neighbours. Australia's assistance to Thailand in law enforcement, training and drug intelligence systems is also discussed in Chapter 19.

13.42 As ACFOA has pointed out, there is a close relationship in Thailand between drugs usage and HIV. Contributory factors include:

- . the traditional promiscuity of men and the ubiquitous brothels;
- . the high incidence of drug use, including heroin, by prostitutes;
- . the common practice of sharing needles in the drug sub-culture;
- . comparatively recent use of condoms as a preventive measure; and
- . widespread ignorance of HIV/AIDS in opium and heroin producing areas until a few years ago.<sup>34</sup>

13.43 Public health implications of illegal drug use and the abuse of other addictive substances have to some extent been recognised in DSH's regional cooperation activities directed towards reducing substance abuse. These have mainly taken the form of a study tour by a Thai delegation from the Integrated Pocket Area Development Project in late 1993 and other visits from Thai officials and delegations. The VicHealth model for health promotion, which has potential for more widespread adoption in developing countries, includes assessment of risk factors such as tobacco consumption, abuse of alcohol and other drugs of dependence, as well as behaviours linked to HIV/AIDS, including prostitution and intravenous drug use.<sup>35</sup>

## Export of Australian Health Services and Products to Thailand

13.44 The fledgling Australian health export industry is reported to have the potential to equal the \$A1.4 billion earned annually in education exports. The Minister for Trade earlier this year informed the Health Industry Forum that many of the trading opportunities that would develop in health over the next decade would result from the free trade and investment initiatives flowing from the APEC regional arena. Opportunities exist because of the quality of medical and hospital services provided in Australia, the establishment of Australian health institutions overseas, technology and skills transfer and the export of health equipment. The Minister also placed particular emphasis on joint ventures by the public and private sectors of the Australian health industry in order to take advantage of the new opportunities in the region. DFAT is understood to have produced an inventory of impediments to the export of health goods

34 Submissions, p 927

35 Submissions, pp. 1047-1048, 856-864

and services in important APEC markets, and Market Australia within DFAT has targeted Indonesia, South Korea, Thailand and the Shanghai region of China.<sup>36</sup>

13.45 Deciding where to target Australia's efforts to establish a health export industry is not a prime role for DSH. In evidence, the Department said it would not want to dictate to the health sector but instead to provide encouragement and information on opportunities, needs and priorities in Thailand. On that basis, responses from the health industry could be facilitated and encouraged rather than directed.<sup>37</sup>

13.46 DSH clearly considers Australia to have a strong and vigorous public health training and education infrastructure which could be used as the basis for training health personnel from Thailand and other South East Asian countries under the auspices of AusAID or the WHO. However, the Department was not aware of any arrangements between Australian health institutions or universities and their counterpart organisations in Thailand which facilitated in-country training as distinct from training of Thai health professionals in Australia.<sup>38</sup>

13.47 **Aged Care.** The Aged and Community Care Division of DSH commissioned a consultancy in 1993 to undertake market research in eight Asian countries into the current aged care needs and potential markets for the export of Australia's aged care expertise. Thailand was one of the two developing countries considered.

13.48 The findings of that report were that, although aged care is not a top priority in Thailand, some immediate small-scale opportunities do exist for Australia in this field. These include support for the National Institute for Geriatric Health Development and the proposed establishment of a Health Promotion Centre on Ageing at Chonburi and support for the development of the Institute of Geriatric Medicine. The Division has also assisted with programming visits to Australia by Thai welfare administrators and members of parliament. The MOU with Thailand encompasses aged care strategies and provides a mechanism for increasing the assistance provided by Australia in this and other health-related fields.<sup>39</sup>

13.49 Recent media reports indicated that DSH has taken steps to establish an Australian Aged Care Exporters network to target opportunities in Asia for marketing Australian aged care services in the region. A working group of senior industry representatives supported by the Department and Austrade has met to discuss the operating framework for the network and the possible establishment of subgroups with special interests or with a focus on particular countries.<sup>40</sup>

36 *The Canberra Times*, 5 April 1995, p 8; *The Australian Financial Review*, 5 April 1995, p 29

37 Transcript, 7 October 1994, p 660

38 *ibid*, p 663

39 Submissions, pp. 1044-1045

40 *The Australian Financial Review*, 12 September 1995, p 30

13.50 **Export of Rehabilitation Services.** The Commonwealth Rehabilitation Service (CRS) is the largest provider of tertiary rehabilitation services in Australia. It provides a range of direct intervention and prevention services to the public and private sectors and has developed particular expertise in the injury prevention area. A detailed analysis of the opportunities for export to a number of South East Asian and Pacific countries was planned last year. The Committee understands that proposals to enter the export market are still under review.

13.51 **Export of Hearing Services.** Australian Hearing Services (AHS) was engaged last year in discussions with government and private health sector organisations on the potential for joint ventures into Thailand under the umbrella of the MOU on Health Cooperation.

13.52 **Therapeutic Goods Administration.** Contact between the Therapeutic Goods Administration (TGA) and Thailand has tended to focus on requests for training in manufacturing practice and laboratory techniques as well as advice and guidance from medical officer staff. TGA recovers the costs of these activities.

13.53 The Ministry of Public Health in Thailand receives regular advice on the drugs that have been approved for marketing in Australia and other cooperative activities are being developed in conjunction with the Thai Food and Drug Administration. The areas in which Australian assistance could be offered include:

- . laboratory testing of therapeutic goods;
- . auditing of manufacturing processes;
- . technical and specialist training of government and private sector operatives;
- . provision of advice in the implementation of national drug policies;
- . access to technical information about test methodologies, laboratory procedures and regulatory guidelines;
- . assistance with monitoring systems for the quality and safety of therapeutic products; and
- . selective access to TGA databases.<sup>41</sup>

13.54 A commercial arm of the TGA was established in the 1995/96 Budget. In practical terms, export activities involving Thailand have been relatively small scale to date. The TGA has trained some Thai personnel and conducted in-country audits of manufacturing processes.<sup>42</sup>

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41 Submissions, pp. 1046-1047  
42 Transcript, 7 October 1994, p 666

## The Victorian Health Promotion Foundation Model

13.55 In evidence to the Committee, VicHealth, the Victorian Health Promotion Foundation presented a detailed model for cooperative planning and implementation of health programs relevant to Thailand, based on the current Victorian model which had been used elsewhere in Australia and overseas. In essence, the model comprised a five year plan for specified population groups and health risk factors and prescribed settings for health promotion and in-country sources of financial support. In recent years, VicHealth has been developing health promotion programs with particular relevance to immunisation and communicable diseases, for example Hepatitis B and HIV/AIDS.<sup>43</sup>

13.56 In relation to HIV/AIDS and the wider health promotion scenario, VicHealth indicated that although there are some very effective programs in Thailand, there is a need for greater support from external sources, given the enormous scale of the problems encountered in the spread of communicable diseases in that country. It also emphasised the need for financial support to make sure that countries develop the social and legal framework and culture which encourages people to alter behaviour that places them at risk. In pursuit of these strategies, VicHealth organises workshops and develops guidelines for NGOs working in countries such as Thailand.<sup>44</sup>

13.57 VicHealth drew attention to the potential for Australia to learn from Thai experiences with community-based health promotion programs. It also emphasised the value of building capacity in Thailand by increasing the numbers of health workers being brought to Australia for short course accredited training in primary health care and health promotion through institutions such as the MacFarlane Burnet Centre for Medical Research and the Centre for Women's Health in Melbourne.<sup>45</sup>

13.58 Broad support for the integrated model presented by VicHealth was received from DHSI, although it had some reservations about the practicalities of implementing the complete model in the face of constraints created by limited resources.<sup>46</sup> The Committee noted however that VicHealth does adopt a phased rather than across the board approach in its five year plan.

13.59 WHO has used VicHealth to provide advice on health promotion strategies. Similarly, AusAID has adopted the Victorian model for programs in Fiji and the western Pacific. VicHealth sees further potential for the World Bank and the Asian Development Bank to link health promotion into their development programs in the region and is positioning itself to take advantage of such opportunities in conjunction with other institutions in Australia, for example the University of Sydney.

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43 Submissions, pp. 855-857; Transcript, 9 August 1994, pp. 463-464  
44 Transcript, 9 August 1994, pp. 467-468  
45 *ibid*, pp. 465, 468  
46 Transcript, 7 October 1994, p 667

13.60 Financial support for the international aspects of VicHealth's work is derived from AusAID and the World Bank as well as revenues from training on behalf of international development assistance agencies such as the Red Cross, Care Australia and World Vision. The comparative market advantages in collaborative program development enjoyed by VicHealth and the MacFarlane Burnet Centre have been translated into successful export of services to WHO, the United Nations Development Fund and the World Bank, for example.

13.61 There is evidence to suggest that WHO will not be the leading international health service body within another five or ten years, and that the far better resourced World Bank is becoming increasingly interested in health investment as a complementary element of its economic and social development programs. According to VicHealth, this involvement is entirely appropriate 'because it integrates, quite properly, issues of social and health policy with economic policy'.<sup>47</sup> It also recognises that the World Bank's economic support cannot be effective if countries' health systems are falling apart. It is likely that WHO, in turn, will gradually be transformed into a body primarily concerned with policy advice rather than service delivery in international health.<sup>48</sup>

### The Committee's Views

13.62 Australia has a reputation in the South East Asia region for excellence in the provision of health services. As DSHS pointed out, with this reputation and the advantages in our health infrastructure compared with our South East Asian neighbours comes the burden of a special responsibility for leadership in areas such as the control of AIDS and other communicable diseases, developing public health and health education programs and strategies to reduce the levels of substance abuse.<sup>49</sup>

13.63 Although the framework of the MOU on Health Cooperation with Thailand exists, lack of specific funding in support of its broad action plans has meant that DSHS has not been involved directly in health related programs there. It seems anomalous, therefore, that the Department's international activities in health have mainly taken the form of cooperation with WHO and through the programs delivered by AusAID. The MOU is an ideal means of extending Australia's health sector activities in Thailand.

13.64 The Committee believes there is a range of assistance which would not only fulfil the promise of the MOU but, at the same time, enhance Australia's international health role and publicise our expertise as a basis for gaining export markets for health products and services.

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47 Transcript, 9 August 1994, p 481

48 *ibid*, pp. 470-471, 474, 482

49 Submissions, p 1042

13.65 Within the health industry, there is evidence of interest in regional opportunities for export of health and pharmaceutical services, supplies and equipment. The Health Industry Development Forum established by DSHS in conjunction with DIST in 1994 could form the basis for a structured approach to identifying export opportunities throughout the region and marketing the expertise available in Australia's health industry. Involvement by Austrade should also be invited. To be successful, the forum should have adequate resources.

13.66 The Committee recommends:

#### **Recommendation 30: That the Australian Government:**

- . **adopt an integrated approach to health industry exports by encouraging cooperation between relevant departments;**
- . **through the Health Industry Development Forum, augmented by representation from Austrade, review the scope for activities under the 1993 Memorandum of Understanding on Health Cooperation with Thailand; and**
- . **provide appropriate funding for the activities it might recommend.**

13.67 The specialised health programs contained in Australia's official development assistance program are welcomed, in particular the expanded HIV/AIDS programs. It would be appropriate, however, for further emphasis to be placed on community-based programs for preventive health in rural areas, poverty alleviation in rural and poor urban centres, women's health issues, anti-trafficking campaigns relating to women and children and educational programs to combat the interconnection between prostitution, substance abuse and HIV/AIDS.

13.68 There is evidence that the incidence of HIV/AIDS may be falling in Thailand. In spite of increased government programs, much of the care of those with HIV/AIDS in Thailand is still provided by volunteers and religious organisations. In November 1994, Committee members visited the hospice run by the monk Phra Pongtep Dhammagaruko near Chiang Mai for those with HIV or dying of AIDS. The Committee was concerned that insufficient attention is being given to two important groups: those with HIV/AIDS and those who care for them. While not making a recommendation on this issue, we believe that Australia's continuing assistance in the HIV/AIDS field should emphasise the paramount needs of these groups.

13.69 DSHS acknowledged that the need for closer cooperation with AusAID was greater than was apparent in the past. While some mechanisms for cooperation are being used, more priority should be placed on setting up structured advisory groups on health promotion and collaborative arrangements with Thailand and other regional

countries. There is scope for greater recognition of the input which could be provided by Australian NGOs to the planning and implementation of programs such as TACAP. The VicHealth model of health promotion provides useful guidelines which could be adapted to the needs of Thailand.

13.70 The Committee recommends:

**Recommendation 31: That the Department of Human Services and Health, with AusAID, review their working arrangements on international health activities:**

- . to ensure a more integrated approach is adopted in their joint activities in this field;
- . to examine the extension of existing collaborative health arrangements in conjunction with assistance provided by other countries; and
- . to gauge the effectiveness of Australian development assistance for health programs.

**Recommendation 32: That, in considering specific development assistance projects in health, AusAID consult the Government of Thailand about giving greater support to community-based programs in preventive health for rural areas, poverty alleviation in rural and poor urban centres, women's health issues, anti-trafficking campaigns relating to women and children and educational programs to combat the interconnection between prostitution, substance abuse and HIV/AIDS.**

13.71 The relatively small scale training in Australia of Thai health workers and professionals has been successful but largely developed by individual public and private health sector organisations in isolation. Further investigation should be made of the opportunities for in-country training to be conducted by Australian institutes in conjunction with counterparts in Thailand. An integrated industry approach should be developed by DSHS in conjunction with AusAID and specific appropriate funding for DSHS's role should be provided.

13.72 The Committee recommends:

**Recommendation 33: That the Department of Human Services and Health and AusAID examine the possibility of greater input from Australian non-government organisations to collaborative activities with Thailand on health promotion, preventive health measures and in-country training of Thai health industry personnel.**

13.73 Because communicable diseases do not respect political borders, health issues should continue to be raised in the regional forums of WHO or APEC/ASEAN as well as bilaterally. The Committee notes the increasing contribution of the World Bank to international health programs in developing countries of South East Asia. It notes also the irritation expressed by DSHS with the regional WHO boundaries which separate Australia from South East Asian countries like Thailand with which we have historical links.

13.74 As discussed in Chapter 18, the United Nations High Commission for Refugees, with its overall responsibility for the welfare of refugees, is well placed to devise and implement programs relating to the health of refugees in neighbouring countries of South East Asia. As related elements of the UN framework, the Commission and WHO are able to strive jointly towards improving the health and welfare of refugees across political boundaries.

13.75 The Committee recommends:

**Recommendation 34: That the Australian Government exert pressure on the World Health Organisation:**

- . to realign its regional boundaries so that Australia and its neighbours in South East Asia, such as Thailand, Laos, Burma, Cambodia and Indonesia, are included in the same zone; and
- . in conjunction with the United Nations High Commission for Refugees, to develop and implement programs directed towards alleviation of the health problems of:
  - . Thailand's nationals and refugees within its borders; and
  - . its immediate neighbours Burma, Laos and Cambodia.

## CHAPTER 14: HUMAN RIGHTS, LEGAL AND LAW ENFORCEMENT ISSUES

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### Introduction

14.1 In addition to other shared connections, Thailand and Australia have a broad range of interests in such areas as human rights, Australian legislation to combat so-called 'sex tours', treaty negotiations, prisoner exchange schemes and intellectual/industrial property and copyright issues. While Australian lawyers are greatly restricted in their ability to practice in Thailand, there is trade in legal services between the two countries. There are a number of connections between the professions in Australia and Thailand, and some emphasis is given to Asia in Australian law courses.

14.2 The Australian Federal Police (AFP) have close contacts with Thai authorities and these will be described in Chapter 19. Details of the assistance given by the Australian Attorney-General's (AGs) Department to the Office of Narcotics Control Board (ONCB) computer system project will also be given in Chapter 19 in the context of Thailand's difficulties with illegal drugs and narcotics.

### Human Rights in Thailand

14.3 The Thai Government has taken an active role in human rights issues and, according to DFAT, has generally received positive assessments from bodies interested in this area. Under the 1932 Constitution, Thai citizens were guaranteed such things as equality before the law and liberty of person, speech, association and publication. According to the Australian Council for Overseas Aid (ACFOA), there is a general acceptance of the universality of human rights in Thailand.<sup>1</sup>

14.4 There is a proposal to establish an ombudsman's office in Thailand and, in 1992, a Parliamentary Justice in Human Rights Commission was established with the power to make recommendations. Since 1992, the establishment of a National Commission on Human Rights has been under consideration and consultations were held with the then Australian Commissioner for Human Rights. Various interests within the government, such as the military, have differing views on this last proposal. The July 1995 election, and the changed composition of the coalition government mean the matter has not yet been resolved. Amnesty International Australia has concerns about the

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<sup>1</sup> Submissions, pp. 317, 1079; Transcript, 7 October 1994, p 705



independence of the proposed body, about its powers of investigation and whether it will be able to ensure offenders can be brought to justice.<sup>2</sup>

14.5 While prostitution is illegal in Thailand, the government has also sought to expand the protection of the right of freedom of speech and assembly, and to reduce child labour. While the legislative framework is in place, implementation and enforcement remains difficult.<sup>3</sup>

14.6 Australia has abolished the death penalty and is firmly against its use in other countries, whether in relation to our nationals or to other persons. Offences which attract the standard life imprisonment maximum penalty in this country attract the death penalty in a number of South East Asian countries. Although there have not been any executions for some years, there are a number of people under the sentence of death in Thailand. Amnesty suggested that the Australian Government should encourage the Thais to abolish the use of capital punishment.<sup>4</sup>

14.7 Amnesty also referred to the 21 people who were missing after the suppression of pro-democracy demonstrators in Bangkok in May 1992. It has concerns about treatment by the military of unarmed demonstrators and of conscripts during their military service. There are also reports of detention and ill-treatment of refugees from Burma, as well as harsh conditions in the Immigration Detention Centre (IDC) in Bangkok and in provincial centres. The situation confronting those seeking refuge Thailand will be dealt with in Chapter 18.<sup>5</sup>

14.8 Thailand has not acceded to the International Covenant on Civil and Political Rights (ICCPR). Amnesty believes accession would set an example to countries of the region, many of whom are not parties to the international instruments for the protection of human rights. Accession to and implementation of such instruments as the ICCPR is one of the steps in Australia's national action plan on human rights. Amnesty suggested the Australian Government should approach the Thai Government about the establishment of a national action plan. This would include a timetable for accession to the ICCPR and towards the abolition of the death penalty, together with commitments to protection of the freedom of speech and the rights of asylum seekers.<sup>6</sup>

14.9 Amnesty also recommended that human rights training be provided for the Thai military through AusAID in such areas as civil and political rights, minimum standards for the protection of detainees, the Geneva Conventions and their Protocols. Finally Amnesty suggested that AusAID should investigate the allocation of funds for projects related to human rights in Thailand.<sup>7</sup>

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2 Transcripts: 18 May 1994, p 349, 26 April 1994, pp. 34-35

3 Submissions, pp. 317-318; Transcript, 9 August 1994, p 428

4 Transcripts: 15 February 1995, p 759, 27 April 1994, p 179, 18 May 1994, pp. 344-345

5 Transcript, 18 May 1994, pp. 345-347, 350; Submissions, pp. 317-318

6 Transcript, 18 May 1994, pp. 347-348

7 Transcript, 18 May 1994, pp. 349-350

14.10 Under 1975 legislation, amended in 1991, freedom of association has only been granted to workers in the private sector. In 1993 the Thai Government passed legislation which improved maternity and overtime benefits for workers in state enterprises. Industrial relations issues will be considered in Chapter 16.<sup>8</sup>

14.11 Members of the Thai military are often accused of abusing human rights. This matter has been dealt with in this chapter, rather than in Chapter 7, because of the universality of human rights for all sections of the Thai community. The Committee has recommended, in its report **Officer Education: The Military After Next**, that at each stage of officer training courses, instruction be included on such topics as the rule of law, the individual's rights and the civil/military relationship.<sup>9</sup>

14.12 Instruction on appropriate standards of human rights should be included for all foreign students in the ADF's courses. Despite the Committee having made two reports on human rights and mention of the subject in a third, on Indonesia, it is still not apparent how much training foreign students actually receive on the subject at these courses. The Government's response to the Committee's report **Australia's Relations with Indonesia** stated that all foreign students receive 'the same periods of instruction regarding international humanitarian law as their ADF counterparts. This training is designed to improve leadership skills, to impart professional and technical expertise, and generally to create a more effective atmosphere for cooperation in external defence activities.'

14.13 During these courses or while they are attached to the ADF, foreign students are also exposed to the ADF ethos and Australian values in general and to issues of conscience, which include human rights. Current ADF directives also require operational units to include such training in exercises. Professional and technical training by ADF personnel, which incorporates Law of Armed Conflict and human rights elements as appropriate, is also included.<sup>10</sup>

14.14 The value of this training, and the impact of exposure to the ADF ethos and Australian values, cannot be under-estimated and has already been referred to in Chapter 7. The emphasis in these courses does seem, however, to be on the acquisition of professional military skills and on knowledge of international humanitarian law only in passing. In its report **A Review of Australia's Efforts to Promote and Protect Human Rights**, the Committee said it was satisfied that foreign students who attend such courses would be less likely to abuse human rights and that their respect for law and due process would be enhanced. The Committee expressed a wish, however, to see much more explicit, detailed and extensive human rights components to courses offered to foreign students, incorporating:

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8 Submissions, p 318

9 JSCFADT, 1995, Recommendation 4, p 141

10 **Hansard**, Senate, 2 June 1994, p 1238

- the constraints necessary on military forces to preserve human rights;
- the international covenants which address human rights issues;
- the inappropriateness of using military forces in domestic situations, and
- the importance that military forces which use excessive force in a civilian context are subject to due process in civilian courts.<sup>11</sup>

### 'Sex Tour' Legislation

14.15 The issue of child prostitution and the activities of foreign paedophiles in Asian countries including Thailand have received considerable publicity in Australia over recent years. These countries have asked other nations which send many tourists to enact legislation against a range of crimes against children. There is a close connection between child prostitution, tourism, rural poverty, consumerism and crime. At a meeting of the Australian Standing Committee of Attorneys-General in June 1993, the following strategy was agreed:

- the creation of criminal offences for intercourse or indecent acts with a child under 16 years of age outside Australia, and for the organising, promoting or profiting from child sex tourism;
- the development of closer law enforcement cooperation between Australian agencies and their counterparts in selected countries to combat child sex tourism involving Australians, and
- the encouragement of further specific international action to eradicate child sex tourism and to protect the rights of children.<sup>12</sup>

14.16 As a result, the *Crimes (Child Sex Tourism) Amendment Act 1994*<sup>13</sup> was passed to provide a means whereby Australian citizens or residents can be prosecuted in this country for sexual conduct committed in other countries. These measures are intended to deter and to provide a net to catch offenders who are found to have escaped the criminal justice system of the country where the acts occurred. It is also intended that the primary responsibility for protecting children from sexual exploitation continues to rest with the country where the children are exploited.<sup>14</sup>

11 JSCFADT, 1994, p 78

12 Submissions, pp. 926-927, 275

13 The first prosecution under this legislation was about to commence at the time this report was finalised.

14 Submissions, p 218

14.17 As necessary, investigations will be conducted overseas and statements can be taken from the child or children concerned and other witnesses. The legislation also allows for video link evidence to be taken in courts.<sup>15</sup>

14.18 This legislation has been welcomed because it attempts to solve a serious human rights problem in other countries which involves conduct reflecting adversely on Australia. Its existence sends clear messages that paedophilia is unacceptable, that this country is prepared to deal with offences at their source. A number of countries, such as the US, Canada, New Zealand, Sweden and Germany, have shown an interest in the legislation.<sup>16</sup>

### Treaty Negotiations with Thailand

14.19 Australia and Thailand have been attempting to negotiate an extradition treaty since 1988 but the matter remains unresolved because of the issue of the death penalty. Because of the Royal prerogative to commute death sentences, the Thais are not able to give the required undertaking that the penalty, if imposed, would not be carried out. Despite the absence of a treaty, Thai authorities cooperate in the criminal justice field and consider requests for extradition which are put to them. Thailand cannot be seen as a haven for Australians wanted for serious offences.<sup>17</sup>

14.20 While Australia is keen to enter mutual assistance treaty negotiations with Thailand, the inclusion of the death penalty as a discretionary ground of refusal of assistance has attracted the same difficulties for Thailand as did the extradition treaty. Where money laundering is involved this is unfortunate as mutual assistance treaty arrangements are the usual way of dealing with this issue.<sup>18</sup>

14.21 Australia is a member of the Financial Action Task Force (FATF) which was established by the G7 group of countries in 1989 to promote cooperation between countries to counter the money laundering activities of organised crime. It is not a formal international organisation but its members are the OECD countries and Hong Kong, Singapore, Japan and New Zealand. Thailand is not a member but has been involved in symposiums and discussions arranged by FATF. It has been encouraged to adopt and implement the 40 recommendations developed by FATF which constitute a comprehensive set of anti-money laundering measures.<sup>19</sup>

15 Transcript, 27 April 1994, p 184

16 Transcripts: 9 August 1994, pp. 427-428, 7 October 1994, pp. 700-701, 705, 708

17 Submissions, p 211; Transcripts: 27 April 1994, pp. 173-174, 15 February 1995, p 768

18 Submissions, pp. 211-212; Transcript, 27 April 1994, p 172

19 Submissions, pp. 216-217; Transcript, 27 April 1994, p 172

## Prisoner Exchange Schemes

14.22 There are more than 20 Australian prisoners in Thai gaols, mostly for drug-related offences, the highest number in any single foreign country. Conditions in these gaols are poor, and the prison system reportedly faces a crisis because of the number of prisoners with HIV/AIDS and the limited facilities available for treatment and care. In 1994, during the visit of the then Thai Minister for Foreign Affairs, the two countries reached an in-principle agreement to negotiate a bilateral prisoner exchange agreement. Australian prisoners who have served a proportion of their sentences would be returned by agreement to serve the balance of their sentences in Australian gaols.<sup>20</sup>

14.23 AGs advised that transferring prisoners to Australia will be a reasonably complex legislative process. It requires complementary Commonwealth and State legislation and there also needs to be an arrangement between Australia and the foreign country. Such an agreement would have to include consultation about such things as early release arrangements. Because of Australian opposition to the death penalty, there is a statutory prohibition on the extradition of an Australian prisoner in a foreign gaol subject to that penalty. There would be no case for the transfer of such a prisoner to this country.<sup>21</sup>

14.24 Australian prisoners have been released from Thai gaols as a result of Royal pardons.<sup>22</sup>

## Intellectual/Industrial Property and Copyright Issues

14.25 For many years Thailand was a country where, in spite of the existence of laws, piracy of copyright material was very widespread. The United States targeted Thailand as a priority foreign country under Section 301 of its Trade Act which meant the Thais were in the first league of offenders for failing to protect intellectual property. Thailand is now reported to be in a less serious position in relation to Section 301 than it used to be. A new copyright law to protect computer software which came into operation on 21 March 1995 appears to be deterring the sale of pirated material in Bangkok. Successive governments have made efforts to bring in laws to avoid the threat of retaliatory action it faced from the US while Thailand was a priority foreign country.<sup>23</sup>

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20 Submissions, p 274; Transcript, 15 February 1995, pp. 757-758; **The Sydney Morning Herald**, 22 March 1994, p 8; **The Canberra Times**, 9 August 1994, p 5

21 Transcript, 15 February 1995, pp. 757, 759-760

22 **The Age**, 2 December 1994, p 1; **The Courier Mail**, 18 July 1995, p 2

23 Transcript, 27 April 1994, p 178; **The Australian Financial Review**, 1 May 1995, p 7; **Far Eastern Economic Review**, 15 June 1995, p 66; Submissions, p 999

14.26 As a member of the General Agreement on Tariffs and Trade, now the World Trade Organisation (WTO), Thailand will have to comply with the provisions of the December 1993 agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS). As a developing country it will have a number of years in which to implement its obligations but, with regard to enforcement, these are quite detailed. Thailand is therefore considering the changes it will need to make to its laws to make them consistent with its obligations under TRIPS. It wishes to arrive at a system which will be internationally acceptable and remove the difficulties it has had with the US and other nations. The Thais have sought assistance from the Australian Intellectual Property Organisation (AIPO).<sup>24</sup>

14.27 AIPO has had a long association with Thailand about industrial property, patents, trade marks and designs. Over about ten years it has conducted about 300 free searches of its records for applicants in Thailand. It has also had a long association in training of staff: examiners, administrative staff and computer personnel. Some of this training has been carried out bilaterally and some through the World Intellectual Property Organisation (WIPO) under UN funding. While Thailand has a framework for the protection of patents, trade marks and designs enforcement remains a problem.<sup>25</sup>

14.28 The Department of Industry, Science and Technology (DIST) advised that while Thailand's priority in addressing counterfeit issues had been directed against breaches of copyright, steps were being taken to deal with problems in the trade mark field. The proposed establishment of a special intellectual property court will assist in the development of greater expertise in Thailand in industrial property matters. There are now discussions between officials of the two countries to establish more formal, collaborative arrangements for developing an industrial property infrastructure within the wider intellectual property framework.<sup>26</sup>

14.29 The Australian Record Industry Association (ARIA) drew attention to the importance of bilateral intellectual property agreements in the region where copyright piracy has traditionally been a problem. The Association estimated that this piracy costs the industry at least \$A5 million per year and perhaps as much as \$A10 million per year. Australia has been active in seeking greater protection for its exporters of goods and services which rely on intellectual property protection. As in the industrial property area, enforcement of Thai laws has been the problem, but ARIA commented that there had been a significant change in the Thai market. From 95 per cent of the available material being illegal, about 50 per cent of tapes and cassettes were now covered by copyright.<sup>27</sup>

14.30 Australia and Thailand are negotiating a Memorandum of Understanding (MOU) covering mutual assistance with intellectual property which will be broadly

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24 Transcripts: 27 April 1994, p 178, 7 October 1994, pp. 744-745

25 Transcript, 7 October 1994, p 744; Submissions, p 999

26 Submissions, pp. 999-1000

27 Submissions, pp. 62, 65; Transcript, 18 May 1994, p 302

defined to include trade marks, patents and designs, as well as copyright. The focus of activity under the MOU, when it is concluded, is expected to be training in the industrial property area.<sup>28</sup>

### Australia and the Thai Legal Profession

14.31 Section 35 of Thailand's *Lawyers Act 1991* states that Thai nationality is one requirement in applying for registration and a licence to practice as a lawyer. There are also ownership restrictions which, while in effect permitting joint ventures with minority foreign ownership, operate within closely regulated forms of association with Thai legal firms. As was pointed out in Chapter 4, the Treaty of Amity and Economic Relations between the US and Thailand puts other foreigners at some disadvantage in business and in the practice of the professions. If a revised Alien Business Bill is passed by the Thai Parliament, the current exemption from the operation of the law for foreign nationals and companies covered by such a Treaty will not be included in that new law.<sup>29</sup>

14.32 Mr Vincent Milton of Allen Allen & Hemsley pointed out that liberalisation of the service sector, particularly the legal profession, is politically sensitive in Thailand and quoted an article by the President of the Lawyer's Council which supported this view. Mr Milton recommended that a program be set up to transfer knowledge, expertise and technology to assist the legal education system and the profession in Thailand. He believed that there was interest in Thailand in the corporate, commercial, finance, banking and tax law areas. Some of these areas are under review in Thailand.<sup>30</sup>

14.33 While there are no detailed statistics on either the import from or export of legal services to Thailand, AGs estimated that exports were worth about \$A113 million and imports about \$A40 million. Bangkok is also a centre for the further export of legal services, particularly to Cambodia and Laos and possibly Burma.<sup>31</sup>

14.34 AGs provided some information on Australian firms which practice within the current rules in Thailand. It also gave details of the operations of the International Legal Services Advisory Council (ILSAC). This is a part-time body which provides a consultative forum for private and public sector interests on issues relevant to international legal issues. Its purpose is to improve Australia's international performance in the legal and related services area, and this is done in part by encouraging communication between the public and private sectors and the universities. ILSAC also

28 Transcript, 15 February 1995, p 762  
29 Submissions, p 757; Transcripts: 15 February 1995, p 765, 18 May 1994, pp. 315, 318, 319; Submissions, pp. 1066, 1069  
30 Submissions, pp. 757-758  
31 Transcript, 15 February 1995, pp. 765-766

fosters international legal cooperation and institutional links, undertakes research and disseminates information.<sup>32</sup>

14.35 ILSAC has not been asked to provide any specific legislative assistance and its Director, Mr John Tucker, said that because it deals mainly with trade-related issues, it would be difficult to do so. It has a committee, the Australian International Legal Cooperation (AILEC) Committee, which has a legal cooperation program directed at Vietnam, Cambodia and Laos.<sup>33</sup>

14.36 Because trade in intellectual property is an area of trade, one of ILSAC's other committees has been providing advice on the adoption in the region of international intellectual property instruments such as the Berne Convention.<sup>34</sup>

14.37 The University of Melbourne gave evidence on its contacts with Thailand and this was considered in Chapter 9. It has established the Asian Law Centre which has been developing expertise within Australia and courses on the laws of Asian countries. The Thais have used Australian law as models and have sent officials here to study in such areas as trade practices, insurance and bankruptcy. Laws have therefore subsequently been drafted using the Australian approach. One of the Centre's purposes is to maintain the contacts which have resulted from this process.<sup>35</sup>

14.38 The University of Melbourne has also included material on Asia into the core programs of key faculties. Thus all first year law students take a compulsory subject which compares Australian aboriginal experiences before and after 1788 and then compares these with Asian experiences, for example, the British impact on Malaysia. In 1994 the University initiated a dispute resolution program with Chulalongkorn University, and has also produced a legal guide to doing business in Asia which includes a chapter on Thailand.<sup>36</sup>

### The Committee's Views

14.39 Thailand's record on human rights issues, apart perhaps from some periods of military rule, has generally been good. In the 1990s it has sought, not always through to completion, to protect its citizens' rights further in a number of ways. There are a number of regional legal forums where action could be taken to improve human rights and the quality of justice and legal processes in Thailand and in the region generally.

32 Exhibit No 104, Document No 3, pp. 13-14, No 1 and No 2; Transcript, 15 February 1995, pp. 765, 756  
33 Transcript, 15 February 1995, pp. 761-762, 767  
34 Transcript, 15 February 1995, p 763  
35 Transcripts: 10 August 1994, pp. 511, 512-513, 27 April 1994, p 181  
36 Transcript, 10 August 1994, pp. 535-536, 516

14.40 The Committee recommends:

**Recommendation 35: That, at meetings of the Asian Attorneys-General forum, the Australian Government encourage common regional standards for the quality of justice and legal processes.**

14.41 It is a matter for great regret and concern that Thailand has not signed the ICCPR. Thailand is an important country in ASEAN and in South East Asia and it is reasonable to believe that, if it were to sign and ratify the ICCPR, other countries in its region would take note. The formulation of a national action plan on human rights, including a timetable for the signing and ratification of such instruments as the ICCPR, would be a powerful indication of its sincerity in this important matter.

14.42 The Committee recommends:

**Recommendation 36: That the Department of Foreign Affairs and Trade encourage Thailand to formulate a national action plan on human rights, with a view to its signing and ratifying such important human rights documents as the International Covenant on Civil and Political Rights as a matter of priority.**

14.43 The creation of a National Commission on Human Rights and an Ombudsman's Office, with appropriate powers and the ability to enforce their decisions, would be important developments in human rights in Thailand. Australia should offer to assist Thailand in the establishment of a such bodies with effective powers and appropriate resources.

14.44 The Committee recommends:

**Recommendation 37: That the Australian Government encourage Thailand to establish the National Commission on Human Rights and an Ombudsman's Office.**

14.45 Australia's position on the use of the death penalty is quite clear. While it would not be appropriate to make a recommendation on this matter, the Thai Government and other nations in South East Asia which still invoke it should be encouraged to use other means of punishing those convicted of serious crimes.

14.46 It would be desirable to have both an extradition treaty and a mutual assistance treaty with Thailand but given different views on the use of the death penalty, these are unlikely to be concluded. In the absence of an extradition treaty it is probably sufficient that the Thai authorities are sympathetic to requests for extradition to Australia and thus effectively remove Thailand as a haven for Australians who may contemplate seeking refuge there. Without a mutual assistance treaty it is more difficult to deal with

such things as money laundering, but adoption of the FATF recommendations throughout the region may help to reduce this activity.

14.47 An exchange scheme which would allow Australian prisoners to serve the balance of their sentences in this country would certainly be in the interests of those prisoners and remove them from the poor conditions in Thai gaols. It is therefore in the interests of both Thai and Australian authorities that the necessary Commonwealth and State legislation is passed as soon as possible.

14.48 The Committee recommends:

**Recommendation 38: That relevant authorities be encouraged, as a matter of priority, to enact appropriate Commonwealth and State legislation for the introduction and administration of a prisoner exchange scheme between Australia and Thailand.**

14.49 It is regrettable that there was ever a need for the *Crimes (Child Sex Tourism) Amendment Act 1994*. It remains to be seen how effective it will be in dealing with deeply repugnant actions by a small group of Australians.

14.50 It is not clear how much development assistance funding is provided to projects related to human rights in Thailand. It is also Australian government policy that there is no linkage of that assistance to human rights performance, and a change to this policy is not being suggested. The Australian Government has argued, however, that virtually all development assistance projects, such as those with a focus on women in development or poverty alleviation, have human rights implications. While this may be so, the specific human rights emphasis in the development assistance program to Thailand is not definable.<sup>37</sup>

14.51 The Committee recommends:

**Recommendation 39: That in its development assistance program, AusAID target projects which are directed towards improving human rights in Thailand.**

14.52 The difficulty of obtaining clear information on how much training on human rights is included in courses run by the ADF has been referred to earlier in this chapter, and in previous reports by this Committee.

14.53 The Committee recommends:

**Recommendation 40: That the Department of Defence enhance human rights training in Australian Defence Force courses.**

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37 Hansard, Senate, 2 June 1994, p 1241

14.54 The ending of the abuse of copyright and piracy of intellectual/industrial property by Thai nationals is very welcome, although progress towards this goal will not be particularly speedy. Enforcement of what is regarded as a reasonable legal framework is now Thailand's major problem and will remain so for the foreseeable future. This is an area where Australia has considerable expertise and has already been providing Thailand with assistance which should continue. The negotiations for the MOU should be completed as a matter of urgency for the framework it will provide in meeting the training needs of the Thais.

14.55 The Committee recommends:

**Recommendation 41:** That the Attorney-General's Department pursue the negotiations to finalise the Memorandum of Understanding with Thailand on the protection of intellectual property and, with the Department of Industry, Science and Technology, ensure that any assistance Thailand requests in the protection of copyright and intellectual/industrial property is provided.

14.56 There are already a number of links between the legal professions in Thailand and Australia and, if a program to transfer knowledge and technology were to be set up, it is not clear how this would be done most effectively. Because of its trade emphasis ILSAC is not the appropriate body. In any case such assistance could only be provided following a specific request from the Thai authorities. Should such a request, or requests, be received favourable consideration should be given. Australia's professional legal bodies may be able to assist.

14.57 The Committee recommends:

**Recommendation 42:** That the Attorney-General's Department respond positively to requests for legal knowledge or technology it might receive from Thailand, and encourage contributions from professional legal bodies.

14.58 The work being done with Thailand by the University of Melbourne, and its Asian Law Centre in particular, is very worthwhile. It would not be appropriate to make a recommendation on this subject, but the Committee believes that other universities could profitably follow the example which Melbourne has set with Thailand in relationships with other South East Asian countries.

## CHAPTER 15: MIGRATION AND TOURISM

### Introduction

15.1 While there is little permanent migration in either direction between Thailand and Australia, there have been some problems in the migration area, in the issue of visas and abuses of visitors' visas particularly. As was pointed out in Chapter 12, there is an increasing amount of tourism between the two countries. A challenge faces Australia: how to attract more of Thailand's wealthy middle class to this country. As mentioned in Chapter 9, many Thais have studied here since the Colombo Plan, and increasing numbers of Australians are now studying in Thailand.

15.2 Thailand's arrangements for refugees from neighbouring and South East Asian countries are considered in Chapter 18.

### Migration

15.3 The Department of Immigration and Ethnic Affairs (DIEA) drew attention to Thailand's cultural and family values, as well as its growing economy, in its explanation of the limited migration to this country. Since 1991/92, the following numbers of people born in Thailand have settled in Australia:<sup>1</sup>

1991/92	863
1992/93	686
1993/94	735
1994/95	799.

15.4 Submissions from individuals such as Mrs Punnee Buatara and Mr Sukhum Wongprasartsuk deal with the experience of migrants from Thailand to this country. The detail Mr Wongprasartsuk in particular provided was an impressive statement about what Australia had done for him, and how he and his family were contributing to this country. The submission from the Thai-Australian Association of NSW included a great deal of information on the range of its activities, including a language school for children, welfare work and an annual Loy Krathong Festival.<sup>2</sup>

1 Submissions, p 1191

2 Submissions, pp. 25-26, 31, 1162-1164

## Tourism

15.5 Tourism is important at a time when Australia is attempting to integrate itself into Asia. It earns revenue, increases awareness and understanding of individual cultures and values, and fosters closer political, trade and economic relations. It plays a particularly important role in the bilateral relationship with Thailand.<sup>3</sup>

15.6 Since 1988 the tourism market from Australia to Thailand has increased by between 70,000 to 80,000 people per year. The total departure figure from Thailand in 1993 was about 1.54 million, an 18 per cent increase on 1992. While only about 2 per cent of Thais appear to travel abroad, more are now visiting Australia than ever before.<sup>4</sup>

15.7 **Australian Tourism to Thailand.** Thailand now ranks as the third most popular Asian destination for Australians. In 1994, 205,187 Australians visited Thailand, about 3.2 per cent of arrivals which grew by 7 per cent to 6.17 million. A regrettable aspect of travel by Australians is the so-called 'sex tours' which were mentioned in Chapter 14 and against which the *Crimes (Child Sex Tourism) Amendment Act 1994* was directed.<sup>5</sup>

15.8 As mentioned in Chapter 12, QANTAS estimates that more than 200,000 passengers per year break their journey for a day or more in Bangkok during travel to and from Australia. This is a considerable boost to tourism in Thailand and is a result of QANTAS using Bangkok as a hub for its operations.<sup>6</sup>

15.9 **Thais Visiting Australia.** In 1994, 66,800 Thais visited Australia, a 44 per cent increase over 1993. It has been estimated that the Thais were the biggest spenders in a retail shopping centre on the Gold Coast, each spending about \$A280 per two hour visit. The Australian Tourist Commission (ATC) has been actively marketing Australia as a tourist destination in Thailand for the last ten years and it is now one of our fastest growing inbound markets. Local representation in this market began in 1986. Our image as a holiday destination in Thailand is reasonably strong, but key competitors such as Europe, the USA, Japan and Singapore also rank highly. Tourism from Thailand remains a relatively minor source, accounting for only 2 per cent of total arrivals in Australia in 1994.<sup>7</sup>

15.10 In Thailand the ATC attempts to promote Australia as a status, value-for-money country which offers a wide variety of things to see and do. It also positions this country as a unique destination which only involves short/medium travel times, where major cities and other attractions can be reached easily. The variety of resorts offering

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3 Submissions, pp. 1, 649, 751

4 Submissions, pp. 1194-1195, 649

5 Submissions, pp. 1194, 933

6 Submissions, p 1207

7 Submissions, pp. 1194, 750-751; Transcript, 7 October 1994, p 694

luxury holiday accommodation, with special interests such as golf, are important attractions.

15.11 The ATC believes that proximity to Thailand, an increasing awareness of and desire to visit and pricing initiatives have positioned Australia reasonably well to take advantage of increased travel from Thailand. It is keen to see an increase in air services between the two countries because, in the March/April peak and increasingly in October and December, there have been shortages of seats. Finally, the ATC is of the view that there is strong potential for increasing the market from Thailand over the next decade.<sup>8</sup>

15.12 The latest Tourism Forecasting Council report refers to the expanding middle class and the desire to experience Western culture, as well as the increased social importance of travel. Australia appears to be well placed to capitalise on growth in important market segments, including adventure travel, eco-tourism and the 2000 Olympics in Sydney. Visitor arrivals from Thailand are forecast to increase from 92,000 in 1995 to 235,000 in 2000 and 309,000 in 2003.<sup>9</sup>

15.13 Mr K N Dunstan of Tourism Techniques made a number of suggestions to encourage tourism from Thailand. The industry could be encouraged by revising the Export Market Development Grants (EMDG) scheme, or by developing a modest Emerging Markets Incentive scheme which provides incentives such as reimbursement of expenses incurred in the development of new markets. He also believed that more missions and agent familiarisation visits should be supported to show that the government is serious about offering direction to the market in Thailand. He suggested that a stronger ATC presence in Thailand with more market-specific cooperative activities would also help the industry. Finally, he felt that smoother visa issuing procedures would assist processing of applications.<sup>10</sup>

15.14 The Inbound Tourism Organisation of Australia Ltd (ITOA) represents that sector of the tourist industry which promotes and sells Australia as a tourist destination and/or provides services to visitors during their stay. It has more than 500 members. While it noted that tourism has grown from a low base, it is concerned about airline capacity and the issue of visas.<sup>11</sup>

15.15 ITOA referred to the imbalance in passenger loads in favour of QANTAS, compared with Thai Airways, which was mentioned in Chapter 12. It suggested that QANTAS' success appears to be the reason why Thai authorities are reluctant to agree to capacity increases on the Sydney-Bangkok route.

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8 Submissions, pp. 750-751; Transcript, 7 October 1994, p 693

9 Submissions, pp. 1195, 1196

10 Submissions, p 5

11 Submissions, p 1104



15.16 ITOA also drew attention to tactics used in examining visa applications, whereby women aged between say 18 and 30 years could be rejected out of hand. Other applicants are asked 'probing questions' about their finances. Many in Asia, it suggested, regard our visa system as evidence the previous White Australia Policy is still alive. The organisation observed that unsuccessful applicants are unlikely to protest or appeal, nor are they likely to provide additional information which will not guarantee success.

15.17 While ITOA is aware of the difficulties involved in processing visa applications, it points out there is a growing tendency for Thais to leave their decisions to travel until two weeks before the departure date. This does not leave much time to satisfy migration requirements and, if further information is required, the chances of getting a visa are substantially reduced. It quoted a case in which applications were lodged at the Embassy by an agent in Bangkok, involving a five hour round trip through the traffic. ITOA observed that in such circumstances it is a wonder that tourism to Australia has been able to develop.

15.18 ITOA made recommendations to an inquiry by the Joint Standing Committee on Migration and believes that they are relevant to the situation as it applies to Thailand:

- the onus of proof on applications for visas should be altered so that applicants would only be rejected when it is considered *bona fides* were not as claimed, and
- procedures for issuing visas should be critically examined and a more efficient system introduced.<sup>12</sup>

## Visas for Entry to Australia

15.19 DIEA gave evidence that Thailand presents some difficulties to migration officials because of immigration fraud and malpractice, and the existence of organised prostitution networks in the region. The visitor visa system is abused by syndicates in Sydney, Melbourne and Brisbane which organise the entry into Australia of Thai and other women to work in the sex industry. The organisation of the racket is so efficient that it has been reported that a woman who departs Australia, voluntarily or otherwise, can return in as little as two weeks with a new identity, including passport and valid visa.<sup>13</sup>

15.20 A joint DIEA-Australian Federal Police (AFP) operation in 1992 resulted in the apprehension of over 40 Thai women working in the sex industry who were using valid passports in which other photos had been substituted. This operation was able to

establish patterns of travel by Thai prostitutes, and the recipients of funds which are believed to be the profits of prostitution. The AFP had estimated that one syndicate had made over \$A4 million in four or five years and links have been established between organisers of prostitution and organised crime. DIEA staff in Bangkok have built up profiles to reduce this problem which the department does not see as the overriding issue in its operations in Thailand.<sup>14</sup>

15.21 Thailand's location on the main east-west transport corridor makes it an attractive base for illegal migration networks. It has large numbers of illegal workers from neighbouring countries and some of its own labour force also seeks to work abroad illegally, for example in Japan. Australia places a high priority on information exchanges to achieve regional cooperation in this matter.<sup>15</sup>

15.22 In 1994 about 45,000 visitors' visas for Australia were issued in Bangkok. In 1992/93, 1417 student visas were issued in Thailand, in 1993/94, 1978 and in 1994/95, 2637. Most of these students will return to Thailand at the end of their courses, as most of their predecessors did. Among visitors in general the overstay rate is about 0.2 per cent, for Thais it is 0.5 per cent. For Thai students it is 0.2 per cent and, in the English language study area, less than 2 per cent overstay their visas.<sup>16</sup>

15.23 The Australian tourism industry is keen to ensure that, whatever visa arrangements are in place, they do not adversely impact on Australia's attractiveness as a destination. It believes that tourism interests need to be balanced with other interests such as overall security.<sup>17</sup>

15.24 DIEA, and other witnesses, referred to difficulties which occur from time to time about the treatment of a Thai business person or tourist going through Australian Customs on their way into this country.<sup>18</sup>

## The Committee's Views

15.25 Migration is an area which raises a great many difficult issues, such as the conditions under which visas are issued and the reasons for overstay rates. As the Joint Standing Committee on Migration is scheduled to report later in this Parliament, it would not be proper for recommendations to be made on this subject in this report. The various concerns expressed during this inquiry have been passed to the Migration Committee.

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14 Submissions, pp. 403-404, 926; Transcript, 27 April 1994, pp. 148-149

15 Submissions, p 404; Transcript, 27 April 1994, p 149

16 Submissions, pp. 403, 1191; Transcript, 27 April 1994, pp. 146, 161, 148

17 Transcript, 7 October 1994, pp. 691, 701

18 Transcripts: 27 April 1994, p 152, 10 August 1994, pp. 552, 554-555

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12 Submissions, p 1105

13 Submissions, p 403



15.26 Given the substantial increase of tourists projected to come from Thailand between now and 2003, it will be necessary to ensure that markets here are carefully defined and well targeted in Thailand. Australia seems to have what the Thai middle class wants, a sufficient variety of attractions and at a price it likes. Given these factors, rather than simply focusing on the Olympic Games in Sydney in 2000, the ATC should be concentrating on developing packages for wide-ranging programs before and after the Games.

15.27 When Committee members were in Bangkok in 1994, an executive of the Thailand Tourism Authority, who had been its representative in Sydney, referred to the interest in eco-tourism in Thailand. There is interest in this subject, and the tourism industry generally, at James Cook University in Townsville, and it seems there are opportunities which could be taken up in this field.

15.28 Both Mr Dunstan and ITOA made recommendations, other than those on visas, which could be useful to the industry and these should be examined. ITOA's concerns about visa applications for women between 18 and 30 years being rejected is ironic in terms of DIEA's evidence about the apparent ease with which people seem to be able to return to this country. In the course of this inquiry, the Act which deals with the implementation of the EMDG scheme was amended to include the tourism industry.

15.29 The Committee recommends:

**Recommendation 43: That the Department of Tourism and the Australian Tourism Commission examine:**

- . the creation of an Emerging Markets Incentive scheme for the tourism industry; and
- . the development of a stronger Australian Tourism Commission presence in Thailand.

**Recommendation 44: That the Department of Tourism and the Australian Tourism Commission approach the tourism industry and such bodies as James Cook University about the development of training courses on eco-tourism to take advantage of the emerging interest in this form of tourism in Thailand.**

## CHAPTER 16: INDUSTRIAL RELATIONS ISSUES

### Introduction

16.1 Australia's industrial relations contacts with Thailand are limited, relating to common membership of the International Labor Organisation (ILO) and an occupational health project. Other industrial relations issues of interest to Australia include Thailand's ratification of international conventions and the code of conduct for Australian employers operating overseas, about which a recommendation was made in Chapter 5. Thailand has made some important moves to reform its labour laws and there appear to be areas where assistance could be provided by Australia.

### Industrial Relations Contacts Overseas

16.2 Australia's Department of Industrial Relations (DIR) has an International Branch and it is the leading portfolio in relation to ILO matters. In particular, it prepares Australia's reports for the ILO on the conventions we have ratified following consultation with the State and Territory governments. Copies of these reports are provided to the Australian Council of Trade Unions (ACTU) and the Australian Chamber of Commerce and Industry (ACCI), both of which bodies have standing to approach the ILO independently. The Department of Foreign Affairs and Trade plays a role in broader political issues which might arise at ILO conferences, and makes any reports which might be required on Australian companies operating overseas.<sup>1</sup>

### Industrial Relations in Thailand

16.3 In its submission, the ACTU expressed the view that any inquiry into Australia's relations with Thailand should include consideration of worker and trade union rights. There is a dark side to Thailand's economic growth. Income disparities have grown, so that urban areas have achieved far more than the rural majority. Industrial workers have made great contributions to economic growth but they have not received adequate rewards for their labour. Their lives have been characterised by low wages, lack of secure employment, little or no compensation for illness, injury or overtime, unhealthy working conditions, inadequate housing and limited access to education. Widespread exploitation of women and children is well documented.<sup>2</sup>

1 Transcript, 15 February 1995, pp. 799, 803, 795

2 Submissions, p 1086; Exhibit No 106, pp. 484-485

16.4 The ACTU submission noted the contribution of the Thai union congresses to the pro-democracy movement which led to the formation of a civilian government in 1992. The ACTU also referred to Acts of 1975 and 1992 which dissolved trade unions in the public sector and severely restricted the right of more than 200,000 workers to organise unions in public enterprises. Workers in these bodies can form a single 'association' after 30 per cent of its employees submit a petition to the Labour Ministry to register such a body. A number of these associations have maintained affiliations with their predecessor unions and with international labour organisations. Domestic workers and agricultural workers are also excluded from organising unions by this law.<sup>3</sup>

16.5 During their 1994 discussions with labour leaders now in the Thai Senate, Committee members were told of a legal provision which allowed ten workers to form an association in an enterprise. The employer's attitude was crucial and in some organisations only 5 or 10 per cent join, in others it could be 100 per cent. There were other factors which have an impact on membership, such as shift work and the time this gives to carry out association work. It was suggested that this was as much a hindrance as employers' attitudes.

16.6 The 1975 Act, in particular, was crucial to the structure of the labour movement. In an article by Professor Kevin Hewison and Mr Andrew Brown, it was stated that following the coup in 1991, the Act was amended and the union movement was placed under considerable pressure as the military launched a sustained offensive against organised labour. This included the disappearance and probable murder of at least one leader in 1991, to which the ACTU referred in its submission. The movement was reduced to about 150,000 employees in the private sector, lost most of its knowledgeable and experienced leaders and saw a number of unions, federations and councils reformed or dissolved.<sup>4</sup>

16.7 The same article also stated that the power of private sector unions was also attacked by reducing the support available during disputation, the introduction of secret ballots and a strengthening of the ministry's role in enforcing regulations. The 1991 amendments placed additional obstacles in the path of private sector unions and the capacity of unions generally to represent their members adequately was greatly reduced.<sup>5</sup>

16.8 Under the Chuan Government (1992 to 1995), the environment for the labour movement improved. In September 1993, the Ministry of Labour was created to take over functions which had previously been the responsibility of the powerful Ministry of the Interior. The new ministry reflected a change from the government's traditional tendency to view organised labour as a security problem. It is not yet clear whether there will be any change of attitude under the Banharn Government.<sup>6</sup>

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3 Submissions, pp. 1086, 318  
4 Exhibit No 106, pp. 507-508; Submissions, pp. 1089-1090  
5 Exhibit No 106, pp. 506-507  
6 Submissions, p 318

16.9 According to the ACTU, the right to organise and bargain collectively is recognised for the private sector, although unionists continue to be subject to anti-union discrimination. Employers can take on new workers to replace those who go on strike and the Ministry of Labour may issue an order to prevent a strike, or to order strikers to return to work. Less than 3 per cent of the total Thai workforce, or about 12 per cent of the industrial workforce, is organised and, given the legal position, it is not surprising the labour movement is fragmented with a proliferation of small unions grouped into seven national federations.<sup>7</sup>

16.10 The ACTU referred to the disastrous fire in the Kader toy factory in May 1993 in which 174 workers were suffocated, fatally burned and even trampled to death. Another 469 were injured trying to escape from one of the three buildings incinerated in the blaze. It had no fire alarm, no sprinkler system, no fire hoses, no fire escape and some exits were locked or blocked. This fire was seen by Professor Hewison and Mr Brown as a symbol of a national development strategy which has emphasised economic growth with little regard for the human cost. As a result, some employers have been seen as greedy and insensitive to workers in dangerous and unhealthy conditions, and the role of corrupt officials and inefficiency was highlighted, as it was clear that even the most basic safety standards had not been enforced.<sup>8</sup>

16.11 Three months after the Kader fire, and the deaths of ten people in another factory fire, a poorly built hotel collapsed in central Thailand killing 133 people. The combination of these tragedies spurred the government to create a task force to inspect factories employing more than 100 people. Nearly two out of every three were found to violate existing safety laws and to lack both fire escapes and alarms.<sup>9</sup>

16.12 It was estimated in evidence to the inquiry that there are now over 50,000 factories of varying sizes in Thailand which have been operating at least until recently with few effective environmental controls and, in many cases, significant occupational health and safety deficiencies. Thai Government statistics show that industrial accidents have expanded with economic growth: from 50,00 in 1988 to 150,000 in 1992 which caused 784 deaths. It was estimated that there would be more than 200,000 accidents and over 1000 deaths in 1994.<sup>10</sup>

16.13 There is evidence of a lack of the most basic industrial health and safety standards in some factories: that in addition to faults already listed above from the Kader fire, for example workers are locked in their work places, unguarded machinery is common and electrical wiring is routinely left uncovered.<sup>11</sup>

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7 Submissions, pp. 1086, 1089  
8 **The Bulletin with Newsweek**, 13 December 1994, p 62; Exhibit Nos: 111, p 11, 106, pp. 508-509  
9 Exhibit No 111, p 11; **The Bulletin with Newsweek**, 13 December 1994, p 62  
10 Submissions, p 315; Transcript, 26 April 1994, p 16; **The Bulletin with Newsweek**, 13 December 1994, p 62  
11 Exhibit No 111, pp. 11-12; **The Bulletin with Newsweek**, 13 December 1994, pp. 60-61

16.14 The recruitment of child labour, dealt with below, is in addition to the widespread recruitment of poorly educated young girls from the country. They are attracted by the promise of wages which are good by rural standards to work in 'three in one' sweatshops, so-called because they are factory, storehouse and dormitory combined. Many die in such places because fires break out in the stored materials and spread to the dormitories where the workers are trapped behind barred windows and blocked exits.<sup>12</sup>

16.15 As was pointed out in Chapter 4, Thailand's strong economic performance was based on relatively low average labour costs. These advantages are not now as great in Thailand as they were because of more restrictive and competitive world markets. Countries such as Japan and Taiwan are concerned about rising costs and willing to move their operations to other countries such as the Philippines and Indonesia and southern China where wages and conditions are even lower than they are in Thailand. Pressures such as these go some way to explaining factory fires.<sup>13</sup>

### Thailand and the ILO

16.16 Thailand is a member of the ILO and has ratified 11 of its more important conventions, including the Forced Labour Convention (1930) and the Minimum Age (Underground Work Convention) signed in 1965, which were listed in the ACTU's submission. The last one Thailand signed, in 1967, was the Maximum Weight Convention. It has not signed other important conventions, such as freedom of association, collective bargaining, equality of opportunity in treatment or discrimination in employment.<sup>14</sup>

16.17 Once a convention has been ratified and integrated into national law, a state is required under the ILO's constitution to submit regular reports on its implementation. In 1994 reports were not received from Thailand and further information had not been received on the implementation of a number of specific conventions. Thailand's record in ratifying ILO conventions is broadly comparable with other countries in the region.<sup>15</sup>

16.18 An ILO Committee of Experts was concerned about allegations brought before the United Nations Sub-Commission on Prevention of Discrimination and Protection of Minorities that children were bought and sold in Thailand for work in private houses, restaurants, factories and brothels. Although there were laws for the protection of children, there is a lack of enforcement and child catchers and recruiters were operating in rural areas. This raises serious problems of human rights abuses. The

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12 **The Bulletin with Newsweek**, 13 December 1994, pp. 60-61  
13 **International Business Asia**, 1 September 1995, p 18  
14 Submissions, p 1092; Transcript, 15 February 1995, pp. 794-795  
15 Submissions, pp. 1087-1088; Transcript, 15 February 1995, pp. 794-795

ILO's Committee believed that the legal measures were limited in scope and that the sanctions available were not commensurate with the physical and moral harm to which the children could be exposed.<sup>16</sup>

16.19 At the 1994 conference on the application of ILO conventions which have been ratified, there were critical comments on Thailand's application of Convention No 29 on Forced Labour. The ACTU's submission includes the Report of the ILO's Committee of Experts on the operation of this convention. Thailand has obviously had concerns about its implementation of this convention and had sought technical assistance from the ILO. DIR pointed out that new labour laws were introduced into the Thai Parliament in 1994 but have not yet been passed. Among other measures, these laws would have prohibited child labour and reduced working hours.<sup>17</sup>

16.20 The Committee understands that Thailand is one of six countries which have volunteered to be involved in an ILO program on the use of child labour, which will be funded by Germany.<sup>18</sup>

16.21 The ACTU believed Australia's tri-partite involvement in the ILO should continue to be supported as an effective means of monitoring and ensuring continued international pressure on the Thai Government to respond more effectively to the issue of child labour.<sup>19</sup>

16.22 Thailand ratified ILO Convention 105, Abolition of Forced Labour, in 1957. The ILO's Committee of Experts noted that, while anti-Communist legislation had been adopted in the 1950s to protect the democratic system, it could be used as a means of political coercion and as a punishment for holding political views. This was incompatible with the Convention, as the penalties under one piece of legislation involved compulsory labour.<sup>20</sup>

16.23 The ILO has a tri-partite declaration dating from the mid-1970s on the operation of multi-national enterprises which is voluntary and seeks to promote good practice by those enterprises. The question of adherence is between the host government and the companies operating in that country.<sup>21</sup>

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16 Submissions, p 1088  
17 Transcript, 15 February 1995, pp. 800-801; Submissions, pp. 1093-1100  
18 Transcript, 15 February 1995, p 800  
19 Submissions, p 1090  
20 Submissions, pp. 1089, 1101-1103  
21 Transcript, 15 February 1995, pp. 798-799

## Child Labour

16.24 Child labour has already been mentioned in a number of contexts in this chapter and is a particularly serious concern in Thailand. In 1993 the ILO sent a mission to Thailand to investigate the issue. In the discussion on the report of the ILO Committee, the Thai Government's representative admitted the existence of child labour and children working under conditions of exploitation in Thailand. While laws exist in Thailand against the use of child labour, it was accepted that there was a problem in the area of enforcement of those laws. The ILO Conference in 1994 recorded its concerns about the existence of the problem and the ineffectiveness of the government's measures.<sup>22</sup>

## The ILO Project

16.25 A three year program of assistance has been funded through AusAID, called Australian Support of ILO Objectives in Asia (ASILO). One of the objectives of this program is the improvement of labour standards in the region and DIR referred to the importance of improving occupational health and safety standards as a means of achieving this objective. The Thai Ministry of Labour and Social Welfare, which was only established in 1993, has made a substantial contribution towards ensuring that the project is put into operation in its district offices.<sup>23</sup>

16.26 ASILO is a tri-partite project between DIR, the ACTU and the ACCI which has provided advice and training to labour ministries, employer organisations and unions in China, Indonesia, Malaysia, Vietnam and Thailand. Assistance to Thailand has been provided in occupational health and safety with the objective of developing a non-technical capacity to identify and deal with a range of occupational health problems. These include ventilation, lighting, temperature, protection against atmospheric contaminants, noise and vibration levels.<sup>24</sup>

16.27 A model training course for trainers was developed and independently evaluated in 1993 before a course for occupational health worker trainers was conducted. The Thai Government provided industrial health monitoring equipment to each of the Department of Labour's 111 offices in the country and increased the number of Regional Training Centres from three to 12. The cost to Australia is \$A1 million over three years, with some assistance in kind. The first phase of this ASILO program finishes at the end of 1995 and the ACTU recommended that the second phase should provide for increased opportunities for Australian involvement in Thailand.<sup>25</sup>

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22 Submissions, p 1088

23 Transcript, 15 February 1995, pp. 793-794; Submissions, p 1144

24 Submissions, p 1144; Transcript, 15 February 1995, p 796

25 Submissions, pp. 1144, 1090-1091; Transcript, 15 February 1995, p 796

## ACFOA's Concerns

16.28 The Australian Council for Overseas Aid (ACFOA) recommended the adoption of internationally accepted standards for labour and the environment. As was pointed out in Chapter 5, it stated that Australian companies working in other countries in the region should be encouraged to adhere to Australian standards for health and safety for environmental impact and management. Another important Australian non-government organisation, Community Aid Abroad, has also called for such a code of conduct.<sup>26</sup>

16.29 ACFOA referred to the differences between Australian and Thai law and its understanding that many areas of occupational health and safety were substantially below international standards. Factory fires have been the most blatant example of these deficiencies. Its agencies were also particularly concerned about the exploitation of women in the Thai industrial sector and urged that involvement by Australian companies is completely in line with national and international standards.<sup>27</sup>

16.30 ACFOA is also concerned about the imports of manufactured goods from Thailand which have been produced in conditions which do not comply with ILO Conventions.<sup>28</sup>

## Working Party on Labour Standards in the Region

16.31 In 1994 a tri-partite working party was set up within the DFAT portfolio, but with assistance from AusAID and DIR, to examine a range of issues concerning labour standards in the Asia-Pacific region, including:

- . the commitment to labour standards, defined by UN human rights and ILO conventions, among our trading partners in the Asia-Pacific region;
- . the nature and effectiveness of current Australian Government, unions, and non-government organisations to assist our trading partners to meet the labour standards referred to above;
- . the nature and effectiveness of measures which could be taken to address the labour standards referred to;

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26 Submissions, p 901; Transcript, 7 October 1994, pp. 704-705, 710-711; *The Age*, 14 August 1995, p 12

27 Transcript, 7 October 1994, pp. 704-705, 710-711; Submissions, p 901

28 Submissions, p 901

the likely effect of extending existing measures and introducing new measures, taking into account resources and the impact of implementation of each measure on the others, and

the development of worker institutions and modern industrial relations policies and practices among these trading partners, and the effects of these policies and practices on the economic development of the region.<sup>29</sup>

16.32 The Chair of this working party is the Hon Michael Duffy MP and the other members are the President of the ACTU, the National Chief Executive of the Australian Chamber of Manufacturers, the Director, Marketing and Industry Policy, NSW Chamber of Manufacturers and the Director of International Trade Strategies, a Melbourne consultancy firm. The working party is expected to report late in 1995.<sup>30</sup>

### The Committee's Views

16.33 The Committee believes that, as a matter of principle, Australian businesses operating overseas should maintain the same industrial health and safety standards for their foreign workers as are maintained in Australia. We also believe this matter should be taken up at the ILO so that other Western countries operating in developing nations provide the same standards for their foreign workers as would be provided in the country of principal domicile. Fires and the general conditions in some Thai factories show that the ILO's voluntary declaration on the operation of multi-national enterprises is not effective and should be replaced by an ILO convention.

16.34 The Committee recommends:

**Recommendation No 45: That the Australian Government request the International Labor Organisation to adopt a convention to provide workers in foreign owned and/or operated businesses in developing countries with the same industrial health and safety standards as apply in the country of principal domicile.**

16.35 The Thai Government last ratified an ILO Convention in 1967. It would assist its reputation if it signed, ratified and then implemented effectively more of these Conventions. Its workers would undoubtedly benefit from these Conventions to combat the abuses set out in this chapter. Thailand is not the only country in the region which has not signed or ratified many ILO Conventions. The signing and ratification of such Conventions is consistent with the recommendation, in Chapter 14, that Thailand and

other regional countries be encouraged to sign and ratify such important human rights documents as the ICCPR.

16.36 The Committee recommends:

**Recommendation 46: That the Government of Thailand be encouraged to sign and ratify International Labor Organisation conventions as a matter of priority.**

16.37 Thailand's request to the ILO for assistance with the implementation of the Convention on Forced Labour, combined with the presentation of new labour laws to Parliament, shows that Thailand is serious about reforming its industrial relations laws. It has a Ministry of Labour which signifies an important change of attitude in dealing with organised labour. Volunteering for the German study of the use of child labour is another important move, but implementation of the results of studies and enforcement of laws are the crucial developments which are needed.

16.38 When Committee members were in Thailand in November 1994 they discussed the issue of the conduct of Australian companies there with former labour leaders who had been appointed to the Senate. Assurances were received that there were no complaints against Australian companies. ACFOA recommended Australian companies overseas abide by a code of conduct, and as was pointed out in Chapter 5, this very important code of conduct would need to have application world-wide, as it has implications for our reputation as a nation and our position on human rights.

16.39 However ineffective it has proved, the ILO's declaration on the operation of multi-national enterprises is a useful starting point for the conduct of Australian companies in Thailand. We have already recommended that it be replaced by an ILO convention. In Chapter 5, the Committee made a recommendation that it receive a report on the results of the tri-partite working party on labour standards, headed by Hon Michael Duffy MP, which is examining such issues, with specific reference to promulgation of the code and arrangements for any training which might be required. In advance of the report it is clear that, while there are problems in the implementation and enforcement of labour laws in Thailand, the dimensions of the problems have never been fully defined.

16.40 The Committee believes that, as its report has not been finalised, it would not be proper to make a recommendation relating to any areas where the tri-partite working party might draw conclusions or make recommendations. The Committee also believes that a survey of labour conditions related to Thailand's non-implementation of its labour laws would be worthwhile. This might be arranged by bilateral discussions, or it might be better handled as an ILO project.

16.41 The first phase of the ASILO program will finish at the end of 1995 and there is support for a four year second phase at a cost of \$A4 million, beginning in 1996.

29 Transcript, 15 February 1995, pp. 796-797, 798-799; Exhibit No 105; **The Australian Financial Review**, 26 July 1995, p 15

30 Exhibit No 105

Discussions on funding for this second phase are continuing between DIR and AusAID. The Committee supports the need for a second phase and believes it should also include more training in Australia.

16.42 The Committee recommends:

**Recommendation No 47:** That the Department of Industrial Relations and AusAID implement the second phase of the Australian Support of ILO Objectives in Asia (ASILO) program, including the emphasis on training in Australia.

16.43 Industrial relations in Thailand are a matter for its government but assistance from Australia is available if it is defined and requested. Thailand should be in no doubt that a range of assistance could be provided to improve the implementation and enforcement of its labour laws.

16.44 The Committee recommends:

**Recommendation 48:** That the Australian Government offer to assist Thailand in the development and implementation of labour laws which are in accordance with the Conventions of the International Labor Organisation.

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## PART FOUR: REGIONAL AND POLITICAL ISSUES

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## CHAPTER 17: THAILAND'S RELATIONS WITH ITS NEIGHBOURS

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### Introduction

17.1 Thailand is an important country in South East Asia, a member of APEC and one of the largest countries in ASEAN. Knowledge of its position in its region may assist in understanding why, from the Thai perspective, the relationship with Australia has not developed in the way which could have been expected.

17.2 Until the end of the Cold War, Thailand's policies towards its neighbours reflected its dependence on the United States. From 1945, Thai foreign policy was almost exclusively entwined with that of the US, varying only with the perceived Communist threat to Thailand. This connection resulted among other things in the Treaty of Economic Amity and Cooperation and Thai participation in the Vietnam War in the 1960s and 1970s.<sup>1</sup>

17.3 Throughout the 1980s, Thailand's relations with its neighbours were marked by hostility and conflict, and as recently as 1992 there were skirmishes with Burmese forces. It saw itself confronted by Vietnamese troops on the eastern border, after the invasion of Cambodia in 1979, and a domestic Communist insurgency supported from bases in Laos and western Cambodia which only ended in the late 1980s. It provided bases and material support for Cambodian resistance groups fighting the Vietnamese and their Cambodian allies. Thailand and Laos fought over disputed territory from December 1987 to February 1988.

17.4 The Chatichai Government (1988-1991) promulgated a policy of turning Indo-China from 'a battlefield into a market place'. This government coincided with international moves which reduced the threat from Cambodia and Vietnam and meant that Thailand was going to be free to concentrate on its economic needs and the region. Initially, therefore, this 'New Look Diplomacy' was driven by resources and Thailand's need for minerals, precious stones, timber, fish, gas and hydro-electricity because of domestic shortages.

17.5 Post-1988 attitudes should be seen in connection with subsequent comments by the then Army commander, General Chaovalit Yongchaiyut, about the 'development of economic cooperation, solidarity and prosperity in this *Suwannaphume*', or golden land, with Thailand at its centre. This was the term used for the region by Indian traders

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1 Exhibit No 107, p 188



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2000 years ago and its use echoes the 1940s nationalism of General Phibun and the need for strong armed forces in Thailand.<sup>2</sup>

17.6 Taken together, this concept and the new look diplomacy clearly demonstrate Thailand's regional aspirations. Added to these factors are such things as its continuing shortage of natural resources, jockeying with Indonesia as the major influence within ASEAN, historical enmities within the region and the roles of the various past, present and likely great powers in that region.

17.7 Thailand's initiatives for closer economic relations with its neighbours therefore also have a political dimension, with economic progress leading to physical security. Its relationships with its neighbours have two strands: the economic and provision of regional security which the Thais hope will follow. It therefore sees itself developing the countries of Indo-China and Burma and over time playing a facilitating role in integrating those countries into ASEAN, on that organisation's terms. Vietnam joined ASEAN in July 1995.<sup>3</sup>

## **Thailand's Relationships within ASEAN**

17.8 ASEAN came into existence in August 1967 in Bangkok and Thailand, with a well-developed and prosperous economy, is an influential member. The 'ASEAN way' of doing business is appropriate for the Thais who are renowned for the subtlety of their approach.<sup>4</sup>

17.9 ASEAN is central to Thailand's foreign policy. It has given priority to developing the organisation as a body which is strong enough to manage regional security issues without the involvement of the major powers. Thailand has therefore supported initiatives aimed to ensure regional security through preventive diplomacy, particularly the ASEAN Post Ministerial Conference (PMC) and its outgrowth, the ASEAN Regional Forum. It also sees itself as a link between its immediate neighbours and ASEAN, although its post-1988 focus on developing closer links with the states of Indo-China was received coolly by some other members. It supported the accession of Vietnam and Laos to the ASEAN Treaty of Amity and Cooperation and desires China to accede. As host of the 1994 ASEAN meeting, Thailand invited Burma to attend, and is also encouraging greater association by Cambodia, Laos and Vietnam with ASEAN.

17.10 Thailand's major relationship within ASEAN is with Malaysia. Common land borders and overlapping Exclusive Economic Zone (EEZ) maritime borders have led to disputes, notably on fishing rights. Muslim separatists operating across the border

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2 Exhibit No 84, pp. 4-5, 14-15

3 Material in this section was drawn from Submissions, pp. 320-321

4 Material in this section is drawn from Submissions, pp. 326-327; Transcript, 26 April 1994, pp. 4-5, 7; Exhibit No 1, p 17

in the south of Thailand have also caused tensions, as has the smuggling of Malaysian goods which undercut Thai products. Thailand competes with Malaysia for foreign investment and export markets, and Malaysia has generally become more assertive in the region. Thailand sees Malaysia as part of the economic triangle it would like to form with northern Sumatra in Indonesia. In March 1994, two senior Malaysian security analysts wrote an article which was critical of Thailand's development plans for its navy.<sup>5</sup>

17.11 While there are mild and continuing tensions in their relations, these two countries have increased their economic cooperation. They have discussed the Malaysia-Thailand-Indonesia Growth Triangle and the General Border Committee has given attention to economic development. There is some exporting of education services from Thailand to Malaysia, and the two-way trade between these neighbours is significant.<sup>6</sup>

17.12 Economic relations between Thailand and the Philippines are not intensive but, following visits to Thailand by President Ramos in late 1992 and to the Philippines by then Prime Minister Chuan in March 1993, the two countries agreed to exchange information on a range of issues. These included commercial matters, drug trafficking and the protection of tropical rain forests. With the withdrawal of the US from bases there in 1991, the Philippines has shown a renewed interest in regional economic and political links, including with Thailand.

17.13 In spite of a considerable rivalry for primacy within ASEAN, Thailand and Indonesia have cooperated smoothly on a variety of issues, including fisheries and military matters. Indonesia sponsored Thailand's membership of the Non-Aligned Movement in 1993 and mediates for Thailand in its relations with other Islamic states. The two countries also cooperated in the peace process in Cambodia and Thailand would like to include northern Sumatra in its southern economic growth triangle with Malaysia. While there is cooperation, competition between the two biggest members of ASEAN will continue.

17.14 Both Brunei Darussalam and Thailand are monarchies and share a wide range of public relations, cultural and sporting interests. There is significant investment from Brunei in Thailand. The presence of a large Thai labour force in Brunei's domestic sector is an important factor in the bilateral relationship. Two-way trade, predominantly Brunei's exports, is small.

17.15 Singapore and Thailand have cooperated politically and economically since ASEAN's inception. The economic relationship is important, as Singapore is Thailand's third largest trading partner, with the value of imports exceeding Thai exports. Thailand seeks Singaporean investment. Both countries are committed to economic liberalisation and, during a visit by Singapore's Prime Minister Goh Chok Tong in December 1993,

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5 *Far Eastern Economic Review*, 17 March 1994, p 30; Transcripts: 26 April 1994, p 37, 9 August 1994, pp. 404-405, 408, 413

6 Transcript, 10 August 1994, p 514

they agreed that ASEAN should move faster to institute AFTA. There was also an agreement that a Thai-Singapore Business Council be formed to pursue joint business ventures in the region. Despite this cooperation, there is some economic rivalry between the two countries, particularly about the economic development of the countries of Indo-China.

17.16 Thailand will remain an influential member of ASEAN, but it remains to be seen what impact additional members will have on the organisation and its way of doing business. Regional security, particularly concerns about the role China might play, may increasingly impinge on its more traditional emphases and this issue will be considered below. It is for this reason that Vietnam's relationship will be considered in its traditional regional context, even though it joined ASEAN in July 1995.

### Thailand's Relations with its Neighbours

17.17 With its rapidly growing economy and high regional and international profile, Thailand is of major significance to its near neighbours and those in Indo-China, and has been strongly interested in developing economic relations with them. It has also faced some problems arising from both its own relative economic strength and from ongoing internal conflicts in both Burma and Cambodia. As a result of these conflicts, Thailand has had to deal with large numbers of refugees from both these countries, and this subject will be considered in Chapter 18.<sup>7</sup>

17.18 **Burma.** Thailand's major concern in its relationship with Burma is national security. Bangkok wants to have a relationship with Rangoon which will allow peaceful settlement of four unresolved border disputes. Significantly, it also has major economic interests there, where it is in competition with the Chinese, and which it sees as part of a sub-regional economic quadrilateral with Laos and southern China. Finally, Thailand wishes to restrict the flow of illegal narcotics which are produced in the north east of Burma but for which Thailand is a major thoroughfare. This matter will be further considered in Chapter 19.<sup>8</sup>

17.19 For some time and generally with the rest of ASEAN, Thailand has had a policy of 'constructive engagement' through which it seeks to encourage the Burmese government towards greater respect for human rights and for democratic principles. The picture is more complex than the Thais maintain, because the relationship is pressured by commercial contacts at private and semi-official levels which reflect a continuation of a traditional relationship. They have argued that the best way to change things in Burma is to engage the State Law and Order Council (SLORC) in dialogue and to have cooperative dealings with it rather than isolating it, as some governments have urged.

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7 Exhibit No 1, p 17

8 Material for this sub-section was based on Submissions, pp. 321-322, 328; Transcript, 26 April 1994, pp. 8-9

17.20 Before and since the SLORC took power in Burma in 1988, Thailand has generously provided 'temporary sanctuary' to people of Burma's ethnic minorities who have crossed the border to escape conflicts along the border and in the north east. The number of such refugees in Thailand cannot be established with accuracy and varies with the intensity of fighting, but at any time is at least 70,000 people. In addition, there are 2000 or more political dissidents and student activists in Thailand who have not been given refugee status.

17.21 Thailand also hosts an unknown number, perhaps as many as 300,000, illegal immigrants from Burma. It has refused to authorise the United Nations High Commissioner for Refugees (UNHCR) to operate freely, but certain non-government organisations are allowed to provide services in border camps through the Burma Border Consortium. The overall refugee situation in Thailand is dealt with in Chapter 18.

17.22 There have been a number of problems between the two countries in addition to the fighting in 1992 referred to above, including the seizure/confiscation of Thai fishing vessels for immigration offences. Many outside Burma are concerned about such activities involving Thailand as the gas pipeline from the Gulf of Martaban across the Mon peoples' territory for its Petroleum Authority, the Ye to Tavoy 'death railway' in Southern Burma and the development of the Salween and Moie Rivers on the border between the two countries.

17.23 In addition, there are many authoritative reports of the trafficking of Burmese women to work in Thai brothels, with profound implications for the spread of AIDS. There are also persistent stories of trade links between Thai business people and the Burmese military.<sup>9</sup>

17.24 Early in 1995, there was some optimism about developments in Burma: a National Convention process was under way, there seemed a possibility that the International Committee of the Red Cross might be given access to political prisoners, two meetings had been between senior representatives of SLORC and Daw Aung San Suu Kyi and ceasefire agreements had been reached in the fighting between the SLORC and some of the ethnic groups. Fighting between SLORC and the Karens has continued, however, and the National Convention process has not produced much of substance and talks with the UN have not made progress.

17.25 The sudden and immediate release of Suu Kyi on 10 July 1995 after six years under house arrest has given some hope for the future. The release seemed to be unconditional but there were no announcements in the Burmese media which indicated

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9 Submissions, pp. 321, 1168; Transcripts: 17 May 1994, pp. 265-268, 9 August 1994, pp. 419-420, 424-425, 13 September 1994, pp. 641-642, 7 October 1994, pp. 708-709, 15 February 1995, pp. 832-833, 6 March 1995, pp. 874-875; Exhibit No 84, pp. 25-27

a major change in attitude by SLORC. Nor is it clear what her political role will be or what impact her release will have on the National Convention process.<sup>10</sup>

17.26 It should be noted that the Australian Council for Overseas Aid (ACFOA) believed that 'constructive engagement' was more engagement than constructive, and that there should be more emphasis on a constructive approach to the engagement. Mr Phillip Smyth of the Overseas Burma Liberation Front understood the policy to mean that, as far as ASEAN was concerned, any trade with Burma would improve the situation there. Rather, it involved putting aside human rights abuses and the sufferings of the people because change will happen. He also believed that the National Convention process was putting together a constitution which would entrench the military forever.

17.27 In evidence to the Committee's inquiry on human rights and progress towards democracy in Burma, Dr Alan Smith characterised Thailand's policy as 'destructive engagement'. Mr Brian Hurlock described constructive engagement as 'nonsense' and nothing more than a way for the elites in Thailand to do business as usual and exploit resources in Burma. This policy can be seen as an interesting test of ASEAN's credibility on the range of issues raised by the situation in Burma.<sup>11</sup>

17.28 **Cambodia.** Cambodia's foreign relations have historically been dominated by its geographic position between Thailand and Vietnam and the traditional animosity between these larger nations. The Thai-Cambodian border is not well demarcated and this has led to numerous disputes. As recently as the 1940s, some of the western provinces of Cambodia were returned to that country, traditionally regarded by the Thais as part of their country. Vietnam's 1979 invasion of Cambodia meant that the buffer state was occupied by the historic adversary, and Thailand with China actively supported the resistance movement which included the Khmer Rouge. Thailand also provided asylum to over 368,000 refugees from Cambodia.<sup>12</sup>

17.29 Thailand played an active role in resolving the conflict, especially as host to key meetings of the four Cambodian parties. It was not the most active ASEAN proponent of a solution, and some observers suggested that a degree of instability in Cambodia was not inconsistent with Thailand's historical interests. With Vietnam's withdraw from Cambodia, and the passing of more liberal foreign investment laws, Thai investors became active in Cambodia in such areas as tourism and hotel construction, and began logging intensively along the border and mining for gemstones in areas controlled by the Khmer Rouge. Concerns have been raised about Thai plans to dam tributaries of the Mekong in Cambodia as well as in Laos.

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10 **Time**, 24 July 1995, p 42

11 Dr Alan Smith, Submissions, p 451; Transcripts: 7 October 1994, p 704, 17 May 1994, pp. 266-267, 9 August 1994, pp. 487-488, 6 March 1995, p 881

12 Material in this sub-section has been drawn from Submissions, pp. 322-324, 1201; Transcripts: 26 April 1994, pp. 7-8, 9 August 1994, pp. 417, 418-419, 487, 7 October 1994, pp. 703-704, 15 February 1995, p 834

17.30 Following the formation of the Royal Cambodian Government in September 1993, Thailand reviewed its policy and withdrew its support from the Khmer Rouge. It recognises the government of Cambodia as the sole legitimate government of that country and regulations prohibiting contacts with the Khmer Rouge have been strengthened. Although implementation of this very clear policy may vary from province to province, it is DFAT's belief that business being done between individual Thais and the Khmer Rouge has continued to diminish. It was comments about contacts with the Khmer Rouge which caused some difficulties between the Australian and Thai governments in November 1994.

17.31 Thai business activity in Cambodia continues as an irritant in the bilateral relationship, with fears of economic domination by the larger nation given additional weight by some recent deals. There have also been difficulties between the two countries because of attempted piracy by an armed Cambodian trawler and repatriation of refugees into Cambodia after the Khmer Rouge captured Pailin in March 1994. The continuing lack of agreement about border demarcation has become significant because of the discovery of oil in the disputed region and Thailand's granting of concessions to international companies there.

17.32 **Laos.** Laos is a small, under-developed and land-locked country which has traditionally formed part of the buffer between Thailand and Vietnam. The Thais and Laos are ethnically and linguistically close but their relationship has been hampered by conflict and suspicion. From the 17th Century, Thailand exercised varying degrees of control over the smaller nation until Laos was forcibly ceded to France in 1893. The border, imposed by imperialist powers, continue to cause difficulties and there were armed clashes between the two countries as recently as 1987.<sup>13</sup>

17.33 Until a few years ago, the presence of insurgents using refugee camps in Thailand as bases from which to harass Lao authorities was an additional irritant in the relationship. As mentioned in the Committee's report on its visit to Thailand and Laos in 1994, reforms to the political and economic structure of that country since 1991 have meant that ideology and security are now less important in the relationship with Thailand than economic and other considerations.<sup>14</sup>

17.34 Following a Joint Communique in 1988, which promoted cooperation on all fronts, the then Prime Minister Chuan visited Laos in 1993. As part of the ceremonies associated with the opening of the Friendship Bridge, His Majesty the King of Thailand visited Laos in April 1994. This was His Majesty's first trip abroad for 27 years.<sup>15</sup>

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13 Material for this sub-section was drawn from Submissions, pp. 324-325, 328, 1050-1053, 1058; Transcripts: 17 May 1994, p 261, 15 February 1995, pp. 830, 833, 835, 6 March 1995, pp. 858-859, 876-877

14 JSCFADT, 1995, pp. 20-21

15 **The Age**, 9 April 1994, p 9

17.35 In spite of improving relations, Laos fears its larger and more economically powerful neighbour which desires to play a central role in its development. Thailand sees Laos as part of the sub-regional economic quadrilateral which includes Burma and southern China. The operation of the Friendship Bridge has exposed some of the underlying tensions and the general wariness between the neighbours. While there can be no doubt that for the most part this project has been a cooperative venture, Lao reluctance to allow unlimited access from Thailand has drawn attention to its concerns about the intensification of commercial activities in such industries as the logging and extraction of timber. Thailand's stake in Laos, mainly in textiles and tourism, is about one third of total foreign investment.

17.36 In the short term, one opportunity for Laos to develop economically lies in the use of its natural resources to produce electricity, principally for sale to Thailand. It is engaged in the early stages of a significant program of building dams and hydro-electricity schemes. Some of these have potentially serious environmental consequences, such as the flooding of 340 square kilometres of forest, and the damming of tributaries of the Mekong River. Removal of local people will be involved in these projects, and the habitats of animals will be threatened. According to AID/WATCH, these water diversion projects and power generation schemes are principally for Thailand's benefit.

### Thailand in its Region

17.37 **Vietnam.** Historically, both Vietnam and Thailand have regarded lowland Laos and most of Cambodia as vital to their security and this has sometimes bought them into conflict. In the post-Second World War period, Vietnam has defeated both the French and the United States and invaded Cambodia and, in the latter conflict, reached the Thai border. From the fall of Saigon (Ho Chi Minh City) in 1975 until the late 1980s, Vietnam was seen by Thailand as a direct military threat. This was especially so after the 1979 invasion of Cambodia and the stationing of troops on Thailand's border and in Laos. Incursions into Thai territory in pursuit of the Khmer Rouge did not help the situation.<sup>16</sup>

17.38 In the late 1980s, historical distrust combined with Vietnam's Communist ideology, its undoubted military capacity and presence along its eastern border dominated Thailand's security concerns. It had its own Communist insurgency in the north east and feared that, with Vietnamese support, this could overthrow the Bangkok government. Even now, DFAT believes, for the Thai military the potential threat from Vietnam cannot be overlooked. Members of the Committee who visited Bangkok in November 1994 were not conscious that the Ministers and officials they met were concerned about Vietnam.

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16 Material in this sub-section was drawn from Submissions, pp. 325-326; Transcripts: 26 April 1994, pp. 38-39, 9 August 1994, pp. 417, 487, 7 October 1994, p 703

17.39 Especially since the removal of the US embargo against Vietnam, Thailand and Vietnam have begun to compete for foreign investment and markets for manufactured exports. The bilateral relationship has been complicated in recent years by contentious issues such as recurring fishing disputes.

17.40 With depleted stocks in their own waters, large numbers of Thai fishermen stray into Vietnamese waters and while the Thai Government has attempted to obtain an agreement with the Vietnamese, it has failed so far. Previous short term agreements have been terminated because the Thais have not abided by the agreed conditions. The most recent clash occurred in the Gulf of Thailand in June 1995 when six Thai fishing boats were set upon by Vietnamese coastal patrol vessels in waters claimed by both nations, prompting the intervention of the Thai navy. After an exchange of gun fire, five of the six Thai boats were seized, with 62 crew members.<sup>17</sup>

17.41 While this has been the most recent and public difficulty between the two countries, there are other causes of friction. They have yet to agree on the delineation of their maritime boundaries and have overlapping Exclusive Economic Zones. Agreement has not been reached about jurisdiction or the development of resources in the disputed area. Thailand's business activities in Vietnam have caused such acrimonious misunderstandings that the Vietnamese have been reluctant to sign fishing or natural gas purchase agreements with Thailand. Despite government exhortations, Thai investment in Vietnam remains low.

17.42 Vietnam's efforts to establish a consulate in the north east of Thailand have been vetoed by the Thai government. There is a significant ethnic Vietnamese minority in this part of Thailand which has not been trusted by the Thais either because it was seen as a 'fifth column' or because of its business skills.

17.43 Thailand and Vietnam have repeatedly clashed within the Mekong Committee, a body which seeks to establish a cooperative regime on water usage from the river. Thailand has consistently maintained it would never accept an arrangement which would require formal prior agreement before water could be diverted, while Vietnam, further down the river, demanded a veto on proposals for diversions and use.

17.44 In spite of these irritations and unresolved issues, relations improved following the Vietnamese withdrawal from Cambodia and the democratic election of the government of that country. Thailand welcomed Vietnam's accession to the ASEAN Treaty of Amity and Cooperation and supported Vietnam joining ASEAN in July 1995. As an indication of the changed situation there have been a number of high level visits between countries, including by members of the Thai Royal Family and the Vietnamese Party hierarchy respectively. Its complex relationship with Vietnam should be seen in terms of Thailand's concerns about China, uncertainty about the US and the need to strengthen ASEAN.

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17 *Far Eastern Economic Review*, 15 June 1995, p 16

## Thailand's Relations with the Major Powers

17.45 **United States of America.** Thailand has continuing and significant military, security, economic and educational linkages with the United States of America (USA). It is the largest foreign destination for Thai students.<sup>18</sup>

17.46 During the Cold War, Thailand was a close ally of the US. It gave Thailand a great deal of aid in the 1950s, 1960s and early 1970s to defend itself against Communism. Thailand's need for economic and military support and the need for the US to have an ally on mainland South East Asia generally made for an easy partnership. SEATO, the Manila Treaty and the Rusk-Thanat Communique of 1962 all formally bound the two countries together. Thailand contributed troops on the US side during the Vietnam War and large numbers of US personnel were stationed at important bases in Thailand during that conflict.

17.47 These close ties began to weaken in the early 1970s as the US began to extricate itself from Vietnam, and then to disengage from Asia. From the time of the Nixon Doctrine of 1969, the US has stressed the need for Asian self-reliance. Since the end of the Cold War, it has been prepared to give commitments but has stressed the need for states in the region to be more responsible for their own security.

17.48 The US and Thailand still have a formal security link through the Manila Treaty and Thailand has encouraged a continuing US military presence in the region since the closure of its bases in the Philippines. With its concerns about China, Thailand believes that because the US does not focus sufficiently on South East Asia, the security and other interests of countries in the region may be overlooked. It therefore seeks continued US engagement to ensure a balance of extra-regional powers with interests in the region, so that the US and Japan counter-balance China.

17.49 The US is Thailand's largest export market and its second largest trading partner, but bilateral economic relations have been strained in recent years because of US criticism and threatened retaliatory action over poor Thai protection of US intellectual property. A new copyright law, introduced on 21 March 1995, may go some way to deterring the sale of pirated computer software in Thailand. Moves within APEC to begin work on the technical cooperation required for regional implementation of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) will also reduce the problem in the longer term. In any event, much pirated material now seems to be coming from China rather than Thailand.<sup>19</sup>

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18 Material for this sub-section was drawn from Submissions, pp. 327-328, 319; Exhibit Nos: 107, pp. 188, 84, pp. 32-33

19 *Far Eastern Economic Review*, 15 June 1995, p 66; *The Australian Financial Review*: 18 May 1995, p 12, 16 February 1995, p 16

17.50 **Peoples' Republic of China.** While they share strong ethnic and historical links, Thailand and the Peoples' Republic of China (PRC) were adversaries during the Cold War. Relations have improved sharply since Thailand recognised China in the mid-1970s. Both countries were strongly opposed to the Vietnamese invasion and presence in Cambodia and cooperated in supporting resistance parties, with Thailand helping to transmit assistance provided by China. Thailand bought military equipment on 'friendship' terms from China but this does not seem to have been of good quality.<sup>20</sup>

17.51 Thailand is close to southern China, and Yunnan Province in particular, from which it is separated by the tips of north western Laos and north eastern Burma. It has substantial and growing links with that part of China, including a significant traffic in women, and Thai companies are significant investors there. Thailand sees Yunnan province in particular as part of the sub-regional economic quadrilateral with Burma and Laos. It seeks closer economic links to take advantage of cheap labour, a primitive corporate structure, abundant resources and an increasingly affluent market of 100 million people. While it wants access to this potential market, such closer economic ties may not be to its overall benefit, given the large and recurrent trade deficit with China. Thailand's labour-intensive manufactured goods will face intense competition from this area's goods because of the widening gaps in wages and labour conditions in the two countries.<sup>21</sup>

17.52 Despite closer political and military links, Thailand still regards China as a potential long term security threat. In particular, there is some Thai disquiet about the sale of weapons to Burma by China. They remain economic competitors in Burma and Thailand can hardly be happy about reports of increasingly close economic and other relations between China and Burma. There is also evidence that other ASEAN members share similar concerns over China's political and military ambitions.<sup>22</sup>

17.53 **Japan.** Japan has a considerable presence in Thailand, is its most important trading partner and is by far the largest source of Thai imports. Although it is also has the largest share of foreign direct investment in Thailand, the amount is falling as Japanese business also seeks access to cheaper labour and materials in the region, particularly in southern China. Thailand has sought Japanese support for a partnership to play a key role in the economic development of Indo-China. It has also attempted to institutionalise involvement in the region by encouraging Japanese participation in the ASEAN Regional Forum. This still primarily economic relationship seems to be a comfortable one, with Japan unconcerned about Thailand's view of its place in the region and a recent survey showing that a majority of Thais have positive opinions about Japan.<sup>23</sup>

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20 This sub-section is based on Submissions, pp. 328, 319, 54; Exhibit No 84, p 34

21 Submissions, p 328

22 Submissions, p 319; Transcript, 17 May 1994, p 275, Exhibit Nos 86, 85 and 87

23 Submissions, p 890; Transcripts: 10 August 1994, p 567, 26 April 1994, p 49; Submissions, p 328; Exhibit No 84, p 35

## Regional Security

17.54 During the Cold War, ASEAN did not have a consensus on regional security: Indonesia and Malaysia argued for neutrality, while Singapore and Thailand advocated the balancing of various outside factors. In post-Cold War South East Asia the concept of neutrality seems irrelevant and, in spite of recent and projected arms purchases, the nations of the region are not militarily powerful. Collective political and diplomatic action constitute important components of ASEAN's repertoire and have been used successfully in Cambodia.<sup>24</sup>

17.55 Thailand's geographical location means it plays a central role in South East Asian affairs. It shares land borders with Cambodia, Laos, Burma and Malaysia, and is close to both Vietnam and southern China. While economic and political developments in Indo-China have been of interest to other ASEAN members, to Thailand they have been seen as vital. From 1978 to 1993 the main issue for ASEAN was the Cambodian question, which also involved China and Vietnam, and Thailand played a major part in determining the ASEAN position.<sup>25</sup>

17.56 The 1976 Treaty of Amity and Cooperation in Southeast Asia was conceived as an instrument of political cooperation. It contains a series of principles under which the parties agree to conduct their relations with one another, and is therefore an important instrument for regional security with potential value for preventive diplomacy. In addition to the members of ASEAN, Papua New Guinea in 1987 and Vietnam and Laos have also acceded (1992) to this Treaty.

17.57 Thailand has been in the forefront of countries in the region which have recognised the need for enhanced regional security dialogue. The 1993 ASEAN Ministerial Meeting (AMM) and Post Ministerial Conference (PMC) saw the creation of a new regional security mechanism, the ASEAN Regional Forum (ARF), made up of ASEAN, its seven PMC dialogue partners (including Australia) and the PRC, Laos, PNG and the Confederation of Independent States. Thailand was the host for the first meeting of the ARF in July 1994 and, as in ASEAN itself, is seen as a central player in providing a basis on which to consolidate the development of this new organisation.

17.58 Since the creation of the ARF the ASEAN states have begun to think more systematically about regional security. Officials have begun research on non-proliferation regimes, conflict prevention techniques and confidence building measures. Concerns have also been expressed about the protection of maritime routes in the context of China's naval build up, and the desirability of a continued US naval presence in South East Asia. In spite of these developments, there is a significant potential for regional clashes, for example over resources and the Spratly Islands in the South China Sea.<sup>26</sup>

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24 Exhibit No 88, p 1054

25 Submissions, pp. 328-329; Transcript, 26 April 1994, pp. 4-5

26 Exhibit No 88, pp. 1054-1055

## The Committee's Views

17.59 While economic development is of prime importance to all nations and they all have security concerns, Thailand's central position in South East Asia means these issues are essential. Since 1988, Thai diplomacy has achieved considerable success in turning battlefields into markets by keeping up old ties, if warily in some cases, improving relationships in its immediate region and seeking to establish new economic groupings with its neighbours. This has been in addition to its leading role in ASEAN, setting up the ARF and playing a role in the Cambodian peace settlement.

17.60 At the same time, as has been made clear, great economic progress at home and skilful diplomacy have had their costs. Its role in ASEAN has been vital and that organisation has much for which to thank Thailand, but this does not mean all the problems or difficulties within the region have been settled. It is actively distrusted by some of its neighbours who are aware its interest in developing their resources is not at all disinterested. There is also a continuing need for resources of various kinds which it sees nearby and has set in place a range of measures to try to obtain them, preferably on its own terms. Various Thai projects in Laos will be significant for that country but need to be carefully assessed in terms of Laos' overall national interests.

17.61 Much of its activity reflects nothing more than Thailand's desire for greater political stability as a condition for closer economic ties: it wants a central role in the economic development of Indo-China and in Burma, together with a stable regional environment. It remains to be seen whether the combination of new look diplomacy and the historical concept of *Suwannaphume*, or golden land, can provide Thailand with that environment and the resources it needs for its economic growth to continue, so it can deal with its various social, environmental and infrastructure problems. In his examination of this issue, Mr Ritchie concluded that the historical adaptability of the Thai people should act to overcome the potentially damaging effects of too strong a belief in its regional role.<sup>27</sup>

17.62 The Committee's views on the situation in Burma have been set out in a number of its reports. In its 1992 Report, **A Review of Australia's Efforts to Promote and Protect Human Rights**, it accepted the proposition that unilateral action on sanctions would be ineffective. It believed that greater efforts in multilateral forums were called for and recommended a number of measures, including declaring Burma's seat in the United Nations vacant. This report also called for a UN trade and arms embargo against Burma. Its November 1994 report expressed regret that the human rights situation in Burma showed no convincing evidence of improvement.<sup>28</sup>

17.63 In its recent report, **Human Rights and Progress Towards Democracy in Burma**, the Committee stated its belief that it is in Thailand's interests to promote

greater stability, greater development and a reduced number of refugees along its border with Burma. This can only be achieved through long term political solutions which incorporate democratic principles in the new Burmese Constitution. The Committee reaffirms the recommendation it made in that report about Thailand and the issue of democratic reform in Burma.<sup>29</sup>

17.64 The Committee recommends:

**Recommendation 49: That the Australian Government continue to encourage the Government of Thailand to take up the issue of democratic reform with the State Law and Order Council as a matter of mutual interest.**

17.65 China looms large over Thailand, as it does over the rest of ASEAN and the region. It is a competitor with Thailand for markets and labour and there are questions about its ambitions and intentions in the region. The Thais seem to be keeping their options open and as far as possible engaging in as many activities, commercial and others, with the Chinese while keeping a careful eye on all developments. While the US is seen as a source of protection, Thailand seems to be worried about its commitments and reliability. Thailand has assessed the situation and one of the results has been a strengthening of ASEAN through Vietnamese membership.

17.66 For its own reasons, Thailand devotes and must continue to devote a great deal of its political and diplomatic efforts to its region. There are many unresolved post-Cold War issues which impact on the region and could have long-term consequences, such as China's naval build up and its intentions, the US role, Vietnam's ambitions, resolution of the situation in Burma and Thai competition there with China. Some of the ASEAN states have their political and economic disagreements with the US and, if these were to continue, there could be a change in attitude to its role with consequential concerns to find another guarantor for the region.<sup>30</sup>

17.67 While the Thai-Australian bilateral relationship is not of prime importance to Thailand, it is to Australia's advantage to encourage it as much as possible. This is of particular relevance following the comments of the Thai Prime Minister after the election in July 1995. Mr Banharn Silpa-archa was reported as advocating a greater role for Australia in South East Asia, saying that New Zealand and Australia should become members of the ASEAN Free Trade Area (AFTA).<sup>31</sup>

27 Exhibit No 84, p 42  
28 JCFADT, 1992, pp. 85-88; JSCFADT, 1994, pp. 194-195

29 JSCFADT, 1995, Recommendation 28, p 87  
30 Exhibit No 88, pp. 1055, 1063  
31 **The Sydney Morning Herald**, 4 July 1995, pp. 1, 9



17.68 The Committee recommends:

**Recommendation 50: That the Australian Government do all that it can to promote the bilateral Thailand-Australia relationship.**

17.69 Malaysia is opposed to full or permanent Australian membership of AFTA and it is unlikely to be an issue on which Thailand would risk compromising its various other regional plans. Mr Banharn's reported comment was nonetheless an important one for the bilateral relationship.<sup>32</sup>

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32 *The Sydney Morning Herald*, 2 August 1995, p 10

## CHAPTER 18: REFUGEES IN THAILAND

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### Introduction

18.1 Thailand is not a signatory to the United Nations' 1951 Convention Relating to the Status of Refugees or the 1967 Protocol to that Convention. Its 1979 Immigration Act does not recognise the status of refugee, so that anyone coming into the country illegally is an alien and cannot be accorded recognition by the United Nations High Commissioner for Refugees (UNHCR).<sup>1</sup>

18.2 Since the 1970s, however, it has generously and for humanitarian motives hosted significant numbers of asylum seekers and displaced persons from neighbouring countries on its eastern and western borders. Thailand has made an important contribution both to regional stability and to international arrangements such as the Comprehensive Plan for Action (CPA) for Indo-Chinese refugees. If any criticisms are made of the way Thailand has acted, its contributions should also be remembered.<sup>2</sup>

18.3 In 1984, at a time when it already had a large number of displaced Cambodians, Vietnamese and Laotians within its borders, Thailand began to receive refugees from the fighting between Burmese troops and the ethnic minorities and this flow has continued through the long porous border between the two countries.

18.4 Although some Vietnamese and Laotians remain there in camps, Thailand's major refugee intake is the large number of Burmese, including the various ethnic minorities. As a result of the 1993 Cambodian peace settlement all camps for those displaced persons closed. The background to Thailand's relations with these neighbours can be found in the previous chapter, and details of general migration matters in Chapter 15.<sup>3</sup>

18.5 At both the official and the Non-Government Organisation (NGO) level, Australia has supported the Thai Government and UNHCR in their humanitarian work for displaced persons in Thailand. It has also accepted large numbers of displaced people from Indo-China via Thailand since 1975, as well as lesser numbers from Burma.

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1 Transcript, 17 May 1994, p 271

2 Submissions, pp. 85, 329, 405; Transcript, 27 April 1994, p 142

3 Submissions, p 329



## Refugees from Burma in Thailand

18.6 When the State Law and Order Restoration Council (SLORC) took power in Burma in 1988, it quashed the pro-democracy movement. Its subsequent refusal to accept the results of the May 1990 election and the range of activities against dissidents have been in addition to its continuing campaign against the country's ethnic minorities. It is not easy to be specific about how many displaced Burmese are in Thailand at any time, but thousands of the ethnic minorities and pro-democracy dissidents have fled there, as did Burmese Muslims (Rohingya) to Bangladesh in the west. There are also large numbers in India, China and various South East Asian countries, but these vary with the intensity of the Burmese Government's military activities against both dissidents and the ethnic minorities which have not signed a ceasefire with SLORC.<sup>4</sup>

18.7 Burmese ethnic minority groups such as the Karen, Mon, and Karenni have sought shelter on the Thai-Burma border to escape fighting between government and insurgent forces. There are three main groups of displaced Burmese in Thailand:

- . up to 300,000 who work illegally, principally as labourers or in fishing;
- . over 87,000 (5252 Karenni, 70,120 Karen, 600 Burmese/Tavoy, and 11,147 Mon) who live in about 30 camps and have moved because of fighting or government policies designed to create pacified zones; and
- . some 2000 students and political dissidents.<sup>5</sup>

18.8 Thailand's response to these groups on its territory varies.

- . It periodically expresses its concerns about the illegal workers and calls for them to return to Burma, but they are an important part of the local economy in many border provinces.
- . It allows certain NGOs to provide services in the border camps through the Burma Border Consortium, a group of eight Thai and international NGOs, under the direction of the Ministry of the Interior (MOI).
- . It continues to have difficulties dealing with the activists based in Bangkok but has repeatedly confirmed it will not forcibly repatriate dissidents.<sup>6</sup>

18.9 A Safe Area has been established some 90 kilometres from the border with Burma, in Ratchaburi Province south west of Bangkok. It provides protection for students whom Thailand does not consider to be refugees but has guaranteed not to

repatriate. About 1800 of the students and activists are in border camps and 260 at the Safe Area, which has a capacity of 330. Members of the Committee visited the Safe Area in November 1994, inspected its facilities and held informal discussions with the residents. Some residents would like to come to Australia to live.<sup>7</sup>

18.10 Very limited numbers have entered the Safe Area, partly because some students were repatriated from Thailand to Burma in 1989/90. Both the Thai and Burmese Governments asserted that this was voluntary, and the Burmese Government also claimed more than 3000 student had returned by June 1989. In January 1989 Amnesty International alleged that 22 students were forcibly rounded up by Thai authorities and repatriated, resulting in three being detained in Burma. There were also claims of psychological pressure by the Thai authorities, but some students were reported to have returned without coercion.<sup>8</sup>

18.11 Many students refuse to go to the Safe Area because they would have to desist from political activity. Others may have (illegal) work in Thailand and are reluctant to go either to a camp or to the Safe Area. Thailand has expressed concern about Burmese who are in the country illegally and outside the camps or the Safe Area. According to UNHCR the MOI has made it clear it will arrest Burmese outside the Safe Area who are not living in a camp.<sup>9</sup>

18.12 The MOI is the sole administrator of the Safe Area and it will operate until the situation in Burma is safe enough for the students to return. The Thai Government has screened the students who registered for admission and while there are problems with the transition to the Safe Area, UNHCR supports it as the best available solution.<sup>10</sup>

18.13 Thailand has refused to authorise UNHCR to operate freely within its borders. The UN organisation receives applications from Burmese seeking recognition as refugees or as 'persons of concern to UNHCR'. About 2000 Burmese have been so accepted and the UN body provides them with financial, medical and educational assistance. From 1 June 1995, Burmese granted this status will not receive the former level of assistance from UNHCR and will be encouraged to move into the Safe Area.<sup>11</sup>

18.14 Thailand balances domestic security concerns and its own economic interests against foreign policy and humanitarian considerations and has been sensitive about accepting large numbers of displaced Burmese. Fearing even temporary influxes it has not encouraged third country resettlement programs and has attracted criticism for its treatment of Burmese, including relocation of camps back into Burma and to remote

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4 Submissions, pp. 407, 1167

5 Submissions, p 1167

6 Submissions, p 1168

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7 Submissions, p 1169

8 Transcript, 26 April 1994, pp. 9-10; Submissions, p 1201

9 Transcript, 27 April 1994, p 145; Submissions, p 1168

10 Submissions, p 1169

11 Submissions, p 1168; Transcript, 17 May 1994, p 272

locations in Thailand. Evidence from the Australian Department of Immigration and Ethnic Affairs (DIEA) suggests attitudes in Thailand to displaced Burmese may be changing. The Thai Ministry of Foreign Affairs has commented publicly on the need for a new policy on Burmese students, Thai student groups have called on the government to change its policy and the Standing Committee on Justice and Human Rights of the Thai House of Representatives has also called for the government to amend its policy.<sup>12</sup>

18.15 The available evidence suggests that there are serious problems for Burmese within Thai borders. Refugee status from UNHCR does not guarantee students protection from arrest, and security in Bangkok is a major concern while they struggle to survive personally and work for freedom in Burma. Many have been arrested and spent 90 days or up to a year in the Bangkok Immigration Detention Centre where conditions are poor and treatment is very harsh. There are also provincial detention centres. Moving evidence was taken from displaced Burmese in Australia on conditions in this Centre, and on their experiences in Burma and Thailand generally.<sup>13</sup>

18.16 As the Burmese economy increasingly suffered because of its isolation and ethnic conflicts, many rural families were forced or lured into selling their daughters into domestic or factory work in Thailand, where they often ended up in brothels. While prostitution is illegal, the law is not adequately enforced and there is a considerable traffic in women from Burma as well as from Thailand's own hill tribes. The slave-like conditions they experience in the brothels, the threat of HIV/AIDS and other infections and their illegal status combine to cause terrible situations. Perhaps worst of all in these situations is the picture of truck loads of prostitutes originally from Burma being sent back from Thailand, with little hope of care or treatment for their medical and other problems. Many of the women who are so lured across the border are in fact economic refugees, and the consequences of this situation do not seem to have been understood and dealt with in appropriate ways.<sup>14</sup>

18.17 A 1993 Asia Watch and Women's Rights Project report, **A Modern Form of Slavery: Trafficking of Burmese Women and Girls into Brothels in Thailand**, concluded that there was official complicity in virtually every stage of the trafficking process. Thai authorities had made little effort to investigate abuses which involved border guards and, much more widely, police. This report also pointed out that, while officials and abusers enjoy near total immunity, the victims have met with the full force of Thai law. Rather than rescuing these women and girls as it has pledged to do, it has wrongfully arrested them as prostitutes or illegal immigrants. Unlawful arrest inevitably led to summary deportation and a range of further abuses in violation of both national law and human rights.<sup>15</sup>

12 Submissions, p 1168

13 Transcript, 9 August 1994, pp. 426, 429-432. See also Submissions, pp. 88-91, 93; Transcript, 13 September 1994, pp. 636-639, 641-643 and Exhibit Nos 54 and 14 (Document 1) for evidence of conditions in Thailand

14 Transcripts: 9 August 1994, pp. 419-420, 425-428, 17 May 1994, p 276

15 Exhibit No 14 (Document 3), p 75. Details of official involvement are at pp. 75-84

18.18 Mrs Denise Nichols who worked with displaced Burmese in camps on the border recommended that:

- in cooperation with the Thai Government, a comprehensive repatriation program be established for displaced persons in camps on the border with Burma;
- Australia cooperate with the Thai Government to ensure SLORC offers an amnesty for student in camps on the border and continuing provision of a refuge for those unable to return to Burma;
- ceasefire negotiations between SLORC and the Burmese ethnic minorities be closely monitored;
- Australia provide an additional ten scholarships for Burmese in Thailand;
- the Special Assistance Category (SAC) program be extended for a further 12 months; and
- in cooperation with the Thai Government, the recommendations of the 1993 report **A Modern Form of Slavery** be implemented.<sup>16</sup>

18.19 The Australian Council for Overseas Aid (ACFOA) recommended that:

- any repatriation of refugees to Burma is in accordance with established international principles and practices for the protection of refugees;
- repatriation is voluntary and to areas and situations where safety is assured and protection is guaranteed by international monitoring; and
- refugees are provided with appropriate humanitarian and rehabilitation assistance.<sup>17</sup>

18.20 The Overseas Burma Liberation Front drew attention to what it believed to be Thailand's complete disregard for the aspirations of the Burmese within its borders and for regional security because of the effect its policies have on its neighbours. It recommended consideration be given to the review of Australian foreign policy towards Thailand, especially economic assistance and all non-humanitarian assistance.<sup>18</sup>

18.21 Among a number of recommendations, the Australian Burma Council/Burma NGO Forum believed the Australian Embassy in Bangkok should monitor

16 Submissions, p 96; Transcript, 9 August 1994, pp. 419-420; Exhibit No 14 (Document 3)

17 Submissions, p 901; Transcript, 7 October 1994, pp. 708-709

18 Submissions, p 50; Transcript, 17 May 1994, pp. 270-271