



***THE FUNAN TECO FACTOR:
THAILAND'S BALANCING ACT ON
ASIA'S INTERTWINED SEAS***

BY BRIN ISAAC

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*Photo: Rendering of a lock on the Funan Techo Canal.
Credit: China Road and Bridge Corporation*

Thailand belongs to a region of rich history and cultural pride strategically placed within the Asia-Pacific rim, surrounded by abundant and varied landscapes as well as long coastlines. This has been an important factor in Thailand's economic development and relations with its neighbors. Despite not having a direct claim, Thailand has a close link with Southeast Asia's maritime affairs. The South China Sea is a highly contested maritime region, crucial for international trade, through which Thailand operates a fraction of its imports and exports. Thailand's location and economic dependency on these maritime corridors make it a key player and dialogue facilitator in the region.

One of the most controversial recent developments is China's newest project in Cambodia, the Funan Techo Canal (FTC), which touches upon the Gulf

of Thailand and is said to be [the next flashpoint of the US and China](#). The Gulf of Thailand, located between Thailand, Cambodia, and Vietnam, plays a crucial role in Thailand's economy and maritime trade, boasting abundant resources and several important ports. There is burgeoning interconnectedness between the South China Sea and the Gulf of Thailand, particularly amplified by projects like the FTC, which necessitates Thailand's nuanced, diplomacy-centric approach to regional stability and its delicate balancing act between major global powers.

The South China Sea and the Gulf of Thailand are inextricably linked, forming an intertwined maritime lifeline essential for regional stability. The South China Sea is a crucial route for international trade, directly impacting Thailand's economy, as Thailand depends on sea-based transport corridors for a larger portion of its imports and exports. The Gulf of Thailand, with its abundance of resources, serves as a vital economic hub, acting as a crucial origin and terminus for trade moving through the South China Sea. The interrelationships between the two maritime bodies reveal the necessity of regional cooperation as well as productive means of conflict resolution. Central to this is maintaining stability and encouraging prosperity for all countries bordering the South China Sea and the Gulf of Thailand. Any disturbance in the South China Sea can have a cascading effect within the Gulf on maritime traffic and trade flows, underscoring their profound economic interconnectedness.

The FTC emerges as a significant new vector strengthening this interconnectedness and introducing fresh geopolitical challenges. The 180-kilometer FTC aims to connect Phnom Penh and the Gulf of Thailand, linking the Mekong River to the Bassac River. Cambodia promotes the Canal for employment and socio-economic advancement, expecting to boost revenue by \$88 million annually. However, this Cambodian-Chinese cooperation project, estimated at \$1.7 billion and largely funded by China, is plagued by other serious stumbling blocks such as inflation in labor and energy, environmental degradation, and unrest due to rapid technological advancement. Crucially, the FTC will be giving Beijing access to the Gulf of Thailand directly from China, as the Mekong River originates in the Chinese Tibetan province. This

implies Beijing's capability to sail not just commercial ships, but also warships going through the majority of the Mekong countries, specifically Myanmar, Thailand, Laos, and Cambodia. This new access facilitates China's naval presence, especially given that China now deploys navy ships to the Ream Naval Base of Cambodia on the Gulf of Thailand, a facility rebuilt by Beijing to host Chinese warships. Having a Chinese base at the Ream is of great concern for Thailand and Vietnam, as it establishes China's active military presence directly within the Gulf of Thailand. This increased presence heightens geopolitical challenges and tensions, further underscoring how the FTC adds layers of interconnections and complexities among maritime spaces. The security and stability of the South China Sea are essential for the movement of goods to and from the Gulf of Thailand, which is a major traffic lane of the sea.

Thailand's response to these interconnected challenges is characterized by a nuanced and pragmatic approach. As a non-claimant, Thailand is currently faced with an intricate course of action concerning the dispute in the South China Sea. Recognizing regional stability as a foremost consideration, Thai Foreign Affairs Minister Maris Sangiamponsa [called for dialogue and diplomacy in the South China Sea](#). He noted that "exacerbating security conditions there would inevitably have indirect effects on Thailand given its desire to maintain good ties with both the US and China." Thailand aims for good relations with China, the United States, and its fellow Association of Southeast Asian Nations (ASEAN) member states.

As a founding ASEAN member, Thailand plays an active role in maintaining regional peace, stability, and prosperity, in accordance with the Bangkok Declaration's stipulations. It continues to include ASEAN in its foreign policy, attaching great importance to regional cooperation and building trust and confidence among its fellow ASEAN member states. The 2002 ASEAN-China Declaration on the Conduct of Parties in the South China Sea is a non-binding agreement designed to promote stability and peace in the region. Thailand's commitment to diplomatic resolution is evident in Minister Sangiamponsa's offer to work with China and the Philippines in resolving the dispute.

Thailand navigates a complex balancing act with its relations to the United States and China. Its long and historical alliance with the United States, solidified by the 2022 Communique on Strategic Alliance and Partnership and military exercises like Cobra Gold, contrasts with its robust ties with China, established in 1975. China is Thailand's largest trading partner among ASEAN countries, with bilateral trade reaching \$135 billion in 2022. Both nations also engage in security cooperation. Thailand [seeks to maintain a neutral stance](#), with Thai government spokesman Major General Weerachon Sukondhapatipak stating that promoting "peace and stability in the ocean is vital for all parties concerned". The greatest challenge for Thailand is to maintain equilibrium, ensuring its relations with the United States and China remain productive and beneficial, while wading through the precarious nature of the South China Sea dispute.

Thailand's position concerning the South China Sea unveils a nuanced standpoint due to its strategic interests and regional diplomacy. The complex interplay between the South China Sea and the Gulf of Thailand, significantly complicated by the emergence of the FTC project, reveals a challenging path for Thailand as it attempts to balance its relationships with China and the United States. The South China Sea remains vital for global trade, and Thailand's economic dependence on these corridors dictates its subtle response to disputes. The new dynamics introduced by the recently launched FTC add layers of interconnections and complexities among maritime spaces, explicitly underscoring the need for urgent regional cooperation.

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