

Strategic Partnership between Australia and Thailand: East Timor and a Legal Case against EU at WTO

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Abstract

This paper uses the concept of strategic partnership to analyse the co-operation between Australia and Thailand in the peacekeeping operations in East Timor and a legal case against the European Union (EU) at the World Trade Organisation (WTO) over the EU's excess export of highly subsidised sugar. A strategic partnership in this paper does focus on how two countries work together and support each other in security and economics. In security, Australia and Thailand worked together as strategic partners to restore peace and security in East Timor after the vast majority of the East Timorese voted in the referendum for independence in 1999. Australia played leading roles in the peacekeeping operations and was mainly responsible for disarming militias in the western part of East Timor. Thailand, on the other hand, helped legitimise Australian leading roles and was assign to be engaged with local population and initiate development projects to uplift the quality of life of East Timorese people in the eastern part of the territory. In economics, Australia and Thailand worked together to lodge a legal case against the EU at the World Trade Organisation on their excess export of highly subsidised sugar. The WTO verdict was in their favour.

Keywords: strategic partnership, peacekeeping operations in East Timor, sugar case, World Trade Organisation, European Union

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Introduction

Thailand and Australia established diplomatic relations in 1952 (Battersby, 2000, p. 29; Department of American and South Pacific Affairs, 2012, p. 3). The roles of Australia and Thailand on the world stage, especially in international organisations and the relationship between the two countries can be traced back to the First World War. During the War, Australia and Thailand were on the same side supporting Great Britain, France, Russia and their allies in the war against Germany, Austria-Hungary and their allies. Australia and Thailand emerged from the war victorious and became members of the newly-established League of Nations, which had the ultimate aim of guaranteeing global peace and security.

During the Cold War, Australia and Thailand shared common values and objectives, especially in regards to attempts at preventing the expansion of communism in the Asia-Pacific region, by allying and co-operating militarily with the United States. Both countries deployed troops to support the United States in the Korean War. In 1954, both countries became signatories of the South-East Asia Collective Defence Treaty or Manila Pact and member states of the South East Asia Treaty Organisation (SEATO), which was set up to prevent further communist expansion in the region (Millar, 1991, pp. 170-171).

Australia and Thailand worked together more closely on many regional and global issues in the 1980s. In 1986, Thailand joined Australia in the formation of the Cairns Group of Fair Trading Nations, commonly known as the Cairns Group, to put forward the liberalisation of agricultural products in the Uruguay Round of multilateral trade negotiations (Higgott & Cooper, 1990, p. 590). Both Australia and Thailand also played important roles in restoring peace and stability in Cambodia, especially after Vietnam invaded Cambodia in 1978 and removed the Khmer Rouge from power. Even though the two countries held different stances on the status of the Khmer Rouge in the peace process (Hewison, 1995, pp. 431-433; Lee, 2006, pp. 230-231), they co-operated with the international organisations including the Association of Southeast Asian Nations (ASEAN) and the United Nations (UN) as well as other great powers including the United States and China to incorporate all major factions of Cambodia at the negotiating table. The co-operation finally led to the withdrawal of Vietnamese troops from Cambodia in 1989, and later, a general election in this country. Hewison (1995, p. 430) observed that the civilian Thai government led by the retired General Chatichai Choonhavan “was a crucial ally in promoting Australian Foreign Minister Gareth Evans’ Cambodian peace proposals.”

When the severe economic crisis occurred in Thailand in 1997 and spread across the region, Australia was among the first countries to provide financial assistance for Thailand and other affected countries (Wesley, 2002, p. 305). In 1999, when Australia under the Howard government agreed to lead the International Force for East Timor (INTERFET) to restore security and stability in that country, Thailand expressed its support by making a substantial military contribution to this operation. A Thai military officer became the deputy commander of this international peacekeeping force.

In the 21st century, The Thailand-Australia Free Trade Agreement (TAFTA) was signed in Canberra in 2004 and came into effect on 1 January 2005 (Krongkaew, 2009,

p. 50). In 2004, Australia and Thailand along with Brazil, three top sugar exporting countries, worked together to lodge a legal case against the European Union's excess export of subsidised sugar at the World Trade Organisation (WTO) ("Australia to formally challenge EU sugar subsidies," 2003). In 2005, WTO's ruling was issued against the EU, and it became a victory for the three countries ("EU agrees cut in sugar subsidies", 2005; World Trade Organisation, 2005, p. 120).

Despite the fact that Australia and Thailand co-operated on many issues at both regional and global levels, the existing literature is not sufficient to understand the strategic partnership between Australia and Thailand. This paper aims to fill the academic gap by clarifying the concept of strategic partnership and examining the relationship between Australia and Thailand, especially how Australia and Thailand worked together as strategic partners to restore peace and order in East Timor and to lodge a legal case against the European Union at the World Trade Organisation.

Defining a Strategic Partnership

'Strategic partnership' is one of the vaguest terms in international relations. Some scholars, for example, Grevi (2010, p. 2), in the context of the European Union (EU), contended that "Strategic partnerships are a political category that no EU document or statement clearly defines."

When Schmidt (2010, p. 3) reviewed the concept of strategic partnership from EU documents, there are two groups of scholars debating whether the lack of obvious definition of the term is problematic or not. The first group of scholars exemplified by Grevi argues that there is no problem due to the lack of conceptual clarity of the concept of strategic partnership, on the contrary, it is an advantage because "a certain degree of flexibility and constructive ambiguity is indispensable for a concept such as this. In the absence of a uniform conceptual straightjacket, there is room for mutual adjustments, concessions, trade-offs, pragmatism and an incremental approach." By contrast, Biscop and Renard (2009, p. 7) identified two major problems of this concept. First, this concept has never been defined and it has been interpreted differently within and outside the EU. The objectives of strategic partnerships are also ill-defined. Second, the criteria for other countries to be qualified for strategic partnerships are too few, and they are not clear enough. There are many questions which arise why the EU chooses each country as their strategic partners.

Nadkarni (2010, p. 201) argued that a strategic partnership is different from alliance, as she put it:

strategic partnerships represent unique diplomatic instruments that allow states to pursue multidimensional bilateral, regional, and global issue agendas and diverse diplomatic goals without compromising freedom of action. Such partnerships, in allowing both parties to maintain at least the fiction of equality generally absent in alliances, make them easier to sell at home and help in protecting the country's image abroad.

Nadkarni (2010 p. 48) went on to elaborate that the strategic partnerships are "less inflexible than defensive military alliances, since they are neither explicitly targeted at a specific country nor contain binding defense commitments. These partnerships have

emerged as a safe policy option for secondary powers in a complex and globalizing world.”

Moreover, Nadkarni (2010, pp. 48-49) also distinguished a strategic partnership from ad hoc relationships by suggesting: “strategic partnerships call for greater engagement between the parties than mere ad hoc bilateral relationships that ensue as a result of normal diplomatic intercourse between states.” According to Nadkarni (2010, pp. 48-49), there are some common elements of strategic partnerships which can be summarised as follows: (1) formalised written agreements; (2) multi-level institutional links; (3) meetings at various levels - from the level of bureaucratic officials to the summit meetings between leaders; (4) military ties development; (5) attempts at stronger economic relationship; and (6) promotion each other’s cultures through activities.

One of the limitations of Nadkarni’s approach is that, as a written agreement is one of the main elements of a strategic partnership, when Nadkarni chose the cases for analysis, only three strategic partnerships between states with written agreements are selected, namely: Sino-Russian, Indo-Russian and Sino-Indian (Nadkarni, 2010, pp. 52-148). The relationships between other states are completely excluded from the analysis no matter how closely they work together and how intense their relationships are. In this regard, Australia-Thailand relations cannot be considered as a strategic partnership according to Nadkarni because Australia and Thailand do not have any written agreements which formalise the relationship as a strategic partnership despite the fact that Australia and Thailand have been working together on many issues regionally and globally.

On the other hand, Wilkins (2008, p. 363; 2011, p. 123) did not mention a written agreement as one of the features of a strategic partnership when he recast the business definition of a strategic partnership and defined the term in the context of international relations as:

structured collaboration between states (or other actors) to take joint advantage of economic opportunities, or to respond to security challenges more effectively than could be achieved in isolation. Strategic partnering occurs both in and between the international and domestic sectors (levels). Besides allowing information, skills, and resources to be shared, a strategic partnership also permits the partners to share risk.

However, when Wilkins picked up the cases for analysis, the same problems arise. Most of the case studies selected are not different from Nadkarni’s. The strategic partnerships between Russia and China, Russia and India, Japan and Australia as well as Japan and India (Wilkins, 2008, pp. 368-376; 2011, pp. 127-145) have some forms of written strategic partnership agreements.

While Goldstein’s definition shares some elements of a strategic partnership with Nadkarni’s, a formal written agreement was excluded from the definition. Apart from focusing on how the parties to a strategic partnership work together on matters of shared concerns, Goldstein also highlighted the significance of official visits, meetings and summits between government officials and leaders of the parties when he defined a strategic partnership as follows:

The essential elements are a commitment to promoting stable relationship and extensive economic intercourse, muting disagreements about domestic politics in the interest of working together on matters of shared concern in international diplomacy, and routinizing the frequent exchange of official visits, especially those by representatives of each country's military and regular summit meetings between top government leaders (Goldstein, 2003, p. 75).

This approach pays attention mostly to formal mechanisms such as summit meetings between leaders, official visits or ministerial meetings of the parties to a strategic partnership. Accordingly, when analysing strategic partnerships between states, this approach tends to present meticulous details of numerous meetings and visits at different levels between those states as well as the outcome documents. Therefore, this approach can only explain strategic partnerships generally, but it does not highlight any significant cases in which the two states work closely together as strategic partners and examine them profoundly.

When Jiraporn Jirananthakij defined the term strategic partnership in the context of the relationship between China and the United States under the Clinton administration (1993-2001), her definition is similar to Goldstein's as she did not refer to a formal written agreement as a prerequisite for a strategic partnership, but she defined the term in a more flexible way by also focusing on a co-operative relationship, not official visits and summits. According to Jiraporn Jirananthakij (2003, p. 72), a strategic partnership is "a co-operative relationship which encompasses co-operation on a wide range of issues for long-term mutual benefits of the two countries and the world."

There are at least two different stances on the areas of co-operation in a strategic partnership. The first group of scholars suggest that a strategic partnership should span numerous areas of co-operation. Grevi (2010, p. 8) stressed that a strategic partnership is a comprehensive relationship, as he put it, "Strategic partnerships are also comprehensive ones, and not fragmented depending on whether economic, political or security issues are concerned, because the vital interests of the parties span across these different domains."

Some other scholars propose that a strategic partnership concentrates more on security and economic issues even though they recognise that there could be some other areas of co-operation. According to Wilkins (2008, pp. 122-123), economic and security issues are the key areas of co-operation in a strategic partnership. Other areas such as environmental protection, border security, atomic energy, disaster relief and links between people of the parties to a strategic partnership are also touched on in Wilkins' analysis, but they are not explained in great detail (Wilkins, 2008, p. 371; 2011, pp. 129, 138).

Tolipov (2006, p. 3) highlighted security interests as the most important sphere of co-operation in a strategic partnership, as he pointed out, "intensive cooperation takes place not just in one but in many spheres with special emphasis on national security interests."

Among the two groups of scholars, there is a consensus that security and economic issues are the main two spheres of co-operation of a strategic partnership.

Based on the literature on strategic partnership, this paper adopts the approach to defining a strategic partnership in a broader and more flexible sense proposed by Jirananthakij and Goldstein which focuses on how the two parties to a strategic partnership, in this case Australia and Thailand, co-operated to work together on many issues. Accordingly, formal written strategic partnership agreements as Nadkarni highlighted are excluded from the definition of a strategic partnership. Besides, the definition does not focus much on formal institutions, meetings and visits at different levels between the parties to a strategic partnership as Goldstein and Nadkarni suggest. However, these elements of a strategic partnership will be referred to in case they are considered useful and significant for explaining and understanding the relationship between Australia and Thailand. Moreover, as there is a consensus among scholars that security and economic spheres are significant in a strategic partnership, these two spheres will be examined in this paper.

Overall, the definition of a strategic partnership between Australia and Thailand in this paper is a co-operative relationship between two states to work closely together in the spheres of security and economics in order to advance their perceived self-interests.

Australia and Thailand in East Timor

Prime Minister John Howard of Australia (2011, p. 336) identified in his autobiography that the liberation of East Timor from Indonesia in 1999 was one of the achievements during his prime ministership of which he was most proud. In 1999, Australia under his government led a multinational force, International Force for East Timor (INTERFET), authorised by the United Nations Security Council (UNSC), to restore peace and stability in East Timor and to pave the way for and facilitate the transition to East Timor's independence.

Indonesia invaded East Timor on 7 December 1975 but Indonesia's incorporation of East Timor was never recognised by the international community. However, Australia and Thailand alongside many other countries supported Indonesia and tried to prevent the issue of East Timor from being debated at international organisations. Australia and Thailand recognised Indonesia's sovereignty over this territory. Despite the fact that Australia sometimes criticised human rights abuses by the Indonesian government in East Timor or called for reconciliation and greater political autonomy for the territory, none of them aimed to push for the separation of East Timor from Indonesia.

The situation and the dynamics with regard to East Timor changed substantially when the Asian financial crisis originated in Thailand in 1997 and spread to other Southeast and East Asian countries including Indonesia. President Suharto failed to resolve the crisis. He was forced to resign in 1998 and was replaced by Vice-President, Dr Bucharuddin Jusuf Habibie. As Howard (2011, p. 340) observed, Habibie regarded East Timor differently from his predecessor as a liability rather than an asset for Indonesia. He also tried to improve the image of Indonesia in the international community as it was significant for Indonesia's economic recovery.

Habibie later announced that East Timorese people would be offered a clear choice between limited autonomy within Indonesia or immediate independence. Before the referendum, violence occurred in East Timor. The militias in East Timor killed and tortured people in order to intimidate them not to vote for independence. Against the background of the series of violence and human rights violation, the referendum finally took place on 30 August 1999. The vast majority of the East Timorese, 78.5% rejected the autonomy option (Martin, 2001, p. 11).

The pro-integration militias began their violent campaign against the population, the independence supporters and the UN staff. Overall, approximately 400,000 people fled their houses; 250,000 people were forced to evacuate to West Timor. Many towns were razed and infrastructure in Dili, its capital city, and other major cities were largely destroyed (Federer, 2005, p. 64; Greenlees & Garran, 2002, p. 202).

Australia was under intense pressure to do something to restore peace and order in East Timor. However, it was obvious that Australia could not conduct the peacekeeping operations unilaterally. Kofi Annan, former UN Secretary-General (Annan & Mousavizadeh, 2012, p. 106), realised that the international force to be established needed to have “a significant Asian component if it were not to be seen as a Western invasion of Indonesia.” Annan’s another concern was that Australia’s neighbouring country did not consider Australia as truly Asian.

Howard needed to contact many global and regional leaders. Thailand was one of the Southeast Asian countries which Australia approached and sought contribution. The Chuan Leekpai government of Thailand at the time supported Australia by providing the second largest number of troops after Australia and the deputy commander of the International Force for East Timor (INTERFET). Thailand also asked Japan to provide financial assistance for the operation (Er, 2010, p. 47).

The fund provided by Japan enabled Thailand and the Philippines to take part in the INTERFET, which helped legitimise Australian roles in East Timor. As Er (2010, p. 47) observed, Japan’s financial contribution was “extended not only to East Timor but also to ensure the viability of ASEAN as a regional institution.” Walton (2004, p. 244) suggested that Japan was more comfortable to respond to the request by friendly Southeast Asian nations, not to overt pressure by Australia.

It means politically and diplomatically, Australia’s leading roles in East Timor were significant because no ASEAN countries had sufficient experience, capabilities or intention to lead a multinational peacekeeping force in East Timor. When Australia decided to lead the force, other ASEAN countries including Thailand were willing to follow. Blaxland (2002, p. 7), observed “without Australia taking the lead, the others [*other ASEAN nations*] would not have participated.”

On the other hand, Thailand’s status as an Asian and an Indonesia’s ASEAN fellow country helped legitimise Australia’s leading roles in East Timor. Moreover, Thailand could also make use of its strong relationship with Japan to secure its financial contribution for the operation.

At the operational level, Australians were responsible for the western part of East Timor including Dili, its capital city. Their main duties were to disarm militias and

secure the border with West Timor. Australia assigned Asian countries including Thailand to be responsible for the Eastern part of East Timor. Thailand wished to avoid confrontation with the Indonesian security forces and militias and Thailand could make use of its expertise in development to assist local people to get on with their normal lives.

By the end of 1999, after INTERFET could effectively control East Timor, the Australian government urged the United Nations to take over the mission from INTERFET. Australia and Thailand continued to work together in the United Nations Transitional Administration in East Timor (UNTAET) peacekeeping force. The first commander was Lieutenant General Jaime de los Santos from the Philippines. He was succeeded by Lieutenant General Boonsrang Niumpradit from Thailand until 31 August 2001. The two deputy commanders were Australian army officers: Major-General Michael Smith and Major-General Roger Powell respectively. Smith assisted Boonsrang in negotiations with Indonesia, planning strategic operations against militias and visiting each country's contingents in various parts of East Timor (Smith, 2014). Powell had experience in military training, so apart from his mission as the deputy of Boonsrang, he was also responsible for training local security forces in East Timor and how to separate power between the police forces, military forces and the civilian authorities at the district level in East Timor (Powell, 2014).

Thai military officers in East Timor in INTERFET and UNTAET complemented Australian officers by sharing at least three qualifications and skills. Firstly, they were able to get along with the military officers from other countries and local population well. Colonel Noppadol Charoenporn (retired as General), the commander of Thai troops during INTERFET (2013) claimed that Thai soldiers in Bacau and Viqueque did not have to hold the guns in their hands when patrolling around the villages because Thai army officers always smiled at and greeted the local people in order to gain their trust and co-operation.

During UNTAET, when Boonsrang became the Commander of the UNTAET PKF, he was able to create the environment in which troops from different countries including Australia and Thailand could work together better. Powell (2014) praised Boonsrang for his empathy for each individual staff and his ability to draw out everybody's strengths. Coming from a non-English speaking country, Boonsrang realised that there could have been problems in communication between nations, so he asked military officers from every country at the morning briefing on his first day as the commander, 22 July 2000, to speak with one another slowly and clearly (Niumpradit, 2004, p. 4). This clearly showed Boonsrang's sensitivity towards encouraging teamwork between troops from different nations. Powell (2014) recalled that one of the strategies of Boonsrang to build stronger relationships between his staff and between the local communities was to invite them to have Thai food with him every Friday night and thought them how to cook Thai food. Thai food became one of Boonsrang's effective tools to connect people from different cultures and languages in East Timor.

Secondly, Thai troops followed his Majesty King Bhumibol Adulyadej's footsteps in improving the agricultural skills of the local population. When Thailand faced the communist threat during the Cold War, King Bhumibol led the nation to fight communism by initiating development projects around the country, especially in the

North East. He insisted that alleviating poverty and improving people's livelihoods were the best ways to reduce support for communist insurgent (Grossman & Faulder, 2011, p. 247).

Colonel Pichate Wisaijorn (retired as General) (2014), the commander of the second Thai contingent deployed to East Timor under UNTAET, who started agricultural development projects, explained that he followed King Bhumibhol's footsteps to help local people to improve agriculture. Strategically, it was a way to garner support from local people because they would feel that soldiers were their friends. This could also help to prevent the enemies from mobilising them. He thought peace would not be restored if people were still starving. He thought the condition of soil and lands of East Timor were not appropriate for agriculture because during the occupation by Indonesia, chemical fertiliser had been heavily used. He decided to teach the East Timorese to produce high quality organic fertiliser by applying a technique called "Effective Microorganism (EM)". Pichate also taught the East Timorese to dig a pond and to cover it with plastic bag and fill it with water to breed walking catfish to be highly nutritious food for the people. Moreover, he taught the East Timorese how to use buffaloes and ploughs to plough the rice fields, which is more effective than the traditional way in which people whipped horses tied to a pole in the middle of the rice field to make them run and step on the soil.

The last qualification and skill was profound understanding of the way of life and the mentality of the East Timorese which is similar to that of people in the countryside of Thailand. The first significant step of Boonsrang's was to ensure the positive attitude of military officers in the field towards local people. Boonsrang argued that "if the multinational force conducting operations in East Timor did not believe that the East Timorese people were good, they would not commit to working for them wholeheartedly, and it would be difficult to be successful" (Malikaew, 2012, p. 61).

Some foreign troops, especially those from Western countries, observed that the East Timorese children were prone to violence when they saw the children playing toys which looked like guns made of bamboo. They also soaked paper and moulded it into circular shapes to use as fake bullets (Malikaew, 2012, p. 53). Moreover, the East Timorese children often fought against one another and loved cockfighting. Boonsrang needed to explain to the western peacekeepers that because of the poverty, the East Timorese children could not afford expensive modern toys, so they needed to create their own toys from natural materials available locally or sometimes fought against one another.

The fact that the qualifications and skills of Australian and Thai troops were complementary led to the success of the peacekeeping operations in East Timor. While Australian troops focused on securing the western part of East Timor and strategic operations against the militia, Thai troops were successful in engaging with the local population, uplifting their quality of life and influencing some foreign troops to adopt more positive attitudes of towards the East Timorese, based on their profound understanding of their lives and mentality.

Australia and Thailand against the European Union (EU) at the World Trade Organisation (WTO)

In 2003, Australian Trade Minister Mark Vaile stated that the European Union (EU) was exporting highly subsidized sugar to the world market and “distorting world markets to the detriment of sugar exporters worldwide, including Australia” (“Australia to formally challenge EU sugar subsidies,” 2003). Vaile announced that “We [Australia] have joined Brazil and Thailand in seeking an investigation because we believe aspects of the EU's support for its sugar regime are clearly contrary to WTO rules” (“Australia to formally challenge EU sugar subsidies,” 2003). He also argued that the EU is the world's largest exporter of white sugar. The EU spends more than A\$10 billion on price support and in excess of A\$2.7 billion on export subsidies on more than six million tonnes of sugar (“Australia to formally challenge EU sugar subsidies,” 2003).

Not only the EU had provided subsidies for EU sugar farmers, the EU also provided financial support for sugar from its former colonies, for example, the African, Caribbean and Pacific (ACP) countries such as Mauritius, Barbados and Fiji. The EU bought sugar from those countries at higher prices and exported at lower prices. The EU subsidised the margin (Asavapisit, 2013). This type of sugar is called “Quota C” or “C sugar”.

Australia invited Thailand and Brazil, two other major sugar exporters to lodge a legal case against the European Union at the World Trade Organisation (WTO). Puangrat Asavapisit (2013), former Permanent Representative of Thailand to the WTO, explained that Australia and Thailand had been working closely together since the establishment of the Cairns Group for Fair Trading Nations, commonly known as the Cairns Group. The Group was established to put forward the liberalisation of agricultural products at the forums of the General Agreement on Tariffs and Trade (GATT) and the World Trade Organisation (WTO) and to counter-balance the influence of the EU and the United States because the EU and the United States had never been willing to open their markets to agricultural products from other countries through various means such as maintaining import quotas and restrictions, providing high level of subsidies to farmers, imposing numerous non-tariff barriers etc (Kenyon & Lee, 2006, pp. 8-12). Initially, senior officials of many agricultural exporting countries including Australia met in Pattaya, Thailand, and agreed in principle to form the Cairns Group, but ministers met again in Cairns Australia in 1986 to formally form the group (Asavapisit, 2013). Moreover, at the World Trade Organisation, Australian and Thailand permanent representatives along with others of the Cairns Group nations always have working lunch or working dinner together in order to consult with one another and work collaboratively on numerous trade issues. These are the reasons why Thai was willing to co-operate with Australia when invited.

Puangrat (Asavapisit, 2013) argued that when Australia and Thailand as well as Brazil, three largest world sugar exporting countries worked collaboratively to lodge a legal case against the EU, they could help one another on the legal aspects of the case. Each country had different legal arguments on the issue and each of them helped make the case more comprehensive. For example, according to Australia, the EU provided “export subsidies in excess of the export subsidy commitments” (World Trade Organisation, 2005). Thailand contended, inter alia, that, “The EC sugar regime

accords imported sugar a less favourable treatment than that accorded to domestic sugar and provides for subsidies contingent upon the use of domestic over imported products.”

However, David Spencer (2014), former Australian Permanent Representative to the WTO, observed that “The fact that three of the largest sugar exporters and representatives of both the developed and developing world joined forces to lodge the complaint looked good from a political point of view but did not mean that we had three times the legal validity of our arguments”. Surakiart Sathirathai (2014), former Thailand’s Foreign Affairs Minister and an expert on international trade laws, argued along similar lines that Australia-Thailand co-operation in the sugar case was significant because it was a rare co-operation between developed and developing countries on trade issue. Finally, the WTO ruled that the EU subsidies were contradictory to the GATT and WTO rules. In 2005, the EU agreed to comply with the verdict by reducing the subsidies provided for their farmers and their former colonies (“EU agrees cut in sugar subsidies”, 2005).

Conclusion

Australia and Thailand worked together as strategic partners to complement each other’s in both security and economic issues without any formal written agreements between each other. In security, Australia and Thailand supported each other in the peacekeeping operations in East Timor, from INTERFET to UNTAET. While Australia provided leadership roles and was responsible for disarming militias in the western part of the territory, Thailand’s contribution helped legitimise Australian roles, satisfy Indonesia and revive people’s lives. On trade issues, Australia and Thailand co-operated to lodge a legal case against the EU on their excess export of highly subsidised sugar, which distorted the global sugar market, at the WTO. Australia and Thailand presented different legal arguments to complement each other and make the case more comprehensive. The verdict was in their favour.

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