Asia-Pacific Trade Briefs

Thailand

Merchandise trade: Merchandise trade accounted for 79% of Thailand's total trade in 2015. Parts and components of electronics and motor vehicles have become important exports from Thailand, which has participated actively in the global value chains in related sectors since the early 2000s. Similar to other member economies of the Association of Southeast Asian Nations (ASEAN), Thailand's trade performance has been affected by the weak global demand that has caused trade linked to the global value chains to decelerate. Both exports and imports grew sluggishly by 2.6% on average during the past five years, while trade by the Asia-Pacific as a whole grew much faster at 7.5%. However, Thailand's trade contraction in 2015 by 5.8% for exports and 11% for imports was moderate compared with that of the region.

Services trade: Services exports grew strongly by 12.1% on average during 2010-2015, which was stronger than the region's average of 6.4%. In 2015, the country outperformed the Asia-Pacific region with robust export growth of 9.6% while the region experienced an export decline of 4.8%. Travel-related services, such as tourism, transportation and other business services, form the major services exports by a prolonged decline in merchandise trade contributed to lower exports of transport services and other commercial services, but which was more than compensated for by strong tourism exports which largely contributed to the robust services exports growth. In contrast, services imports in 2015 contracted by 4.6%, which was largely driven by a continuing slowdown of economic activities in Thailand throughout that year. Preliminary data for the first two quarters of 2016 indicate that imports of commercial services continued the downward trend, while exports – despite slowing somewhat – were still growing solidly.

Intraregional trade: In 2015, 57.6% of goods exports from Thailand were within the Asia-Pacific region. China (18.8%) and Japan (10.3%) were the two largest intraregional export destinations, while the United States (15%) was the largest non-region export partner. Meanwhile, 71.4% of goods imports came from the Asia-Pacific region. Almost half of Thailand's merchandise imports are sourced from China (26.4%) and Japan (19.3%). Thailand is a significant trading partner for smaller ASEAN members such as the Lao People's Democratic Republic and Myanmar.

Foreign direct investment (FDI): Thailand remains a net recipient of FDI inflows, but the country is also actively investing in other South-East Asian (SEA) countries. In 2015, FDI inflows into Thailand increased sharply by 206.6%. This largely reflected investment recovery from the average contraction of 5.7% during 2010-2015. During the past five years, the FDI climate in Thailand suffered from a series of negative factors including political turmoil, widespread flooding and the impact of global economic slowdown. Japan was the largest foreign investor accounting for 60.6% of total FDI inflows. Regarding FDI outflows, in 2015 there was a 76.4% increase in overseas Thai investments. Investment by Thailand to SEA economies was mainly focused on the manufacturing, retail, food and retail sectors.

Tariffs: Tariffs continue to form a major component in trade costs for Thailand. In 2014, average applied and effectively applied MFN tariffs of Thailand were 10.9% and 12.0%, higher than the Asia-Pacific region's averages of 6.9% and 5.9%, respectively. Similarly, average MFN bound duty, at 25.3%, was above the Asia-Pacific average of 20%. In addition, the country's binding coverage (76.3%) was less than that of the Asia-Pacific region (84.9%).

Trade costs: International trade costs of Thailand remained higher compared with the most efficient major traders in Asia and the Pacific region; however, the costs declined gradually during 2009-2013. In 2013, the trade costs incurred by Thailand in reaching four major developing economies in Asia and the Pacific (China, India, Indonesia and the Russian Federation) were similar to those incurred in European Union-3 trade but were almost 50% higher than those incurred by East Asia-3 in reaching the same markets.

Trade agreements: Thailand has 13 preferential trade agreements (PTAs) in force, which is more than the Asia-Pacific average of 7.6 agreements per country. Of the country's total exports, 54.1% are directed to its PTA partners, compared with 33.3% for the Asia-Pacific region, while 69.4% of total imports come from PTA partners, compared with 44%, an average, for the Asia-Pacific region.

Figure 1. Key trade and investment indicators

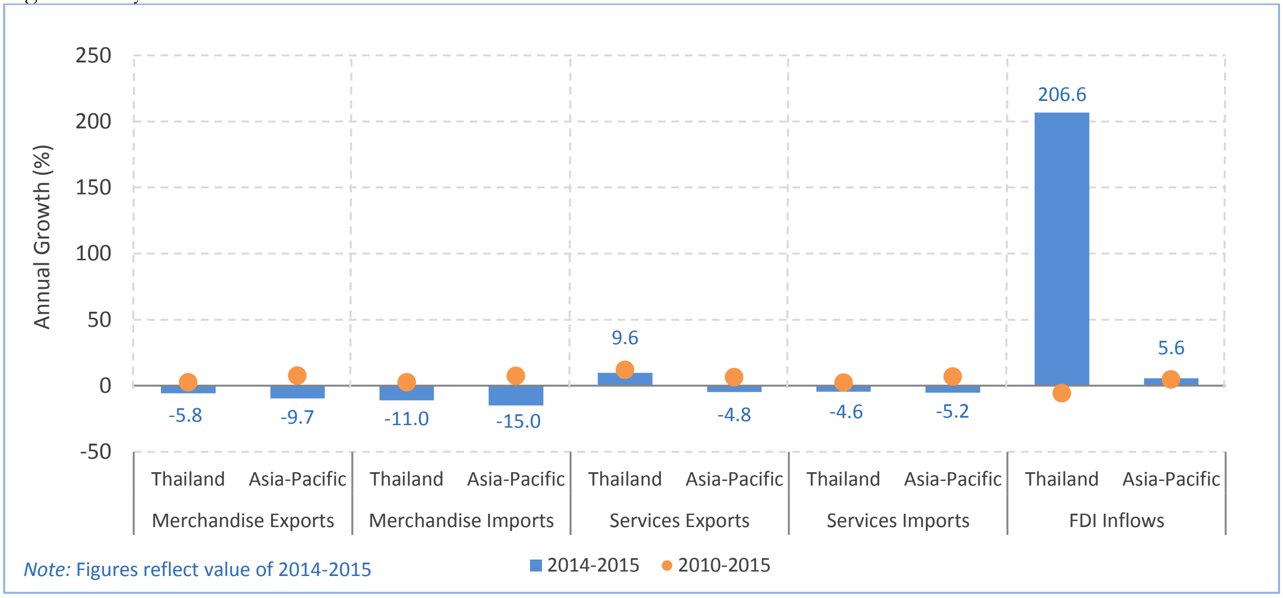

Figure 2. Top merchandise markets

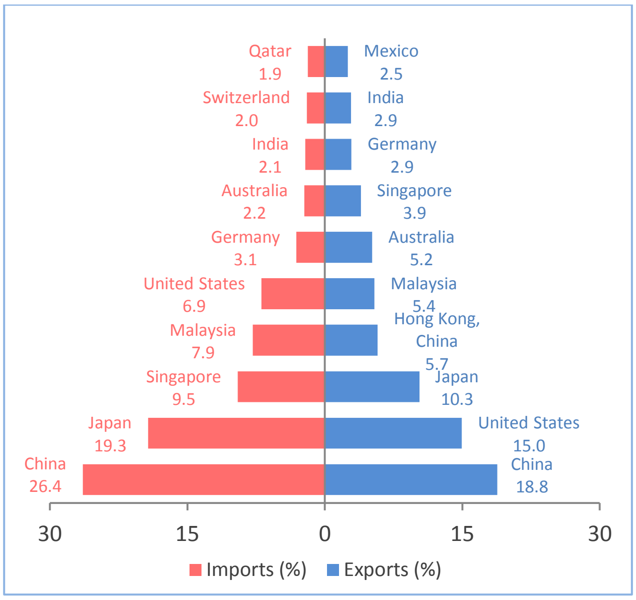

Figure 3. Top merchandise products

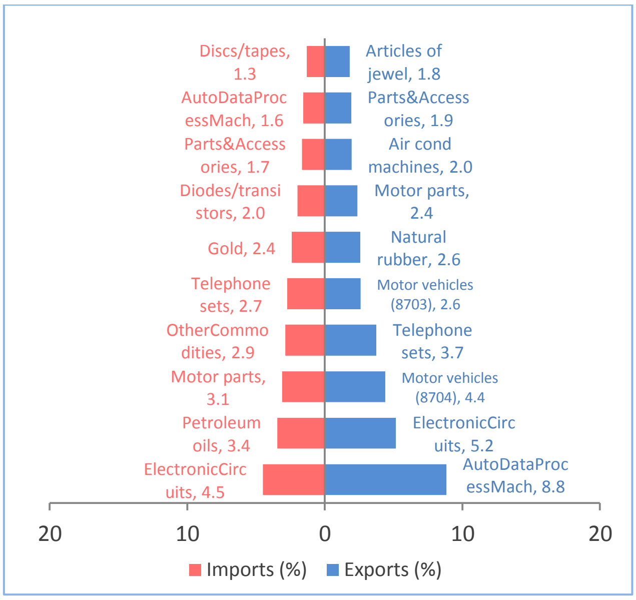

Figure 4. Trade within region and rest of the world

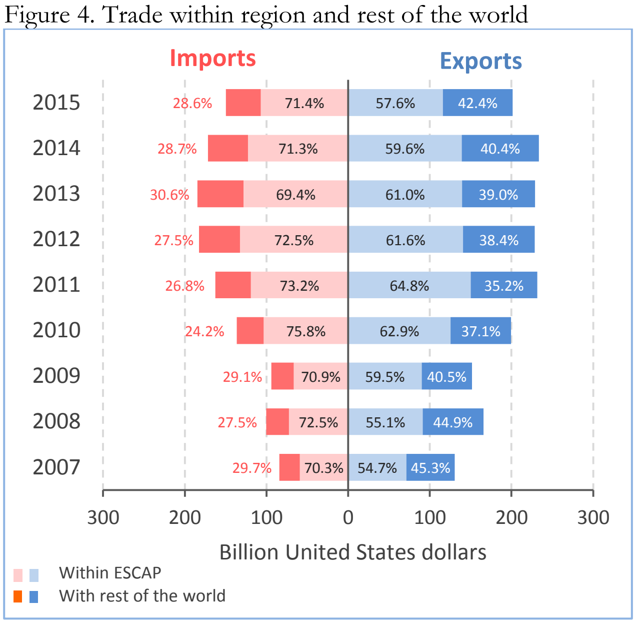

Figure 5. Foreign direct investment

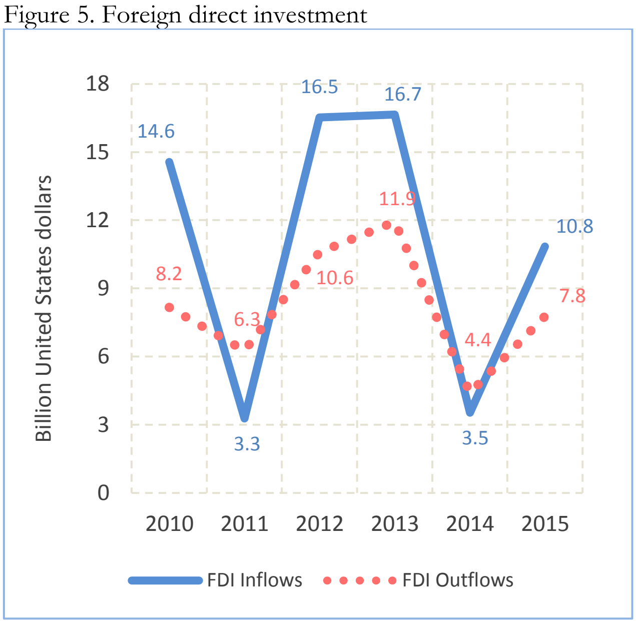

Figure 6. Tariffs (as of 2014)

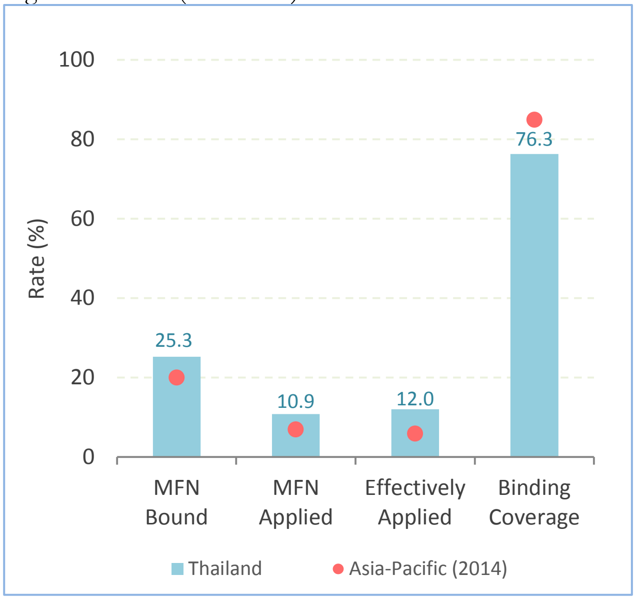

Figure 7. Trade costs