



New Era of Trade

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For Thailand Focus 2019

Embracing Opportunities : The Next Chapter

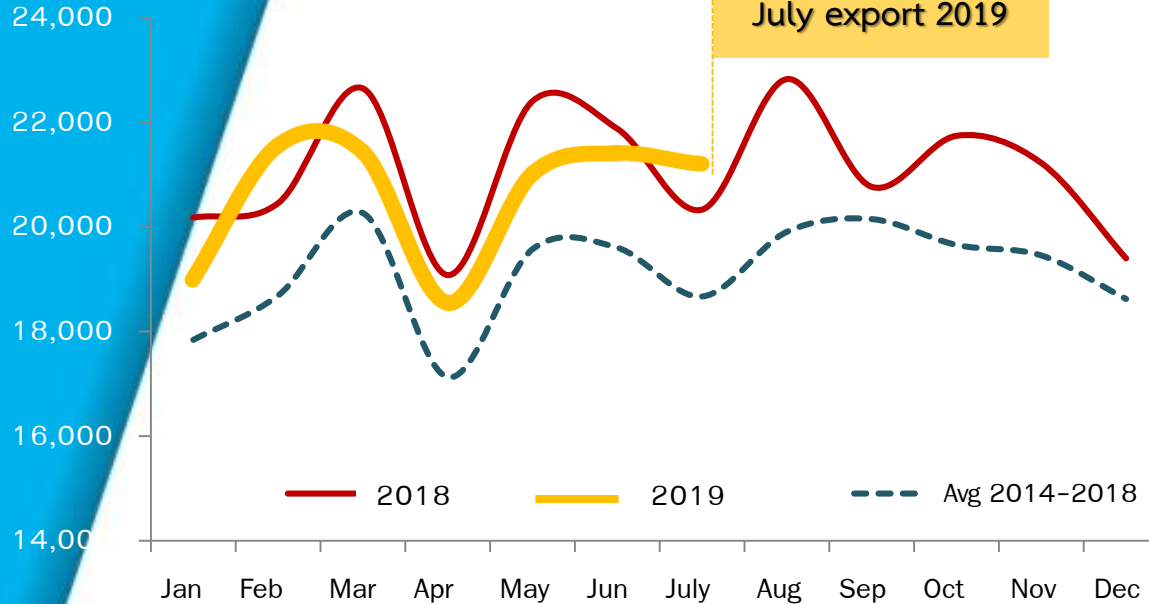
Thailand Economy

Macroeconomic Index	2016	2017	2018	2019	2020
GDP (% YoY)	3.3	4.0	4.1	3.5	3.5
GDP (Billion USD)	412.4	455.3	487.2	516.7	547.4
GDP per Capita (USD)	6,113.8	6,730.6	7,187.2	7,607.7	8,048.6
Trade/GDP (% of GDP)	122.0	122.5	123.2	116.2	119.1
Export of Goods and Services/GDP (% of GDP)	68.4	68.2	66.8	64.6	66.3
FDI In-flows (Billion USD)	1.8	6.5	10.5	N/A	N/A
FDI Out-flows (Billion USD)	12.3	17.0	17.7	N/A	N/A
Consumer Price Index (% YoY)	0.2	0.7	1.1	1.0	1.3
Current Account Balance (Billion USD)	48.2	50.2	37.7	36.5	34.3
Current Account Balance/GDP (% of GDP)	11.7	11.0	7.7	7.1	6.3
Foreign Exchange Reserve (Billion USD)	171.8	202.5	205.6	215.8	N/A
Public Debt/GDP (% of GDP)	41.8	41.9	42.1	41.5	41.8
Exchange Rate (Bath : USD)	35.8	32.6	32.4	30.7	N/A

Thailand exports (US Dollars)

July 2019 bounced back to 4.3 percent with the value of 21.2 billion USD.
First seven months of 2019, Thai exports contracted 1.9 percent.

Million US Dollars

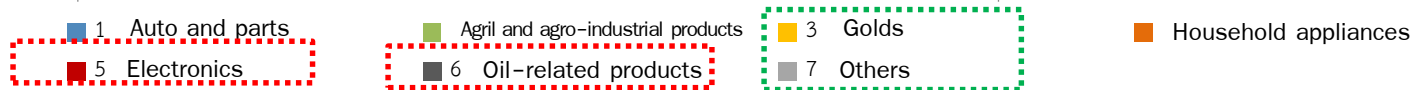
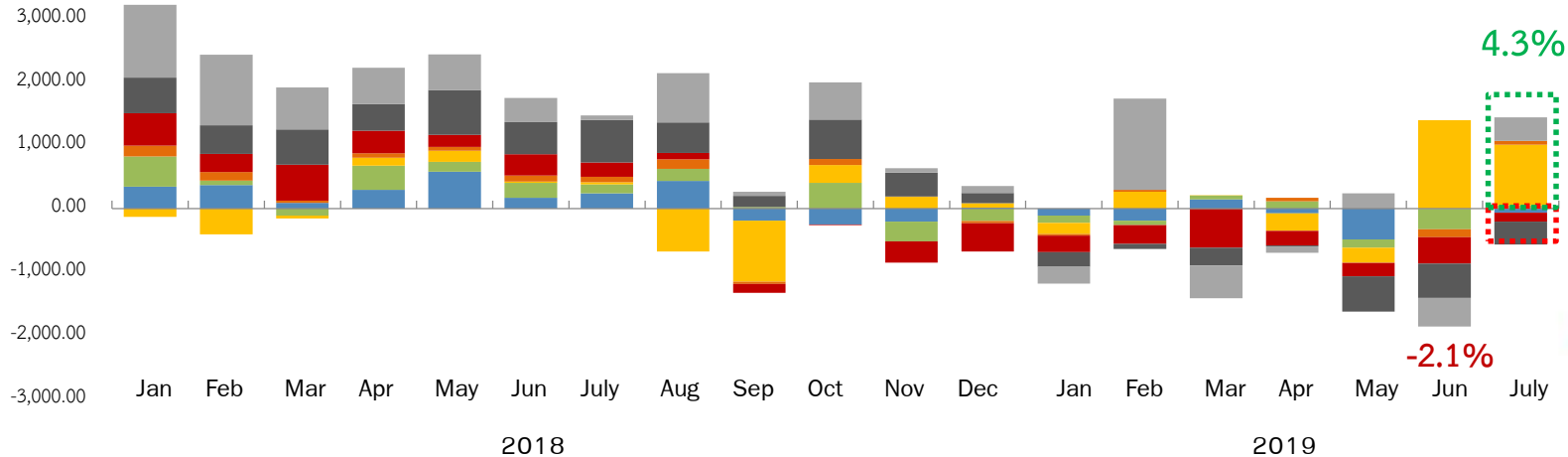


	2019	July	Jan – July
Total Exports (US Dollars)		21,205	144,176
Growth (%YoY)		4.3	-1.9
Less oil-related products		6.9	-0.6
Less golds		-0.4	-3.3
Less oil-related products and golds		1.6	-2.1
Total Imports (US Dollars)		21,095	140,122
Growth (%YoY)		1.7	-1.8
Less oil-related products and golds		11.0	-0.5
Trade Balance (US Dollars)		+110	+4,054

Contribution to growth by Sector

Thai exports in July 2019 bounced back to 4.3 percent largely from gold exports. But some new products have emerged while global oil prices dampened exports of oil-related products.

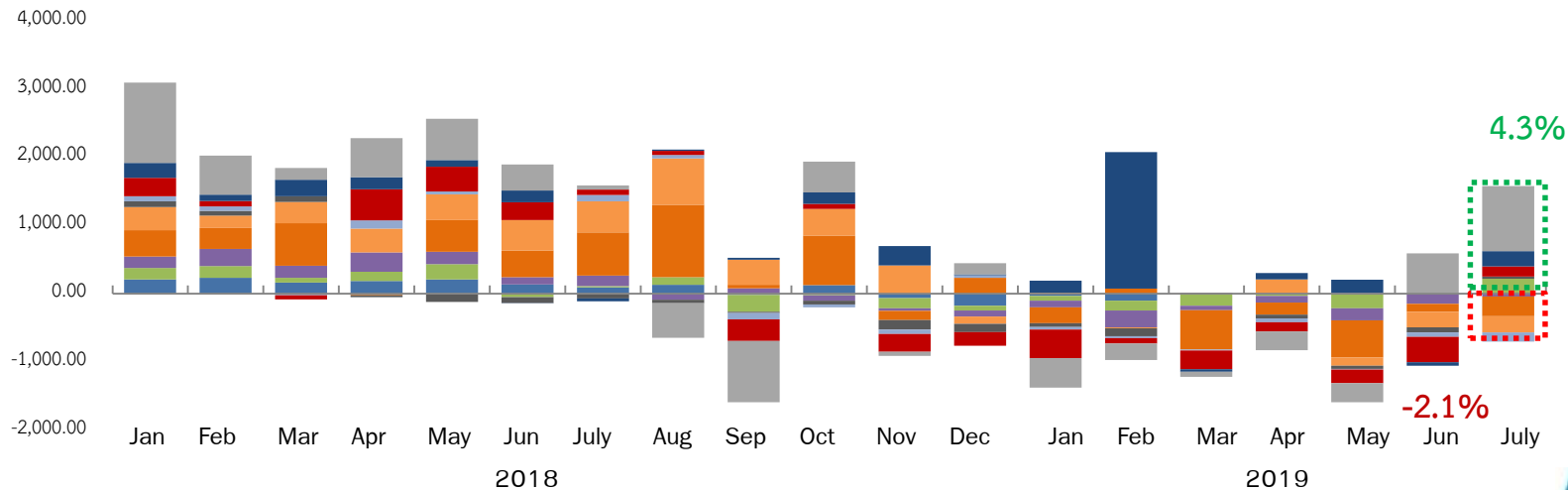
Million US Dollars
4,000.00



Contribution to growth by Country

Thai Exports to most major trading partners including US, Japan, Hong Kong, Taiwan, and China rebounded. Exports to India remain robust.

Million US Dollars



1 South Asia
6 Middle East

2 Australia
7 Latin America

3 EU (15)
8 China

4 ASEAN (5)
9 USA

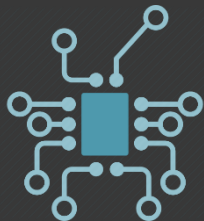
5 CLMV
10 Others



TRADE WAR



VS



Technology



Currency

Also with EU, Turkey, India and Russia

Huawei BAN with 114 companies in Entities List

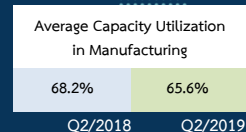
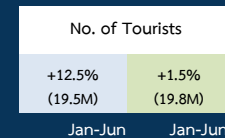
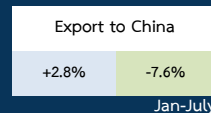
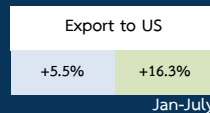
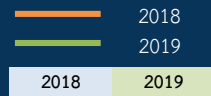
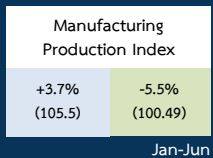
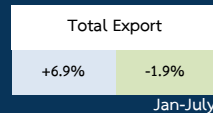
US declares China is a currency manipulator

Overall Effect

Since US, China, EU, Turkey, India and Russia economies account nearly 70% of world GDP in 2018, trade tension has started to hit economic activity worldwide.

IMF forecasts World Real GDP in 2019 to 3.2%, world trade volume will expand by 2.5%.

Trade war and trade disputes among nations push a **realignment of trade and investment flows** to diversify and leverage economic interests.

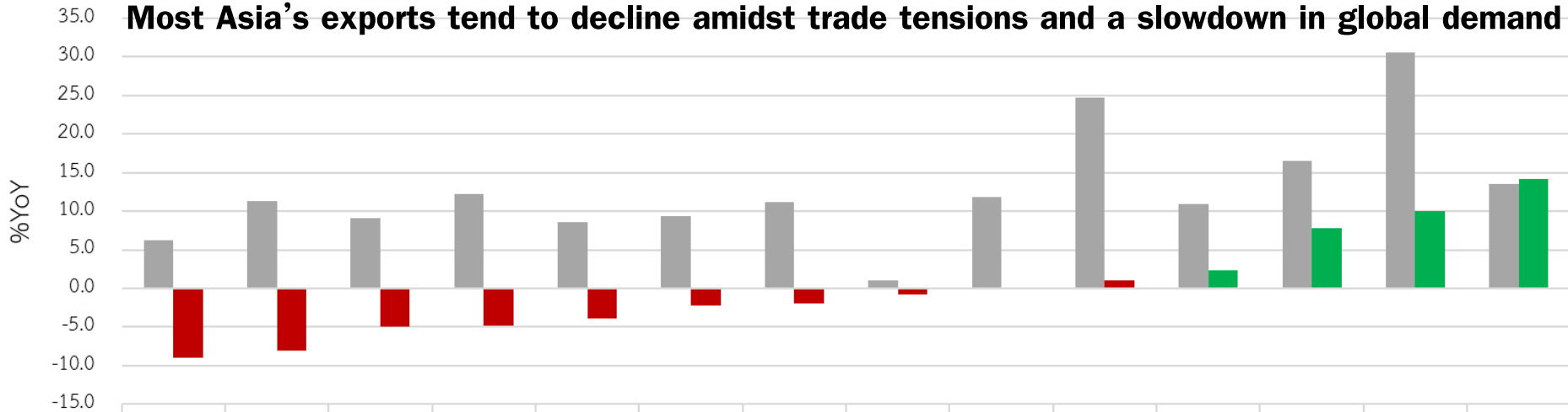


Effect to Thailand

Trade war, and global economic uncertainties has affected Thai economy. For instance, lowering production performance of industrial sector, sluggish growth in tourism, slowing export

Asian Exports by Country

Most Asia's exports tend to decline amidst trade tensions and a slowdown in global demand



	South Korea	Indonesia	Japan	Singapore	Hong Kong SAR	Taiwan	Thailand	Philippines	China	Laos	India	Vietnam	Myanmar	Cambodia
■ 2018	6.3	11.3	9.1	12.2	8.6	9.4	11.1	1.1	11.8	24.7	11.0	16.5	30.5	13.6
■ 2019	-8.9	-8.0	-5.0	-4.8	-3.9	-2.2	-1.9	-0.8	0.1	1.0	2.4	7.8	10.0	14.1

Source: CEIC

Remarks:

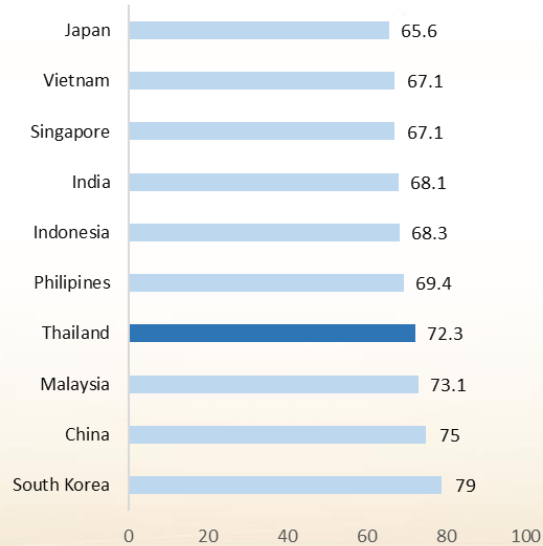
- Export growths are year-to-date. Most countries' latest data is July 2019 except Myanmar (3 mths) Laos and Cambodia (5 mths) and Philippines (6 mths).

Thailand remains strong with potential growth and opportunities

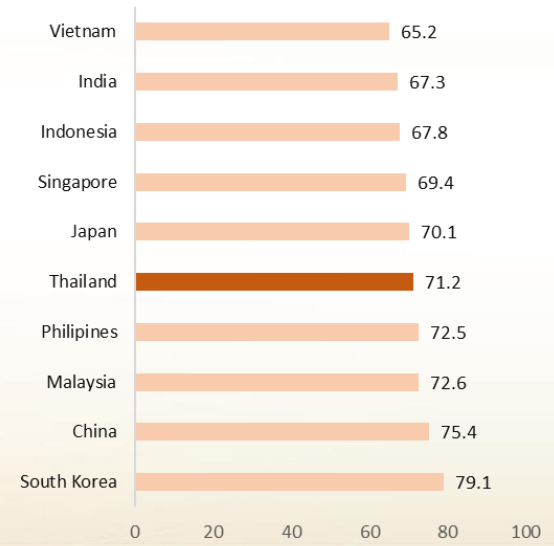
Thailand's Operational Risk on Q4/2019



Short-Term Economic Risk Index

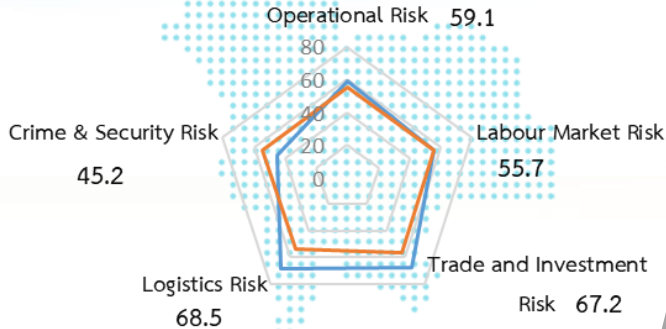


Long-Term Economic Risk Index



Thailand remains strong with potential growth and opportunities

Thailand's Operational Risk on Q4/2019



— Thailand Score
— East and Southeast Asia Average



Machinery, Autos and Parts

- ✓ Auto manufacturing Hub
- ✓ Opportunity in China' demand in Luxury Brands such as BMW or Mercedes-Benz



ICT

- ✓ Business-friendly environment
- ✓ Industry 4.0 and Incentives in Eastern Economic Corridor



Tourism

- ✓ Relaxation of visa restrictions
- ✓ Growing regional spending powers
- ✓ Medical tourism as one of the most lucrative sectors



Consumer & Retail

- ✓ Improving World Bank's EODB gives momentum to attract more investors.
- ✓ Growing urbanization provides pool of potential customers.
- ✓ Tourism attracts affluent visitors.



Freight Transport & shipping

- ✓ Government-led infrastructure to improve capacity in roads, airports, and maritime facilities.
- ✓ Thailand as a vital trade link in the region



Banking and Financial Services

- ✓ Authorities' embrace of digitalization and fintech opportunities.
- ✓ Further regional integration in ASEAN should benefit cross-border investment and activities.

Strategies to Tackle Trade War and Export Stimulus Measures

01

Trade Diversion Effects

- Monitor the influx of imported goods, the attempt of circumvention.
- Trade remedies for farmers/entrepreneurs that could be affected.

02

Markets / Export

- Manage export markets : diversify, seek new markets, export goods that can be replace US and Chinese product in both countries.
- Marketing/ Branding
- Encourage Long Term Contract and FX Management.
- Restructure Thai Exports to match market needs / Enhance product standard.
- Promote and Develop Service sector.

03

Trade Negotiation

- Prepare to talk with US to mitigate risk of tariffs and measures implementation on Thailand.
- Accelerate Free Trade Agreements and strengthen Strategic Partnership.
- Monitor, maintain, and manage foreign relations and international cooperation with other countries.

04

Investment

- Promote Inward Foreign Direct Investment which improve value chain of Thai industries in to next level.
- Encourage Thai investors to invest outward bundled with Thai products.

WHY THAILAND ? : Trade Perspective



Geo-Economic

Thailand's in the heart of ASEAN connected with the fast-growing CLMV countries.



Eastern Economic Corridor (EEC)

The investment environment features generous tax and non-tax incentives for

- (1) High value-added, S-curve, enabling Thailand to develop our own value chains, partnering with countries who own technology.
- (2) Aligned with export portfolio adjustment strategy which aims to move from primary/intermediate products toward more finished goods and
- (3) Environmentally friendly and sustainable.



Infrastructure Development

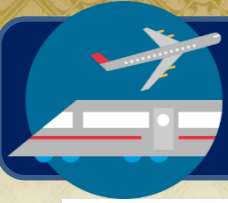
Expansion of airports, seaports, roads, rail systems and ICT infrastructure.

- Airports: Upgrades of Don Mueang, Suvarnabhumi and U-Tapao International Airports
- Maritime transport facilities: A USD 3 billion project will expand port capacity in the Eastern Seaboard area, including a cruise ship port in Sattahip and upgrades of the major shipping ports of Laem Chabang and Map Ta Phut.
- Enhance Thailand Science Park (TSP) to become the largest fully-integrated research and development hub in Thailand



Trade Agreements

Thailand has free trade agreements with 18 different nations, including such major global economies as Australia, China, Japan, New Zealand, South Korea, and India in addition to other 9 ASEAN members.



Thailand : Logistic Hub of Southeast Asia

Connect to
glbal market
Through BRI

Thailand's Geographical
Advantages
and Global Connectivity

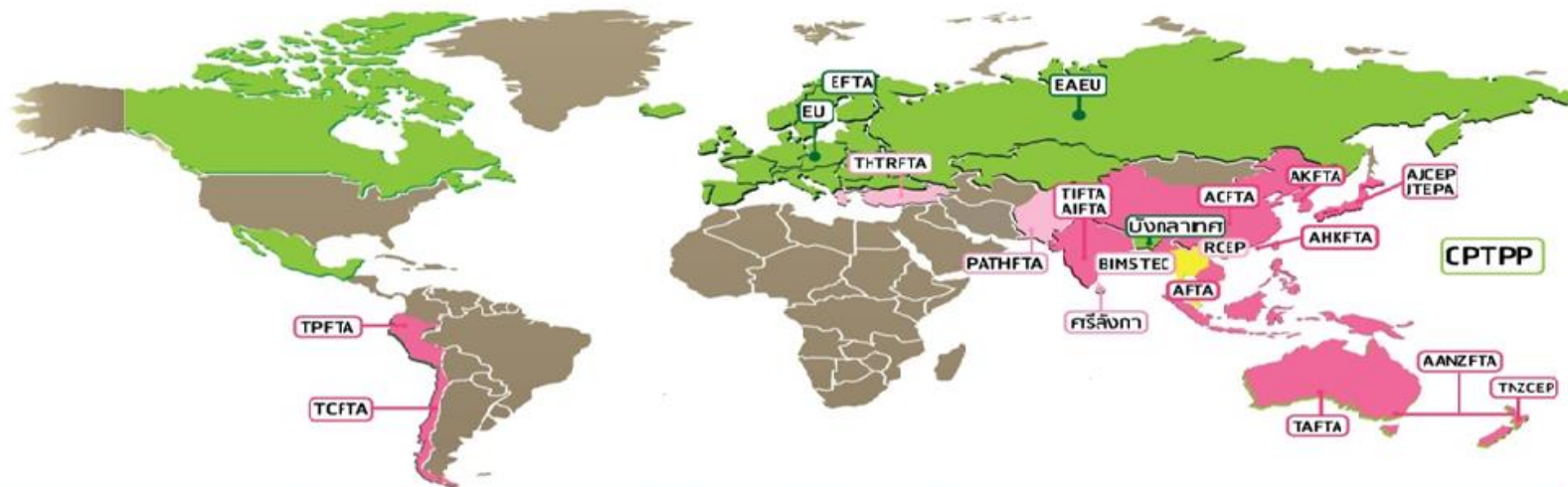
Various mode of
transportation
Sea, Air, Road and Rail

Announced by Chinese President Xi Jinping in 2013, the Silk Road Initiative, also known as China's Belt and Road Initiative, aims to invest in infrastructure projects including railways and power grids in central, west and southern Asia, as well as Africa and Europe.





FTA between Thailand and Trade Partner



Effective (13 Agreements, 18 Countries)		Under Negotiation	Future Possible Agreement	
TAFTA	= Thai– Australia	PATHFTA	= Thai–Pakistan	Thai – Bangladesh
TNZCEP	= Thai–New Zealand	THTRFTA	= Thai–Turkey	Thai – EFTA
JTEPA	= Thai–Japan	SLTFTA	= Thai–Sri Lanka	Thai – EAEU
TIFTA	= Thai–India	RCEP	= ASEAN +6	Thai – EU
TPFTA	= Thai–Peru	BIMSTEC		ASEAN - EU
TCFTA	= Thai–Chile			CPTPP
AFTA	= ASEAN			
ACFTA	= ASEAN–China			
AIFTA	= ASEAN–India			
AJCEP	= ASEAN–Japan			
AKFTA	= ASEAN–South Korea			
AANZFFTA	= ASEAN–Australia–New Zealand			
AHKFTA	= ASEAN – Hong Kong			



ASEAN FREE TRADE AREA (AFTA)



RCEP



BIMSTEC



EU-THAILAND



IN FORCE
NEGOTIATING



North - South
Southen
East - West
East - West Potential Extension



THAILAND - PERU



THAILAND - CHILE



MYANMAR



THAILAND



CAMBODIA



PEOPLE'S REPUBLIC OF CHINA



THAILAND - AUSTRALIA



THAILAND - NEW ZEALAND



MYANMAR



THAILAND



CAMBODIA



PEOPLE'S REPUBLIC OF CHINA



THAILAND - AUSTRALIA



THAILAND - NEW ZEALAND

North - South
Southen
East - West
East - West Potential Extension



THAILAND - PERU



THAILAND - CHILE



MYANMAR



THAILAND



CAMBODIA



PEOPLE'S REPUBLIC OF CHINA



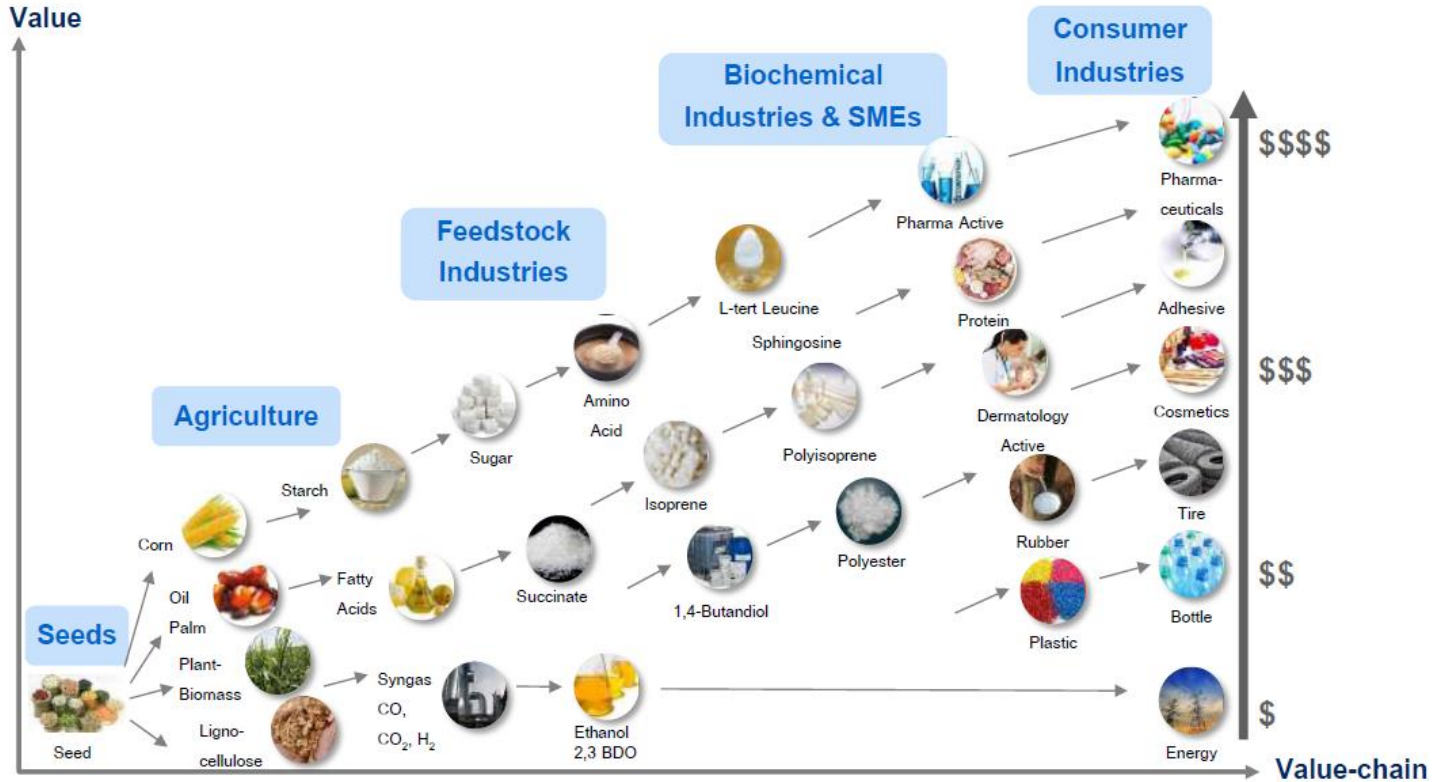
THAILAND - AUSTRALIA



THAILAND - NEW ZEALAND

IN FORCE
NEGOTIATING

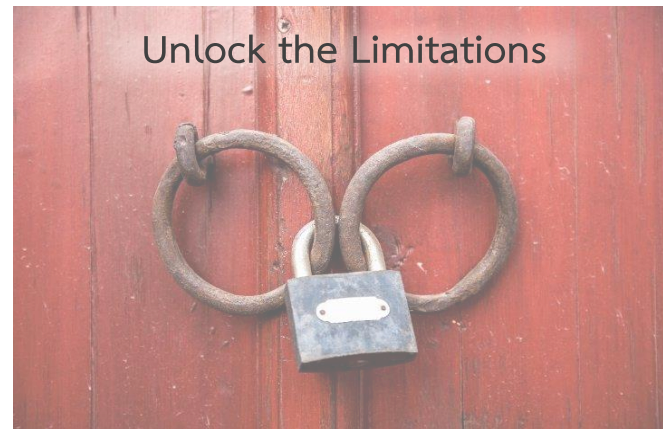
High Value Industries Targeted : Examples of Bio-economy



SOURCE: © 2012 Society of Chemical Industry and John Wiley & Sons, Ltd | Biofuels, Bioprod. Bioref. 6:240–245 (2012); DOI: 10.1002

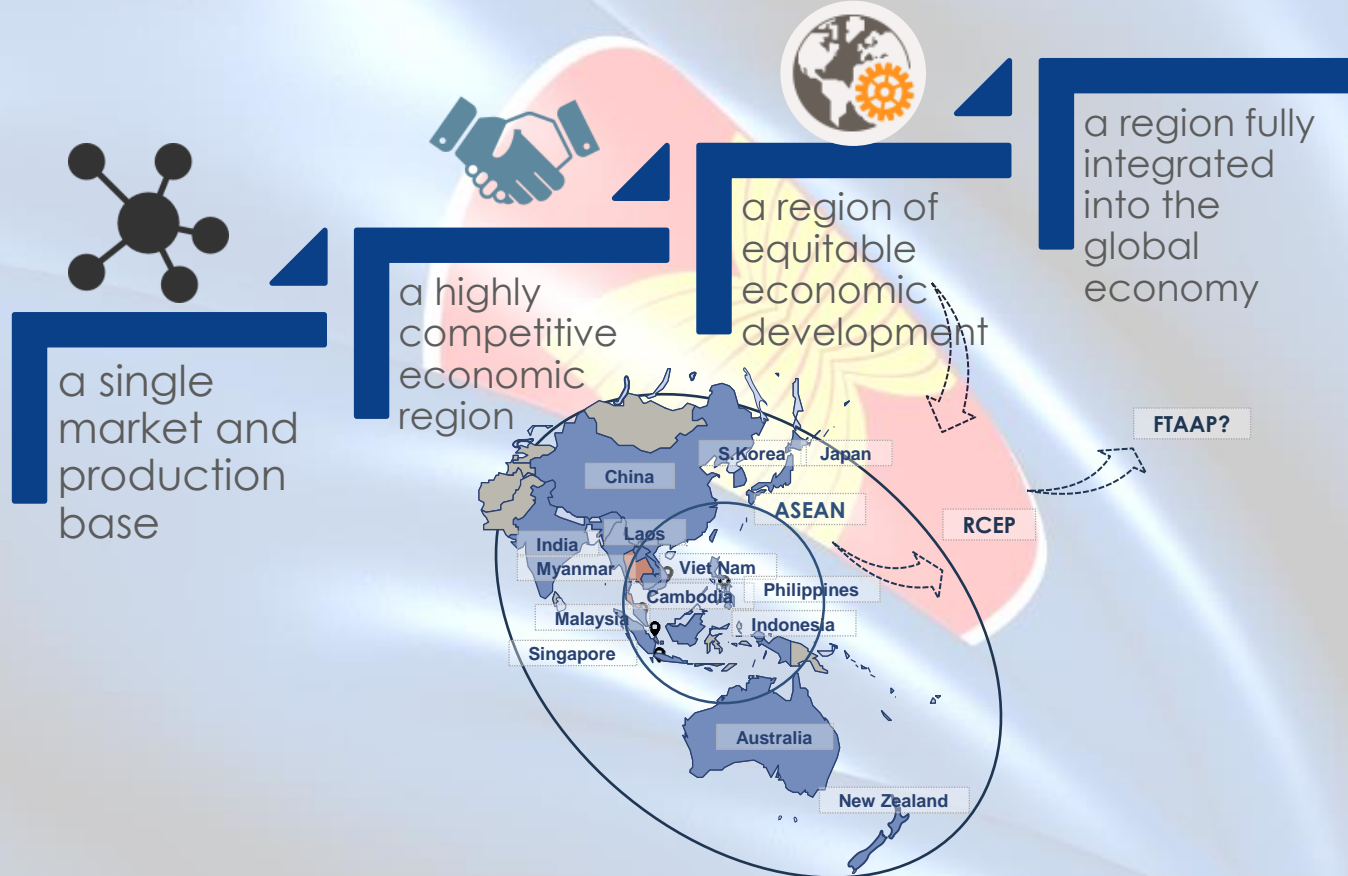


Service Sector Development in Thailand as an Engine of Growth



Enhance Integration into Regional Value Chain

Thailand is also ready to deepen integration both within ASEAN and outside ASEAN to better integrate into regional and global value chains or GVCs.



CONNECTING THE DOTS



**DIGITAL MINDSET &
TRUST BUILDING**



**HUMAN CAPITAL
DEVELOPMENT**



**ECOSYSTEM &
HARMONIZATION**



**PUBLIC – PRIVATE
COLLABORATION**



INCLUSIVENESS

CONNECTING THE DOTS

“ PRIVATE SECTOR
COLLABORATION
(PRIVATE-LED
GOV-SUPPORT) ”

SECTORS FOR
COLLABORATION



AGRICULTURE
BIO



LOGISTICS



TOURISM



DIGITAL



CRAFT / CARE
CREATIVE

ROADMAP POLICY & STRATEGY



BUSINESS

- CAPACITY BUILDING
- VALUE CREATION
- MARKET CONNECTIVITY



PEOPLE

- **DIGITAL MINDSET**
- **HRD (RE-SKILL & UP-SKILL)**
- SMART CONSUMER
- TALENT MOBILITY



GOVERNMENT AND PUBLIC PRIVATE PARTNERSHIP (PPP)

- DIGITAL INFRASTRUCTURE
- REGULATION & STANDARD
- PHYSICAL INFRASTRUCTURE



Ecosystem and Harmonization

- Online & Offline Interoperability
- Digital Infrastructure : Internet Access
- Logistics & Custom Procedures
- Standards & Legal Framework
- Payment
- Taxation
- Incentives , Incubators , Accelerators , Investors

**DOING
BUSINESS 2019**



**Rank: 27th
of the World**
3rd of ASEAN



E-Registration

- ✓ Providing training course and publicity of e-Registration and identity verification service in the center and provincials.
- ✓ Plan to combine Business registration, VAT registration and Employee registration in the single channel



Getting Electricity

- ✓ Providing MEA smart life application
- ✓ Modifying administration fee for getting electricity included exemption for the new request of getting electricity.



Paying Taxes

- ✓ Various electronic services such as e-Filing, e-TAX invoice & receipt and Digital payment
- ✓ Measures to support e-Payment with free of charge and seven-day expansion is accepted for contribution payment via e-Payment



Trading Across Borders

- ✓ With Pre-arrival system, users can submit bill of lading, pre-tax payment, and instantly, it is able to pick up goods when shipping has arrived, e-Bill Payment via Internet banking.

The New Trade Agenda



CONNECTIVITY

COLLABORATION

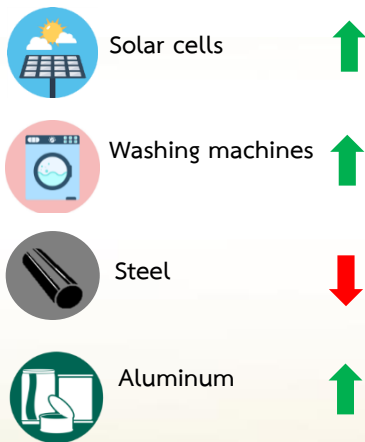
NEW ECONOMY

Back Up



Effects from US Measures and US-China Trade War

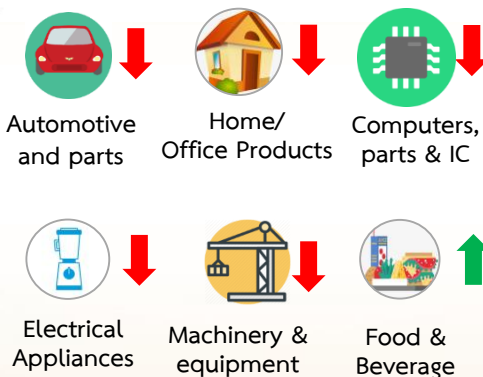
Direct Effects from US Trade Measures (Jan – July 2019)



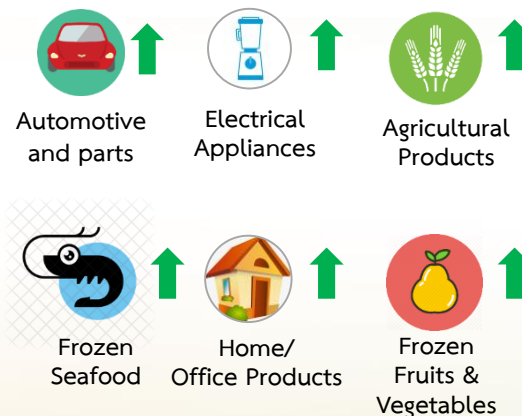
Note: US measures are applied in Feb – Mar 2018. Hence the direct effects on Thai exports are accessed **from the first quarter of 2018 onward.**

Indirect Effects (Jan – July 2019)

Effects through China's Supply Chain



Export Opportunities in US Market











Note: The indirect effects are accessed **from the fourth quarter of 2018 onward**, after US measures and China's countermeasures are fully effective.

Status of FTA Negotiations

BILATERAL TRADE

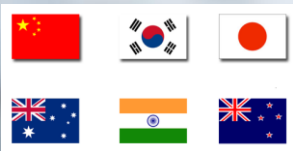


FTA	Negotiation Status	Effective Date	Trade volumn between Thailand and trade Partner 2017 : million USD	Trade volumn growth rate since FTA's effective (percentage)
 Thai - India	- Early Harvest : Effective Full Agreement : Under Negotiation	Sep 1,2004	10,386	406.88
 Thai - Australia	- Effective	Jan 1,2005	14,948	132.6
 Thai - New Zealand	- Effective	July 1,2005	2,283	194.87
 Thai - Japan	- Effective	Nov 1 2007	54,347	16.87
 Thai - Peru	- Early Harvest : Effective Full Agreement : Under Negotiation	Dec 31,2011	473	-22.56
 Thai - Chile	- Effective		1,122	25.36
 Thai - Pakistan	- Under Negotiation	Nov 5,2015	1,550	-
 Thai - Turkey	- Under Negotiation	-	1,517	-



Status of FTA Negotiations

Regional Trade



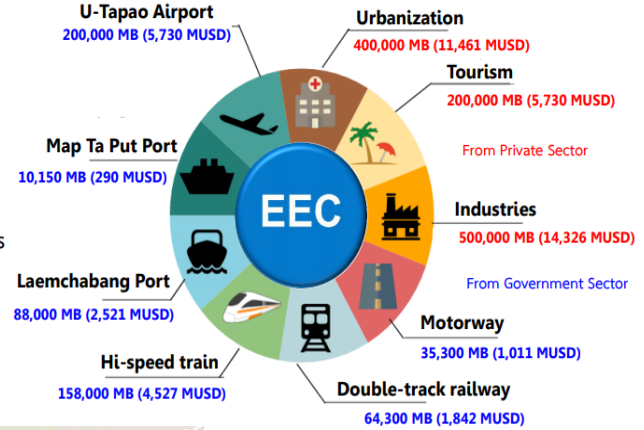
FTA	Negotiation Status	Effective Date	Trade volumn between Thailand and trade Partner 2017 : million USD	Trade volumn growth rate since FTA's effective (percentage)
ASEAN	- Effective	Jan 1, 1993	101,158	707.67
ASEAN - China	- Effective	July 20, 2005	73,670	262.45
ASEAN - Japan	- Effective	Jun 1, 2009	54,347	33.37
ASEAN - South Korea	- Effective	July 1, 2010	12,724	9.02
ASEAN-Australia-New Zealand	- Effective	Mar 12, 2010	17,033	2.68
ASEAN - India	- Effective	July 1, 2010	10,386	56.26
ASEAN - Hong Kong	- Effective	Jan 1,2019	15,217	-
RCEP	- Under Negotiation	-	269,515	-

Thailand 4.0 and New Industrialization



The Eastern Economic Corridor (EEC): Key Investments

Investment plan
1.5 trillion Baht/
43,000 million USD
within the first 5 years



SEZ Areas

Create Added Value: Post Harvest-GI-Organic-Branding-Creativity-OTOP

Focus on the Utilization of IP & GI



Raise the Bar of Thai Products



Branding Thailand



THINK WORLD'S BEST RICE



From Organic to Fair Trade



Storytelling & Creative Economy



Premium OTOP

