

# FTA, Thailand Goal, Strategy & Benefits

by  
Pongsak Hoontrakul

*Email: Pongsak@Hoontrakul.com*

Dated : July 20, 06.

All Rights are reserved.

## Regionalism and Free Trade Agreement

On November 4th, 2002, China and ASEAN signed the Framework Agreement on China-ASEAN Comprehensive Economic Cooperation to establish China-ASEAN Free Trade Area by 2010. The initiative on China-ASEAN FTA was taken under the background of the rise of the regionalism throughout the world.

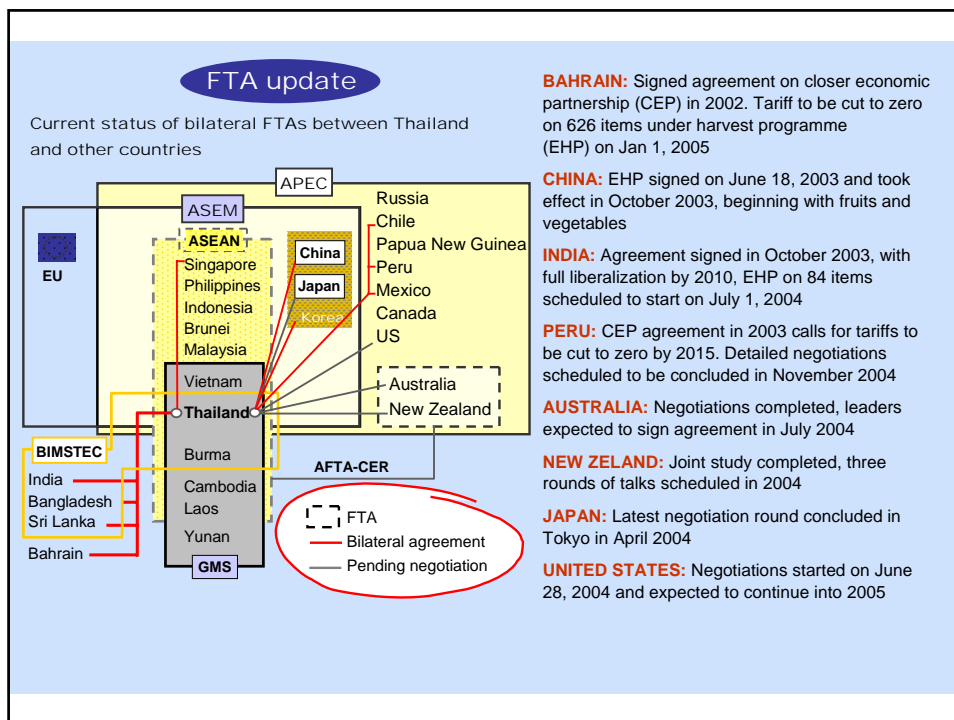
### Three tidal waves of regionalism in the world since 1950s

- First was from 1950s to 1960s, with the symbol as EC founded in 1956.
- Second began from the early 1990s with the symbol of formation of European single market, NAFTA and APEC.
- Third was in the late 1990s till up to date, with the characteristics of the fast proliferation of RTAs (Regional Trade Agreements) in different areas of the earth, and with the features of birth of EU and Euro currency.

**Free Trade Agreement (FTA) is the primary stage of regional economic integration. The forms of regional economic integration can be listed as following:**

- Preferential Trade Area (PTA)
- Free Trade Area (FTA)
- Customs Union (CU)
- Common Market (CM)
- Economic Union (EU) and etc.

The above forms constitute different stages in regional economic integration in turn



## Thailand and FTA Strategy

- Goal
  - To create an economic alliance, increase competitive performance, attract FDI, increase export opportunities, and enhance the efficiency and effectiveness of production.
- Strategy
  - Maintain Thailand's share in major traditional trading markets
  - Expand into new markets and focus on potential markets
  - Open gateway to other regions
  - Establish FTAs with other important economies such as EU, Canada, South Africa, Chile, Mexico, Japan, Korea, Mercosur group and EFTA.

Source : Miss Poonsri Khulimakin, Assistant Director General, Department of Trade Negotiations, Ministry of Commerce June 06

## Thailand's FTA Negotiating Strategy



- FTAs should encompass a comprehensive framework, cover trade liberalization and also expand any other economic integration. The FTA should be flexible.
- FTAs should be in line with WTO rules, be transparent and provide disclosure for examination on other members.
- FTAs should be based on reciprocity and supportive of each others' level of development
- FTAs should incorporate a mechanism to prevent negative effects on domestic industries
- An early harvest scheme could accelerate the FTA negotiation process.

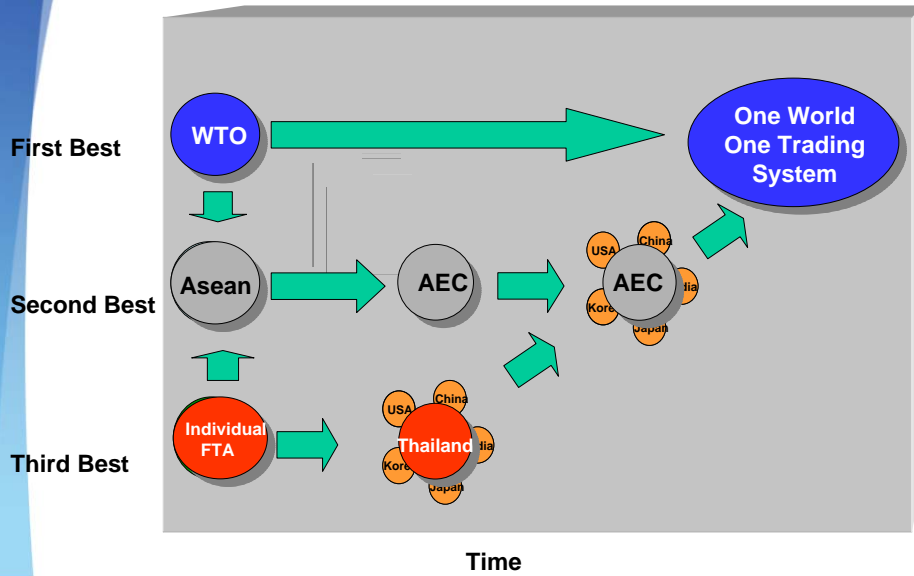
Source : Miss Poonsri Khulimakin, Assistant Director General, Department of Trade Negotiations, Ministry of Commerce June 06

## Goals and Implementation of Bilateral FTA

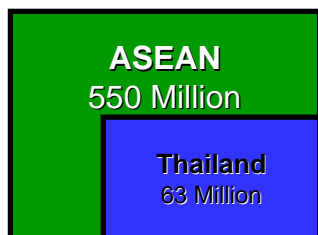


- **Products that are expected to be affected:**
  - Products that will expand massively includes **agriculture and food products**
  - Potential industrial products
  - Products that are expected to be adversely affected and may need to adjust
  - **Service sector** that would benefits Thailand

## Int'l Trade & Investment Policy

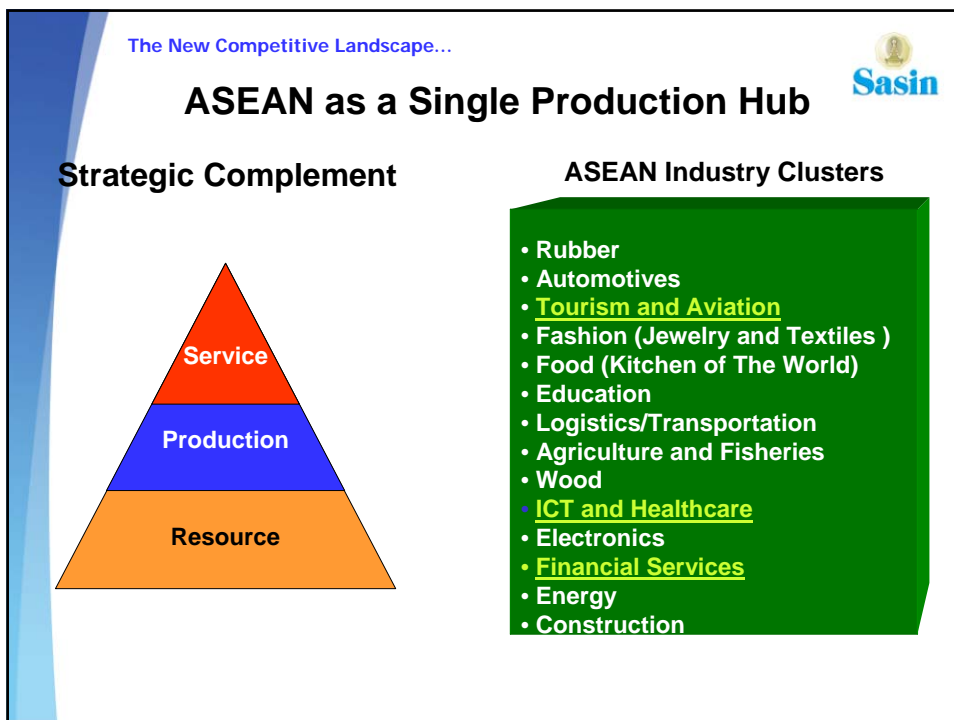
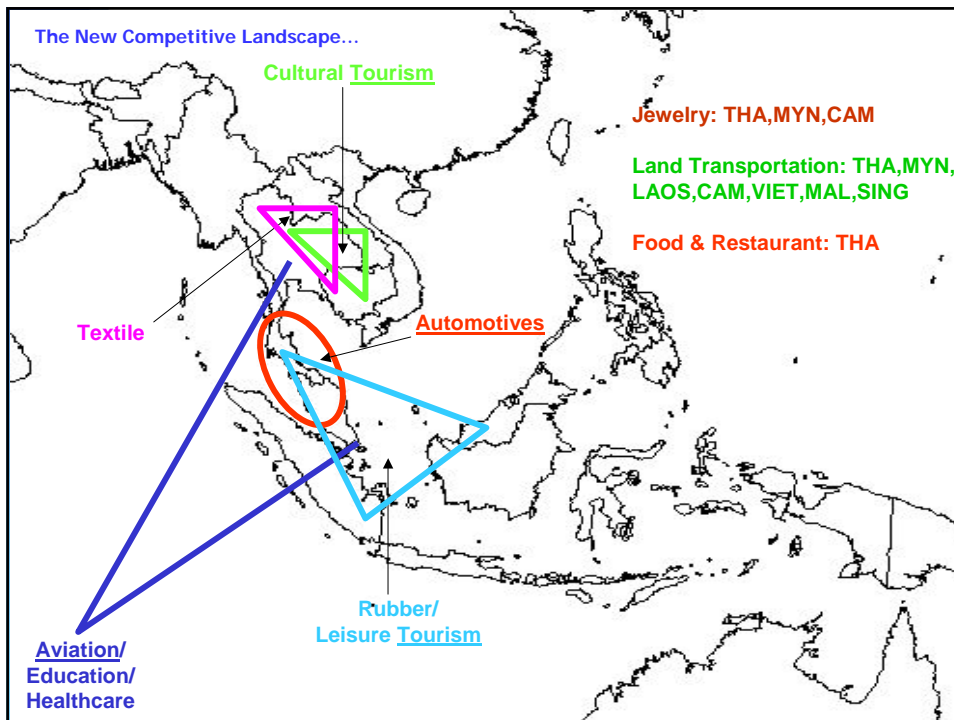


## Internalization of Market : ASEAN as a Single Market

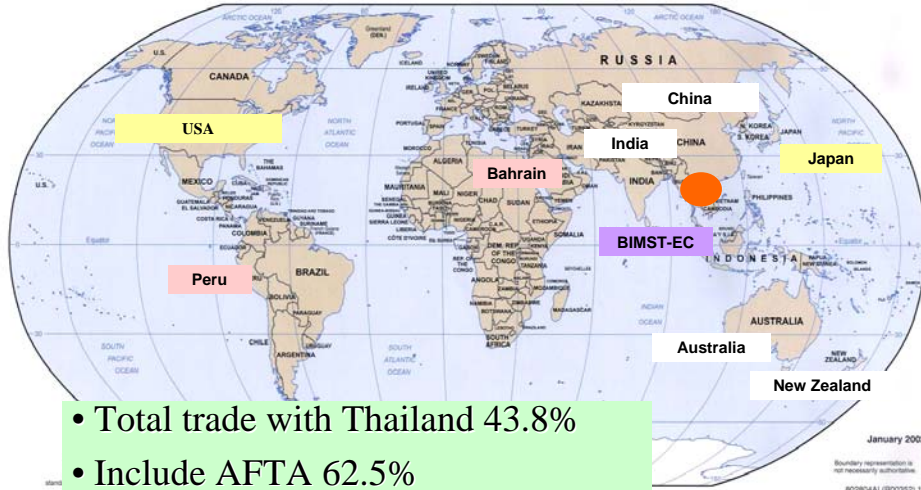


- Mobility of Goods & Service
- Mobility of Labor
- Mobility of Capital

Market Enlargement



## Recent Progress of Thailand's FTA



8+1 FTA (as of June 06)

## Major Priorities for Thailand



1. Attaches great importance to immediate neighbours. ACMECS
2. **Reinvigorates ASEAN** in order to strengthen ASEAN's solidarity and relevancy.
3. Establishes a vibrant network of an Asia-wide cooperation under the framework of **Asia Cooperation Dialogue or ACD**.
4. Conducts a proactive economic diplomacy with strategic partners.
5. Participates actively in multilateral diplomacy.
6. Ensures that necessary MFA services, particularly on consul matters, are rendered in an efficient and effective manner to the grassroots people.

Major Thailand Export to the World	Mil. US\$ 2005	Major Thailand Import from the World	Mil. US\$ 2005
Automatic data processing machines and parts thereof	11,861.2	Crude oil	17,004.5
Motor cars, parts and accessories	7,750.8	Machinery and parts	11,206.2
Electronic integrated circuits	5,524.6	Electrical machinery and parts	9,546.7
Polymers of ethylene, propylene// in primary forms	4,204.0	Iron, steel and products	8,704.0
Rubber	3,714.8	Chemicals	8,462.4
Precious stones and jewellery	3,233.1	Electrical circuit panels	7,986.0
Radio-broadcast receivers, television receiver and parts thereof	3,177.9	Computers; accessories and parts	6,324.7
Garments	3,162.9	Other metal ores, metal waste scrap, and products	4,340.0
Iron and steel and their products	2,909.7	Jewellery including silver bars and gold	3,924.7
Chemical products	2,653.0	Parts and accessories	3,215.0

<h2>Trade Impact from FTA</h2>	
Goods that Thailand will mostly benefit	Goods that PIF will mostly benefit
<ul style="list-style-type: none"> <li>•Prepared or preserved fish, crustaceans, molluscs</li> <li>•Motor cars, parts and accessories</li> <li>•Motocycles, parts and accessories</li> <li>•Rice</li> <li>•Ceramic products</li> <li>•Wheat products and other food preparations</li> <li>•Garment</li> <li>•Woven fabrics</li> <li>•Iron, steel and their products</li> <li>•Polymers of ethylene, propylene</li> </ul>	<ul style="list-style-type: none"> <li>•Fresh aquatic animals, chilled, frozen</li> <li>•Paper and paper products</li> <li>•Wood in rough, sawn or chipped</li> <li>•Electrical circuit panels</li> <li>•Fabrics</li> <li>•Ship, boats and floating structures</li> <li>•Computer; accessories and parts</li> <li>•Animals and animal products</li> <li>•Rubber manufacturers</li> <li>•Jewellery</li> <li>•Machinery and parts</li> <li>•Vegetables and vegetable products</li> </ul>

## Investments Potential fm FTA



### Potential Sector/Industry

- Industries related to agriculture, aquatic animals, feedstuff, wood products
- Jewelry
- Marina, Ship, boats and floating structures
- **Tourism**, Constructions

## Cooperations Potential fm FTA



Area	Thailand	PIF
Exchange of <b>Technology &amp; Skills</b>	Training, Workshop on Mechanical Maintenance	
Strategic Alliance / Joint Venture	SME, Light Industry, <b>Tourism</b> , ICT	
Exchange Trade and Investment <b>Information</b>	Statistics, Laws and Regulations	
HRD	Agriculture / Fisheries	
<b>Tourism</b>	eg. <b>Ecological Tourism</b> , eCommerce..	

# END

I love emails.  
Any comments are welcome  
At Email : [pongsak@hoontrakul.com](mailto:pongsak@hoontrakul.com)