

# **The FTA Architecture of Thailand**

*Narongchai Akrasanee, Ph.D.*

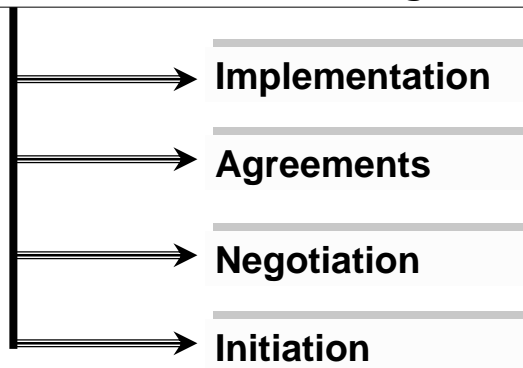
PECC Trade Forum Meeting  
Jeju Island, Korea  
May 22-25, 2005

## **OUTLINE**

- I. Latest Development of Thailand's FTAs**
- II. Architecture of Thailand's FTAs**
- III. FTAs and Thailand Trade Regime**

# I. Latest Development of Thailand's FTAs

## Under various stages



3

# I. Latest Development of Thailand's FTAs (cont.)

## Implementation

AFTA since 1993, Now > 60% of products are tariff free

China -- 0% in 2010  
-- EHP (07-08) = 0% since Oct 1, 2003

India -- 0% in 2010  
-- EHP (82 items) start on Sep 1, 2004; will be 0% within Sep 1, 2006

Australia -- 0% in 2015  
-- 49% of Thai products, 83% of Australian products are tariff free since Jan 2005

4

# I. Latest Development of Thailand's FTAs (cont.)

## Agreements

**Bahrain** -- EHP = 626 items will be 0%

**New Zealand** -- Signed, 0% in 2015

-- Start from July 1, 2005

5

# I. Latest Development of Thailand's FTAs (cont.)

## Negotiation

**USA** -- Services, Labor, Environment, Trade Remedies and IPR are key issues

**Japan** -- Under discussion on agriculture i.e. chicken, sugar, fisheries, etc and manufacture i.e. iron & steel, auto parts, leather products

**Peru** -- Expected to finish within 2005  
-- Agricultural products such as rice, chicken, sugar and ROO are under discussion

6

# I. Latest Development of Thailand's FTAs (cont.)

## Initiation

EFTA

Pakistan

7

# II. The Architecture of Thailand's FTAs

## ➤ Conceptual Design

- Sectoral (Early Harvest)
  - China, 10/ 2003
    - Fruits & vegetables (HS 07-08)
  - India, 9/2004
    - 82 product groups
- All merchandise, with phased exclusion list
  - AFTA, 1993

8

## II. The Architecture of Thailand's FTAs (cont.)

- **Comprehensive, with timing and other conditionalities**
  - Australia, 1/2005
  - New Zealand, 7/2005
  - USA (under negotiation)
- **Limited FTA (Partnership Agreement)**
  - Japan (under negotiation)
  - Peru, Bahrain (implementation pending)

9

## II. The Architecture of Thailand's FTAs (cont.)

- **Architectural Process**
  - **Design development, determined by objective, by Inter- ministerial Committee**
    - **Specific market expansion**
      - ➡ Sectoral approach
    - **Achieving overall economy of scale**
      - ➡ All merchandise
    - **Enhancing competitiveness (sectoral and regime reform) of Thailand's businesses**
      - ➡ Comprehensive
    - **Enhancing partnership for closer economic relations, or access to other markets**
      - ➡ Limited FTA

10

## **II. The Architecture of Thailand's FTAs (cont.)**

- **Negotiation**
  - Negotiating teams by countries, under appointment
  - Secretariat at Ministry of Commerce (Department of Trade Negotiations)
- **Implementation**
  - By Ministries' responsibilities (fragmented)
  - Ad-hoc dispute settlement mechanism
- **Impact management**
  - Public education
  - Restructuring and relocation funds

11

## **III. FTAs and Thailand's Trade Regime**

- **Foreign Trade Regime**
  - **More uniform tariff rate structure and customs procedure**
    - AFTA implementation added pressure on move towards uniformity
  - **Modernizing standards and quality requirements**
    - Quarantine system (Australia, NZ)
    - Quality and safety standards (China, India)

12

### **III. FTAs and Thailand's Trade Regime (cont.)**

#### **➤ Competition Regime**

- **Forcing necessary sectoral reform**
  - Dairy & livestock (Australia, NZ)
  - Financial services (USA)
  - Etc., etc...
- **Initiating cross-border commercial practice reform (mainly USA)**
  - Intellectual property rights
  - Government procurements
  - Investment
  - Etc., etc....