THAILAND

What’s happening in this economy

Thailand is ASEAN’s second largest economy and a top 10 two-way trading partner for Australia. It has globally significant, export-oriented industries in automotive, agribusiness, electronics and tourism.

Thailand’s 20-Year National Strategy (2017–2036) outlines its plans to achieve developed-country status. ‘Thailand Industry 4.0’ is the government’s key policy program aimed at transforming the country into a value-added, innovative and knowledge-based economy.

A cornerstone of this initiative is developing Thailand’s Eastern Economic Corridor (EEC), comprising major rail, road, maritime and air infrastructure projects to position Thailand as the gateway to Asia. Public and private sector investments would enhance the international competitiveness of high-potential industries to help Thailand realise its 4.0 ambitions.

Australia is well-positioned to help Thailand transform its traditional companies into smart companies, and its traditional services into high-value services. Austrade has identified opportunities for Australia to contribute to Thailand’s industry 4.0 policy in sectors such as advanced manufacturing (innovation and automation), digital economy (e-commerce, enterprise solutions), smart cities (building technology, intelligent transport), food and beverages, and education (vocational and higher education).

Trade, investment, and commercial opportunities and activities

- Thailand is an important market for Australia:
  - it is our ninth-largest two-way trading partner and a major source of international students and foreign investment, and
  - more than 3,000 Australian manufacturers export goods to Thailand.

- Australian business interests in Thailand are diverse and are attracted to the country for:
  - the size and scale of its economy
  - opportunities to provide manufacturing and supply chain inputs
  - its advanced infrastructure and competitive business costs.

- Thailand offers Australian firms a base to realise commercial opportunities in the Greater Mekong sub-region, home to some of the fastest-growing emerging markets in Asia
  - there are more than 200 Australian firms operating in Thailand, including a cluster of around 20 in the automotive industry within the EEC, and
  - these firms service domestic, regional and international markets.
While Thailand is traditionally viewed as an attractive manufacturing base, the past five years have seen more than 25 Australian digital and services companies establish operations in Thailand.

In sectors targeted as part of Thailand’s 4.0 strategy, Australian firms could offer:
- services, technology or know-how to help modernise local industries
- niche expertise for major infrastructure, smart cities and connectivity projects, and
- goods and services to meet the needs of increasingly affluent Thai consumers, including premium food and beverages and international education.

Foreign businesses that want to operate in Thailand should become familiar with the Foreign Business Act, which defines which sectors are open to foreigners:

The Thai Board of Investment offers incentives and exemptions for investors within certain sectors through the Investment Promotion Act:
- this includes land ownership rights within special economic zones such as the EEC, although these are granted by exception only.

Trade policy and negotiations

Australia and Thailand have two free trade agreements relevant to Australian businesses interested in Thailand:

**The Thailand–Australia Free Trade Agreement (TAFTA)**

Under TAFTA, over 90 per cent of Thai tariffs on Australian imports into Thailand have been dismantled. Effective from 1 January 2020, tariffs on particular beef exports from Australia will reduce to zero, although a special safeguard will remain in place until 1 January 2021. Since TAFTA entered into force in 2005, trade between Thailand and Australia has doubled and Thai foreign direct investment stocks in Australia have increased 20-fold. More information about taking advantage of TAFTA can be found on the DFAT FTA portal.

**ASEAN–Australia–New Zealand Free Trade Area (AANZFTA)**

As a member of ASEAN, Thailand is also part of AANZFTA, which entered into force in January 2010 and is Australia’s first multi-country FTA. It offers extensive tariff reduction and elimination commitments and regional rules of origin that provide new opportunities for Australian exporters to tap into the region’s supply chains. Tariffs on particular Australian beef exports reduce to zero from 1 January 2020, and (unlike TAFTA) no safeguard apply.

Thailand has been a member of the WTO since 1995 and Asia–Pacific Economic Cooperation (APEC) since 1989. Thailand was one of the 15 members that concluded the negotiations of the text of the Regional Comprehensive Economic Partnership (RCEP) in November 2019.

Thai Deputy Prime Minister, Somkid Jatusripitak, has outlined Thailand’s interest in joining the Comprehensive and Progressive Agreement for Trans–Pacific Partnership.

Thailand is the only country from Southeast Asia to participate in an OECD country program, which was signed on 31 May 2018.
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