



Thailand

Business Conditions Snapshot

- Like others in the region, Thailand's export-oriented economy has been battered by COVID-19. Thailand is facing one of the sharpest economic contractions within ASEAN. Border closures had an acute and immediate impact on the country's tourism sector, which accounted for around 15 per cent of GDP in pre-COVID times.
- However Thailand's highly effective control of the pandemic has enabled it to focus on the task of economic recovery. The country remains ASEAN's second-largest economy, strategically located near key markets and now with one of the world's strongest track records in suppressing COVID-19.
- Thailand will rely heavily on its 20-Year National Strategy (2017–2036) to chart its COVID-19 economic recovery. 'Thailand Industry 4.0' is the government's key policy program to transform 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.
- Government stimulus is a key element in Thailand's COVID-19 response. At November 2020, the Government had already allocated over 1.9 trillion Baht – or around 9 per cent of GDP – in the form of cash transfers, soft loans, support for infrastructure projects and SMEs. Thailand retains ample fiscal space for further stimulus measures if required.

Key facts and figures

- Population: 69.8 million (2020)
- GDP growth: 2.4% (2019)
- GDP per capita: US\$7,808
- Political system: constitutional monarchy
- Two-way trade: A\$25.7 billion (2018)
- Key exports: gold, crude petroleum, coal, aluminium, education and personal travel
- Key imports: vehicles, heating and cooling equipment, household equipment, travel and transport
- Two way investment: A\$10.8bn (2018)
- Major Australian investments into Thailand: automotive, logistics, advanced manufacturing, technology and services
- Major Thai investments into Australia: hotels, energy and resources, agribusiness, industrial.

Trade and Investment Opportunities

- Australia is well positioned to help Thailand transform its traditional companies into smart companies, and its traditional services into high-value services.



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- Austrade has identified opportunities for Australia to contribute to Thailand's economic re-orientation 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).
- As a top 10 trading partner, Thailand continues to be an important market for Australia. More than 3,000 Australian businesses export to Thailand and around 200 have an on the ground presence.
- Thailand is also a major source of international students for Australia and there are more than 200 university partnerships between respective institutions.
 - Thai investments in Australia have also been growing at a healthy rate over the past decade across many areas.
 - These include energy and resources, tourism infrastructure and agribusiness.
- Australian services, technology and technical know-how can help modernise Thai companies in the retail, finance, health, telecommunications, utilities, manufacturing and food production sectors.
 - Niche expertise and construction inputs can contribute to major infrastructure, construction and connectivity projects.
- Australian expertise is also well-positioned to contribute to the demand for higher quality graduates who are work-ready and who have the skills needed by future industries.
 - An estimated 24 million workers are expected to enter the Thai workforce over the next 15 years, opening strong opportunities for education, training, upskilling and reskilling programs.
- Pre-COVID, Thailand was a major tourist destination and attracted close to 40 million international visitors in 2019.
- The country also boasts one of the fastest growing and most sophisticated retail food sectors in the world.
 - This has contributed to the demand for premium Australian food products across all major categories including gourmet and artisan foods, healthy and lifestyle foods, and brands with a unique Australian back-story. This demand has strengthened despite the dampening influence of COVID-19.

Trade Policy and Negotiations

- Foreign businesses that want to operate in Thailand should become familiar with the Foreign Business Act, which defines the sectors 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



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ownership rights in special economic zones such as the EEC, although these are granted by exception.

- Australia and Thailand have two free trade agreements:
 - Under the **Thailand–Australia Free Trade Agreement (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.
 - As a member of ASEAN, Thailand is also part of **ASEAN–Australia–New Zealand Free Trade Area (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 supply chains in the region. Tariffs on particular Australian beef exports reduced to zero from 1 January 2020, and (unlike TAFTA up to 1 January 2021) no safeguard applies.

Thailand has been a member of the WTO since 1995 and Asia–Pacific Economic Cooperation (APEC) since 1989. Thailand was one of 15 members that signed the Regional Comprehensive Economic Partnership (RCEP) in November 2020. Thailand continues to debate potential CPTPP membership, including through a recent parliamentary committee inquiry into the merits of accession.

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