



# Trade Digest

## Vol. 5 Issue 4

### 28 February 2018

## Thailand's January Exports Increase at Fastest Rate Since November 2012

Despite the baht's appreciation, Thailand's exports performed well and the country's export values increased at the fastest pace for more than five years in January 2018.

According to the Ministry of Commerce, Thailand's customs-cleared exports rose 17.6% year-on-year to US \$20.1 billion in January 2018, the largest increase in percentage terms since November 2012. Led by cars, computers, rubber products, plastic pellets, and chemicals, the export values in January grew at the fastest rates thanks to the recovery of the global economy and the strong global demand. Thailand also saw export growth in all its key partner markets. Exports to Japan, the United States, and the European Union rose by 26.3%, 11.3%, and 8.9%, respectively. This significant increase in Thai exports at the beginning of the first quarter signals a good economic outlook for 2018 as exports are one of the key drivers of Thailand's growth aside from tourism.

Thailand's top 10 exports in 2017 were (1) machinery including computers; (2) electrical machinery and equipment; (3) vehicles; (4) rubber and rubber articles; (5) gems and precious metals; (6) plastic and plastic articles; (7) mineral fuels including oil; (8) meat and seafood preparations; (9) optical, technical, and medical apparatus; and (10) cereals. Such products are expected to enjoy higher exports this year, particularly computers and components, electricity circuits, vehicles, plastic pellets and jewelry.

## Thailand Launches Its Government E-Marketplace

The Thai Government has recently launched Thailand's first government e-Marketplace called "Smart Online SMEs Plus (S.O.S.+)". According to Mrs. Arada Fuangtong, Director of the Digital Commerce Market Office, International Trade Promotion Department, the Smart Online SMEs Plus (S.O.S.+ ) initiative, which is linked with ThaiTrade.Com, will help Thai exporters create their own online product catalogues. The exporters will be offered free-of-charge professional photography services in collaboration with

Canon Marketing Thailand Co., Ltd., as well as professional copy-editor services which can help the exporters with their product descriptions. The purpose of the program is to export as many Thai products as possible through the online channel and increase the transaction value on Thai e-Commerce to 5.5 billion baht in 2018, representing an increase of approximately 1 billion baht from the previous year. This will, of course, help Thai exporters expand into global and border trade markets.

The product catalogues will also be used during 'Business Matching' sessions to be held during 19-22 March 2018 in Bangkok, on 27 March 2018 in Chiang Mai, and on 29 March 2018 in Khon Kaen. Representatives from e-MarketPlace providers such as TMall, eBay, Amazon, GoSoko, 11Street, FlipKart, PayTM, Souq, Qoo10, and BliBli, among others, are expected to participate in the sessions.

The International Trade Promotion Department is also negotiating with Chinese online giant 'Alibaba' on delivering Thai agricultural products and OTOP (One Tambon, One Product) goods to Chinese consumers, starting with premium rice and fruits.

According to data from Statista, Thailand's top e-Commerce products are electronics and media, fashion and jewelry, toys, home decorations, and food and personal care products. It is therefore expected that this program will benefit Thai entrepreneurs, particularly those in such industries, who are interested in exporting their products to global markets using the e-Commerce platform.

## Thai Automakers Insist High Tariff on Imported Cars Necessary to Help Business Recover

Representatives of Thailand's auto industry, the largest in Southeast Asia, have expressed their concern regarding the consideration currently being given to cutting import tariffs on cars, which they say will hinder the automakers' recovery from the economic slowdown. The cut in import tariffs could not only hurt automakers, but also adversely affect workers and disrupt the country's attempt to become a regional auto hub, insisted by the Federation of Thai Industries (FTI).



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On 9 February 2018, the Independent Car Importer and Distributor Association, representing 60 Thai car importing companies, made a proposal, asking the Ministry of Finance to cut the import tariff on finished cars from 80% to 40% to secure a level allowing both local auto manufacturers and importers to compete freely in a fair market, said Mr. Somsak Sriratanapras, the association's Chairman. He argued that local automakers have been well-protected by high duties for more than 30 years and it is the right time to reduce the tariff.

However, local car makers are still worried that any cut in the tariff on car imports could lead to a sharp rise in imported cars, which will decrease new demand for locally manufactured cars. Furthermore, local manufacturers have still not fully recovered from the dramatic market contraction in 2014. Local production plummeted by 23% to 1.88 million units in 2014 from 2.45 million units in the previous year. Nevertheless, the figure rebounded slightly by 2% from 2016 to 1.98 million units in 2017.

The Federation of Thai Industries (FTI) wants the government to maintain the 80% import duty to protect the country's local manufacturers and has criticized a plan to slash import car duty, saying the measure will harm the country's automotive industry. The tariff cut could not only disrupt the development of the Thai auto industry but also discourage ambitions to nurture the next-generation car industry, contrary to the Thai government's policy, said by Mr. Thavorn Chalassathien, chairman of the FTI's automotive industry club

Nonetheless, a spokesperson for the Ministry of Finance said that there talks had taken place about the proposal to cut the car import tariff but it is still unclear when the ministry would take up the tariff-cutting issue for the approval of the cabinet.

Stay informed with latest development in trade negotiations and changes in trade laws/regulations. Get an insight of how the latest news will affect your market and regulatory environment from our "Trade Digest".

If you have any comments or questions regarding Trade Digest or any matters discussed herein, or if you are interested in finding out more about Bolliger & Company (Thailand) services, please contact any of the persons below:

Rachda Chiasakul | Partner and Managing Director  
Rachda.C@bolliger-company.com

Sarut Wittayarungruang Sri | Director  
Sarut.W@bolliger-company.com

Tel. +66 (0) 2 230 6399  
Fax. +66 (0) 2 230 6333

[www.bolliger-company.com](http://www.bolliger-company.com)

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