

Trade Digest

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US Steel Tariff and Thailand's Response

On 8 March 2018, the President of the United States, Donald J. Trump, signed an executive order stipulating the imposition of tariffs on steel and aluminum imports at the rates of 25 and 10 percent, respectively. The tariffs are to become effective 15 days after the signing, which will give time for the US's trade partners to negotiate possible exemption.

The move was met with negative reactions from domestic businesses in the US and the governments of other countries alike, amid growing concerns of a global trade war.

From Thailand's perspective, the direct impact of this tariff will be limited. In 2017, Thailand exported approximately 10 billion baht worth of steel and aluminum products to the US, which accounted for 0.1 percent of Thailand's total exports. In terms of mitigation, Mr. Sontirat Sontijirawong, the Minister of Commerce, stated that Thailand will seek an opportunity to negotiate for exemption of tariffs on some of the products.

On a broader issue, the current US president has been outspoken on the matter of the US trade deficit with several countries, including Thailand, prior to his inauguration earlier last year. Furthermore, Thailand has been for several years listed on the Priority Watch List (PWL) in the Office of the United States Trade Representative's Special 301 Report, which identifies trade barriers to the US in terms of intellectual property protection. Nonetheless, the status was lifted in December 2017, due to a meaningful dialogue between the two parties and other positive steps taken on Thailand's part.

However, a recent report authored by the Council on Foreign Relations (CFR), a New York-based foreign policy think-tank, highlighted a

growing concern over currency manipulation on Thailand's part. This report also suggested that Thailand's current account surplus with the US from November 2016 to November 2017 was nearing 20 billion USD, which could trigger an enhanced investigation by the US Department of the Treasury. It is possible that this issue could be brought up in the future negotiations on steel tariffs.

DEPA to Collaborate with World Bank to Promote IoT

As the Internet of Things (IoT) becomes increasingly part of our daily lives, Thailand's Digital Economy Promotion Agency (DEPA) and the World Bank have recently agreed to work together to promote awareness of the IoT in Thailand and drive digital transformation in both public and private sectors.

The announcement was made on 26 February 2018, at a seminar jointly organized by the DEPA and the World Bank for the launch of a recent World Bank Report, "The Internet of Things: The New Government-to-Business Platform". The DEPA is leading the establishment of the IoT Institute in the Eastern Economic Corridor (EEC) Digital Park, with the aim of creating IoT initiatives in the country in line with the Thailand 4.0 agenda. It is now seeking to form a Public-Private Partnership (PPP) IoT alliance, which has already attracted participation from 30 local IT companies.

The IoT Institute will be constructed at the Digital Park in Chonburi Province as a flagship project of the Eastern Economic Corridor (EEC) initiative, with the aim of providing a healthy IoT ecosystem in which domestic and foreign digital professionals can collaborate. Set up through a Public-Private Partnership (PPP), the institute will include the Ministry of Digital Economy and Society (MDES), the National Electronics and Computer Technology Center (NECTEC), local and international



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universities, and various research institutes, including a 5G laboratory, a cloud innovation lab, an artificial intelligence design lab and big data analytics center. There will also be areas for the testing of autonomous cars and drones as well.

It is expected that the IoT Institute could potentially boost the country's competitiveness and economic development, especially the big data analytics center which will enable the government to collect and utilize the digital data of state agencies more efficiently for the public's benefit. In addition, the IoT Institute will serve as a platform for Thai tech startups to exchange knowledge on innovation with foreign enterprises which invest in this area.

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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:

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