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Thailand-Pakistan FTA to Be Signed in January 2018

Now in its final stages of negotiation, the Free Trade Agreement (FTA) between Thailand and Pakistan is expected to be signed on 15 January 2018. According to Mr. Suwat Kaewsook, the Consul General of Thai Consulate in Karachi, Thailand and Pakistan have made substantial progress over recent years and trade and diplomatic relations between the two nations have been continuously strengthened. With regard to the Thailand-Pakistan FTA, the 9th round of negotiations will be held during 6-8 November 2017 in Bangkok, Thailand.

Previously, Thailand and Pakistan had exchanged offers and requested lists of items to be included in the FTA. Pakistan wants concessions on 100 products including textiles, agro-products, plastics and pharmaceuticals at the same level as that granted by Thailand to other FTA partners. Thailand, meanwhile, has encouraged Pakistan to eliminate tariffs on a number of products that include processed food, sugar, chemical products, petroleum, plastic, rubber and rubber products, wood, printing, textiles and garments, electric appliances, and automobiles and parts.

Thailand and Pakistan first established diplomatic ties back in 1951 since when both sides have enjoyed stable economic and trade relations. Even though Pakistan faces a trade deficit with Thailand, consistent increases in bilateral trade show promising signs for the future. In 2016, the trade volume between the two parties stood at \$1.127 billion. Major exports from Thailand to Pakistan include fabrics, textiles, vehicles and parts, air-conditioners and parts, plastics, and chemical goods. Thailand mostly imports machinery and parts, musical instruments, processed and semi-processed fishery products, ore, and steel from Pakistan. Furthermore, both Thailand and Pakistan enjoy strategic locations. Pakistan could be an attractive investment destination for Thailand as well as serving as a hub for the distribution of Thai goods to new markets in South Asian, Middle Eastern and Central Asian regions. Conversely, Thailand could serve as Pakistan's investment and distribution centers in ASEAN.

Developing Thai Human Resources to Attract New Investment

New investment incentives are set to be introduced by the Thailand Board of Investment (BOI). The incentives will focus on human resource development, boosting productivity in the agriculture sector and upgrading labor efficiency in the government's 10 targeted industries, which are next-generation automotive; smart electronics; high-income tourism and medical tourism; efficient agriculture and biotechnology; food innovation; automation and robotics; aerospace; bio-energy and bio-chemicals; digital; and medical and healthcare, particularly in the flagship area of Eastern Economic Corridor (EEC).

The BOI board is due to discuss the most appropriate measures and incentives to help develop Thai human resources in order to meet the rising demand for skilled labor, said Ms. Duangjai Asawachintachit, Secretary General of the BOI. The board is likely to create incentives for businesses to provide training courses and offer a trainee program for recent graduates next year. This is hoped will accelerate the development of Thai human resources so that Thai workers will be better equipped to cope with the demand for skilled labor. Moreover, the BOI is also continuing its work on new measures aimed at increasing the efficiency of agricultural production and the quality of agriculture products, with an ongoing focus on small and medium-sized enterprises (SMEs) and a drive to create new investment incentives to support them.

The BOI plans to discuss the measures and incentives with the National Economic and Social Development Board before launching the Amended Investment Promotion Act, which will come into force in 2018. Particular focus will be made on incentivizing businesses to set up training courses aimed at helping workers to upgrade their skills. Furthermore, with strong government support to accelerate the development of human resources, the Ministry of Labor is also currently following the Labor Strategic Plan, 2017-2021, which aims to develop Thai labor toward the Thailand 4.0 model in which human capacity development is key to producing a higher quality workforce. It is hoped that the efforts will be successful in helping Thailand produce more skilled workers to ease shortages in the country.

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