



## A Visit of Thai Delegation to Iran to Enhance Trade Opportunities

In January 2016, Iran was certified by the International Atomic Energy Agency (IAEA) of its compliance on the country's nuclear development program after years of prolonged international pressure through various sanction measures or other types of economic blockades. And the world community have offered voices of reconciliation, and opted this to be a fresh restart for Iran's relationship with the rest of the world. But most importantly, almost all of sanctions imposed on Iran have been lifted, leading several countries to commence talks on potential trade and investment opportunity with Iran, and among those countries is Thailand.

On 3 February 2016, a team of delegates from Thailand led by Deputy Prime Minister Dr. Somkid Jatusripitak, Deputy Prime Minister, completed an official state visit to the Islamic Republic of Iran. The talk between the two parties was hosted by Mr. Mohammad Shariatmadari, Iran's Vice President for Executive Affairs, in Tehran, the country's capital city. Topics covered during the discussion includes bilateral trade, trade promotion, nanotechnology and technological transfer, upon which six memorandums was signed to strengthen ties of cooperation between the two countries. Dr. Somkid stated that this cooperation can be mutually beneficial for both parties through the means of knowledge transfer from its specialized industry; for example, Thailand can be of help to Iran in improving its tourism industry, a case of success that Thailand had been enjoying for several years. On the other hand, Iran could serve as a gateway for Thailand to expand its international investment position in other Commonwealth of Independent States (CIS) countries.

Mr. Shariatmadari delivered a closing remark by stating that this meeting is merely a start for further close-tie cooperation between two countries. On a more practical matter, Iran has agreed to purchase 300,000 tons of rice worth 4.3 billion Baht and 20,000 tons of rubber worth 900 million Baht from Thailand. This Notification will come into force 180 days after the date it was announced in the Royal Gazette. All Free Zone operators are encouraged to start preparing for these changes, particularly those relating to the production process and the new local content classification criteria.

## Thailand-Pakistan FTA Hoped to Be Concluded by 2017

Following the success of the first round of negotiations on Thailand-Pakistan Free Trade Agreement (FTA) held in Bangkok during 29 September – 1 October 2015, the second round of Thailand-Pakistan FTA was held in Islamabad, Pakistan, during 25-27 January 2016. Miss Sunanta Kangvulkij, Deputy Director-General of the Department of Trade Negotiations, led the Thai delegation during the Thailand- Pakistan FTA negotiations, and she said the main topics in the second round of negotiations covered specificities of modalities for tariff reduction, structures of agreements on trade in goods and services, customs procedures, trade facilitation measures, trade remedies, sanitary and phytosanitary measures, removal of technical barriers to trade and other trade issues.

During the negotiations, both parties also reviewed the timeline and target for each round of negotiations, in order for the agreement to be concluded by mid-2017.

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The Deputy Director-General advocated the conclusion of the Thailand- Pakistan FTA will provide mutual benefits in the areas of trade and investment. The elimination of both tariff and non-tariff barriers would result in increased opportunities for imports of both Parties, with Thailand benefiting from the import of raw materials which are abundant in Pakistan. On the other hand, the hike in export of goods from Thailand to Pakistan will increase competitive capability and improve investment opportunities for both countries.

Thailand has recorded trade surpluses with Pakistan since 2010 with the latest figures showing a trade surplus of 339.35 million USD in the first quarter of 2015. Thailand recorded a total trade surplus of 736 million USD in 2014.

Furthermore investors and distributors may take advantage of the opportune geographical locations of the other Party. Pakistan is ideally located to distribute Thai goods to South Asia and Central Asian markets, while vice versa Thailand is nestled in the center of the ASEAN markets. Therefore, it is clear that there are several avenues of growth possible for trade and investment between the two Parties.

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 Consulting services, please contact any of the persons below:

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