



Thailand-Turkey FTA and Thailand-Pakistan FTA Frameworks Ready to Be Submitted for Cabinet Approval

Mrs. Apiradee Tantraporn, Deputy Minister of the Ministry of Commerce, recently revealed the results of the Working Committee on Trade Negotiation Strategies which met at end of June 2015. The Working committee has already considered the negotiation frameworks for the Thai-Turkey FTA and Thai-Pakistan FTA and the frameworks are now ready to be submitted for Cabinet approval. After receiving cabinet approval, Thailand will be able to commence negotiations on the Thai-Turkey FTA and Thai-Pakistan FTA by 2016, starting with negotiations on Trade in Goods.

The frameworks for the Thai-Turkey FTA and Thai-Pakistan FTA cover tariff reduction/exemption, elimination of trade barriers, and other trade issues. The Working Committee has considered and revised some provisions under the frameworks. For example, FTA parties are allowed to agree to change the Rules of Origin according to the amendment of the international harmonized tariff system. In addition, both parties are allowed to co-consult and seek mutual agreement before actual implementation of the Safeguard Measure.

The FTA negotiation with Turkey can be a gateway for Thai products to penetrate the EU, Eastern Europe, Middle East and African markets. Turkey is a high potential market with strong purchasing power. Ranked 19th among the world's economies, Turkey has a population of over 80 million and more than 30 thousand Turkish tourists visit Thailand annually. During 2010-2014, Thailand's exports to Turkey were valued at approximately 1.11 billion USD per year, while imports into Thailand from Turkey were valued at

257 million USD per year. Major exports to Turkey include cars and parts, air conditioners and parts, refrigerators, plastics, and rubber products, while major imported products from Turkey include iron and steel products, machinery and parts, marble, gems and jewelry, garments, chemical products, plants and vegetable products.

Meanwhile, Pakistan is also a large market with a population of 194 million making it the world's 6th most populace nation. It is also rich in natural resources. The FTA with Pakistan can provide a gateway for Thailand to penetrate into Afghanistan, Iran, and the Middle Asia region such as Tajikistan, Uzbekistan, and Turkmenistan. Thailand's major exports to Pakistan include cars, parts and accessories; chemical products including polymers; rubber products; iron and steel; and machinery and parts. Major imports from Pakistan include chilled/frozen sea foods, yarn and woven fabric, crude oil, petroleum products, animal products, and mineral products. During 2010-2014 Thailand's exports to Pakistan were valued at 886 million USD per year while imports were valued at 108 USD million per year.

China and Australia Sign FTA

On 17 June 2015, Australia and China finally reached an agreement on their bilateral Free Trade Agreement (FTA). The FTA was signed by Mr. Andrew Robb, Australia's Minister for Trade, and Mr. Gao Hucheng, his Chinese counterpart, at a meeting in Canberra. The first round of negotiations took place in May of 2005, and subsequent rounds of negotiations lasted nearly ten years before the final text of the agreement was finally concluded in November 2014.

As Australia's number one trading partner with over 160 billion US Dollar worth of trade in 2014, the Chinese market provides a tremendous

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opportunity for Australian exporters. The agreement, once in effect, will eliminate 85 percent of existing tariffs, and that figure will increase to 95 upon full implementation. It is expected that the agreement will benefit the partnering nations' trade in goods by boosting Australia's beef, dairy products, lamb, wine, horticulture and seafood exports to China in the same manner as China's home appliances and electronics exports to Australia. The agreement opens up investment opportunity for both countries. Australian businesses will be open to exploring opportunities in providing financial, education, health and aged care services in Chinese territories. At the same time, complicated migrant worker regulations will be relaxed for Chinese investment that is valued at more than 150 million USD.

The impact of this FTA on Thailand's competitiveness should not be considered worrisome. When comparing the list of top national exports, it is found that Australia's exported goods are rather different from those of Thailand. This FTA therefore is unlikely to have any hard-hitting effect on Thai exporters.

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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