

# Trade Digest

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## Thailand Expected to Be Removed from the Priority Watch List (PWL)

The United States is expected to remove Thailand from its Priority Watch List (PWL) on intellectual property (IP) infringements following the Thai government's concerted suppression on IP-related offenses in the country.

With regard to protecting IP rights, Thailand has been listed as a “weak country” by the Office of the United States Trade Representative (USTR) since 2007 after its measures to deal with IP violations were considered both insufficient and ineffective. This year, however, the Thai government has high hopes of receiving a better rating from the USTR during its evaluation. In light of its efforts to achieve substantial progress, Thailand has requested the USTR to conduct a Special 301 Out-of-Cycle Review of Thailand this October, outside of the typical period for the annual Special 301 Report. The result of the review should be announced by this year end.

According to Mrs. Apiradi Tantraporn, Minister of Commerce, and Mr. Robert Lighthizer, US Trade Representative, Thailand will likely be removed from the list it has been on for over 11 years. Ms. Apiradi stated that the government has continuously undertaken serious clampdowns in shopping areas in Bangkok as well as other markets along border areas. In addition, the government is also amending the IP regulations related to the online market and e-Commerce, taking steps to ensure that all measures are carried out in a transparent manner. The latest amendments include a new enforcement measure for owners of IP, goods or advertisements to force internet service providers (ISPs) to eliminate all posts that infringe on their rights more rapidly. That is, where there is dissemination of computer data which is a criminal offense against intellectual property, the IP owner will be able to notify the Ministry of

Digital Economy and Society, who will, without the need to wait for the minister's approval, promptly file a motion to the court. After the court has granted the order, the relevant officer will order all ISPs to block the website immediately.

Being removed from the PWL would help Thailand improve its trade and investment climate, especially in those industries that rely on intellectual properties such as innovation and technology-based industries and the entertainment industry, which will further enhance the country's economic, trade, and investment development, said Mrs. Apiradi.

## Thailand to Benefit from Growth in World's Automotive Industry

Over the past five years, Thai exports of automotive parts have grown by 4% per year, higher than the 3% growth in global car exports during the same period. In the first half of 2017 alone, Thai auto parts exports totaled \$7 billion, a 12% increase from the first half of 2016. This growth is largely attributed to the surge in domestic production among Thailand's major trading partners which include the world's leading automotive producers, such as the US and Japan. Thailand's strong trading position was further boosted by the fact that some of the world's emerging markets, such as Indonesia, Mexico, India, South Africa, the Philippines and Vietnam, still lack production capabilities for several key parts. With these countries being forced to rely on importing auto parts from Thailand, the country's export growth enjoyed an additional boost.

The growing export volumes of auto parts, particularly in the high-valued products such as LCD sets, break sets and engine accompaniment, supports Thailand's aim of playing a key role in the world's automotive industry. In addition to the country's production capacity and quality being



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widely acknowledged, many automotive companies regard Thailand as one of the world's key auto parts makers and have established centers in Thailand for the sourcing and distribution of auto parts to the world market. For example, Toyota established its center in 2007, while Mazda and BMW followed suit in 2015 and 2016, respectively. Investment in research and development by the automotive companies contributed to the continuous advancement of the country's automotive industry. Nowadays, Thailand is equipped with an extensive supply chain of over 2,000 car and part producers. Indeed, growth in Thailand's automotive industry has enabled the country to become the world's 15th largest exporter of auto parts and the largest exporter in ASEAN.

To conclude, the growth of the automotive industry in Thailand's trading partner countries represents an excellent opportunity for the Thai auto parts industry to continue its upward trend. Thai auto parts producers should consider developing and implementing investment plans in the countries where automotive production is growing but the ratio of parts producers to automotive makers is still small. This will enable Thai producers to capture business opportunities in emerging markets, such as Mexico, India, Indonesia, the Philippines, and South Africa. Moreover, businesses can further develop their production processes by investing in research and development in order to make the Thai auto parts industry more attractive to international automotive companies.

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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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