



KCCI - Country Wrap: Thailand (Nov.'17)



Synopsis of Thai Economy

Thailand, apart from being among the most popular tourism place, possesses one of the lowest unemployment rates in the world, remaining less than 1%. With the major transition from low income country towards upper middle income, Thai economy has shown remarkable progress in GDP growth with a marked reduction in poverty during 1980s. However Asian Crisis of 1997-98 followed by global financial crisis in 2008-09, mounting political tensions of 2010 and floods in 2011 hit the Thai economy hard making the country to suffer with unstable macroeconomic situation and grow only moderately. Nevertheless, Thai economy has started exhibiting improvements with the uptake of big infrastructure projects, resilient political situation and restoration of investments by the govt. sector after experiencing slowdown in the past years. The declining fuel cost for consumers and businesses is also expected to cement growth prospects in the future. Mr. Prayut Chan-o-cha is serving as a Prime Minister of Thailand since May 2014.

Thailand's salient Trading Goods and Partners

Thailand's main export partners are China (11.7%), Japan (10.2%), U.S. (9.9%), Hong Kong (5.7%), Malaysia (5.4%), Indonesia (4.9%), Singapore (4.7%) and Australia (4.3%). Its major import partners include Japan (20%), China (14.9%), UAE (6.3%), Malaysia (5.3%) and U.S. (5.3%).

Key Industries of Thailand

Major industries of Thailand include tourism, textiles and garments, agricultural processing, beverages, tobacco, cement, light manufacturing such as jewelry and electric appliances, computers and parts, integrated circuits, furniture, plastics, automobiles and automotive parts. Thailand is the world's second-largest tungsten producer and third-largest tin producer.

Economic Relations between Pakistan and Thailand

The visit of both Thai and Pakistani Prime Ministers to their states in 2013 after a gap of more than a decade resulted in improving the cordial economic relations between the two countries. Pakistan has a comprehensive tax treaty for avoidance of double taxation with Thailand. The two sides have discussed inauguration of a Pakistan-Thailand Joint business forum to promote bilateral trade and investment.

Pakistan and Thailand: Mutual Trade Relations

Pakistan and Thailand maintain sound bilateral trade relations. According to the **State Bank of Pakistan**, during Fiscal Year 2017, Pakistan's export of goods to Thailand increased 41% to \$ 137.31Mn compared with \$ 97Mn in Fiscal Year 2016. Pakistan's import from Thailand totalled at \$ 814.76Mn in Fiscal Year 2017 against \$ 719Mn in the same period of last year showing 13% growth, making trade balance favourable for Thailand.

Pakistan Thailand Free Trade Agreement - Talk of the day

There exist great potential to enhance bilateral trade, investment and cooperation between Pakistan and Thailand. The signing of Free Trade Agreement (FTA) is in process as proposed by the officials of both the countries in 2013. In this regard, the pre-feasibility studies have already been completed by both sides. Pak-Thai trade volume currently stands at around \$ 1Bn which is aimed to be taken upto \$ 2Bn in the span of next five years. Commerce Ministers of Pakistan and Thailand would announce the initiation of joint bilateral talks along with the signing date of trade agreement.

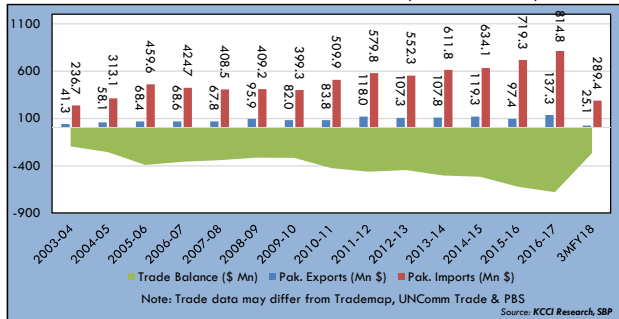
Potentials for enhancing bilateral trade relations between Pakistan and Thailand

- Thailand possesses number of high value added industries like **Agro-business, Food processing and automotive production**. Pakistan, by arranging joint ventures in these fields, can develop these industries together.
- Furthermore, there exist potential to collaborate in the field of trade, culture, infrastructure development, science and technology, defense, education and religious tourism.

Indicators	Economic Indicators			
	Unit	2015	2016	Change
GDP (PPP)	\$ Bn	1.09	1.13	2.83%
GDP per Capita	\$	16,300	15,900	-2.45%
GDP growth	%	0.80	3.20	2.40%
Forex Reserves	\$ Bn	181.40	156.50	-13.73%
External Debt	\$ Bn	2.80	3.20	14.29%
Exports of Goods	\$ Bn	212.10	190.00	-10.42%
Imports of Goods	\$ Bn	177.50	171.30	-3.49%
Trade Balance	\$ Bn	34.60	18.70	-45.95%
Current Account	\$ Bn	30.99	37.69	21.62%
FDI - at Home	\$ Bn	186	191	2.42%
FDI - at Abroad	\$ Bn	78.68	88.18	12.07%
CPI	%	-0.90	0.20	1.10%
Prime Lending Rate	%	6.56	6.40	-1.10%
Population	Mn	-	68	N/A
Unemployment	%	N/A	N/A	N/A
Literacy Rate	%	97	N/A	N/A

Sources: KCCI Research, CIA Factbook

Trade between Pakistan & Thailand (FY04-3MFY18)



Note: Trade data may differ from Trademap, UNComm Trade & PBS
Source: KCCI Research, SBP

Thailand's Trade - Commodity Wise (2016)

Top 10 Exports Items (\$ Mn)		Top 10 Imports Items (\$ Mn)	
Machinery, mech. appliances	37.16	Electrical machinery and equipment	38.52
Electrical machinery and	29.72	Machinery, mechanical appliances	26.22
Vehicles other than railway	27.22	Mineral fuels and products	24.62
Natural or cultured pearls	14.19	Iron and steel	9.53
Rubber and articles thereof	12.15	Vehicles other than railway	8.83
Plastics and articles thereof	11.39	Natural or cultured pearls	8.67
Mineral fuels, mineral oils	6.25	Plastics and articles thereof	8.03
Preparations of meat	5.91	Articles of iron or steel	6.80
Optical, photographic	5.31	Optical, photographic	5.41
Cereals	4.57	Organic chemicals	3.72

Sources: KCCI Research, Trademap

Pakistan - Thailand Top 10 Trade Items (2016)

Pakistan Export Items (\$ Mn)		Pakistan Imports Items (\$ Mn)	
Fish and crustaceans	57.25	Vehicles other than railway	230.47
Paper and paperboard	11.31	Machinery, mechanical appliances	116.23
Cotton	10.27	Organic chemicals	85.05
Other made-up textile articles	4.44	Plastics and articles thereof	80.29
Explosives; pyrotechnic products	4.29	Rubber and articles thereof	76.95
Articles of apparel and clothing	4.02	Man-made staple fibres	56.69
Raw hides and skins	3.52	Electrical machinery and equipment	52.30
Arms and ammunition	3.07	Articles of iron or steel	30.02
Beverages, spirits and vinegar	2.81	Miscellaneous articles of base metal	21.05
Optical, photographic, cinematogr	2.47	Glass and glassware	18.75

Sources: KCCI Research, Trademap