

Thailand International Trade – February 2020

The spread of Covid-19 disrupted global trade and economic recovery, leading to adverse economic impacts to several countries including Thailand. However, the exports of Thailand in February remain stable and the value is higher than the average of 5 previous years (USD 19,871 million). Thai exports in February 2020 declined 4.47 percent with the value of 20.6 billion USD. A contraction is influenced by lower oil price and high base of weaponry exports last February. However, excluding golds, oil, and weaponry, Thai exports in February 2020 expanded 1.51 percent.

In the risky situation that the world is encountering, the strength of Thailand which lies in the variety of products and the diversification of markets will help support Thai exports amid global challenges. Exports of essential goods such as food, garment, and home appliances have continuously expanded, in response to rising demands in foods and other essential products. Moreover, Thailand's image as the Kitchen of the World helps drive our food exports such as fresh and frozen chicken, frozen and canned seafood, canned and processed fruits and vegetables, food seasoning, rice products, milk and dairy products to expand favorably alongside other non-food products such as furniture and parts, and textile and apparel.

The implementation of MOUs signed in late 2019 as emphasized by the Deputy Prime Minister and Minister of Commerce (Mr. Jurin Laksanawisit) has contributed significantly to Thai agricultural exports. For example, rice exports to Turkey grew by 29.7%. Rubber exports have expanded for two consecutive months. Cassava product exports to India and Turkey increased 36.1% and 122.2%, respectively. The industrial products such as rubber products also expanded in Indian market for 12.3%. In addition, other main export products also enjoyed continuous growth, such as pet food, motorcycle and parts, furniture and parts, air conditioning and parts, garment, footwear and parts. The exports of computer and parts continue to expand for three consecutive months, showing a good sign of recovery in Thailand's electronic industry.

Export Products

In February, agricultural and agro-industrial products decreased 3.0%. Some products still expanded favorably, for example, rubber (+6.2%), pet food (+12.6%), food seasoning (+19.9%) and fresh and frozen chicken (+4.7%), On the contrary, exports of some products decreased, namely, rice (-26.6%), fresh, frozen, and processed fruits (-16.2%), cassava products (-11.1%), sugar (-3.8%).

Industrial products decreased 5.2% in February 2020. Some products still expanded favorably, for example, golds (+178.4%), internal combustion engine and parts (+60.8%), computer and parts (+6.5%) rubber products (+11.9%) and motorcycles and parts (+28.9%). Meanwhile, exports of some products declined, namely, Weapons, ammunition and components (-100%), jewelry (excluding gold) (-31.5%), oil-related products (-10.7%), automobiles and parts (-4.7%), steel and steel products (-10.6%)



Export Markets

Overall, exports to many markets declined. This was partly because of the spread of the coronavirus. But there are many markets that are expanding, such as the EU (15) (1.7%), ASEAN (5) (6.3%), CLMV (5.8%), Middle East (16.4%).

- Exports to the main markets contracted by **21.5%**. Exports to US declined by 37.0%, but after deducting arm and military weapons, exports expanded by **18.3%**. Exports to the EU (15) grew by 1.7%, while exports to Japan contracted by **11.1 %**.
- Exports to high potential markets expanded by **2.8%**. Exports to the ASEAN(5) and CLMV markets expanded by 6.3% and 5.8% respectively, while exports to the Chinese and South Asian markets contracted by 2.0% and 0.1% respectively.
- Exports to other markets dropped by **2.8%**, namely, Latin America, Australia, CIS, and Africa, contracted by 2.8%, 6.2%, 14.2% and 18.1% respectively, while exports to the Middle East continued to expand well by 16.4%.

2020 Export Prospects and Promotion Strategies

The pressure from Covid-19 delays global economic recovery and world trade in the short and medium term period. The oil price remains at a low level, putting pressure on Thai exports. In addition, the control and prevention measures of Covid-19 in several countries, for instance, city lock-down and close border, can affect supply chains of some export industries of Thailand, due to shortage of raw materials. However, there are signs of improvement, after the epidemic situation in China began to relieve.

Key factors contributing to Thailand's export growth: 1) Thailand's strength and competency in food and agricultural industry and essential goods to fulfill increasing demand. Moreover, Thailand has adequate remaining production capacity for domestic consumption and export. 2) The recovery tendency of Thailand's exports of electronic products, which account for 14% of the total exports. 3) The weakening of Thai baht and 4) massive government interventions of both monetary and fiscal policies around the world to reduce the overall economic impact and stabilize global trade.

For the export promotion in 2020, the Deputy Prime Minister, and Commerce Minister, Jurin Laksanavithit stresses the importance of fruit exports to stimulate the exports of local products in the ASEAN market. Moreover, the successful implementation of ASEAN Single Window will facilitate and enhance fruit exports to ASEAN countries. In addition, during the Covid-19 situation, the Ministry of Commerce has adjusted its trade promotion strategy by organizing the online exhibition and online business matching, starting from May – August 2020.



Export Value and Growth

Unit: Million USD	Feb 2020	Jan-Feb 2020
Export value	20,641.8 -4.47 %	40,267.5 -0.81 %
Import value	16,744.5 -4.30 %	37,925.9 -6.32 %
Trade Balance	+3,897.3	+2,341.6



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