

Thailand International Trade – January 2020

Exports and Imports

Thai exports grew 3.35 percent in January 2020, bouncing back to positive growth in 6 months, largely due to exports of oil and golds. The export direction reflects positive sentiment from the Phase-1 Deal between the US and China. Exports of products related to US-China tariff measures such as computers and components expanded in both the US and China markets. Additionally, many rising star products continued to expand favorably such as chilled and frozen chicken, pet foods, canned and processed fruits, food condiments, milk and milk products, beverages, motorcycles and parts, furniture and parts, and cosmetics, soaps, and skin care products. Excluding golds and oil, Thai exports in January 2020 contracted 0.6 percent. **On Import side, Thai imports decreased by 7.86 percent** this month from a high base of weaponry imports for military exercise in January last year and a decrease in gold imports. Excluding golds, oil, and weaponry, Thai imports in January 2020 fell 0.17 percent. **However, imports of capital goods expanded 5.8%** in particular the machinery and components which registered the highest growth in 2 years at 18.7%.

In terms of export destination, Thai exports to two major trading partners – the US and China, grew favorably at 9.9 and 5.2 percent. Also, exports to Taiwan and Middle East strengthened upward trend and increased at 13.1 and 2.0 percent.

Export Products

In January 2020, growth of agricultural and agro-industrial products decreased 6.3 percent. Some products still expanded favorably, for example, sugar (+18.6%), rubber (+12.0%) rebounded in 5 months, fresh and frozen chicken (+9.5%), beverages (+2.8%). On the contrary, exports of some products decreased, namely, rice (-34.0%), fresh, frozen, and processed fruits (-20.3%), cassava products (-16.6%), frozen and processed shrimps (-28.7%).

Industrial products increased 5.2 percent in January 2020. Some products still expanded favorably, for example, golds (+299.6%), motorcycles and parts (+35.4%), furniture and parts (+29.9%) and cosmetics, soaps, and skincare products (+13.8%). Meanwhile, exports of some products declined, namely, watch and parts (-54.8%), radio, television, and parts (-13.0%), electric circuits (-11.5%), oil-related products (-7.8%) and automobiles and parts (-3.4%).

Export Markets

Overall, Thai exports to most trading partners showed a bit recovery. Exports to US and EU (15) expanded 9.9 and 0.6 percent and exports to Taiwan recorded positive growth for the seventh consecutive month by 13.1 percent. Additionally, exports to China, ASEAN (5), and Middle East rose 5.2, 3.8 and 2.0 percent. On the contrary, exports to other markets dropped, namely, Japan (-2.5%), CLMV (-0.7%), Latin America (-4.1%), India (-5.7%), and Australia (-16.0%).

2020 Export Prospects

Although the Phase-1 Deal between the US and China helps to improve the trading atmosphere and partly reflected on Thai exports this month, the global economy and Thai exports are still facing downside risks from the Covid-19 situation, which could slow down the economic recovery in the short and medium term, in addition to geopolitical risks and the low oil price. However, the Chinese government

has taken rapid actions and it shows a continued decline in the number of new cases of coronavirus infections in China. **It is hoped that the situation will soon be under control and China would announce stimulus measures to offset the economic damage.** Regarding the foreign exchange issue, the baht has slightly depreciated since the beginning of the year. This may reduce pressure on price competition in some products, however, exporters are encouraged to hedge currency risk to minimize negative effects from uncertainties.

Facing many challenging factors across export markets, **a variety of Thai export products, distributed in various stages** including raw materials, intermediate, and final products, **and the export market diversification will support Thai exports well in this period.** Moreover, this is a **good opportunity to expedite exports of food products** when hygiene safety is in great concern as Thailand has strong advantage in excellent image and highly recognized by international standards. In addition to that, **market penetration to online platforms is another option to promote trade in response to modern lifestyles** especially when consumers are reluctant to go outside for **health and safety concerns amid Covid-19 situation.**

In 2020, the Deputy Prime Minister, and Commerce Minister, Jurin Laksanavisit, has laid out trade missions in at least 18 countries to boost export growth such as South Africa, Middle East, Russia, UK, Germany, Australia, Vietnam, Cambodia, Bangladesh, India. As for a long-term trade strategy, **the Ministry of Commerce aims to conclude ongoing FTA negotiations** such as FTA Thailand-Turkey, FTA Thailand - Pakistan, and FTA Thailand - Sri Lanka as well as **to prepare for potential FTA negotiations** in order to capitalize trade opportunities from greater comprehensive partnership.



Trade Policy and Strategy Office

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Export Value and Growth

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|----------------------|---------------------|
| Unit: Million USD | Jan 2020 |
| Export value | 19,625.7 3.35 % |
| Import value | 21,181.4 -7.86 % |
| Trade Balance | -1,555.7 |

Export by Products

