

Thailand International Trade – August 2020

In August 2020, the value of Thai exports has picked up for the second consecutive month and stood above 20 billionUSD for the first time in five months. The pace of export recovery coincides with the latest upward revision of global economic outlook by the Organization for Economic Cooperation and Development (OECD), stating that **the world economy and trade situation have improved after an unprecedented shock**. The global GDP is projected to contract by 4.5 percent, which is better than the previous estimate at 6.0 percent contraction, with upward revisions in China and the US economies. Moreover, other global economic indicators are showing gradual recovery following easing lockdown measures and stimulus measures from central banks around the world.

Products with strong expansion in August 2020 are classified into 3 groups: 1) Food products such as cassava products, palm oil, canned tuna, fresh, chilled and frozen pork, food seasoning, and pet food 2) Products related to work at home and home appliances such as furniture and parts, refrigerators and freezers, washing machine, and solar cells 3) Covid-19 related products such as rubber gloves especially in areas with high epidemic rates such as the United States and the United Kingdom. In addition, gold exports surge due to increasing demand for safe-haven assets.

To sum up, Thai exports in August 2020 dropped 7.94 percent to 20.21 billionUSD while imports dropped 19.68 percent to 15.86 billion USD, **resulting in trade surplus** of 4,349.37 millionUSD. For the first eight months of 2020, Thai exports contracted 7.75 percent to 153.37 billionUSD while imports dropped 15.31 percent to 134.98 billion USD, **resulting in trade surplus** of 18,393.56 millionUSD.

Export Products

In August 2020, agricultural and agro-industrial products decreased 13.2 percent. Some products still expanded favorably, for example, palm oils (+599.6%), chilled and frozen pork (+962.1%), pet food (+22.3%), cassava products (+15.6%). On the contrary, exports of some products decreased, namely, sugar (-64.2%), rubber (-32.2%), fresh, chilled, frozen, canned, and processed fruits and vegetables (-28.7%), rice (-15.0%). For the first eight months of 2020, exports of agricultural and agro-industrial products dropped 4.7 percent.

Industrial products decreased 6.2 percent in August 2020. Some products expanded favorably, for example, rubber gloves (+125.9%), washing machines and dry cleaning machines (+31.3%), fax machines, telephones, equipment and parts (+35.8%), golds (+71.5%). Meanwhile, exports of some products declined, namely, jewelry and gems (excluding gold) (-55.6%), oil related products (-15.7%), automobile, equipment and parts (-28.7%), radio-broadcast receivers, television receiver and parts (-18.3%). For the first eight months of 2020, exports of industrial products declined 7.7 percent.

Export Markets

Exports to major markets recovered better. This is in line with the gradual recovery of trading partners' economies, return of economic activities after several countries gradually relax control measures of COVID-19, and monetary and fiscal policies to support continued economic recovery.



- Exports to the main markets dropped by **4.1%**. Exports to US markets expanded by **15.2%**, while exports to Japan and EU contracted by **16.6%** and **16.9%** respectively.
- Exports to high potential markets dropped **10.2%**. exports to ASEAN (5), CLMV, South Asia, and China markets contracted by **16.5%**, **9.3%**, **17.6%** and **4.0%** respectively.
- Exports to emerging markets dropped by **24.3%**, namely, Middle East (**-30.3%**), Africa (**-9.6%**), Latin America (**-34.7%**), Russia and CIS (**-43.4%**), and exports to Australia declined **22.5%**

2020 Export Prospects and Promotion Strategies

Thai exports are expected to recover slightly. Despite the COVID-19 outbreak, most trading partners can control the situation and the rising hope of the COVID vaccines in many countries support trade improvement. However, it would take months for economic activities to return to pre-pandemic levels. The demand loss and scarring effects on earnings from the pandemic have suppressed exports of some industrial products in this year such as automobiles, petrochemical products, and electronics. However, **there are potential products to drive Thai exports such as food products and new normal products** in response to changing consumer behavior during the pandemic. **Nevertheless, global economic outlook and export recovery remains uncertain** depending on the COVID-19 situation especially in neighboring countries which would affect border trade significantly.

For the rest of the year 2020, the Ministry of Commerce has launched the “From Gen Z to be CEO” project, aiming to create **12,000 young entrepreneurs** as a vital force for international trade in the **new normal era**. Moreover, the ministry has initiated the **One Stop Fruit Export Center (OSFEC)** in this month, expecting to facilitate export procedures in one site. OSFEC in Chumphon Province will be used as a model and will later expand to other provinces such as Ratchaburi, Pathum Thani, Nakhon Si Thammarat and Chanthaburi, etc.



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Unit: Million USD	Aug 2020	Jan-Aug 2020
Export value	20,212.3 -7.94 %	153,374.8 -7.75 %
Import value	15,863.0 -19.68 %	134,981.2 -15.31 %
Trade Balance	+4,349.4	+18,393.6

Top 10 Export Products

