

Thailand International Trade – June 2019

Exports and Imports

Thai exports in June 2019 declined 2.2 percent with the value of 21.4 billion USD, improving from last month contraction at 6.2 percent. Thai exports coincide with global trade momentum, demand of major trading partners, and commodity prices which signal a downward trend since end of 2018 largely influenced by unsettled trade disputes between US and China. Other geopolitical risks also undermine global trade environment and confidence of consumers and investors.

Nonetheless, diversity of export products including agricultural and food products, lifestyle products related to tourism, rising industrial products helps Thai exports to maintain the value above 20 billion USD. Together with government stimulus packages in many countries, overall global economy and trade would gradually recover and boost Thai exports in the fourth quarter of 2019.

In the first half of 2019, Thai exports contracted 2.9 percent.

Export Markets

Thai Exports to most markets still contracted owing to global trade slowdown and both direct and indirect impact from unsettled disputes between US and China - particularly exports to China and Chinese supply chain countries such as Hong Kong and Taiwan. However, some export products expand favorably in US market as a substitute and exports to India increased, largely influenced by specific products.

Export Products

Growth of agricultural and agro-industrial products contracted 9.0 percent. Top performers that still expanded favorably, namely rubber products (+11.8%) and beverages (+2.8%). Meanwhile, exports of some major products declined due to decreasing demand, for example, rice (-34.6%), sugar(-19.4%), frozen and canned seafoods (-9.5%), and fresh, frozen and processed vegetables and fruits (-10.0%), and cassava products (-17.5%). In the first half of 2019, agricultural and agro-industrial products contracted 2.2 percent.

In contrast, industrial products bounced back to 0.04 percent. Top performers are gold (+317.4%), cosmetics, soaps, and skincare products (+10.0%), air-conditioners (+9.0%), and motorcycle and parts (+5.7%). However, some industrial products decreased, for example, oil-related products (-22.0%), electronic circuits (-20.6%), computer and parts (-15.5%), steel, iron, and products (-15.5%). In the first half of 2019, industrial products contracted 2.6 percent.

Export Prospects

Despite a variety of challenging factors in common with other export-oriented countries, many positive factors would strengthen and improve Thai exports in the latter half of 2019 namely positive brand image, opportunity to substitute products subject to

retaliatory measures in US and China markets, expansion of tourism related products, and potential exports to new areas according to customized strategies. Meanwhile, there are challenging external factors to be closely monitored such as unresolved trade disputes, global trade slowdown, decreasing commodity prices, currency appreciation caused by expansionary monetary policy in major economies, business cycle of electronic products as well as manufacturing adjustment to new consumer demand i.e. electric cars.

Export stimulus is among top priorities. Deputy Prime Minister and Minister of Commerce, Jurin Laksanawisit, has instructed to establish a **Joint Public and Private Consultative Committee on Commerce** comprising of Ministry of Commerce, Thai Chamber of Commerce, Federation of Thai Industries, Thai Bankers' Association, Thai National Shippers' Council, Bank of Thailand, Export-Import Bank of Thailand, and related agencies. The commission is set as a platform to exchange ideas and discuss possible measures in order to relieve trade obstacles and enhance Thai exports in 2019.

Moreover, **the export strategies for 2019** aims to drive trade in parallel with investment and services policies. These include expansion of outward investment, customized strategies by areas, expanding export opportunities in strong markets, namely the US and India, opening up new markets that have seen signs of continuous growth such as Canada, and enhancing trade cooperation and FTA negotiations with potential partners. In addition, MOC focuses on products with high growth and potential to substitute products under trade war such as agricultural products, fisheries and food (fresh and processed), chicken. The Ministry also promotes rising-star products such as motorcycles and parts, watches and components, beverages, cosmetics and skincare products. In this time of exchange rate fluctuation, exporters should manage risks and make long term contract to secure transactions and minimize trade-war induced uncertainty.

Trade Policy and Strategy Office

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Export Value and Growth

Unit: Million USD	June 2019	Jan-June 2019
Export value	21,409.3 -2.15%	122,970.7 -2.91%
Import value	18,197.1 -9.44%	119,027.4 -2.41%
Trade Balance	+3,212	+3,943

Export by Products

