



Trade Facts

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Facts on the U.S. - Thailand Free Trade Agreement Negotiations

In October 2003 under the Enterprise for ASEAN Initiative (EAI), President George W. Bush announced the intent to negotiate a Free Trade Agreement (FTA) with Thailand. In the initial three rounds of FTA talks, held in June and October 2004 and April 2005, good progress was made. The negotiating teams were invited to hold the fourth round of negotiations in Great Falls, Montana, during the week of July 11-15, 2005. The United States hopes to finish negotiations with Thailand in early 2006.

U.S.-Thailand FTA Will Bolster an Already Strong Trade Relationship

- Thailand is the 20th largest goods trading partner of the United States. In 2004, total two-way goods trade was \$23.9 billion, an increase of 14 percent over the previous year and 58 percent over the last decade. Last year, U.S. goods exports totaled \$6.4 billion, an increase of 9 percent since 2003. U.S. foreign direct investment in Thailand in 2003 was \$7.4 billion, making the United States the second largest investor in Thailand.
- In 2004, Thailand was the 17th largest export market for U.S. agricultural products, excluding fish and forestry products. U.S. agricultural exports to Thailand have increased 67 percent since 1999, from \$409 million to \$685 million. Top U.S. exports to Thailand in 2004 were cotton, wheat, soybeans and soybean meal, hides and skins, prepared animal feeds, dairy products, tobacco, processed fruit and vegetables, and fresh fruit.

Will Level the Playing Field

- Since the U.S. market is already open to Thailand – many of Thailand's products already enter the U.S. market duty-free under the Generalized System of Preferences (GSP) – an FTA will make duty-free treatment a two-way street.
- A U.S.-Thailand FTA also will help ensure that the United States is not at a competitive disadvantage with countries that already have preferential agreements with Thailand, such as Australia, India, and China.

Will Benefit American Farmers and Ranchers

- This FTA will be particularly beneficial for U.S. agricultural producers and create new opportunities for U.S. farmers in this major market. Reducing Thailand's average bound tariff of 35 percent on agricultural products will be of significant benefit to U.S. agriculture. Addressing other non-tariff barriers to U.S. food and agriculture goods will also improve access to the Thai market.
- We also will work to make sure that the FTA addresses unjustified sanitary and phytosanitary (SPS) measures to address food safety concerns, and to ensure that Thailand's SPS measures are based on science and developed in a transparent manner.

Will Benefit American Manufacturers and Service Providers

- U.S. exports of goods and services, including relating to industrial goods, telecommunications, financial, and legal services sectors to Thailand have been constrained by a wide array of tariff and

non-tariff barriers. Addressing these issues in the FTA will create significant new opportunities for U.S. exporters for these sectors in which U.S. companies are highly competitive.

- The United States already is the second largest investor in Thailand. An FTA also will encourage greater liberalization of foreign investment between the United States and Thailand, and will build upon the preferential access afforded to U.S. companies under the U.S.-Thailand Treaty of Amity and Economic Relations.
- The United States also will use the FTA to seek to address concerns on Thailand's intellectual property regime, including strengthening enforcement and measures against the production of illegal optical discs.

Will Enhance Opportunities for Small and Medium-Sized Businesses

- An important component of this FTA will be cooperative work and efforts to enhance the capacity of small- and medium-sized entities to benefit from new opportunities that will be presented by the FTA. In the negotiations, the two countries have created a Trade Capacity Building Cooperation Group, under which U.S. and Thai agencies are working to forge partnerships among the public sector, private sector, and NGO communities in areas such as customs, services, and telecommunications.

Will Benefit Montana

- An FTA with Thailand offers great potential for Montana's farmers, ranchers, other goods and services providers, as well as its workers and consumers. In 2003, Thailand was Montana's 39th largest export market. Montana exported just over \$725,000 in agricultural and industrial goods to Thailand last year. Reducing Thailand's average bound tariff of 35 percent on agricultural products will make Montana's farmers significantly more competitive, opening up new export opportunities.
- The Montana agriculture sector in particular will benefit from a U.S.-Thailand FTA. Wheat is Montana's top export to Thailand with nearly \$400,000 shipped in 2004 and exports in 2005 already exceeding that amount.
- Since Thailand's average bound tariff on agricultural products is 35 percent, eliminating such tariffs and other barriers will benefit a wide range of Montana agriculture producers, including wheat, flour, beef, potato, french fry, grain, barley, pea and lentil, animal feed, and pork producers. Across the region, producers of soybeans, cotton, coffee, processed foods, fruits and vegetables, and other agricultural goods will benefit.
- Other Montana and regional goods and services providers will be able to take advantage of increased opportunities from a U.S.-Thailand FTA. U.S. businesses sell information technology products, transportation and other equipment, medical devices, chemicals, and plastics to Thailand, as well as a wide range of services, including express delivery.