

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

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## **Thailand**

**Post:** Bangkok

### **Thailand-Chile Free Trade Agreement (FTA) Comes into Force**

**Report Categories:**

Country/Regional FTA's

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**Report Highlights:**

TH5142 The Chile-Thailand Free Trade Agreement (FTA) entered into force on November 5<sup>th</sup>, 2015. In 2014, Chile's agricultural exports to Thailand totaled US\$131 million. As a major exporter of many agricultural products, this new agreement will make many Chilean agricultural products more competitive and create new challenge for U.S. exporters particularly for wine, tree fruit, grapes, nuts and seafood.

## **General Information:**

### **Thailand-Chile Free Trade Agreement (FTA) Comes into Force**

The Chile-Thailand Free Trade Agreement (FTA) entered into force on November 5<sup>th</sup>, 2015. This bilateral agreement is Thailand's second FTA with a Latin American country. The FTA with Peru went into force in December 31, 2011. The Chile-Thai FTA immediately reduces tariffs to zero on over 90 percent items of products traded between the two countries. On the remaining products, the tariffs will be reduced to zero over periods ranging from three years up to eight years (for the most sensitive products). The preferential tariff treatment of Chilean agricultural exports will intensify the competition with U.S. agricultural exports to Thailand, particularly for wine, tree fruit, grapes, seafood and some timber products.

Chilean agricultural product exports to Thailand will greatly benefit the new preferential tariff treatment. Almost half of the 140 from Chilean agricultural products currently exported to Thailand will become duty free immediately. These products accounted for 82 percent of the total value of Chilean agricultural exports in 2014. Among these products are wines, raisins, tree nuts (including almonds, hazelnuts, walnuts, pistachio, macadamia), pears, peaches, apricots, strawberries, avocados, grape (0% in 2016), bovine meat, poultry, sockeye salmon, live lobster, cod, wood sawn, butter, fresh and processed cheeses, and bird feeds.

Other Chilean products which compete with U.S. products such as apples, cherries, blueberries, raspberries, cranberries, kiwis, and frozen tuna will become duty free within 3 years. Tariffs for frozen scallop, grape juice, powder milk, and natural honey will be eliminated over a 5-year period. Among the products with an 8-year tariff phase-out are Atlantic and Pacific salmon fillets and “other” cheeses.

There are no agricultural products excluded from the agreement. The Department of Agriculture already completed the pest risk assessment (PRA) process on Chilean grapes, apples, cherries, and kiwis and based on the trade source, the Chilean government is now in the process of requesting the PRA process on additional fruit items such as peaches, pears, etc. For meat product exports to Thailand, no special exemption is included in the FTA package and the Chilean government has to comply with normal import procedure including questionnaire submission, plant audit, and import protocol finalization. The administration of Tariff Rate Quotas (TRQs) on Chilean agricultural products is the same as other WTO members.

Chile is Thailand's third-largest trading partner in Latin America after Brazil and Argentina. Total bilateral trade on all products was about \$960 million in 2014, with Thailand enjoying a surplus of about \$300 million. Chilean exports of agricultural, fish, and forest products to Thailand totaled about US\$131 million in 2014, which was a 21percent increase from 2013.

### **Top 15 Agricultural Export products from Chile to Thailand (2012-2014)**

Rank	Products	United States Dollars			% Share		
		2012	2013	2014	2012	2013	2014
1	Trout, Frozen	68,124,993	55,541,647	42,979,969	58.69	51.25	32.88
2	Atlantic Salmon And Danube Salmon, Frozen	6,503,468	14,976,313	42,502,630	5.5	13.82	32.51
3	Coniferous Wood Sawn, Sliced Etc, Over 6 Mm Thick	7,487,694	4,598,624	3,379,939	6.45	4.24	6.41
4	Cuttle Fish & Squid, Froz, Dri, Seized Or In Brine	2,463,846	4,759,935	6,575,910	2.12	4.4	5.03
5	Wines	3,521,790	3,977,221	4,215,048	3.03	3.67	3.22
6	Grapes, Fresh	5,332,486	6,566,085	3,977,403	4.51	6.06	3.04
7	Mussels, Prepared Or Preserved	59,158	1,742,951	2,955,174	0.04	1.61	2.26
8	Pacific, Atlantic And Danube Salmon Fillets Frozen	2,641,729	1,602,960	1,906,698	1.76	1.48	1.46
9	Animal Feed Prep Except Dog Or Cat Food, Retail Pk	987,195	1,373,686	1,889,410	0.85	1.27	1.45
10	Agar-Agar	2,096,623	2,006,403	1,882,125	1.81	1.85	1.44
11	Trout Fillets, Frozen	5,360,174	485,772	1,712,580	4.62	0.46	1.31
12	Vegetable Seeds For Sowing	409,892	943,949	1,398,571	0.35	0.87	1.07
13	Cherries, Fresh, Nasol	1,089,584	897,116	1,206,477	0.95	0.83	0.91
14	Toothfish, Frozen	126,117	169,604	961,593	0.11	0.17	0.69
15	Apples, Fresh	113,105	111,163	337,759	0.1	0.1	0.64
	Total Top 15 Products Import	105,618,454	99,793,629	123,321,286	91%	92%	94%
	Total of Other Products Import	10,459,815	8,583,064	7,392,943	9%	8%	6%
	Grand Total	116,078,272	108,376,693	130,710,229	100%	100%	100%

### Comparison of Agricultural Exports to Thailand between Chile and the United State 2013-2014

Products	2013				2014			
	Chile		USA		Chile		USA	
	Value	% Share	Value	% Share	Value	% Share	Value	% Share
Atlantic Salmon And Danube Salmon, Frozen	14,976,313	31.13	127	0	42,502,630	56.87	116,861	0.16
Coniferous Wood Sawn, Sliced Etc, Over 6 Mm Thick	4,598,624	7.85	3,198,828	5.46	3,379,939	11.35	3,116,309	4.41
Wines	3,977,221	9.67	3,241,888	7.88	4,215,048	9.67	3,712,400	3.52
Grapes, Fresh	6,566,085	5.82	15,248,369	13.66	3,977,403	3.46	13,612,649	11.85
Pacific, Atlantic And Danube Salmon Fillets Frozen	1,602,960	8.69	576,378	3.13	1,906,698	10.57	1,516,857	8.41
Animal Feed Prep Except Dog Or Cat Food, Retail Pk	1,373,686	0.54	91,222,599	36.12	1,889,410	0.69	93,152,589	36.00
Cherries, Fresh	897,116	14.41	2,134,204	34.29	1,206,477	16.14	2,990,393	40.02
Apples, Fresh	111,163	0.06	23,035,041	12.48	337,759	0.49	13,144,059	10.64

### A List of Free Trade Agreements with Thailand

Country	Effective Date
Thailand-Australia	January 1, 2005
Thailand-New Zealand	July 1, 2005
Thailand-Japan	November 1, 2007
Thailand-India	September 1, 2004
Thailand-Peru	December 31, 2011
Thailand-Chile	November 5, 2015
ASEAN-China	October 1, 2003
ASEAN-Korea	January 1, 2010

ASEAN-Australia-New Zealand	March 12, 2010
ASEAN-India	January 1, 2010
ASEAN-Japan	June 1, 2009
AFTA	January 1, 2002 – 5 percent January 1, 2010 – 0 percent

End of the Report.