US Bilateralism in South East Asia: A Sectoral Analysis of Market Access Issues in the Proposed Thai-US Free Trade Agreement

Smitha Francis and Murali Kallummal*

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The authors are Senior Economist, IDEAs, C/O Economic Research Foundation, New Delhi and Consultant, Centre for WTO Studies, Indian Institute for Foreign Trade (IIFT), New Delhi, respectively.

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ABSTRACT

Expected market access gains in the US together with competition for export-oriented investment vis-à-vis China and Mexico have driven the moves towards bilateral free trade agreements (FTAs) involving ASEAN member countries since the late 1990s. The proposed bilateral FTA between Thailand and the US is also premised on increased export competitiveness for Thailand in the US vis-à-vis these and other competitors by reducing tariff and non-tariff barriers between the two countries, thus enabling Thailand to increase its US market share. This paper attempts to understand the actual prospects for market access for Thai products through an analysis of the bilateral trade between the two countries. The methodology followed is to: identify the most important current and potential Thai exports to the US at the sectoral level; understand their major competitors through US import market share analyses for each of these products; examine the potential for preferential tariff rates for these Thai products under the proposed FTA vis-à-vis those offered under NAFTA, US-China (MFN) and US-Chile FTA; analyse the role played by Non-Tariff Barriers (NTBs) such as TBTs and SPS measures; and examine the impact of Rules of Origin provisions. In order to understand the net market access gains for Thailand under the FTA, the implications of increased market access for US products in Thailand are also looked at.

It is found that the small margins of preference in tariffs that Thailand may be offered under the proposed FTA with the US are not going to make the difference in Thailand's market access in that country. The analysis on the scope for preferential tariff reduction under the proposed FTA found that first of all, the US MFN tariff rates for most of the sectors of export importance for Thailand are rather low already, and do not offer scope for a significant margin of preference for Thailand under the proposed FTA. Secondly, in the sectors with scope for notable margin of preference, there are various hurdles involved for expanding Thailand's market share. Thirdly, Thailand may not get any preferential treatment in certain sectors which are actually among its fastest growing exports during 1999-2005, due to the 'preferential' tariff reduction strategies employed by the US. Further, even whatever small market access advantages Thailand might gain in a few sectors would also become less of a competitive edge, as the US simultaneously negotiates comparable FTAs with several of Thailand's competitors. In particular, not much net export benefits may accrue to Thailand from the proposed FTA, if the US were to sign near-similar deals with Thailand's neighbours in the region, since any potential preferred market access may not impact existing MNC configurations, and therefore, exports from Thailand. Moreover, the presence of non-tariff measures like TBT and SPS measures applied by the US in sectors of national importance would not only hinder Thailand's market access, but would also lead to a further increase in its technology and capital intensive imports. The market share analysis also establishes that China is the single biggest competitor which Thailand faces across several export sectors in the US market, which it can outdo only by undercutting the Chinese labour cost advantage. On the other hand, given the U.S. surplus production in key agricultural products and the impact of liberalised imports on small and medium industries that produce for the domestic and export markets, the social, economic, and political costs of production lost to cheap, often subsidized imports can become very high for Thailand.

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Introduction

For almost a decade since the late 1980s, the South East Asian region has been associated almost exclusively with the initiatives of the Association of South East Asian Nations (ASEAN). By 1992, ASEAN had agreed on an ASEAN Free Trade Area (AFTA) in order to capture the synergies arising from the international production networks created in the region by foreign investors, by a scheduled stage-wise increase in market access in each other's economies.

With rapidly expanding markets, abundant natural resources and labour supply, the ASEAN region had emerged as one of the most attractive investment locations in the developing world in the 1980s itself, and had attracted a disproportionately large amount of foreign direct investment (FDI) to the developing countries, especially during the 1987-91 period.[1] In particular, Singapore, Malaysia and Thailand were among the ten largest FDI recipient developing countries in the 1980s. While investments targeted at the host market characterised the first wave of manufacturing FDI into ASEAN in the 1970s, investments to produce manufactures for export had become increasingly important in the 1980s, particularly following liberalisation of policies after 1985.[2] The United States, European Community (EC) and Japan were the three leading investors in ASEAN until the late 1980s. Subsequently, along with the dramatic growth in Japanese investments, the Asian NIEs also emerged as major investors in the ASEAN in the post-1987 period. Thus, FDI inflows into the major Southeast Asian countries were substantial prior to the introduction of the ASEAN Free Trade Area (AFTA), as part of the East Asian regional production networks developed

* The authors are Senior Economist, IDEAs, C/O Economic Research Foundation, New Delhi and Consultant, Centre for WTO Studies, Indian Institute for Foreign Trade (IIFT), New Delhi, respectively. The views expressed in this paper are their own and do not represent the views of the organisations to which they belong. Comments may be addressed to smithsfrancis@yahoo.com and muralikallummal@gmail.com

[1] See Yue, 1993.

[2] In fact, until the financial crisis, South East Asia's growth pattern has been described to follow the 'flying geese' model, following on the heels of the East Asian I-tier economies of South Korea, Taiwan Province of China, Hong Kong, as well as Singapore. The 'flying geese' theory envisaged the relocation of production across countries, through FDI from a lead economy to other countries typically at lower stages of development, in search of lower costs. Industrial and trade policies of the Southeast Asian economies (especially Thailand, the Philippines, etc.) came under major influence of this paradigm, as it was (misleadingly) used to argue that rather than attempting to domestically generate and accumulate the technology and managerial resources required for catching-up industrialisation, late industrialising countries can hasten their catching-up development through liberal flows of inward FDI, which brings in capital, technology, external market access, and managerial and marketing techniques in a packaged form. Thus, the widespread perception among policymakers was that international competitiveness could be achieved through continued commitment to liberalisation and deregulation to access more external capital and imported technology, rather than through internal resource generation or indigenous technology capability build-up. See Francis (2003).

by MNCs.[3] The US association with the region had also long been driven by the dominating presence of its MNCs as among the top three investors in these countries.[4]

By the early 1990s, in addition to Singapore that has been an export-oriented economy historically, FDI-dependent and export-oriented large domestic private sectors had emerged in all the larger ASEAN members. At the same time, Chinese share in developing country FDI began rising dramatically following the removal of several restrictions in 1992. Since 1993, China has been accounting for about half of total FDI flows to Asia, including intra-Asian FDI. Meanwhile, investment competition was also being thrown up by Mexico in the run up to the formation of a North American Free Trade Agreement (NAFTA) by 1994. Against the backdrop of China's and Mexico's emergence as major competitors in attracting export-oriented FDI, the ASEAN countries' increased attraction to continue the rapid export-led growth of the late 1980s[5] led them to believe that liberalization of intra-regional trade would enable ASEAN to consolidate their existing trade-investment links and compete with the diversion of investments towards China. Thus, the state and the domestic private sectors in the respective ASEAN countries (especially those depending on export-oriented FDI) had a common interest in promoting a regional free trade area and this became the driving force behind the AFTA project.

However, frustrated with the slow pace of economic integration within ASEAN,[6] there has been acceleration in the moves towards bilateral free trade agreement (FTAs) projects involving ASEAN member countries since 1998. The first moves were made by Singapore, which launched FTA negotiations with New Zealand and Japan. This provoked other ASEAN members like Thailand and the Philippines to seek bilateral FTAs with non-ASEAN countries. The initiation of the negotiations for China's entry into the WTO was also one factor which drove ASEAN members, many of which feared competition with China in third country markets on MFN basis and very much liked to seek preferential access to their major markets. Thus, there is an increasing number of bilateral agreements between individual ASEAN countries and non-ASEAN countries. For example, Singapore has signed FTAs with Australia, US, European Free Trade Association (EFTA) and Jordan, apart from New Zealand and Japan. Thailand has signed or is pursuing agreements with the US, New Zealand, Australia, China, Japan, etc. While Malaysia and the US agreed to a framework for a

[3]By the early 1990s, gross FDI across the four large ASEAN countries had come to be concentrated in specific manufacturing sectors such as electrical & electronics products, transport equipment, chemicals, petrochemical products, etc., apart from food processing, footwear, paper & paper products. Since there was substantial intra-industry trade within these broad product categories because of the leading MNCs' production distribution or division of labour strategies in the region, these were also the industry categories which dominated ASEAN members' exports and imports. For a detailed discussion of the trade-investment linkages in the region, see Francis (2004).

[4] This was the case except in Malaysia, where Singapore ranked third ahead of the US. US FDI in ASEAN were found in manufacturing, in resource development dominated by oil and gas exploration & development, and also in services dominated by banking & finance, trade and restaurants. US manufacturing sector MNCs invested in petroleum-related activities, chemicals and pharmaceuticals, processed foods, electrical and electronic products, automobile assembly, etc.

[5] This was indeed due to a combination of favourable external factors including the fact that world trade in those industries was growing the fastest during this phase.

[6] Two major road blocks are considered to be Malaysia's auto industry and the Philippines's petrochemical industry, which have not been prepared for the elimination of import tariffs. Further, ASEAN's inter-regional transaction costs still remain high due to different standards among the member states and inefficient customs clearance procedures. See Naoko (2005).

bilateral agreement in May 2004, Malaysia and Japan are negotiating a Closer Economic Partnership, and Malaysia and Australia are contemplating a bilateral FTA.

Even as individual ASEAN member countries are pursuing various bilateral FTA initiatives, ASEAN itself is progressing with FTA proposals with other countries concurrently. Among the initiatives involving ASEAN are (a) the US 'Enterprise for ASEAN Initiative' announced by the US in Oct 2002, to create a network of bilateral FTAs linking ASEAN with the US; (b) ASEAN-China framework agreement on comprehensive economic cooperation signed on 4 Nov 2002, which is expected to conclude an FTA by 2010 for older ASEAN states and 2015 for newer ASEAN states; (c) the ASEAN-Japan framework for comprehensive economic partnership (CEP) signed on 8 Oct 2003, expected to bring in an FTA by 2012; (d) ASEAN-India agreement signed on 8 Oct 2003 (to be concluded on 2011); (e) Trans-regional EU-ASEAN trade initiative in which ASEAN and EU trade ministers agreed on 4 April 2003 to enhance ASEAN-EU economic partnership.[7] While ASEAN has been looking at FTAs with Japan, India and the US to counterbalance the influences of China, it is also part of the proposed East Asian FTA along with Japan, China and South Korea. There are also looser and less substantial ASEAN partnerships with Australia, New Zealand and South Korea. Thus, bilateral, regional and multilateral arrangements, which influence and interact with each other, have formed a pattern of multi-layered cooperation frameworks in the region.

The Nature of US Bilateralism in South East Asia

Under the Enterprise for ASEAN Initiative (EAI) announced by the US, each member of ASEAN must already have concluded a Trade and Investment Framework Agreement (TIFA) with the US in order to launch an FTA negotiation. While the US has currently concluded a bilateral FTA only with Singapore, its BTA with Thailand is under negotiation and it is considering another one with Malaysia.

The EAI explicitly states that the bilateral FTA with each ASEAN country will be based on the model of the US-Singapore FTA. The US-Singapore FTA (signed in May 2003) is a comprehensive economic cooperation agreement, which in addition to trade liberalization and tariff elimination, covers issues such as trade in services as well as competition policy, intellectual property rights, investment, environment and labour standards. US bilateralism in South East Asia is thus part of the "new" regionalism, and mirrors the shift that has occurred in the focus of trade liberalisation globally.

As the focus of national policies across countries shifted to export-oriented economic growth from the 1980s, the underlying assumption has been that liberalisation is the single most important key to achieving growth. But, as manufactured goods trade liberalisation has advanced substantially and the influence of MNCs in the national and international policymaking spaces has increased greater than ever before, the focus of liberalisation has shifted from manufactured goods to include not only services and agricultural sector, but also investment liberalisation and harmonisation of policies in government procurement, competition policy, bankruptcy laws, intellectual property protection, etc. Thus, multinational capital-driven globalisation has been occurring, both driving the efforts towards liberalization and policy harmonisation, and being driven by the same.[8] As opposed to shallow integration, which involves reducing or removing tariffs in the case of only goods trade between member countries, the new regionalism since the late 1990s therefore epitomises 'deep integration'.

[7] Khor (2005).
[8] See Francis (2004).

Issues like labour standards and environment are also included, and have the potential to be used for protectionist purposes.[9] Such deep integration as well as integration involving developing and developed countries and the lack of geographical proximity between the partner countries are three major characteristics of 'new regionalism'.[10] The US bilateral FTAs with ASEAN members reflect all these characteristics of new regionalism. The emergence of these FTAs thus points to the resurgence of the neoliberal ideology in the post-crisis South East Asian region, as well as a deepening of the ideological hegemony of the US.

On the other side, the various bilateral FTAs coming into being in South East Asia can be seen as the outcome of various negotiating alliances between the state, the export-oriented (domestic and foreign) private sector as well as the FDI-dependent domestic private sector in the ASEAN member countries. As each of these bilateral FTAs hope to protect the perceived 'national' interests of member elites in their own countries, it is bound to lead to conflicts in the ASEAN regional integration project. Indeed, as the trend towards bilateral trade agreements intensifies, one of the aspects which have been explored is whether the proliferation of bilateral FTAs will advance regional cooperation and integration or not. It has been pointed out that should ASEAN members proceed on FTAs with non-ASEAN countries without solidifying internal integration, it may lose bargaining power as a union of states.[11] This may indeed turn out to be the case, especially in the case of US bilateralism in the region.

It is important to note that while the US is the foremost or the second most dominant sourcing and destination country for most of its bilateral FTA partners, the FTA countries hold no significant position for the US economy as trading partners (in existing goods trade).[12] It has been argued that as countries with small size (relative to the US), high external dependence and high dependence on the American market, US FTA partners would be made to carry out competitive liberalisation as they compete with each other for access to the world's largest market. Indeed, the US FTA initiatives in South East Asia are also expected to ultimately contribute to the attainment of the APEC Bogor goal for achieving free and open trade and investment in the Asia Pacific region.[13]

From the point of view of the South East Asian economies too, access to the U.S. market - the largest in the world, has been the grand allure of FTAs with the United States. Singapore, Malaysia and Thailand are the top three exporters (and importers) within ASEAN and that the US has already been the single largest market for the ASEAN economies. However, even though exports from these countries are increasing, their market shares in the US are declining. This disappointing performance contrasts sharply with those of China & Mexico, whose export shares in the US market have been increasing rapidly. Against this backdrop,

[9] See TWN (2005).

[10] Although NAFTA formed way back in 1994 seems to be the first member of this new league, the real trend in RTAs involving developing and developed countries surged only from the late 1990s.

[11] Naoko (2005).

[12] See Dhar and Kallummal (2004).

[13] The goal aims at the liberalisation of investment in the APEC region, with the deadline set as 2010 in the case of developed countries and 2020 for developing countries.

the bilateral FTAs are put forth as providing the best opportunities to the South East Asian economies to improve their market access in the US vis-à-vis these competitors.[14]

Thailand's negotiations on a comprehensive bilateral FTA with the US started in June 2004, following the conclusion of its TIFA with the US. Once again, much hope has been generated in terms of Thailand's scope for improved market access in the US under the bilateral FTA. More crucially, greater and faster liberalisation by Thailand of its agricultural and service sectors (thereby providing increased market access for US companies in these sectors) have been projected as worthy trade-offs to be made by Thailand against the promise of this increased access for Thai manufactured goods in the US market. Against this backdrop, the following sections of this paper analyse and discuss various aspects of the issue of market access in the proposed Thai-US FTA, and attempt to understand the actual prospects for market access for Thai products in the US market.

Thai-US Bilateral FTA: The Perceived Logic in Market Access Benefits

Thailand has been the third largest exporter and importer within ASEAN, after Singapore and Malaysia. Thailand's total trade volume has surpassed its GDP since 2000, and its exports and imports have come to account for about 60% each of GDP. This clearly reflects the very high trade dependence of the Thai economy. Meanwhile, its export structure underwent a dramatic transformation over a space of four decades, with the share of primary products (agriculture, forestry, fishery and mining), which had constituted close to 93 per cent of total exports in the sixties declining to just 7 per cent by 2005. Simultaneously, manufactured exports which constituted a miniscule 3 per cent of total exports in the 1960s have come to account for as much as 88 per cent of total Thai exports.

Absorbing slightly more than 20 per cent of Thai exports on average, the US has been the single largest market for Thailand's exports until 2004. The US has also been the second largest supplier of Thailand's imports, contributing on average between 12-14 per cent of its imports until 2001. The traditional rationale for regional integration between two or more countries is that it is based on substantial trading interests. But, while the US is the most prominent market and one of the top two source countries for Thailand, Thailand's exports to the US has accounted for just between 1 to 1.6 per cent of total US imports ever since the early 1990s (See Table 1 below). Similarly, Thailand's imports from the US have rarely accounted for over one per cent of total US exports (See Annex Table 1). The dominant US trading partners have been China, Canada, Mexico, Japan and a few European countries, since the mid-1990s. This highly unequal trading relation has been interpreted as implying that an FTA between Thailand and the US could be expected to have a larger positive impact for Thailand than for the US.[15]

But, it is important to understand the nature of Thai-US bilateral trade and the underlying dynamics driving the dependence of Thailand's exports and imports on the US market. As discussed in the first section, Thai-US trade has been driven by the investment strategies of

[14] It is not without irony that the US interest in the region has been argued to be negatively correlated with its preoccupation with NAFTA and even China (Naoko, 2005). In fact, the crisis-ridden South East Asian countries including Thailand were disillusioned with the US apathy towards them at the time of their 1998 crisis, because the US already had its hands full with the Mexican crisis. Later on, the US was preoccupied with China's accession to the WTO. However, once the US took care of both these contexts to its satisfaction, it became active in the region again, this time trying to negotiate bilateral deals with individual ASEAN members starting with Singapore.

[15] See for instance, TDRI (2003).

the US MNCs (and also of various other home countries), which have created production networks encompassing the entire East Asian region. On the Thai side, this was driven by the fact that due to its concern for generating hyper export growth, the country had focussed on exports in network-based industries dominated by MNCs and therefore, followed liberal FDI policies, without adequate attention paid to domestic linkage and technology capability development issues.[16]

Before the sixties, when primary exports such as rice, rubber, tin, teak, etc. were the most prominent revenue earners, the US was the biggest export market for Thailand. It is from the 1960s onwards that the FDI-trade link becomes prominent. In 1960s and the 1970s, however, Japan had overtaken the US as the most prominent export market, driven by the home-oriented production operations of a large number of export-oriented Japanese firms especially in the textile and food processing (& also electrical appliances) industries, which had relocated their production units to Thailand from the early 60s onwards due to rising wages at home.

But, by the late seventies, US semiconductor manufacturers had made Thailand one of their major bases for exporting assembled semiconductors back to their country. In fact, the US was the single largest foreign direct investor in Thailand in the seventies and until the mid-1980s. These export-oriented investments drove Thai exports to the US to overtake those to Japan in 1984, and the US has remained the number one market ever since. Meanwhile, although textile exports had started declining in importance in the beginning of the eighties, the US became the largest market for Thai garments exports which had begun growing very fast driven by export-oriented investments by the I-tier NIEs (Hong Kong, Singapore, South Korea and Taiwan Province of China) in the garment industry. The growth in exports to the US was further bolstered by increased exports of hard disk drives and other computer parts to their home country by American computer-related firms, which had begun making large investments in Thailand from 1983-84 onwards. This dynamics of the production networks created by the US MNCs in Thailand are similar to the export-oriented production networks established by Japan and the I-tier NICs. Thus, the top most export industries such as electrical machinery, transport equipment, etc. have all been the same sectors in which FDI inflows have concentrated in.[17] During Thailand's export boom period (1987-91), the export share of the US thus increased further and it has been absorbing slightly more than 20 per cent of Thai exports on average until 2004.

The US share of Thailand's exports reached its peak (22 per cent) in 1998. However, subsequently, it has shown a continuous decline and at 15 per cent in 2005, the relative importance of the US market has slid back to the pre-export boom average for 1981-86 (See Table 1).[18] The countries that have gained in share in Thai exports during 1999-2005 have been China, Malaysia, Indonesia, Australia, Vietnam and India.

While the importance of the US market seems to have been on a relative decline for Thailand, Thai exports have in fact experienced a declining share in the US market, making the potential for increasing access to the US market through a bilateral FTA an attractive proposition for Thailand.

[16] Francis (2003).
[17] Ibid.
[18] With its share hovering around 14 per cent, Japan is now not far behind in overtaking the US position as the single largest market for Thailand.

Table 1: Distribution of Thai Exports by Country of Destination

(Percentage share)

Sl.no.	Country	1957-59	1960-69	1970-80	1981-86	1987-91	1992-96	1997-98	2004	2005
1	**US**	**20.9**	**10.5**	**11.2**	**15.9**	**20.8**	**20.2**	**20.9**	**19.3**	**15.4**
2	**Japan**	**9.1**	**19.0**	**23.0**	**13.9**	**16.6**	**17.0**	**14.4**	**14.5**	**13.7**
3	**Singapore**	**13.5**	**8.1**	**7.8**	**8.1**	**7.9**	**12.1**	**9.9**	**8.0**	**6.8**
4	Netherlands	2.6	4.2	10.8	10.1	5.2	3.3	3.6	3.1	2.5
5	Germany	2.1	4.6	3.3	3.6	4.8	3.5	2.7	2.3	1.8
6	Hong Kong	8.5	8.2	6.1	4.4	4.4	5.2	5.5	5.2	5.6
7	UK	3.7	4.1	1.7	2.2	3.7	3.2	3.7	3.4	2.5
8	**Malaysia**	**16.6**	**12.6**	**4.9**	**4.7**	**2.8**	**2.7**	**3.8**	**4.4**	**5.2**
9	France	0.2	0.9	1.3	1.9	2.4	1.9	1.6	1.3	1.2
10	**China**	**0.0**	**0.0**	**0.0**	**3.0**	**2.3**	**2.2**	**3.1**	**5.2**	**8.3**
11	Saudi Arabia	2.5	1.6	1.4	2.5	1.9	1.1	0.7	0.6	0.9
12	Italy	0.2	1.5	1.4	1.6	1.8	1.2	1.2	1.2	1.1
13	**Australia**	0.2	0.3	0.9	1.5	1.8	1.5	**1.7**	**2.4**	**2.9**
14	**Taiwan**	0.2	1.7	3.3	1.4	1.6	2.2	3.0	3.1	2.4
15	UAE	0.0	0.0	0.0	1.1	1.6	1.3	1.0	1.0	1.1
16	South Korea	0.0	0.0	0.0	1.8	1.5	1.5	1.5	1.9	2.0
17	Canada	0.0	0.0	0.0	0.9	1.5	1.2	1.1	1.2	0.9
18	Belgium	0.4	0.7	1.1	1.0	1.3	1.4	1.5	1.7	1.2
19	Switzerland	0.0	0.0	0.0	1.1	1.1	0.9	1.0	0.9	0.6
20	**Indonesia**	**4.4**	**4.5**	**3.4**	**1.4**	**0.7**	**1.1**	**2.0**	**2.4**	**3.6**
21	India	-	-	-	-	-	-	**0.5**	**0.8**	**1.4**
22	Philippines	0.0	0.0	0.0	0.5	0.5	0.7	1.3	1.8	1.9
23	**Vietnam**	**0.0**	**0.0**	**0.0**	**0.0**	**0.1**	**0.6**	**1.0**	**1.4**	**2.1**
24	Others	15.0	17.1	17.9	13.9	12.5	12.9	6.2	6.0	5.2
25	Total exports	100	100	100	100	100	100	100	100	100

Taiwan refers to Taiwan, Province of China
Source: Francis (2003) and Bank of Thailand Online Statistics.

It can be observed on the US import side that while total US imports grew by an average 9 per cent annually during 1999-2004, imports from Thailand grew by only 5 per cent. By contrast, countries like China, Mexico, Malaysia, Ireland etc. have seen higher export growth rates (ranging from 7 to 23 per cent), resulting in a rapid growth in their shares (See Table 2).

It is expected that the proposed FTA can help increase Thailand's export competitiveness to the US vis-à-vis these competitors, by reducing tariff and non-tariff barriers between the two countries and therefore help it to increase its US market share. As we would establish in this paper, the reality could be the other way around for a variety of reasons.

On the Thai import side, the US share which was about 16% during the 1960s had declined since the early 1970s itself due to the overwhelming presence of imports from Japan. Maintaining the second position, the US however continued to contribute on average, between 12-14 per cent of Thai imports until 2001. This can also be linked to the intra-industry trade generated by the MNCs dominating the Thai manufacturing sector. However, since 2001, this share has declined rapidly and the US share in Thailand's imports has halved to just 7 per cent in 2005 (See Annex Table 2). Thus, there is also a marked decline in the importance of the US as a supplier to Thailand. With a 9 per cent share in Thai imports, it is

China which is the second largest supplier to Thailand now, following Japan (See Table 2). Clearly, gaining greater access to the Thai market has become an issue for the US.

Table 2: Country-wise Origin of US Imports, 1990-2005

(Percentage share)

2005 Rank	Country	1990-91	1992-96	1997-98	1999-2004	2005	1990-91 Rank
1	Canada	18.6	19.5	19.2	18.4	17.4	1
2	**China**	**3.5**	**6.0**	**7.5**	**10.2**	**14.5**	**8**
3	**Mexico**	**6.2**	**8.3**	**10.1**	**11.1**	**10.2**	**3**
4	Japan	18.4	16.2	13.6	10.8	8.2	2
5	Germany	5.5	5.0	5.2	5.2	5.1	4
6	United Kingdom	3.9	3.7	3.8	3.5	3.0	6
7	Korea, South	3.6	3.0	2.6	3.1	2.6	7
8	Taiwan	4.6	4.0	3.7	2.9	2.1	5
9	Venezuela	1.8	1.5	1.3	1.4	2.0	14
10	France	2.7	2.5	2.5	2.4	2.0	9
11	**Malaysia**	**1.2**	**2.1**	**2.1**	**2.0**	**2.0**	**17**
12	Italy	2.5	2.3	2.3	2.1	1.9	10
13	Ireland	0.4	0.5	0.8	1.6	1.7	28
14	Saudi Arabia	2.1	1.2	0.9	1.2	1.6	11
15	Brazil	1.5	1.2	1.1	1.3	1.5	15
16	Nigeria	1.2	0.8	0.6	0.8	1.4	18
17	**Thailand**	**1.2**	**1.5**	**1.5**	**1.3**	**1.2**	**16**
18	**India**	**0.6**	**0.8**	**0.9**	**1.0**	**1.1**	**27**
19	Israel	0.7	0.8	0.9	1.0	1.0	25
20	**Singapore**	**2.0**	**2.4**	**2.2**	**1.4**	**0.9**	**12**
21	Netherlands	1.0	0.9	0.8	0.8	0.9	20
22	Sweden	1.0	0.9	0.8	0.8	0.8	21
23	Belgium	0.8	0.9	0.9	0.9	0.8	23
24	Switzerland	1.1	1.0	1.0	0.8	0.8	19
25	**Indonesia**	**0.7**	**1.0**	**1.0**	**0.8**	**0.7**	**26**
26	**Philippines**	**0.7**	**0.9**	**1.3**	**1.0**	**0.6**	**24**
27	Hong Kong	1.9	1.4	1.2	0.8	0.5	13
28	Australia	0.9	0.5	0.6	0.5	0.4	22
	Total Imports (Mill.$)	491,691	710,545	892,049	1,211,807	1,673,455	

Taiwan refers to Taiwan, Province of China
Source: World Trade Atlas, Online.

Given our focus on Thailand's prospects for increased US market access through the bilateral FTA, we would attempt to answer some of the following questions in this paper. While Thailand is looking at the bilateral FTA with the US to overcome the tariff discrimination faced by their exports in the US market vis-à-vis Mexico, China, and Singapore, how much margin of preference will Thailand actually gain in its important export sectors? Will any such preferential tariff reduction enable it to improve its actual market access in products where it has superior competitiveness? How will non-tariff barriers such as Sanitary and Phyto-sanitary Measures (SPS) and Technical Barriers to Trade (TBTs) affect market access for Thailand? In the final analysis, will the inter-sectoral trade-offs which Thailand hopes to make by liberalising services and agriculture sectors to gain reciprocal liberalised access to the US manufacturing sector, pay off?

Even as the TDRI (2003) study points out that the increase in exports in many sectors will not be automatic, their CGE model estimates that the FTA would generate a real GDP growth of 1.34 percent, once the agreement is implemented. However, the CGE models are usually based on highly limiting assumptions that are far from the reality prevailing in developing countries, in particular.[19] Therefore, towards answering the above questions, we undertake an analysis of the bilateral trade between Thailand and the US in the following section. The methodology followed would be to: identify the most important current and fast growing Thai exports to the US at the sectoral level; understand their major competitors through US import market share analyses for each of these products; examine the potential for preferential US tariff rates for these Thai products under the proposed FTA vis-à-vis those prevailing under NAFTA, US-China (MFN) and US-Chile FTA. The issue of Rules of Origin will be looked at. We would also look at the prevalence and extent of TBTs and SPS measures in these sectors of export importance for Thailand, which could limit their market access despite the proposed FTA.

The Sectoral Structure of Thai-US Trade

In this section, we analyse the composition of bilateral trade between Thailand and the US since 1990. Our attempt is to understand the changes, if any, in the sectoral composition of bilateral trade and whether any specific pattern can be established in these changes related to the introduction of NAFTA in 1994 and to China's entry into the WTO in 2001.

As already discussed, electrical machinery products & parts (HS code Chapter 85) as well as hard disk drives and computer parts (belonging to Chapter 84, non-electrical machinery) have remained the topmost Thai exports to the US since the late 1980s. Their respective shares were 21% and 11% during 1990-91. Two other important exports were precious stones, metals etc. and prepared meat, fish, etc. Footwear and fish & seafood with about 5% share each, and knit and woven apparel with 4% each have been the other important exports.

By 2005, the sectoral concentration of Thai exports to the US has increased further with electrical machinery coming to account for a little less than one-third (29%) and non-electrical machinery accounting for about 17 per cent of total Thai exports. While precious stones and metals remain the third largest export item to the US, its share has declined significantly. On the other hand, knit and woven apparel both have increased their shares, as has the share of rubber. In fact, rubber has been the fastest growing Thai export sector to the US during 1999-2005 and it has become the fourth largest Thai export. The other sector which grew faster than the others and became part of the top ten products is plastics. However, its share still remains below 5 per cent of the total. Iron & steel products and Optical & medical instruments have been two other fast growing sectors, but their shares are well below 5 per cent of the total. On the other hand, the shares of prepared meat, fish, etc. and preserved food have dropped, despite having high growth rates.[20] The share of fish & seafood has also dropped below 5 per cent.

Overall, between 1990-98 and 1999-2005, the average growth rate in Thai exports to the US has halved from 12 per cent to 5.6 per cent.

[19] For a detailed discussion of the underlying assumptions made in CGE models which make their results unreliable, see Dhar (2006).

[20] However, in prepared meat, fish, etc. Thailand is and has maintained the number one ranking among US suppliers, accounting for one-fourth of total US imports in that sector.

Table 3: Growth Rates and Shares of Selected US Imports from Thailand, 1990-2005 *

(Ranked based on 1999-2005 average growth rates)

S. No.	HS	Description	WTO Def.	1990-98	1999-2005		1990-91 Share	2005 Share
1	40	**Rubber**	Non-Ag.	10.9	28.2		2.7	**4.8**
2	39	Plastic	Non-Ag.	32.1	23.7		1.0	2.7
3	20	Preserved Food	Ag.	10.1	14.8		3.0	1.3
4	16	Prepared Meat, Fish, etc.	Ag.	1.4	12.8		**7.2**	4.2
5	73	Iron/steel Products	Non-Ag.	13.9	10.5		0.7	1.3
6	85	**Electrical Machinery**	Non-Ag.	**13.5**	**9.4**		**21.2**	**28.6**
7	94	Furniture and Bedding	Non-Ag.	2.1	8.7		3.3	2.4
8	63	Misc. Textile Articles	Non-Ag.	9.5	8.7		0.6	0.8
9	71	**Precious Stones, Metals**	Non-Ag.	3.5	8.6		**8.0**	**5.9**
10	03	Fish and Seafood	Non-Ag.	11.3	5.2		**5.2**	3.5
11	62	Woven Apparel	Non-Ag.	15.4	3.6		4.0	4.4
12	61	**Knit Apparel**	Non-Ag.	17.2	2.6		4.3	**4.8**
13	90	Optic, not incl. 8544; Med. Instr.	Non-Ag.	28.7	2.6		0.8	1.8
14	84	**Machinery**	Non-Ag.	**22.7**	**2.4**		**11.1**	**16.8**
15	95	Toys and Sports Equip.	Non-Ag.	1.7	0.9		3.3	1.1
16	42	Leather art.;Saddlry;Bags	Non-Ag.	-11.7	0.4		2.1	0.6
17	44	Wood	Non-Ag.	4.6	0.0		1.2	0.8
18	64	**Footwear**	Non-Ag.	2.0	-1.3		**5.3**	1.5
19	T	**Total US Imports from Thailand**		**12.3**	**5.6**		**100**	**100**

Note: * The list contains only those products which have a one per cent or more share in US imports from Thailand in either of the periods.
Source: World Trade Atlas.

At the same time, the sectoral concentration has increased with the cumulative share accounted for by top ten products having increased from 73 per cent to 78 per cent. Apart from electrical and non-electrical machineries, sectors with at least a 5 per cent share in 2005 are only precious stones & metals (Chapter 71), rubber (Chap. 40) and knit apparel (Chap. 61). These are followed by woven apparel (Chap. 62 with 4.4%), prepared meat, fish, etc. (Chap. 16 with 4.2%) and fish and seafood (Chap. 03 with 3.5%).

Meanwhile, Thailand's imports from the US which grew at a lower rate (9%) in comparison to its exports to that country (which was at 12%) during 1990-98, have grown at a slightly faster rate (6%) in the post-crisis period (1999-2005). In the case of Thai imports from the US, only three sectors had a more than five per cent share during 1990-91, namely, electrical machinery, aircrafts & spacecrafts and non-electrical machinery. The combined share of electrical and non-electrical machineries alone stood at 41 per cent already and reflects the very high level of intra-industry trade occurring within these industries. Their combined share has increased further to almost half of total Thai imports from the US since the late 1990s. The share of aircrafts, etc. has declined drastically over the same period. The other significant sectors during 1990-91 were precious stones & metals, cotton yarn & fabric, organic chemicals, plastic, optical & medical instruments, transport equipment, tobacco, etc., with shares between 2 to 4 per cent of the total. Thus, there was significant intra-industry trade in precious stones & metals too.

By 2005, with a 6 per cent share, optical & medical instruments came up to the third position in Thai imports from the US, followed by precious stones & metals and transport equipment with about 5 per cent share each.

Table 4: Growth Rates and Shares of Selected US Exports to Thailand, 1990-2005 *

(Ranked based on 1999-2005 average growth rates)

S.No.	HS	Description	WTO Def.	1990-98	1999-2005		1990-91 Share	2005 Share
1	70	Glass and Glassware	Non Ag.	8.6	115.1		0.2	0.2
2	72	Iron and Steel	Non Ag.	33.1	73.5		0.9	1.2
3	87	Vehicles, not Railway	Non Ag.	3.9	29.4		2.3	1.2
4	**71**	**Precious Stones,Metals**	Non Ag.	-4.7	28.4		4.2	**4.8**
5	52	Cotton+Yarn,Fabric	Non Ag.	7.6	27.8		3.6	2.6
6	**88**	**Aircraft,Spacecraft**	Non Ag.	24.5	22.7		**19.1**	**4.6**
7	27	Mineral Fuel, Oil Etc	Non Ag.	20.0	20.6		0.9	1.7
8	**90**	**Optical Med Instru.'s (not 8544)**	Non Ag.	15.8	16.3		2.4	**5.8**
9	29	Organic Chemicals	Non Ag.	4.9	13.2		2.7	2.8
10	39	Plastic	Non Ag.	5.4	13.1		2.6	3.6
11	47	Wood pulp, Etc.	Non Ag.	12.8	12.7		0.8	1.1
12	10	Cereals	Ag.	13.5	11.1		0.9	1.0
13	**84**	**Machinery**	Non Ag.	9.4	8.3		**17.2**	**20.1**
14	**85**	**Electrical Machinery**	Non Ag.	12.9	7.9		**23.3**	**29.2**
15	38	Misc. Chemical Products	Non Ag.	10.1	6.0		1.3	1.2
16	12	Misc Grain, Seed, Fruit	Ag.	367.0	5.5		0.0	1.2
17	41	Hides and Skins	Non Ag.	8.7	5.4		0.9	0.9
18	98	Special other	Non Ag.	10.0	3.9		2.2	2.3
19	23	Food Waste; Animal Feed	Ag.	34.4	2.2		0.4	1.1
20	31	Fertilizers	Non Ag.	41.3	-9.9		0.4	0.5
21		**Total Exports to Thailand**		**9.1**	**6.1**		**100.0**	**100.0**

Note: * The list contains only those products which have a one per cent or more share in US imports from Thailand in either of the periods.
Source: World Trade Atlas.

It is important to note that imports in a number of other industries like iron & steel, mineral fuels & oil, wood pulp, etc. have grown very fast during 1999-2005, along with organic chemicals and plastic. The equally significant trend is the fast growing agricultural imports from the US such as cereals; miscellaneous grains, seeds & fruits; food waste & animal feed, etc., which have grown to reach more than one per cent share each in total Thai imports. The increased dispersion within the top ten category (between the third and the tenth rankers) means that even as the combined share of electrical and non-electrical machineries has increased, the cumulative share of the top ten industries in total imports has declined from 80 per cent in 1990-91 to 77 per cent in 2005. This reflects the rapidly growing imports in a range of other sectors, as we just saw.

Indeed, while Thailand has continuously had a trade surplus with the US, the sectoral trade balances tell a different story. During 1990-91, Thailand had trade deficits with the US in organic chemicals, cotton yarn & fabric, miscellaneous chemical products, optical & medical instruments, inorganic chemicals, iron & steel, etc. The biggest trade deficit has continued to be in aircrafts & spacecrafts. But by 2005, trade deficits in all the fast growing import sectors such as organic chemicals, miscellaneous grains, seeds & fruits, mineral oils & fuels, wood pulp, optical & medical instruments, etc. had increased heavily, along with cotton yarn & fabric, fertilisers & pharmaceuticals, as well as agricultural products. This clearly points to an emerging trend of Thailand's intensifying import dependence on the US.

The Market Access Scenario in the Electrical and non-Electrical Machinery Sectors

With their combined share touching nearly half of total Thai exports to the US as well as its imports from the US, electrical and non-electrical machinery clearly dominates Thai-US trade.

Therefore, we would first try to understand the prospects for improved market access in these sectors. These industries are important for Thailand, contributing more than 10 per cent of manufacturing sector value added, almost half of manufactured exports and being the third largest provider of industrial employment after textiles & garments and food products industries. It is important to keep in mind that they are also the ones with rapid technological changes requiring fast catching-up cycles and therefore rapidly moving demand cycles.

Table 5: US Import Market Share Analysis in Chapter 85- Electrical Machinery, 1990-2005

(Per cent shares in total US imports in Chapter 85)

2005 Rank	Country	1990-91	1992-95	1996	1997-98	1999-2004	2005	1990-91 Rank
1	**China**	3.8	6.1	7.8	9.3	14.9	**25.6**	8
2	**Mexico**	13.4	14.5	16.3	19.1	20.5	**19.2**	2
3	Japan	32.6	28.6	22.1	19.2	14.5	10.9	1
4	**Malaysia**	5.4	8.1	8.5	7.2	6.6	**7.1**	6
5	Korea, South	7.6	7.7	7.7	6.8	8.1	6.6	4
6	Taiwan	6.2	5.8	6.1	6.2	6.0	5.7	5
7	Canada	8.0	6.5	7.3	7.6	6.8	5.2	3
8	**Thailand**	**2.0**	**2.3**	**2.3**	**2.5**	**2.2**	**2.7**	**12**
9	Germany	3.5	2.9	2.9	2.8	2.9	2.6	9
10	**Philippines**	1.7	2.3	3.2	4.0	3.0	**1.8**	13
11	**Singapore**	**4.7**	**4.0**	**3.6**	**2.6**	**1.9**	**1.4**	7
12	United Kingdom	2.1	2.1	2.0	2.1	1.7	1.3	11
13	France	1.1	1.2	1.5	1.4	1.3	1.0	14
14	Indonesia	0.1	0.7	1.1	1.2	1.0	0.9	27
15	Sweden	0.7	0.5	0.7	0.5	0.8	0.9	15
16	Hong Kong	2.3	1.8	1.8	1.7	1.0	0.7	10
17	Israel	0.7	0.7	0.7	0.8	1.0	0.7	16

Taiwan refers to Taiwan, Province of China

Source: World Trade Atlas Online.

Despite the predominance of electrical machinery industry in Thai exports to the US, during 1990-91, Thailand had only a two per cent share in total US imports in this sector. It was ranked twelfth among US suppliers in this sector. Further, it is seen that these Thai exports were concentrated in integrated circuits to a considerable degree, followed by some low and medium technology products like video, telephones, TVs, insulated cable, wire, etc., home heating appliances, etc. While the share of ICs shows a decline in 2005, those of telephone and TV are on an increasing trend. Although computer power supplies & parts; TV, radio & radar parts, light emitting diodes (LEDs), recorders & cassette players, printed circuit boards, etc. have all increased their shares by 2005, their shares accounted for only below 5 per cent in total US imports in this industry (See Annex Table 8).

Over this period, Thailand has managed to increase its share in total US electrical machinery imports only marginally from 2 per cent to 2.7 per cent, though its rank has improved from 12th to the 8th position. However, much higher growth rates have been registered by China, followed by Mexico, Malaysia and the Philippines. China and Mexico are the top two suppliers to the US currently in this industry. Remarkably, all developed countries, including Japan, which was the single largest supplier in this industry to the US, have lost their market shares. South Korea and Taiwan Province of China have maintained their shares around 7 per cent and 6 per cent respectively. However, both these countries have lost one position in ranking, with Malaysia (7%) overtaking them and becoming the fourth largest supplier

following Japan. Importantly, the present gap between the shares of Thailand and those of other countries is significant. It is also important to note that Singapore's share has declined from about 5 per cent during 1990-91 to just one per cent in 2005, with rapid decline since the late 1990s. This would imply that the FTA with the US has not helped Singapore race with its competitors in this sector.

Table 6: US Import Market Share Analysis in Chapter 84- Machinery, 1990-2005

(Per cent shares in total US imports in Chapter 84)

2005 Rank	Country	1990-91	1992-95	1996	1997-98	1999-2004	2005	1990-91 Rank
1	China	0.8	2.1	3.4	4.6	12.3	23.7	16
2	Japan	30.4	29.2	24.3	21.4	16.7	13.9	1
3	Mexico	3.7	4.6	6.0	7.2	10.1	9.6	8
4	Canada	11.1	10.5	10.8	10.4	10.0	8.7	2
5	Germany	10.7	8.7	8.0	7.8	7.5	8.0	3
6	Malaysia	0.6	2.2	3.0	3.6	5.2	5.8	19
7	Taiwan	7.1	7.7	7.8	8.0	6.4	3.5	5
8	United Kingdom	6.3	5.5	5.2	6.0	4.6	3.4	6
9	Singapore	7.2	8.6	10.4	8.8	5.2	3.1	4
10	Korea, South	2.7	3.1	3.8	3.3	4.0	3.0	10
11	Italy	2.9	2.7	2.7	2.7	2.6	2.8	9
12	France	4.7	3.8	2.7	3.1	2.8	2.6	7
13	**Thailand**	**0.9**	**1.6**	**1.8**	**1.9**	**1.6**	**1.5**	**15**
14	Sweden	1.5	1.2	1.2	1.1	1.0	1.2	12
15	Brazil	1.4	1.0	0.9	0.9	0.8	1.1	13
16	Switzerland	1.5	1.4	1.3	1.1	1.0	0.9	11
17	Ireland	0.6	0.6	0.7	1.2	1.0	0.7	20
18	Netherlands	0.7	0.6	0.6	0.6	0.6	0.7	17
19	Philippines	0.1	0.2	0.7	1.4	1.3	0.6	28

Taiwan refers to Taiwan, Province of China

Source: World Trade Atlas Online.

In the case of US imports in non-electrical machinery from Thailand, computers (8471) have been the single most important product category and its share has gone up from 70 per cent during 1990-91 to 73 per cent by 2005. Computer peripherals, storage & parts (8473) have been the second significant import, with its share hovering around 10 per cent. Compressor parts (8414) were the third largest category with an eight per cent share, but this has declined to 3 per cent in 2005. The share of electronic calculators (8470), which was significant at 6 per cent during 1990-91, has declined sharply and has become almost nil by 2005.

In terms of share in total US machinery imports, Thailand's share showed an initial rise from less than one per cent in 1990 to a peak of 2 per cent in 1998, after which it has declined to 1.5 per cent again. China has gained at the expense of everyone else, while Mexico has also increased its share. The Malaysian share has also increased manifold. China's share increased dramatically from 2002 onwards, reflecting the advantage it gained by obtaining MFN status after entry into the WTO. Once again, as in electrical machinery, Singapore's share is seen to have dropped significantly. Further, the gap between the shares of Thailand and those of other countries is huge.

In the case of US electrical machinery exports to Thailand, which is only about 2 per cent of the total, Thailand's rank among US markets have remained between 13 and 15. The

dominant US export markets for this industry are Mexico and Canada (that is, NAFTA itself) followed by Japan, the I-tier NIEs (South Korea, Taiwan Province of China, Hong Kong and Singapore) and Malaysia.

In the case of US non-electrical machinery exports, on the other hand, only about one per cent of current US exports go to Thailand. Among these, computer peripherals, storage & parts (HS 8473) dominated, with its share increasing to 40 per cent by 2005. The other important imports were compressor and refrigerating equipment & parts, non-jet propeller parts, etc.

Potential Margin of Preference in Tariff Reduction across Major Sectors

Under the bilateral trade agreement, market access benefits are expected to arise to Thailand fundamentally through preferential access given by the US for Thai exports. The FTA would enhance the trade flows between Thailand and the US if there is a resulting high margin of preference, that is, high tariff reduction as an outcome of the FTA. If there is no scope for a significant tariff reduction under this bilateral agreement as compared to MFN rates currently applicable to Thailand (and China), the FTA will not result in any improvement in export volumes. Now, the Thai-US FTA is expected to follow the Singapore-US FTA model in principle. Thus, we try to assess the extent of tariff reduction that Thailand might be able to gain, based on the Singapore FTA. However, we also look at the US-Mexico and the US-Chile preferential rates (mainly for agricultural products since the Singapore FTA is not relevant for agriculture) in order to assess the potential improvement in Thailand's competitiveness vis-à-vis Mexico and Singapore and China. The analysis considers all sectors with at least a 5 per cent share in 2005 or which are among those growing at more than double the total growth rate in imports from Thailand during 1999-2005.

Table 7 below on comparative tariff rates of the US across various FTAs reveals that in both electrical (HS 85) and non-electrical machinery (HS 84) industries, while Mexico has been enjoying zero tariffs, the US-Singapore FTA does offer a slight margin of preference over the 2005 MFN rate. However, even though these two industries dominate US imports from Thailand, with Thailand's current US market share in these industries being very low at 2.7 per cent and 1.5 per cent respectively, and given that the gaps between these shares and those of Thailand's competitors in the US market for these industries are huge as emphasised earlier (Table 5 and Table 6 above), this relatively low margin of preference which *may* be obtained from the US under the proposed FTA might still give only a marginal improvement in the US market share in these sectors. However, in this case, with the Thai electrical and computer industries almost totally foreign-owned (with a high domination of US firms), whatever gain might arise also will benefit the US firms far greater than Thailand.

The third largest Thai export to the US currently is precious stones & metals (HS 71). The Singapore FTA offers a margin of just one per cent over the MFN rate. In a sector where Thailand's market share in the US shows a marginal decline, and China, Peru and Mexico have gained along with the top two market players Israel and India (see Annex Table 16), a preferential tariff margin of one per cent may not provide much of an improvement to Thailand's share.

Rubber (HS 40) and knit apparel (HS 61) are the next largest US imports from Thailand. In the case of rubber (HS 40), Thailand has doubled its share since 1990-91 and occupied the fifth rank in US market share in 2005. While Japan used to be the largest supplier during

1990-91, Canada has become the number one player in the US rubber import market since NAFTA. However, China is the biggest gainer once again, having jumped in rank from 24 to become the third largest supplier (see Annex table 13). Mexico has also more than doubled its share and will remain a close competitor for Thailand, both having a 6 per cent share in the US market currently. Meanwhile, although Indonesia and Malaysia have lost their market shares, they will also remain close competitors for Thailand. Given that Malaysia and Indonesia are also considering FTAs with the US, it is likely that they would also demand whatever tariff preference Thailand might get under its bilateral agreement. Thus, Thailand's potential gain in the rubber sector may turn out to be very short-term.

Table 7: Comparative *Advalorem* Tariffs of the US across Various FTAs: 2005

(Per cent)

HS Code	Description	MFN	US-Mexico FTA	US-Canada FTA	US- Chile FTA	US-Singapore FTA
3	*Fish And Seafood*	*0.9*	*0.0*	*0.0*	*0.0*	*1.7*
16	*Prepared Meat, Fish, Etc*	4.2	0.2	0.0	1.1	3.0
20	*Preserved Food*	11.1	0.0	0.0	4.2	3.3
39	*Plastic*	4.6	0.0	0.0	0.0	1.7
40	*Rubber*	2.3	0.0	0.0	0.1	0.5
44	*Wood*	2.0	0.0	0.0	0.0	2.0
61	*Knit Apparel*	11.6	0.0	0.0	0.0	0.0
62	*Woven Apparel*	10.1	0.0	0.0	0.0	0.0
63	*Misc. Textile Articles*	6.7	0.0	0.0	0.0	0.0
64	*Footwear*	14.1	1.1	0.0	4.0	12.3
71	*Precious Stones, Metals*	3.0	0.0	0.0	0.0	2.0
73	*Iron/Steel Products*	1.2	0.0	0.0	0.4	1.6
84	*Machinery*	1.3	0.0	0.0	0.0	0.3
85	*Electrical Machinery*	2.0	0.0	0.0	0.0	0.5
90	*Optic, Med Instr. (not incl. 8544)*	1.6	0.0	0.0	0.0	0.5
94	*Furniture and Bedding*	2.3	0.1	0.0	0.0	1.7
95	*Toys and Sports Eqp.*	1.7	0.0	0.0	0.0	1.2
I	*Avg. of Selected HS Items*	***4.9***	***0.1***	***0.0***	***0.7***	***1.9***
II	*Avg. of All Product*	**4.3**	**0.0**	**0.0**	**0.4**	**1.3**

Note: The table pertains to those HS Chapters which have more than one per cent share in Thailand's exports to the US. Source: WITS Online

In knit apparel (as well as in woven apparel), on the other hand, the US offers a zero per cent tariff to Singapore imports, while the MFN rate is as high as 11 per cent and 10 per cent respectively. In this sector, countries such as Honduras, El Salvador and Guatemala (as has Vietnam) have gained in share and have higher shares than Thailand, which is ranked eighth with a 3 per cent share in 2005. Hong Kong's share has almost halved, but it still remains a significant player. As Annex Table 14 shows, there were at least 14 players having shares between 2 and 3 per cent in 2005, which reflects the nature of competition in this sector. Further, facing the much higher MFN tariff, China has still been among the top five suppliers. With a share of 20 per cent in 2005 it has become the single largest supplier in knit apparel,

overtaking that of Mexico which faces a zero per cent tariff. So, clearly, even if Thailand gets a zero per cent tariff in knit apparel through the FTA, it is unlikely to experience any gain.

Further, a pertinent question is whether in sectors of significance to Thailand like apparel, rubber, etc the US would indeed offer low preferential tariff rates to Thailand, similar to those it offered to Singapore. In fact, Singapore which got such preferential rates in rubber did not have significant rubber exports to the US. Singapore's market share in this sector is very revealing indeed of the US 'preferential' strategies: Singapore was ranked 18th among US rubber import suppliers during 1990-91. After the FTA, this has further slipped to 34. Meanwhile, in apparel in which Singapore was ranked 5th during 1990-91, its rank also has slipped to 34th in 2005. This is clear evidence that its FTA with the US with zero tariff rates in these sectors has not helped Singapore gain any market share in these markets.

Among the fastest growing Thai exports to the US like prepared meat & fish (HS 16), in which Thailand is the leading supplier to the US accounting for one-fourth of the market share (see Annex Table 10), the MFN tariff rate is 4.2 per cent and the US-Singapore FTA rate is 3 per cent, giving rise to a potential margin of preference of about 1.2 percentage points if the US were to give the Singapore FTA rate to Thailand. However, it is crucial to note that Chile (under its bilateral FTA), Canada and Mexico (under NAFTA) already enjoy a clear tariff advantage in this sector with 1.1 and zero per cent tariffs and Canada has been the second largest supplier in this industry. However, it is China, which has increased its market share tremendously, jumping from the 30th rank in 1990-91 in market share to the third rank in 2005. In fact if one looks at the time series market shares for 1990-2005, it is seen that Thailand's share has shown a declining tendency after China's MFN presence since 2001. Simultaneously, Indonesia, Brazil, Vietnam, Ecuador, Philippines etc. are also increasing their market shares rapidly. Therefore, without a significant margin of preference, the extent to which Thailand's prepared meat & fish industry will be able to gain competitive advantage of a potential tariff reduction and maintain its leadership position may depend on other competitiveness factors, including comparative labour costs and the ability to meet US technical standards. These will be taken up for discussion later on.

In another fast growing Thai export to the US, preserved food (HS 20), given that the MFN rate is at 11 per cent, there does exist a significant margin for tariff reduction for Thailand, if we go by the Singapore FTA rate (3.3%). In this sector, while Canada has gained in share and has become the largest supplier to the US under NAFTA, and Mexico has also gained, China while facing the high MFN rate has gained in share equally and ranks second in market share. Thailand has lost in position by one rank in the meantime (Annex table 11). However, compared to the existing market share position, if a substantial tariff reduction is undertaken under the proposed FTA, it might give some advantage to Thailand. But, with a margin of only 1.2 per cent when compared with Chile's FTA, there is competition to be faced, as well as a high presence of NTBs to be dealt with in the sector as we will see later on.

Another sector in which Thailand could experience moderate gains via tariff reduction is plastic (HS 39), given that the MFN rate is 4.6 per cent and the Singapore FTA rate is 1.7 per cent. Thailand has gained in market share in the US, climbing from the 19th to the 10th rank between 1990 and 2005 See Annex Table 12). However, its share is still below 2 per cent, while Canada and China dominated with 33 per cent and 21 per cent respectively in 2005. While their shares are on a declining trend, a number of European economies, as well as South Korea and Taiwan Province of China remain strong players in this sector, far ahead of Thailand. So, it is not unambiguously clear whether a potential tariff reduction alone will enable Thailand to compete with all these economies in this market.

Another fast growing sector among Thai exports is iron and steel (HS 73). However, in this sector ironically, the Singapore FTA presents a slightly higher tariff rate (1.6%) than the MFN rate (1.2%). Meanwhile, Thailand's share in the US market is also just above one per cent (see Annex Table 17).

Three main observations may be made based on the analysis in this section. First of all, except in preserved food, knit apparel, woven apparel and footwear, most of the US MFN tariff rates for the relevant sectors are rather low already, and do not offer scope for any significant margin of preference for Thailand under the proposed FTA. Among the former four with the high rates, the Singapore FTA offers significant margin of preference in the first three. However, we have discussed the various hurdles involved for expanding Thailand's market share in these sectors. On the other hand, in footwear, at 12.3 % Singapore's tariff is just 1.8 per cent lower than the MFN rate (14.1%). While facing this high MFN rate, China has reached a share of more than 70 per cent of the US footwear imports in 2005, with all traditional players like Brazil, Italy and Indonesia having lost shares.

Secondly, we have seen that even in those sectors like prepared meat & fish, rubber, electrical machinery, precious stones & metals (see Annex table 16), etc. where Thailand might get a small margin of preference, the gaps between Thailand's current market share in the US for these sectors and its competitors like China (which faces the higher MFN rates) and, in some cases Mexico, (which already enjoys zero rates), are significantly large that the small margin of preference is unlikely to give any special improvement in Thailand's market share.

Thirdly, Thailand may not even get any preferential treatment in certain sectors which are actually among its fastest growing exports during 1999-2005; quite the contrary, it might also be charged a higher rate, if we go by the Singapore FTA model. For instance, in the iron and steel sector where the US MFN rate is 1.2 per cent only, the US charges 1.6 per cent on imports from Singapore. Similarly, in fish & seafood (HS 3) also, Singapore is charged a higher tariff than the MFN. In this sector, Canada has the highest market share, while China's share is growing very fast (Annex table 9). Meanwhile, Thailand, which has maintained its fourth rank among the US suppliers, had lost some market share to Chile also since 2002, which has zero tariff under its bilateral FTA. Indonesia and Vietnam are also close competitors in this sector for Thailand. Therefore, if Thailand is to face higher than MFN rate, then it is only likely to lose market share further.

The other aspect in market access is that the US maintains protectionism in its sectors of importance also through a high presence of non-*advalorem* tariffs or specific duties (in addition to the *advalorem* tariffs), which are varied according to the sector and the trading partner. As Annex Table 18 shows, the US maintained a total of 1144 non-*advalorem* duties on its MFN trading partners in 2005. When it came to its FTA partners, the total number and their incidence across sectors varied considerably. For instance, whereas the US had no specific duties under the Canadian FTA, it had 51 for Mexico, 429 for Chile and 589 for Singapore. At the sectoral level, in preserved food, while there are 77 specific duties at the MFN level, Mexico and Singapore face only 6 and 26, while Chile faces 49 even under its FTA. On the other hand, the Singapore FTA maintains the same number of non-*advalorem* tariffs as the MFN level (14) in footwear, whereas Mexico and Chile face 6 and 4 respectively, and there are none for Canada. While there are no specific duties at the MFN level for rubber, Chile faces 2 of them. In knit and woven apparel, while the MFN level non-*advalorem* duties are 25 and 36 in number, neither Canada, nor Chile, nor Singapore face any. On the other hand, the Mexican FTA has 10 and 11 specific duties respectively. Clearly, the

US picks the sectors it chooses to protect and promote, and they vary strategically depending on the trading partner.

The other important point to note is that when we compare Annex Tables 17 and 18, we appreciate that although in 2005 Mexico did not face any non-*advalorem* duties in several sectors, the 2001 data tell a different story. Based on Annex Table 18, it is seen that when the *advalorem* equivalent (AVE) rates are calculated for the non-*advalorem* duties existing at the time, the average *advalorem* equivalent at the MFN level was 17 per cent for sectors 1 to 17. On the other hand, in the case of the US-Mexico FTA, the average *advalorem* equivalent rate for sectors 82 to 96 came to 46 per cent. Clearly, the US was continuing to maintain high effective tariff rates against Mexico in its agricultural and manufactured sectors of choice as late as 2001, almost seven years after NAFTA came into being. These were phased out only much slower than the *advalorem* tariffs.

Non-Tariff Issues in Market Access

The US is also observed to maintain protectionism in the form of quotas and non-tariff barriers such as Technical Barriers to Trade (TBTs), Sanitary and Phyto-sanitary (SPS) measures, which are spread across industries (See Annex Figures 1, 2, 3 and 4). For example, there are 21 TBTs in the fish & seafood industry, which are related to standards, labelling and consumer protection. While rubber has only 6 TBTs, plastics attract a huge number (57) of TBTs. Knit and woven apparel also contain a large number of them (51 and 86 in number respectively) related to consumer protection, labelling and regulation. Precious stones & metals as well as iron and steel products have a moderate presence of TBTs. The maximum number of TBTs appears in the transport equipment industry (chapter 87). The non-electrical and electrical machinery industries have 55 and 65 TBTs each. While regulations regarding consumer protection and energy efficiency are the most dominant, there are TBTs also related to health and environment protection and safety.

Meanwhile, although there are only a few TBTs in chapter 16 (prepared meat, fish, etc.) and Chapter 20, these sectors attract a heavy imposition of SPS measures, dominantly related to usage of pesticides in terms of their allowed maximum residual content limit (MRL). SPS measures are imposed under the objectives of food safety, animal health, plant protection, the protection of humans or territory from animal or plant diseases, etc. It has been clearly established in the case of NAFTA itself, that the U.S. government also has no qualms about protecting sectors it considers politically strategic. For instance, in key horticultural crops and others, Mexico has met with protectionist measures from the U.S. in the form of dubious sanitary and phyto-sanitary (SPS) measures, antidumping complaints, and other pretexts.

The fundamental problem would therefore be that the FTA may not bring about a difference in the market access situation since as we established above, there is only a marginal improvement that may occur in terms of tariff reduction. Further, even when exports are rising, prices in real terms may not show an increasing trend and therefore, there may not be any net gains in some sectors.[21] In any case, with margin of preferences so low, market access will be determined by the extent of non-tariff measures. Addressing the non-tariff barriers (NTBs) put up by the US across industries (which it rarely allows for its trade

[21] Comparing the data on farm gate prices and the export prices of rice during 1994-2003, Chomthongdi (2004) has established that the prices in real terms did not show an increasing trend even when exports were rising. Further, farmers, who are mainly small-scale producers, acquired on average only 72.8 percent of the export value, which has not increased in their favour with the rise in export values. See Chomthongdi (2004).

partners) involve dealing with complicated technical aspects in each area that takes considerable time and which may be difficult for a developing country partner like Thailand to deal with.[22] The technical specifications or maximum residual limits (MRLs in the case of pesticides, etc.) are so high that the developing country partner will need to acquire the higher technological production processes required to meet these standards.

But, if Mutual Recognition Agreements (MRAs) are existing between the US and Thailand, then firms can take advantage of these agreements to overcome SPS and TBT measures. MRAs are signed in specific sectors and involve the process of raising Thailand's production standards to the US level in those sectors. In sectors with a high foreign firm presence, the process of signing MRAs may get accelerated, because MNCs have an obvious advantage in following similar production processes across borders. However, this will negatively affect domestic small and medium firms, if national treatment principle has to be applied. The presence of TBT and SPS measures, with or without MRAs, will also lead to higher technology imports (licensing, patents, etc.), further reinforcing developed country domination in technological arena. Simultaneously, this would also lead to higher imports in capital intensive industries as well, to meet the demand to meet the higher standards set by TBT and SPS measures. Thus, the presence of non-tariff measures like TBT and SPS measures by the US in sectors of particular interest to it will not only hinder Thailand's market access but would also lead to a further increase in its technology and capital intensive imports.

Rules of Origin

It is also important to understand the Rules of Origin provisions that are part of FTAs, which are formulated to ensure that a certain minimum level of the manufacturing activity or value addition associated with a specific product takes place within the countries which are members of the relevant FTA. This is to guarantee that the maximum benefits of the expected preferential market access in each other's markets under the FTA will accrue to the FTA members, instead of getting diverted to non-FTA-member trading partners. However, the impact of ROO provisions depend crucially on how they are framed and the way production is organised in particular industries.

The Rules of Origin (ROO) in the Singapore-US FTA have varied depending on the type of product. Three criteria are used in this FTA for defining product origin, these are: Change in Tariff Heading (CTH); Value Addition (VA); and, specific weight of local materials in final good (especially in textiles). While for products belonging to Chapters 64-67, 73, 78-81, and 83-97, the specific rules incorporated both VA combined with CTH approach, CTH was the specific rule for the remaining products.[23] On the whole, the value addition criteria varied from 30, 45, 55, and 65 percentages.

It can be inferred that in sectors where the ROO specifies low cumulative value addition within the FTA, this could lead to significant trade diversion. For example, in the Singapore-US FTA, the value addition requirement for the automobile sector is one of the lowest levels at 30 per cent. If the proposed Thai-US FTA is to follow the same criterion, this means that

[22] TDRI (2003) emphasizes this problem.

[23] In the VA approach, both "built-up" and "built-down" methods were applied for determining origin. The built-up method required a higher percentage requirement, and was 10 percentage points higher than similar requirements under built-down method. For explanation of 'built-up' and 'built-down' approaches, see Kallummal (2004).

auto firms exporting from Thailand will need to show a combined value addition of only 30 per cent between their operations in Thailand and the US, and as much as 70 per cent could be imported from other countries, from their own affiliates in those countries or from un-affiliated firms, and *still continue to enjoy preferential tariffs under the FTA***.** It is perceivable that the US automobile assembly firms in Thailand would prefer to import directly from their own affiliates in China, Mexico, US or Canada and export back to the US under the bilateral FTA. This would not only affect the prospect for fresh auto sector FDI into Thailand (as MNCs can manage with their existing production facilities spread across borders), but would also directly affect the SMEs operating in the Thai auto parts and components sub-sectors, and result in potentially significant employment losses. This implies that there may not be any net investment-cum-export benefit from the FTA for such sectors with low value added content provisions, since any potential preferred market access will not impact existing MNC production networking configurations to the benefit of Thailand.

In another sector, textiles and apparel, the US typically wants the FTA partner to apply "rules of origin" that include the "yarn forward rule", where the products must be made from yarn sourced from the partner or the US. As developing countries usually do not have yarn industries or capability in this sector, this in effect means that US yarn has to be used, instead of cheaper yarn and fabric sourced from other, non-FTA-member partner countries. Thus, even though textiles and apparel will become *duty-free* immediately if they meet the FTA's rules of origin, the ROO will ensure that the FTA would promote new opportunities for the U.S. yarn industry rather than the Singaporean one. While annual quotas of textiles and apparel containing non-US or non-Singaporean yarns, fibres or fabrics may also qualify for duty-free treatment based on annual quotas, it is obvious that this is not guaranteed market access. There will be considerable variation in annual quotas, since they will be unilaterally decided and imposed by the US.

While we have considered the examples of only two sectors here, it is clear that the manner in which ROO provisions are framed and the minimum levels prescribed will determine the extent of trade diversion to the dominant partner (in this case, the US) or to third countries. As we saw above, this again would be to the benefit of the MNCs operating in these industries in Thailand.

US Market Access in Thailand

It is also important to note that whatever Thailand can expect (or hope) to benefit from some market access in goods from the FTA with the US has to be weighed against the market access to be gained by the US to Thailand's domestic market. Bilateral FTAs are on a reciprocal basis, with both sides aiming to eliminate tariffs on "substantially all trade" in line with World Trade Organization (WTO) rules. There is little or no special and differential treatment for the developing country. Further, a developing country in negotiation with a developed country in an FTA already has weaker bargaining power. In particular, US negotiators are also constrained by their Bipartisan Trade Promotion Authority Act of 2002 which prevents FTAs from reducing the rate of duty below that applicable under the Uruguay Round Agreements, on "any import sensitive agricultural product."[24] The Act also does not enable special and differential treatment, as its negotiating objectives include 'reciprocal market access' and 'to obtain reciprocal tariff and non-tariff barrier elimination agreements'.

[24] See Carlsen (2005)

Thus, in general, the developing country has to give reciprocal market access to the partner, which is likely to be greater proportionately and greater in value, since on average its industrial tariffs are significantly higher. This is clearly seen in the case of Thailand. It is observed from Table 8 below that in almost all sectors of significance in Thai imports, Thai MFN duties are much higher than those of the US. The reciprocal tariff reduction which Thailand will be asked for could therefore see a flooding of US imports into Thailand. Eliminating its tariffs on a wide range of products can then result in significant dislocation of local producers. With manufacturing sector accounting for about 40 per cent of Thailand's GDP and 88 per cent of its total exports, Thailand may therefore have a lot to lose by giving increased and liberal market access to the US. It would therefore be unwise to expect that Thailand can afford to provide increased market access in the agricultural sector as it hopes to gain in the manufacturing sector. Indeed, Thailand may stand to lose heavily in the agricultural sector as well.

Table 8: Comparison of Thailand's Average Tariff Rates: 2005

(Per cent)

Chapter	Description	ASEAN Rate	Non-MFN Duty	MFN Duty
10	Cereals	4.4	0.0	0.0
12	Misc Grain, Seed,Fruit	5.0	40.9	19.6
23	Food Waste; Animal Feed	5.0	10.0	8.1
27	Mineral Fuel, Oil Etc	0.2	24.5	2.9
29	Organic Chemicals	0.0	30.3	1.5
33	Perfumery,Cosmetic,Etc	2.6	67.3	16.1
38	Misc. Chemical Products	0.0	30.8	5.8
39	Plastic	4.4	49.7	13.9
41	Hides And Skins	0.0	30.3	3.6
47	Wood pulp, Etc.	0.0	10.0	1.0
52	Cotton+Yarn,Fabric	0.0	58.4	4.8
71	Precious Stones,Metals	0.0	33.4	5.2
72	Iron And Steel	2.0	14.8	4.5
84	Machinery	1.0	32.7	4.5
85	Electrical Machinery	3.4	42.3	9.4
87	Vehicles, Not Railway	4.7	68.2	35.2
88	Aircraft, Spacecraft	0.5	5.0	3.3
90	Optic,Nt 8544;Med Instr	0.8	33.5	4.9
97	Special Other	0.0	31.7	10.0
	Average of Selected Products	1.8	34.1	8.6

Note: Selected sectors are those with a one per cent or more share in total Thai imports in any of the periods.
Source: WITS Online

There is already clear evidence for this in the case of Mexico under NAFTA. Under its FTA with the US, Mexico agreed to eliminate tariffs on agricultural products. Imports of corn (the most widely grown crop in Mexico and the main source of income for subsistence farmers in the poor South) nearly tripled after NAFTA, and imports rose over five times for soybean, wheat, poultry and beef. This more than offset the increase in exports of fruits and vegetables (which largely accrued to multinational companies in the comparatively wealthy North – the only area which can support fruit and vegetable crops), and 1.7 million rural jobs have been lost since NAFTA.[25]

[25] See Carlsen, 2005.

Historically, it has been seen more than in one occasion that the US market is not that freely accessible. A comparison of the US-Singapore and US-Chile FTAs also gives ample evidence for the fact that the United States picks the market access it chooses to give, while demanding near total liberalization for entry of its own products. If we consider the Singapore-US FTA schedule, it is seen that while most U.S. tariffs on Singaporean goods will be eliminated immediately upon entry into force of the agreement, the remaining tariffs will be phased out only over 3-10 years. On the contrary, Singapore guarantees zero tariffs immediately on all U.S. products. In the case of US-Chile FTA, the tariff reduction schedule is faster in that more than 85% of bilateral trade in consumer and industrial products becomes duty-free immediately upon entry into force of the agreement, with most remaining tariffs eliminated within 4 years. Key U.S. export sectors gain immediate duty-free access to Chile, such as agricultural and construction equipment, autos and auto parts, computers and other information technology products, medical equipment, and paper products. Further, Chile's "luxury tax" on automobiles will be phased out over 4 years with the number of vehicles that are subjected to this tax sharply reduced immediately upon entry into force of the agreement. More than three-quarters of U.S. farm goods will also enter Chile duty-free within 4 years and all duties of U.S. products will be phased out over 12 years.

Additionally, there are quite a few discriminatory conditions in the US-Chile FTA. Key U.S. farm products will benefit from improved market access. While the US-Chile FTA eliminates the use of export subsidies on U.S.-Chilean farm trade, the US preserves the right to respond if third countries use export subsidies to displace U.S. products in the Chilean market. An agricultural safeguard provision will also help protect U.S. farmers and ranchers from sudden surges in imports from Chile.

Conclusion

In the final analysis, it is more than evident that the small margins of preference in tariffs that Thailand may be offered under the proposed FTA with the US are not going to make the difference in Thailand's market access in that country. The US picks the sectors it chooses to protect and promote, and they vary strategically depending on the trading partner. The presence of non-tariff measures like TBT and SPS measures applied by the US in sectors of particular interest to it will not only hinder Thailand's market access, but would also lead to a further increase in its technology and capital intensive imports.

Even as Thailand will need to deal with the varied US measures related to TBT and SPS, the export advantages of an FTA with the US are likely to be short-lived in the current context, given the kind of competitive pressures Thailand faces in the US market as we saw in the market share analysis. As the US negotiates FTAs with developing and less developed countries all across the world, including Thailand's neighbours and competitors, even whatever small market access advantages Thailand might gain in a few sectors would also become less of a competitive edge. Not much net benefits may accrue to Thailand from the proposed FTA also if the US were to sign near-similar deals with Thailand's neighbours in the region, since any potential preferred market access may not impact existing MNC configurations as we saw earlier, and therefore, exports from Thailand. On the other hand, given the U.S. surplus production in key agricultural products and the impact of liberalised imports on small and medium industries that produce for the domestic and export markets, the social, economic, and political costs of production lost to cheap, often subsidized imports can become very high. This would be all the more severe, given the existing extreme export dependence of the Thai economy. Indeed, then, under such 'free trade', investment liberalisation could eventually lead to a significant weakening of the indigenous small and

medium entrepreneurial class in Thailand with further implications for sustainable industrial development.

The market share analysis has also clearly established that China is the single biggest competitor which Thailand faces across several export sectors in the US market, which it can outdo only by undercutting the Chinese labour cost advantage. To what extent Thailand's society, which has maintained a relatively higher minimum wage, is willing to undertake such an exercise, may provide the answer to the market access question under the current 'free trade' paradigm.

Meanwhile, ASEAN's rapidly increasing trade with China, which has gone up significantly for both exports and imports,[26] point towards the incorporation of China into the region's production networks. Indeed then, the proposed bilateral FTAs of the US with various ASEAN member countries, including Thailand, which are being driven by a competition for investment vis-à-vis China based on the expected market access gains, might only help accelerate the region's "race to the bottom" or "downward levelling" [27], in terms of labour wages and conditions, enforcement of regulations (including labour, safety and environmental legislation), and the extent to which government spending to attract investment might actually surpass (or at least significantly reduce) the fiscal benefits.

[26] See Francis (2004).
[27] See Barnet and Cavanaugh, 1994; Palan and Abbott, 2000; Brecher and Costello, 2001, etc. on competitive investment liberalisation.

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Annex Table 1: Distribution of US Exports by Country of Destination, 1990-2005

(Percentage share)

Rank	Country	1990-91	1992-95	1996	1997-98	1999-2004	2005	1990-91 Rank
1	Canada	20.6	21.4	21.3	22.2	23.1	23.4	1
2	Mexico	7.6	8.9	9.1	11.0	13.6	13.3	3
3	Japan	11.9	10.6	10.8	9.0	7.6	6.1	2
4	United Kingdom	5.6	5.2	5.0	5.5	5.1	4.3	4
5	Germany	4.9	4.1	3.8	3.7	3.9	3.8	5
6	Korea, South	3.7	3.6	4.3	3.0	3.3	3.1	6
7	China	1.4	1.8	1.9	2.0	3.0	4.6	16
8	Netherlands	3.3	2.8	2.7	2.8	2.8	2.9	8
9	Taiwan	3.0	3.4	3.0	2.8	2.7	2.4	9
10	France	3.6	2.8	2.3	2.5	2.6	2.5	7
11	Singapore	2.1	2.5	2.7	2.4	2.3	2.3	12
12	Belgium	2.6	2.1	2.0	2.0	1.9	2.1	10
13	Hong Kong	1.8	2.2	2.2	2.0	1.9	1.8	14
14	Brazil	1.4	1.5	2.0	2.3	1.8	1.7	15
15	Australia	2.1	1.9	1.9	1.8	1.7	1.7	11
16	Italy	2.0	1.6	1.4	1.3	1.4	1.3	13
17	Malaysia	0.9	1.3	1.4	1.4	1.4	1.2	21
18	Switzerland	1.3	1.2	1.3	1.1	1.2	1.2	19
19	Philippines	0.6	0.8	1.0	1.0	1.0	0.8	25
20	Israel	0.9	0.9	1.0	0.9	1.0	1.1	22
21	Ireland	0.6	0.6	0.6	0.8	1.0	1.0	24
22	Spain	1.3	1.0	0.9	0.8	0.8	0.8	17
23	Saudi Arabia	1.3	1.3	1.2	1.4	0.8	0.8	18
24	Thailand	0.8	0.9	1.2	0.9	0.8	0.8	23
25	Venezuela	0.9	0.9	0.8	1.0	0.6	0.7	20
	Total US Exports (Mill.$)	**407415**	**501769**	**622827**	**684036**	**739831**	**905978**	

Taiwan refers to Taiwan, Province of China

Source: World Trade Atlas, Online

Annex Table 2: Country-wise Origin of Thai Imports

(Percentage share)

Countries	1960-69	1970-80	1981-86	1987-91	1992-96	1997-98	1999-2004	2005
Japan	**32.4**	**32.1**	**25.8**	**29.2**	**29.7**	**24.7**	**23.7**	**22.0**
NAFTA	16.3	14.3	14.6	13.3	12.9	14.9	11.3	8.0
USA	**16.3**	**14.2**	**13.0**	**11.8**	**12.0**	**13.9**	**10.5**	**7.3**
European Union	**24.8**	**16.4**	**13.4**	**14.6**	**15.5**	**13.3**	**10.8**	**9.1**
Germany	8.1	6.3	4.7	5.4	5.4	4.5	3.4	2.7
UK	8.6	4.8	2.6	2.7	2.2	1.9	1.4	1.1
France	2.1	1.6	1.8	1.8	2.0	1.7	1.5	1.6
Netherlands	3.4	1.3	1.1	0.9	0.9	1.0	0.8	2.5
I tier NICs #	**7.4**	**6.7**	**13.1**	**16.9**	**16.3**	**10.0**	**9.5**	**8.4**
Singapore	2.2	2.6	6.9	7.7	6.3	5.3	4.9	4.6
Taiwan	2.2	2.7	2.9	4.6	5.0	4.9	4.4	3.8
Korea (South)	0.0	0.2	2.1	3.1	3.9	3.5	3.7	3.3
Hong Kong	3.1	1.2	1.2	1.5	1.2	1.5	1.4	1.3
ASEAN*	**4.1**	**1.6**	**5.6**	**4.4**	**5.9**	7.9	9.5	11.1
Malaysia	1.1	1.1	4.7	3.0	4.4	**5.0**	**5.5**	**6.9**
Indonesia	2.9	0.4	0.5	0.8	0.9	**1.7**	**2.3**	**2.7**
Philippines	0.0	0.1	0.4	0.6	0.6	1.2	1.7	1.6
Other ASEAN**	**0.0**	**0.2**	**2.2**	**1.5**	**1.1**	**0.8**	**2.1**	**2.7**
Vietnam	0.0	0.0	0.0	0.2	0.1	0.4	0.5	0.8
Middle East	**1.6**	**6.6**	**12.3**	**4.2**	**3.9**	**7.6**	**9.8**	**12.9**
Eastern Europe	0.0	0.1	0.8	1.0	0.5	0.3	0.3	0.2
China	**0.0**	**0.4**	**2.8**	**3.3**	**2.7**	**3.9**	**6.8**	**9.4**
Australia	2.0	2.6	1.9	1.8	2.0	2.1	2.1	2.9
Switzerland	0.0	0.1	1.2	1.7	1.3	1.3	1.1	1.1
USSR	0.0	0.0	0.2	0.4	1.4	0.6	0.7	1.4
Others	11.2	18.9	6.3	7.6	6.5	14.0	16.5	18.3
Total imports	792	3,850	9,578	25,951	56,912	52,844	68,016	118,225

Note: * ASEAN in this table sums only Indonesia, Malaysia and the Philippines. Singapore is included along with I tier NICs. Other ASEAN sums Vietnam, Laos, Brunei, Cambodia and Myanmar. It is clear that Thailand's imports originating from All ASEAN comprising of all these 9 members (including Singapore), has been steadily increasing.

Taiwan refers to Taiwan, Province of China

Source: Francis (2003) and Bank of Thailand Online Statistics.

Annex Table 3: Industrial Composition of Thai Manufactured Exports, 1970-2005

(Period averages in per cent)

Industry	1970-74	1976-78	1970-78	1981-86	1987-91	1992-95	1996	1997-98	1999-2004	2005
1. Manufactured products as % of T. Exp.	**11.8**	**34.2**	**20.8**	**45.2**	**69.6**	**80.1**	**81.5**	**82.4**	**85.3**	**86.4**
Industrial exports as % share in manufacture exports:										
Food	32.5	30.9	31.9	23.7	13.1	7.9	7.9	6.9	5.4	3.1
Textiles	18.1	20.9	19.2	12.9	7.0	5.4	3.7	3.7	3.0	2.7
Garments	3.6	9.4	5.9	10.9	16.6	11.3	8.3	7.7	6.0	4.3
Precious stones and jewellery	11.9	8.1	10.4	9.8	8.5	5.1	4.5	3.2	3.0	3.4
Footwear and leather products	1.2	2.5	1.7	3.7	4.7	4.7	3.5	2.8	1.8	1.4
Furniture & wood products	2.4	4.9	3.4	3.6	2.8	2.8	2.6	2.4	2.6	2.4
Paper products	1.0	0.6	0.8	0.5	0.1	0.4	0.4	0.9	1.0	0.4
Rubber products	0.6	0.6	0.6	1.1	1.5	1.5	1.6	1.8	2.0	2.3
Plastic products	**0.9**	**0.8**	**0.9**	**1.4**	**2.0**	**4.1**	**2.7**	**3.5**	**4.8**	**6.3**
Petroleum products	0.0	0.0	0.0	0.0	0.0	0.6	1.6	1.9	2.5	3.5
Chemical products	5.9	1.8	4.3	1.1	0.6	0.7	1.2	1.3	1.8	2.4
Non-metallic mineral products	7.7	2.6	5.7	1.1	0.9	1.4	1.1	1.0	1.3	1.2
Base metal products	**6.2**	**3.5**	**5.1**	**3.5**	**2.9**	**2.7**	**3.1**	**3.3**	**3.8**	**4.7**
Non-electrical machinery	**0.4**	**0.8**	**0.6**	**1.3**	**1.8**	**2.9**	**2.7**	**2.5**	**3.3**	**4.9**
Electrical machinery	**2.3**	**7.8**	**4.5**	**12.4**	**22.9**	**34.8**	**41.3**	**43.1**	**42.8**	**38.2**
Transport equipment	**0.2**	**0.3**	**0.2**	**0.3**	**0.8**	**1.6**	**1.6**	**2.6**	**5.2**	**8.6**
Miscellaneous	**5.1**	**4.5**	**4.8**	**8.5**	**13.7**	**12.1**	**11.7**	**10.7**	**9.4**	**9.8**

Taiwan refers to Taiwan, Province of China

Source: Francis (2003) and Bank of Thailand Online Statistics.

Annex Table 4: Product-wise Composition of Thai Exports, 1993-2005 (Percentage share in total exports)

S.No.	Industry	1993-95	1996	1997-98	1999-2004	2005	1993-95 Rank
1	Computer and parts	8.0	11.7	13.3	11.2	10.4	3
2	Miscellaneous	10.0	9.5	8.8	8.0	8.5	1
3	Plastic products	3.8	2.2	2.9	4.1	5.5	9
4	Other electrical app. for circuits	3.9	4.7	5.1	6.0	5.4	8
5	Integrated circuits and parts	4.0	4.1	4.2	5.4	5.0	6
6	Other mach. & mechanical appliances	2.5	2.2	2.1	2.8	4.2	14
7	Passenger cars and parts	0.6	0.2	0.4	1.7	3.9	36
8	Others	1.6	1.9	2.2	2.8	3.5	21
9	Rubber	3.7	4.5	2.8	2.6	3.4	10
10	Petroleum products	0.6	1.3	1.6	2.2	3.0	34
11	Precious stones and jewellery	4.0	3.6	2.7	2.5	2.9	7
12	Garments	8.6	5.6	5.4	4.1	2.9	2
13	Other transport equip.	0.2	0.4	1.1	2.2	2.8	37
14	Other electrical appliances	3.2	2.9	2.9	3.0	2.7	13
15	Rice	3.5	3.6	3.7	2.6	2.1	11
16	Chemical products	0.6	1.0	1.1	1.5	2.1	35
17	Rubber products	1.3	1.3	1.5	1.7	2.0	24
18	Air conditioning	1.2	1.7	1.5	1.7	2.0	25
19	Others	1.1	1.4	3.0	2.9	1.5	27
20	Television	1.9	1.8	1.7	1.5	1.5	15
21	Transformers, generator, and motors	1.4	2.1	2.4	2.3	1.5	22
22	Furniture and parts	1.7	1.5	1.3	1.4	1.2	18
23	Spinning	1.1	1.1	1.1	1.0	1.1	26
24	Fabrics	1.8	1.6	1.6	1.2	1.0	16
25	Telecommunication equipment	0.9	0.9	0.9	1.2	0.9	32
26	Canned fish	1.6	1.2	1.4	1.1	0.9	20
27	Shrimp, fresh and frozen	4.0	3.1	2.6	1.6	0.8	5
28	Footwear	3.4	2.4	1.8	1.1	0.8	12
29	Tapioca products	1.8	1.5	1.1	0.7	0.8	17
30	Optical appliance and instruments	0.9	1.0	1.1	0.5	0.7	30
31	Sugar	1.6	2.3	1.5	1.0	0.6	19
32	Insulated electric wire cable	1.0	0.9	0.9	0.7	0.6	29
33	Other agri. Products	1.1	1.0	0.9	0.9	0.6	28
34	Travel goods	0.9	0.7	0.7	0.5	0.2	31
35	Canned crustaceans	1.3	1.5	1.7	1.4	0.1	23
36	Frozen fowl	0.9	0.7	0.7	0.6	0.0	33
37	Misc. mfg. products	6.3	6.4	6.0	5.0	0.0	4
38	Total	100.0	100.0	100.0	100.0	100.0	38

Annex Table 5: Composition of Thai Agricultural Exports, 1993-2005

(Per cent share)

Item	1993-96	1997-98	1999-2004	2005
Rubber	33.7	28.8	33.4	47.2
Rice	30.2	38.0	33.1	29.8
Tapioca products	14.5	11.3	9.5	10.8
Others	9.1	9.4	11.3	7.9
Fresh fruits	1.7	2.2	2.4	2.7
Tobacco leaves	1.6	1.4	1.1	0.8
Maize	0.4	0.3	0.8	0.5
Frozen fowl	7.0	7.1	8.0	0.2
Coffee	1.8	1.4	0.4	0.2
Agricultural products (Mill $)	**5664**	**5536**	**5752**	**7875**

Source: Bank of Thailand Online Statistics.

Annex Table 6: Composition of Thai Fishery Exports, 1993-2005

(Per cent share)

Item	1993-96	1997-98	1999-2004	2005
Shrimp, fresh and frozen	69.8	65.3	55.1	47.7
Fish, fresh and frozen	14.0	16.8	20.1	23.2
Cuttlefish, fresh and frozen	10.5	12.9	16.3	18.2
Others	3.4	3.4	6.2	7.3
Fish, salted, dried or smoked	0.9	1.0	1.7	3.1
Cuttlefish, salted	0.9	0.2	0.3	0.4
Dried shrimps	0.5	0.4	0.3	0.2
Fishery products (Mill. $)	**2578**	**2249**	**1936**	**1976**

Source: Bank of Thailand Online Statistics.

Annex Table 7: US Sectoral Balance of Trade with Thailand, 1990-2005

HS	Description	1990-91	1992-95	1996	1997-98	1999-2004	2005
88	Aircraft,Spacecraft	656.9	492.6	1004.5	980.1	476.7	332.8
29	Organic Chemicals	88.6	131.5	170.0	136.3	163.7	177.2
52	Cotton+Yarn,Fabric	77.6	46.9	33.1	-13.1	44.9	138.7
12	Misc Grain,Seed,Fruit	-7.7	20.7	119.3	97.8	124.6	78.7
47	Woodpulp, Etc.	28.4	53.1	67.3	48.0	64.0	75.9
38	Misc. Chemical Products	40.9	76.9	128.8	79.5	70.1	66.7
27	Mineral Fuel, Oil Etc	-75.4	8.2	45.9	42.7	4.9	65.0
90	Optic,Nt 8544;Med Instr	37.0	-37.7	-21.1	-96.0	-107.2	62.1
41	Hides And Skins	3.7	20.4	50.9	45.3	51.1	58.5
30	Pharmaceutical Products	14.4	18.2	21.3	19.8	32.3	45.8
28	Inorg Chem;Rare Erth Mt	32.9	42.3	63.5	58.3	42.9	43.6
33	Perfumery,Cosmetic,Etc	11.0	16.2	20.3	22.5	34.8	41.6
23	Food Waste; Animal Feed	-17.2	16.9	85.4	52.6	57.2	39.6
31	Fertilizers	13.4	36.8	88.4	81.1	54.3	34.3
56	Wadding,Felt,Twine,Rope	-2.0	-1.6	2.6	2.8	5.5	30.6
04	Dairy,Eggs,Honey,Etc	4.3	2.1	4.7	11.0	10.3	24.3
17	Sugars	-11.0	-8.3	-12.3	-8.1	-18.1	-20.7
96	Miscellaneous Manufact	-28.2	-38.5	-23.5	-27.5	-31.5	-22.0
74	Copper+Articles Thereof	6.0	20.2	62.6	4.3	-27.5	-24.9
22	Beverages	-3.1	-6.5	-5.4	-9.1	-18.5	-31.5
19	Baking Related	-11.0	-9.9	-21.3	-21.0	-32.7	-38.1
70	Glass And Glassware	2.9	9.6	6.4	2.6	-1.4	-49.8
55	Manmade Staple Fibers	-27.8	-50.1	-27.2	-35.9	-49.6	-58.7
21	Miscellaneous Food	-10.7	-17.5	-14.1	-22.3	-43.5	-64.1
10	Cereals	-27.4	-21.0	-34.5	-90.7	-60.0	-77.1
83	Misc Art Of Base Metal	-8.9	-9.1	2.1	-12.6	-39.5	-88.3
25	Salt;Sulfur;Earth,Stone	7.0	13.5	13.2	0.8	-104.2	-104.6
42	Leathr Art;Saddlry;Bags	-116.7	-205.0	-233.3	-273.9	-271.2	-106.4
76	Aluminum	32.4	29.6	-2.6	-0.2	-75.3	-117.1
44	Wood	-58.3	-71.7	-90.3	-107.6	-139.4	-120.1
69	Ceramic Products	-63.5	-108.1	-100.0	-115.2	-120.0	-138.6
63	Misc Textile Articles	-32.6	-41.3	-42.2	-54.1	-137.0	-148.3
91	Clocks And Watches	-33.7	-45.0	-47.5	-39.8	-98.1	-153.5
87	Vehicles, Not Railway	51.9	32.9	66.7	62.1	-26.8	-153.7
99	O Specl Impr Provisions	-38.3	-53.1	-56.2	-73.8	-116.4	-154.6
95	Toys And Sports Equipmt	-187.2	-287.5	-247.2	-209.7	-235.7	-203.7
73	Iron/Steel Products	-22.3	19.4	45.2	14.0	-148.4	-224.0
20	Preserved Food	-167.2	-193.5	-180.1	-150.3	-170.0	-237.5
39	Plastic	33.3	40.0	66.7	29.3	-45.2	-274.2
64	Footwear	-298.4	-364.0	-339.2	-362.1	-297.7	-292.6
94	Furniture And Bedding	-183.6	-193.7	-167.4	-196.2	-360.5	-447.6
03	Fish And Seafood	-296.1	-713.8	-658.0	-703.8	-726.4	-652.9
16	Prepared Meat,Fish,Etc	-411.9	-374.5	-437.8	-577.3	-754.2	-820.9
71	Precious Stones,Metals	-309.9	-434.8	-442.4	-498.8	-778.8	-822.1
62	Woven Apparel	-226.2	-465.2	-566.9	-642.8	-818.6	-879.5
40	Rubber	-143.2	-320.6	-457.4	-475.5	-627.9	-897.8
61	Knit Apparel	-246.2	-403.3	-488.9	-726.2	-932.3	-951.0
84	Machinery	-51.3	-696.4	-998.0	-1829.6	-1708.3	-1883.3
85	Electrical Machinery	-432.9	-755.8	-671.6	-1094.7	-1715.0	-3582.2
	Thailand	-2335.1	-4677.5	-4124.6	-6719.4	-9718.5	-12633.1

Annex Table 8: Composition of US Electrical Machinery (Chapter 85) Imports from Thailand, 1990-2005

(Per cent share in total US imports in chapter 85)

HS Code	Description	1990-91	1992-96	19978-98	1999-2004	2005	1990-91 Rank
8517	**Ln Teleph,Etc. El. Appar.**	**11.7**	**11.0**	**9.7**	**14.3**	**43.8**	3
8528	**Television Receiver**	**8.7**	**10.1**	**12.8**	**17.0**	**17.3**	4
8542	**Integrated Circuits**	**31.4**	**31.2**	**29.7**	**22.1**	**9.7**	1
8527	Radiobroadcst Recvers	0.7	1.2	2.2	4.2	3.4	16
8504	Adp Power Supplies;Pt	0.8	3.1	6.3	7.2	3.2	13
8525	Trns Ap F R-Tel;Tv Cm	2.6	1.8	2.8	3.4	3.2	7
8521	**Video Apparatus**	**18.7**	**9.7**	**7.3**	**5.0**	**2.3**	2
8529	Tv/Rad/Radr App Pts	2.2	1.8	0.7	3.1	2.0	8
8544	**Insul Cabl,Wire,Etc**	**8.2**	**8.1**	**6.6**	**5.1**	**2.0**	5
8541	Semicon Dv;L-Emt Diod	0.2	1.3	1.9	2.9	2.0	20
8519	Tntabl,Rec+Cass Playr	0.2	0.9	1.7	2.2	1.5	19
8516	**Heatng Appliance,Home**	**5.9**	**5.8**	**4.8**	**3.3**	**1.5**	6
8534	Printed Circuits	1.7	2.4	2.5	1.5	1.3	10
8526	Radr/Rad Nav Aid Ap	0.0	0.0	0.0	0.2	1.2	38
8501	Elec Motor+Generators	1.0	1.9	1.8	1.2	0.9	11
8537	Brd,Pn W El Sw+N/C Ap	0.0	0.0	0.1	0.2	0.8	35
8518	**Sound-Generating Eqpt**	**0.7**	1.0	**1.7**	**1.3**	**0.8**	15
8543	Oth Elec Mach,Etc;Pts	0.2	0.9	0.8	1.0	0.6	21
8536	El Ap F Swch=<1000v	0.3	0.9	0.9	0.6	0.6	18
8539	El Fil/Dischrg Lamp	0.7	0.5	0.4	0.4	0.3	14
8531	Sound/Vis Signl App	0.2	2.3	2.0	1.0	0.2	22

Annex Table 9: US Import Market Share Analysis of Chapter 03 (Fish, Crustaceans & Aquatic Invertebrates)

(Percentage share in total US imports in the relevant chapter)

2005 Rank	Country	1990-91	1992-96	1997-98	1999-2004	2005	1990-91 Rank
1	Canada	24.6	18.7	17.6	21.0	19.5	1
2	China	7.4	5.6	4.5	8.0	11.7	3
3	Chile	2.5	3.6	4.9	6.3	7.7	10
4	**Thailand**	**6.6**	**13.1**	**10.8**	**9.4**	**7.4**	**4**
5	Indonesia	2.2	2.4	3.3	3.5	5.5	12
6	Vietnam	0.0	0.2	1.0	4.4	5.0	32
7	Mexico	5.4	6.0	6.9	5.3	4.6	5
8	Ecuador	8.0	8.5	9.9	4.1	4.2	2
9	India	1.5	2.1	2.4	3.9	3.7	19
10	Russia	0.0	1.9	3.5	3.1	3.4	33
11	Honduras	1.6	1.8	1.5	1.5	1.7	16
12	Brazil	1.9	1.7	1.0	1.9	1.5	13
13	Bangladesh	1.0	1.6	1.7	1.4	1.5	24
14	Japan	2.3	2.2	2.6	1.4	1.5	11
15	Iceland	3.5	3.4	2.8	2.1	1.4	6
16	New Zealand	3.0	2.9	2.0	1.6	1.4	7
17	Malaysia	0.4	0.3	0.1	0.4	1.3	29
18	Taiwan	2.9	3.2	2.8	1.9	1.3	8
19	Philippines	1.7	1.1	0.9	1.1	1.2	15
20	Panama	1.4	1.5	1.7	1.2	1.1	20
21	Australia	2.7	1.4	1.0	1.0	1.1	9
22	Norway	1.6	1.5	1.6	1.5	1.0	17
23	Venezuela	1.0	0.8	1.1	1.3	1.0	25
24	Nicaragua	0.2	0.8	1.1	1.0	0.8	31
25	Argentina	1.1	1.1	1.3	1.1	0.7	22
26	Costa Rica	0.9	0.8	1.0	0.9	0.7	26
27	Peru	0.6	0.7	0.9	0.4	0.6	27
28	Bahamas	0.5	0.7	0.6	0.7	0.5	28
29	Singapore	1.3	1.2	1.1	0.6	0.4	21
30	Guyana	0.3	0.4	0.5	0.5	0.4	30
31	Korea, South	1.8	0.9	0.6	0.4	0.4	14
32	Colombia	1.0	0.7	0.5	0.5	0.4	23

Taiwan refers to Taiwan, Province of China

Annex Table 10: US Import Market Share Analysis of Chapter 16 -Prepared Meat, Fish, Etc.

(Percentage share in total US imports in the relevant chapter)

Rank	Country	1990-91	1992-96	1997-98	1999-2004	2005	1990-91 Rank
1	**Thailand**	**27.6**	**28.2**	**33.2**	**31.0**	**25.3**	**1**
2	Canada	8.7	13.5	16.5	17.3	15.9	4
3	China	0.3	1.2	1.6	6.1	10.9	30
4	Indonesia	2.3	3.6	3.9	5.5	6.8	11
5	Brazil	1.2	4.8	4.8	5.1	6.2	16
6	Vietnam	0.0	0.0	0.7	4.1	5.0	81
7	Ecuador	0.8	2.3	3.2	4.6	4.1	21
8	Philippines	1.5	3.2	5.4	3.2	3.8	14
9	Argentina	13.1	9.8	6.1	2.8	2.8	2
10	Fiji	0.0	0.0	0.4	1.4	2.0	74
11	Mexico	2.7	2.3	2.0	2.0	1.9	7
12	Poland	3.9	1.4	1.4	1.4	1.4	5
13	Japan	2.6	2.0	1.3	1.3	1.3	8
14	Chile	0.6	0.9	1.0	0.9	1.2	23
15	Denmark	12.2	7.8	4.2	2.0	1.0	3
16	Korea, South	3.1	3.3	2.0	1.6	1.0	6
17	India	0.1	0.7	1.0	0.7	0.9	42
18	Uruguay	1.1	0.6	0.4	0.3	0.7	18
19	Morocco	0.7	1.2	1.1	0.8	0.7	22
20	Spain	1.0	1.1	0.9	0.7	0.6	19
21	Trinidad & Tobago	0.0	0.0	0.0	0.2	0.6	62
22	Malaysia	1.2	0.7	0.7	0.5	0.5	15
23	Cambodia	0.0	0.0	0.0	0.2	0.5	82
24	Venezuela	0.4	0.6	0.7	0.6	0.4	27
25	United Arab Emirates	0.0	0.0	0.0	0.1	0.4	83
26	Norway	1.2	1.0	0.8	0.5	0.3	17
27	Taiwan	2.4	1.5	0.6	0.5	0.3	10
28	Italy	0.2	0.2	0.2	0.2	0.3	36
29	Netherlands	1.8	1.4	0.9	0.5	0.3	13

Taiwan refers to Taiwan, Province of China

Annex Table 11: US Import Market Share Analysis of Chapter 20 -Preserved Food

(Percentage share in total US imports in the relevant chapter)

2005 Rank	Country	1990-91	1992-96	1997-98	1999-2004	2005	1990-91 Rank
1	Canada	3.9	8.3	14.9	21.2	20.0	7
2	China	2.7	4.6	6.2	8.1	13.4	10
3	Mexico	9.1	8.6	10.2	10.4	12.6	3
4	Spain	10.2	11.4	10.5	9.3	7.7	2
5	**Thailand**	**8.7**	**10.0**	**6.7**	**6.3**	**6.8**	**4**
6	Brazil	24.1	11.7	8.3	6.4	4.7	1
7	Philippines	5.6	6.4	5.6	5.3	4.4	5
8	Argentina	5.1	5.8	5.6	4.2	4.3	6
9	Chile	2.9	3.3	2.6	2.6	2.6	9
10	Greece	1.2	1.6	1.6	2.2	2.2	17
11	Indonesia	2.0	2.8	3.6	2.4	1.7	12
12	Peru	0.2	0.2	0.3	0.6	1.7	44
13	Turkey	0.9	0.8	0.7	1.0	1.4	20
14	Costa Rica	0.7	1.1	1.9	1.9	1.4	22
15	India	0.3	0.5	0.9	1.5	1.3	31
16	France	0.5	0.7	0.8	1.0	1.1	25
17	Italy	0.7	1.0	2.7	1.6	1.0	21
18	Japan	1.2	1.6	1.2	1.1	0.9	18
19	Ecuador	0.2	0.6	0.6	0.8	0.8	38
20	Poland	0.4	0.5	0.3	0.8	0.7	27
21	Vietnam	0.0	0.0	0.1	0.1	0.6	102
22	Morocco	0.3	0.7	1.0	0.7	0.6	35
23	Israel	1.3	1.1	0.9	0.5	0.5	16
24	Taiwan	2.5	1.1	0.9	0.8	0.5	11
25	Belize	0.5	0.5	0.5	0.5	0.5	26
26	Honduras	0.2	0.4	0.4	0.5	0.5	36
27	Dominican Republic	1.1	1.1	1.1	0.7	0.5	19
28	Korea, South	0.6	0.4	0.4	0.4	0.4	23
29	Colombia	0.3	0.4	0.2	0.4	0.4	34
30	Germany	2.9	3.5	2.3	1.2	0.4	8

Taiwan refers to Taiwan, Province of China

Annex Table 12: US Import Market Share Analysis of Chapter 39 -Plastic

(Percentage share in total US imports in the relevant chapter)

Rank	Country	1990-91	1992-96	1997-98	1999-2004	2005	1990-91 Rank
1	Canada	22.0	27.5	33.1	34.5	33.0	1
2	China	6.3	12.1	13.9	17.8	20.9	5
3	Mexico	3.9	4.8	6.0	6.6	7.7	8
4	Japan	13.1	12.5	10.4	7.6	5.8	3
5	Germany	9.1	7.8	6.7	6.1	5.5	4
6	Taiwan	15.2	9.2	6.1	4.8	4.1	2
7	Korea, South	4.0	2.9	2.5	2.7	3.2	7
8	United Kingdom	4.5	3.7	3.6	2.7	2.1	6
9	France	3.2	2.8	2.4	2.0	1.7	9
10	Thailand	**0.8**	**0.9**	**0.7**	**1.1**	**1.7**	**19**
11	Italy	2.3	2.2	2.1	1.8	1.4	11
12	Belgium	1.4	1.3	1.2	1.0	1.0	13
13	Netherlands	1.5	1.7	1.4	1.1	1.0	12
14	India	0.1	0.3	0.6	0.6	0.8	35
15	Israel	1.0	0.9	1.1	1.0	0.8	14
16	Singapore	0.9	0.3	0.2	0.4	0.8	17
17	Indonesia	0.1	0.3	0.4	0.6	0.7	33
18	Hong Kong	2.4	1.4	0.9	0.8	0.7	10
19	Brazil	0.9	0.8	0.5	0.5	0.7	16
20	Switzerland	1.0	1.0	0.7	0.7	0.6	15

Taiwan refers to Taiwan, Province of China

Annex Table 13: US Import Market Share Analysis of Chapter 40 -Rubber

(Percentage share in total US imports in the relevant chapter)

Rank	Country	1990-91	1992-96	1997-98	1999-2004	2005	1990-91 Rank
1	Canada	21.7	22.4	23.4	22.4	18.4	2
2	Japan	22.0	19.0	16.7	16.1	13.8	1
3	China	0.3	1.3	3.0	6.3	12.0	20
4	Indonesia	8.9	10.5	8.8	5.6	7.1	3
5	**Thailand**	**3.2**	**5.1**	**5.6**	**6.1**	**6.0**	**8**
6	Mexico	2.2	2.8	4.2	5.8	6.0	12
7	Korea, South	5.0	3.8	3.7	4.9	5.7	5
8	Malaysia	6.2	8.8	8.8	5.5	4.3	4
9	Germany	4.9	4.1	3.9	4.4	4.3	5
10	Taiwan	4.2	3.6	3.3	3.5	3.2	6
11	France	4.2	3.2	2.7	2.7	3.1	7
12	United Kingdom	2.4	1.9	2.6	2.7	2.1	10
13	Brazil	1.8	2.3	2.1	2.1	2.1	13
14	Italy	3.0	1.9	1.6	1.9	1.7	9
15	Spain	2.3	1.6	1.8	1.4	1.3	11
16	India	0.5	1.1	1.0	0.8	0.8	15
17	Sri Lanka	0.4	0.7	0.7	0.8	0.8	18
18	Costa Rica	0.1	0.3	0.4	0.5	0.7	26
19	Liberia	0.3	0.0	0.1	0.5	0.6	21
20	Netherlands	1.0	0.4	0.4	0.4	0.5	13

Taiwan refers to Taiwan, Province of China

Annex Table 14: US Import Market Share Analysis of Chapter 61 -Knit Apparel

(Percentage share in total US imports in the relevant chapter)

Rank	Country	1990-91	1992-96	1997-98	1999-2004	2005	1990-91 Rank
1	China	12.7	12.1	9.2	9.6	19.8	2
2	Mexico	1.1	5.1	12.3	11.6	7.2	19
3	Honduras	0.5	2.7	5.7	6.4	6.1	29
4	Hong Kong	19.5	15.4	10.7	7.5	5.9	1
5	El Salvador	0.3	1.6	3.5	4.3	4.1	37
6	Guatemala	0.7	1.0	1.5	3.2	3.7	25
7	Vietnam	0.0	0.0	0.0	1.5	3.4	220
8	**Thailand**	**2.8**	**3.4**	**3.6**	**3.4**	**2.9**	**7**
9	India	0.4	1.5	2.1	1.9	2.8	31
10	Pakistan	1.4	2.3	2.1	2.4	2.8	15
11	Dominican Republic	2.3	3.3	3.7	3.1	2.6	11
12	Cambodia	0.0	0.0	0.5	1.5	2.6	112
13	Indonesia	1.9	2.3	2.3	2.1	2.6	12
14	Philippines	3.9	3.7	3.2	2.6	2.5	6
15	Peru	0.6	0.8	1.0	1.5	2.2	27
16	Taiwan	12.6	8.9	5.8	3.9	2.2	3
17	Macau	2.6	2.8	2.9	2.5	2.2	8
18	Korea, South	9.2	5.5	3.9	3.7	2.2	4
19	Jordan	0.0	0.0	0.0	0.8	2.2	97
20	Canada	0.9	2.0	3.0	2.9	1.8	22
21	Sri Lanka	1.3	1.5	1.5	1.4	1.8	17
22	Bangladesh	1.1	1.5	1.6	1.7	1.8	20
23	Malaysia	2.3	1.9	1.6	1.5	1.3	10
24	Turkey	1.5	2.4	2.4	2.2	1.3	14
25	Italy	2.5	1.9	1.9	1.7	1.2	9
26	Haiti	0.8	0.4	0.7	0.8	1.1	23
27	Nicaragua	0.0	0.1	0.2	0.4	1.0	114
28	Israel	1.4	1.8	1.3	1.1	0.7	16
29	Costa Rica	1.3	1.8	1.8	1.3	0.7	18
30	Singapore	4.2	2.5	1.2	0.9	0.4	5

Taiwan refers to Taiwan, Province of China

Annex Table 15: US Import Market Share Analysis of Chapter 64 -Footwear, Gaiters Etc. And Parts Thereof

(Percentage share in total US imports in the relevant chapter)

Rank	Country	1990-91	1992-96	1997-98	1999-2004	2005	1990-91 Rank
1	China	21.0	43.4	55.3	64.8	71.0	2
2	Italy	9.3	8.0	8.5	8.1	6.3	5
3	Brazil	10.5	10.6	7.8	7.1	5.7	4
4	Vietnam	0.0	0.1	0.8	1.5	4.0	194
5	Indonesia	3.4	7.6	6.5	4.4	2.9	7
6	**Thailand**	**3.1**	**3.1**	**2.6**	**2.0**	**1.7**	**8**
7	Mexico	1.7	2.0	2.6	2.0	1.4	9
8	Spain	3.5	2.8	2.9	1.8	1.1	6
9	Dominican Republic	1.4	2.1	2.1	1.1	0.8	10
10	India	0.7	0.8	0.8	0.7	0.8	13
11	Canada	0.5	0.7	0.8	0.5	0.5	15
12	Germany	0.4	0.5	0.5	0.6	0.5	19
13	Romania	0.2	0.2	0.2	0.3	0.4	26
14	Portugal	0.6	0.7	0.5	0.6	0.4	14
15	Taiwan	14.1	4.5	1.2	0.6	0.4	3
16	Hong Kong	1.1	1.0	0.6	0.5	0.3	11
17	Korea, South	23.8	7.4	1.5	0.6	0.3	1
18	France	0.5	0.5	0.4	0.3	0.2	16
19	Slovakia	0.0	0.0	0.0	0.2	0.2	179
20	Poland	0.1	0.2	0.1	0.1	0.2	29
21	Hungary	0.2	0.1	0.1	0.2	0.1	24
22	United Kingdom	0.4	0.9	1.7	0.8	0.1	17

Taiwan refers to Taiwan, Province of China

Annex Table 16: US Import Market Share Analysis of Chapter 71 - Precious Stones, Metals

(Percentage share in total US imports in the relevant chapter)

Rank	Country	1990-91	1992-96	1997-98	1999-2004	2005	1990-91 Rank
1	Israel	11.8	14.6	17.0	21.0	22.5	1
2	India	8.6	10.3	10.8	12.5	13.5	6
3	Belgium	9.5	10.0	9.7	9.4	7.9	2
4	South Africa	9.1	5.9	5.1	6.7	7.2	5
5	Canada	9.2	12.2	11.3	8.4	6.1	3
6	China	0.9	1.4	1.8	3.9	5.9	21
7	Peru	2.0	1.4	2.4	1.6	4.9	13
8	Mexico	2.2	2.3	2.4	2.3	3.9	12
9	**Thailand**	**3.8**	**3.7**	**2.8**	**3.2**	**3.1**	10
10	United Kingdom	5.6	3.6	3.5	3.5	2.9	7
11	Italy	9.1	8.8	6.9	5.1	2.8	4
12	Hong Kong	4.0	3.3	3.3	3.0	2.3	9
13	Russia	0.0	2.6	4.0	4.4	1.9	159
14	Switzerland	4.1	2.3	3.0	2.0	1.2	8
15	Turkey	0.2	0.3	0.7	0.9	1.1	33
16	Colombia	0.5	1.3	0.8	1.0	1.1	26
17	Germany	1.6	1.0	1.0	1.2	1.0	14
18	Dominican Republic	1.4	1.1	0.8	0.8	1.0	18
19	France	0.6	0.4	0.7	0.6	0.8	25
20	Brazil	1.5	1.5	1.9	1.2	0.7	15
21	Chile	1.1	1.4	0.6	0.4	0.7	20
22	Australia	0.4	0.4	1.6	0.5	0.6	29
23	Japan	1.4	1.2	1.3	1.0	0.5	17
24	Korea, South	1.4	1.3	0.9	0.8	0.4	16

Taiwan refers to Taiwan, Province of China

Source: World Trade Atlas, online database.

Annex Table 17: US Import Market Share Analysis of Chapter 73 – Iron and Steel

(Percentage share in total US imports in the relevant chapter)

Rank	Country	1990-91	1992-96	1997-98	1999-2004	2005	1990-91 Rank
1	China	3.7	5.6	8.9	18.3	25.6	7
2	Canada	19.1	22.5	24.0	21.7	18.2	2
3	Mexico	5.2	7.8	10.3	11.2	9.8	6
4	Taiwan	12.7	13.4	11.3	9.4	7.7	3
5	Japan	20.5	17.3	13.2	8.9	7.5	1
6	Germany	6.6	5.8	5.7	4.8	4.8	5
7	Korea, South	8.2	6.2	5.1	4.6	4.4	4
8	India	1.1	1.5	1.8	2.1	2.8	13
9	Italy	3.3	2.7	2.3	2.2	2.2	8
10	France	3.0	2.2	2.1	1.6	1.4	9
11	Brazil	1.9	1.3	0.9	1.1	1.3	11
12	Austria	0.6	0.5	0.6	0.8	1.3	19
13	United Kingdom	2.4	2.3	2.7	2.0	1.2	10
14	**Thailand**	**0.6**	**1.1**	**1.1**	**1.2**	**1.1**	**20**
15	Spain	1.4	1.0	1.1	1.0	1.1	12

Taiwan refers to Taiwan, Province of China

Annex Table 18: Presence of Non-Ad V*alorem* Tariffs in the Selected Chapters, 2005

(Number)

Chapter	Description	MFN	US-Mexico FTA	US-Canada FTA	US- Chile FTA	US-Singapore FTA
3	*Fish And Seafood*	5				
16	*Prepared Meat, Fish, Etc*	9	1			
20	*Preserved Food*	77	6		49	26
39	*Plastic*					3
40	*Rubber*				2	
44	*Wood*	2				1
61	*Knit Apparel*	25	10			
62	*Woven Apparel*	36	11			
63	*Misc. Textile Articles*	1				
64	*Footwear*	14	6		4	14
71	*Precious Stones, Metals*					
73	*Iron/Steel Products*					
84	*Machinery*	1				
85	*Electrical Machinery*	4				
90	*Optic, Med Instr. (not incl. 8544)*	9				4
94	*Furniture and Bedding*					
95	*Toys and Sports Eqp.*	1				1
I	*Total of Selected HS Items*	**184**	**34**	**0**	**55**	**49**
II	*Total of All Product*	**1144**	**51**	**0**	**429**	**589**

Source: WITS Online database

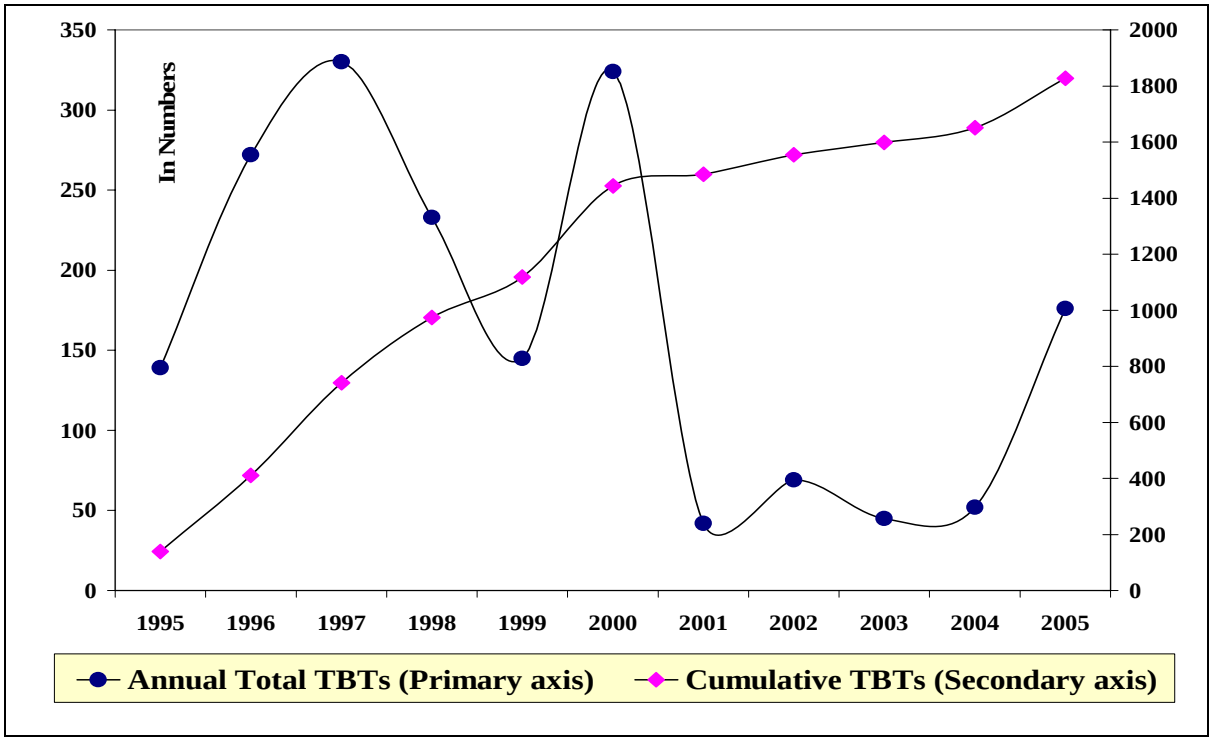
Annex Table 19: Average of *Advalorem* Equivalent of the US under US-Mexico FTA and MFN, 2001.

(Per cent)

	Chapter	UNCTAD Method 1	UNCTAD Method 2	Average
MFN - Ad valorem Equivalent	1	6.6	5.0	5.8
	2	5.1	4.2	4.6
	3	1.2	1.7	1.5
	4	45.0	53.4	49.2
	5	0.9	0.1	0.5
	6	2.3	1.8	2.1
	7	8.6	7.7	8.1
	8	4.5	4.4	4.4
	9	3.5	7.2	5.3
	10	2.9	6.5	4.7
	11	4.5	3.5	4.0
	12	5.7	5.1	5.4
	13	20.5	16.2	18.3
	14	1.3	1.2	1.3
	15	11.1	11.2	11.2
	16	1.7	1.6	1.7
	17	75.0	83.2	79.1
	MFN Total	**16.4**	**18.2**	**17.3**
	Chapter	**UNCTAD Method 1**	**UNCTAD Method 2**	**Average**
US-Mexico FTAs AVEs	82	44.8	66.4	55.6
	83	23.1	101.2	75.2
	84	4.7	79.7	42.2
	85	16.1	16.1	16.1
	86	2.1	1.7	2.0
	90	51.2	45.2	48.2
	91	47.3	47.1	47.2
	93	3.1	56.9	30.0
	95	3.4		3.4
	96	31.9	42.0	37.2
	Mexico-US FTA (Average)	**40.2**	**51.5**	**45.9**

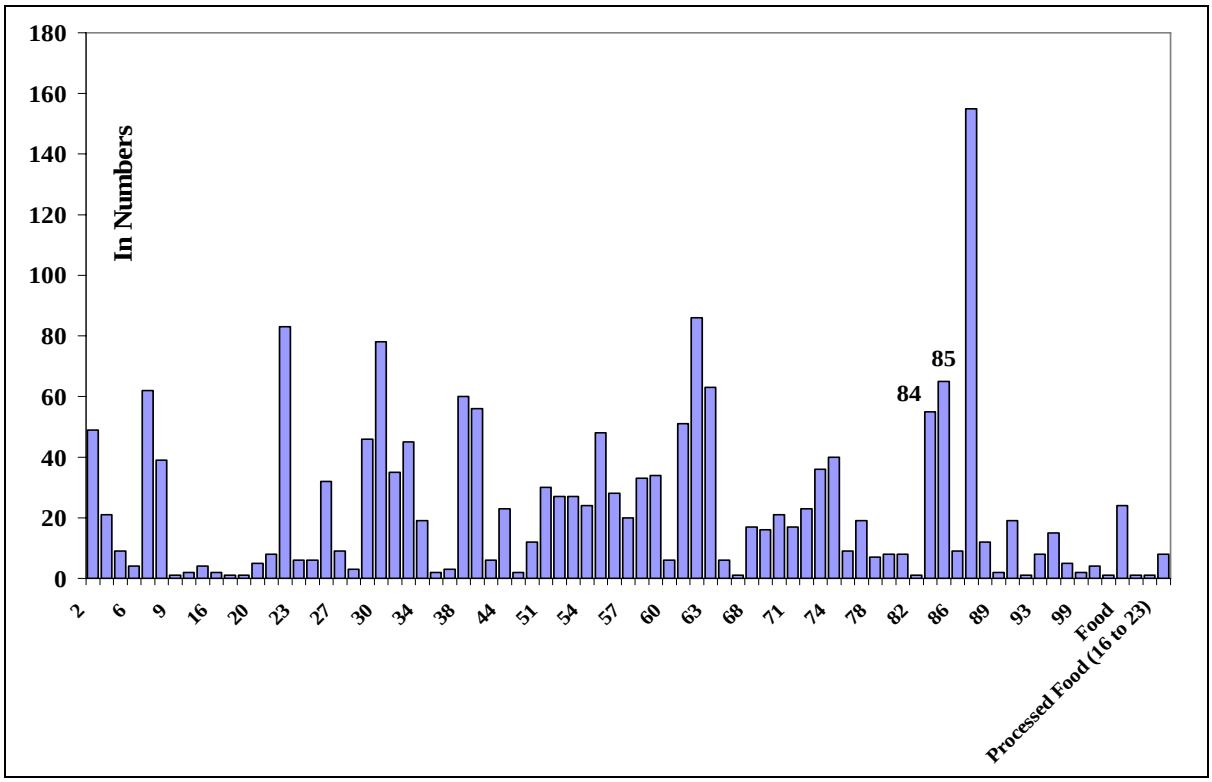
Source: WITS Online database

Annex Figure 1: Technical Barriers to Trade (TBTs) Notifications of the US



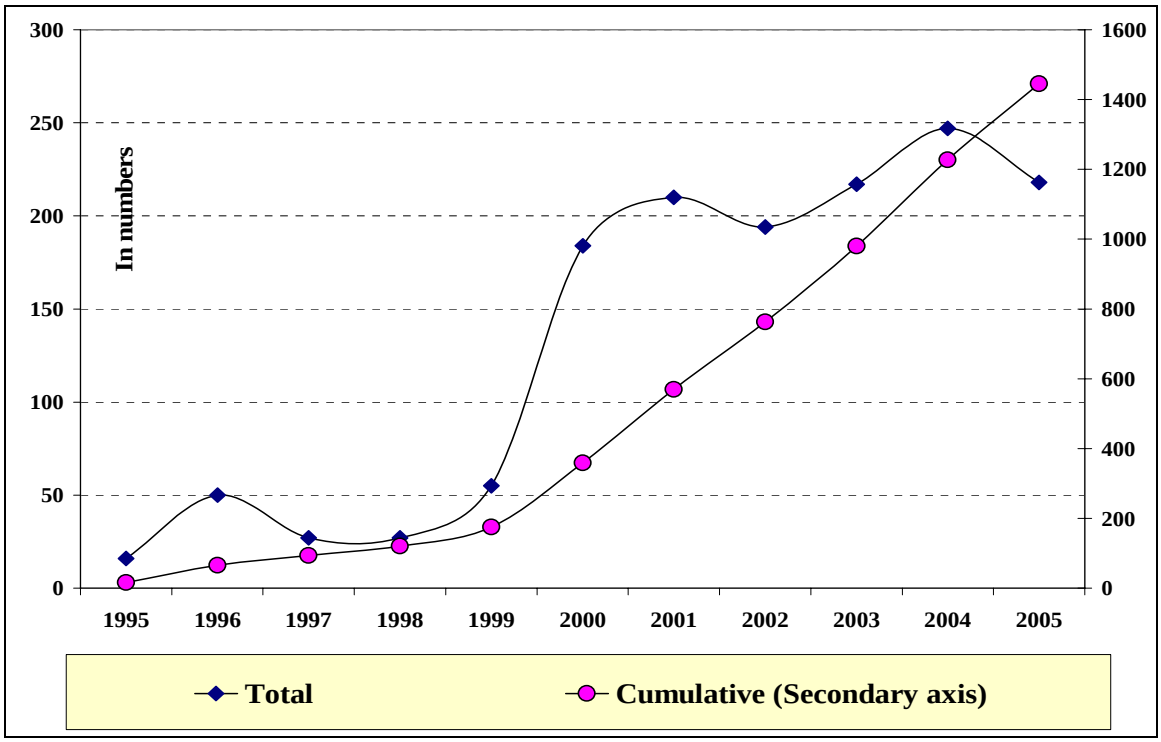
Source: Collated and Compiled by the Author

Annex Figure 2: Presence of US TBT Notifications based on HS Chapters



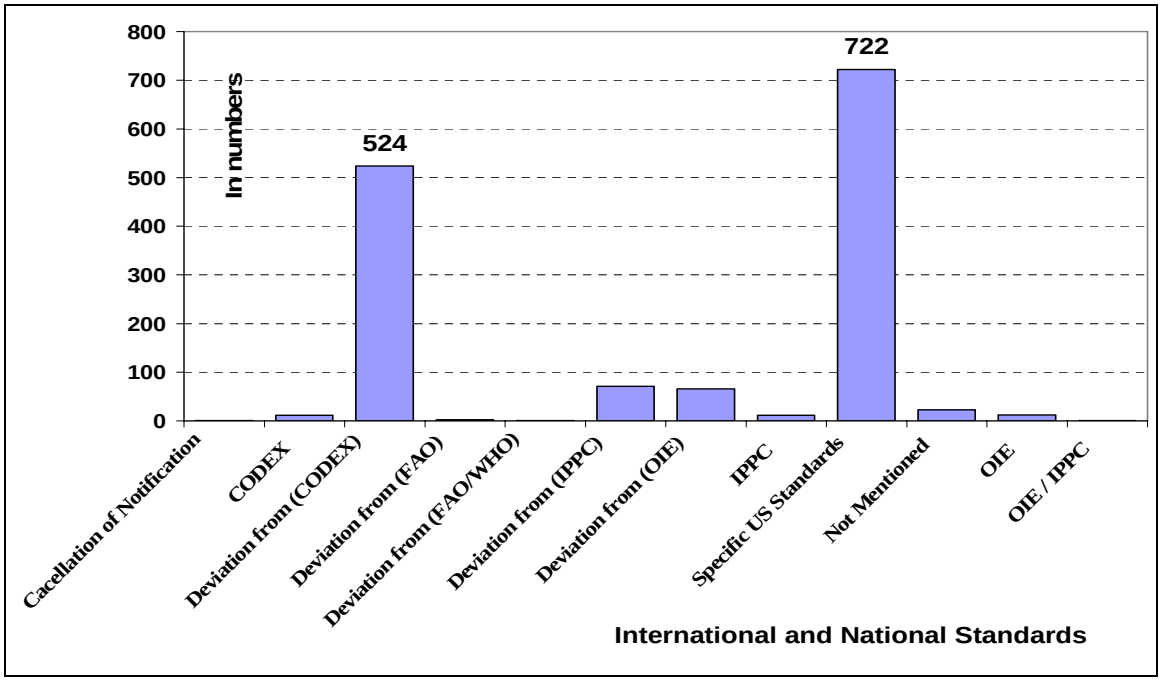
Source: Collated and Compiled by the Author

Annex Figure 3: US Sanitary and Phytosanitary Measures (SPS): 1995 to 2005



Source: Collated and Compiled by the Author

Annex Figure 4: The Extent of Deviation of US SPS Measures from Existing International Standards



Source: Collated and Compiled by the Author