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Australia-Thailand Economic Engagement Report

Building a deeper, broader and more sustainable trade and investment relationship

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make history.

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Acknowledgements

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We would also like to thank Bolliger and Co. in Bangkok who designed all of the report's many infographics. It was Bolliger who organized many of the meetings and interviews in Thailand that form the basis of this report and who also did the economic analysis in Section 3 of this report on Revealed Comparative Advantage. Special thanks in this regard are due to Dr. Rachda Chiasakul, Bolliger's Managing Director and herself the author of an influential paper on TAFTA; Dr. Watcharas Leelawath, a long-standing and renowned expert in trade policy and development, and last and not least Ms. Bowornluk Thongmark, who did the heavy lifting from within Bolliger so that this report could see the light of day.

This report does not reflect the views of either the Australian Government or the University of Adelaide. Despite the many people who contributed generously to the insights contained in this report, any failings or inaccuracies reside with the author and the author alone.

Simon Lacey, Adelaide, May 2023.

Executive Summary

This report is the culmination of several months' worth of research and many interviews conducted in both Australia and Thailand. It was commissioned by the Australian Embassy in Bangkok as part of a broader set of efforts, coinciding with the 70th anniversary of diplomatic ties being established between the two countries, to deepen and strengthen the bilateral economic and investment relationship.

This is of course in line with the 2020 decision to elevate the relationship to a Strategic Partnership and the many action items contained in the Joint Statement that announced this new development. The report was authored by Simon Lacey of the Institute for International Trade, part of the School of Economics and Public Policy of the University of Adelaide, working together with Bollinger and Co. an economics consultancy focused primarily on trade and investment, based in Bangkok.

Underlying this report was the recognition that Australia and Thailand have many shared values as well as a strong political and defence relationship but that the economic relationship, particularly regarding investment lacks an equal level of depth or integration. This report seeks to identify some of the economic opportunities that are the result of natural complementarities that exist between Australia and Thailand, as well as impediments standing in the way of broader and deeper economic ties. It also seeks to make some recommendations to address these opportunities and impediments.

According to the World Bank, Thailand is one of the great success stories of post-war economic development efforts and boasts the largest middle class in any major ASEAN economy. Nevertheless, there remains a need to upgrade the country's human capital on a massive scale and make extensive investments in infrastructure. Thailand is now in fierce competition with some of its closest partners in ASEAN to attract the kind of investment that can continue to transform its economy. What's more, as a founding member of the WTO, Thailand was not required to undertake the long and rigorous process of domestic reform that inevitably accompanies WTO accession. As a result, Thailand's regulatory state and its economy is more entrenched and less open, and the country's leadership has not been required to make the tough political-economy choices that forced others in ASEAN, such as Vietnam, Cambodia and Laos PDR, to adopt a more open and liberal trade and investment regime.

Australia for its part also has some domestic policies and regulatory frameworks that appear to work against the interests of attracting more trade and investment. This would include the high costs of border compliance, the tightly regulated labour market, relatively high corporate taxes, an activist trade defence apparatus, and investment screening procedures that even the Australian Productivity Commission has recommended reforming.

This report offers a number of specific recommendations on how to bolster the bilateral trade and investment relationship, starting with an exhortation to renew, revise, or update the Thailand-Australia Free Trade Agreement (TAFTA), which after almost twenty years is starting to show its age. Other recommendations are aimed at supporting long-overdue regulatory reforms in Thailand that would open the country's domestic services markets. Yet other recommendations aim at establishing a broad and deep program of institutional twinning between the two countries, both between government agencies but also other parastatal bodies that play an important role in key areas of economic governance. A full list of the recommendations and short explainers can be found in the Annex to this report.

This report is structured as follows. Because the trade and investment relationship does not exist in a vacuum, Section 1 focuses on the bilateral relationship in its historical context, covering how ties have evolved across different areas of mutual cooperation and interest. Section 2 offers an overview but also some detailed analysis of the current trade and investment relationship between the two countries, including the role of SMEs, which everyone seems to agree should be strengthened. Section 3 focuses on expanding and deepening the trade relationship, together with a discussion of the challenges to doing so. Section 3 also includes the findings of some economic analysis done on Revealed Comparative Advantage and what opportunities this suggests for more bilateral trade. Section 4 focuses on expanding and deepening investment, including again a discussion of the challenges faced by foreign investors in both Thailand and Australia. Section 4 concludes with some recommendations on expanding and deepening both the trade and investment relationship between the two countries. Section 5 focuses on strengthening institutional ties in three areas, namely politics, regulatory and economic governance institutions, and between the two countries' various business associations. Finally, Section 6 examines opportunities for boosting people-to-people ties, and discusses this in the context of student alumni groups, increasing student mobility, professional mobility and youth organisations.

It is hoped that this report will make a modest contribution to the larger process of rejuvenation and renewed interest that the bilateral relationship is currently experiencing. As such, it aspires to start a number of conversations that it is hoped will culminate in tangible progress in the near future. As in all areas of cooperation, the strongest and most dynamic part of the bilateral relationship is constituted by the many dedicated individuals working in government and the private sector, as well as in civil society organisations and academia, to further the cause of mutual understanding and shared benefits. A very small number of these people are mentioned below in the Acknowledgements section of this report. But the vast majority are unsung heroes who should nevertheless be recognised in one way or another.

Both countries are facing a series of unprecedented challenges as they each battle to stay on the course of economic growth and prosperity they have been able to chart for several decades now - the COVID-19 pandemic notwithstanding. For Australia, this is happening in a time of heightened complexity as it walks the difficult tightrope of rising tensions between its number one trading partner and its most important geopolitical and strategic ally. For Thailand, this is happening in a time of unsettling domestic political realignment that calls into question the status quo, with many Thais, particularly the young and those from rural areas, increasing their calls for a new socio-economic and political compact. Despite their respective challenges, both parties can continue to benefit enormously from the already deep and lasting economic ties they have formed over many decades. This report seeks to answer the question of how these ties can be strengthened.

Table of abbreviations

AAA	Australian Alumni Association (Thailand)
AANZFTA	ASEAN-Australia-New Zealand Free Trade Agreement
AASYP	ASEAN-Australia Strategic Youth Partnership
ATYAP	Australian Thai Youth Ambassador Program
AustCham	Australian-Thai Chamber of Commerce
Austrade	Australian Trade and Investment Commission
BCG	Bio-Circular-Green Economy
BOI	Board of Investment
CAGRs	Compound annual growth rates
CLMV	Cambodia, Lao PDR, Myanmar, and Vietnam
CP	Chareon Pokhapand Food
DCP	Defence Cooperation Program (Australian Defence Force)
DFAT	Department of Foreign Affairs and Trade (Australia)
EEC	Eastern Economic Corridor (Thailand)
ES	Export Specialization
IEG	International Education Group (Australia)
IoT	Internet of things
MAP	Mekong-Australia Partnership
MRAs	Mutual Recognition Agreements
RAAF	Royal Australian Air Force
RCA	Revealed Comparative Advantage
RCEP	Regional Comprehensive Economic Partnership
SDGs	Sustainable Development Goals
SEATO	Southeast Asia Treaty Organization
SSG	Special Safeguard Measures
TAFTA	Thailand-Australia Free Trade Agreement
TRQs	Tariff Rate Quotas
VET	Vocational education and training

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1. The bilateral relationship in historical context

1.1 Building on seven decades of diplomatic relations

In 2022 the Kingdom of Thailand and the Commonwealth of Australia celebrated 70 years of bilateral diplomatic relations, which have been characterised by both ties to the Thai Royal Family and close cooperation across a broad range of areas, including cultural, educational, economic, commercial, political, people-to-people and of course military/strategic.

These interactions have benefitted both countries with two-way trade increasing threefold since the landmark Thai-Australia Free Trade Agreement came into force in 2005. Just prior to the COVID-19 outbreak, the bilateral trade relationship was estimated to be worth AUD 21.6 billion[1]. Following a strong recovery from the COVID-19 pandemic, this figure rebounded to AUD 22.4 billion in 2021/2022.

The strong linkages in people-to-people exchanges take place in various forms, including the many Thais who come and pursue tertiary and language education, as well as vocational training opportunities in Australia. Then there are of course almost 1 million tourists from both countries that move between Australia and Thailand annually. Institutional cooperation between the two countries' governments, militaries and universities is also a strong driver of these linkages.

In 2020, the two governments chose to elevate the bilateral relationship to the level of a "Strategic Partnership" in order to "mark a new chapter" in enhanced relations and "fully realise the potential" of the two countries' cooperation. This was done in recognition of the fact that in a time of rapidly changing "regional dynamics" in which the two countries face "common challenges", they can both benefit by combining their efforts to "explore new opportunities" and better position themselves to face these challenges. The new Strategic Partnership lays out four areas in which the two governments will deepen and strengthen bilateral cooperation, namely 1) in the area of political and security engagement, 2) by expanding economic engagement and growth, 3) intensifying sectoral cooperation in areas like science, technology and innovation, and finally 4) by enhancing people-to-people links.[2]

After assuming office in May 2022, Ms. Penny Wong, Australia's Minister of Foreign Affairs has made visiting Southeast Asian nations, including Thailand an early priority, making an official visit in November of the same year, during which she signed – together with her Thai counterpart, His Excellency Don Pramudwinai, Thai Deputy Prime Minister and Minister for Foreign Affairs – The Joint Plan of Action (POA) to implement the 2020 Strategic Partnership. In the context of this latest initiative, the Australian Foreign Minister noted that no less than "19 Australian agencies have made commitments to work with Thailand under this partnership on many areas of practical cooperation, including health, trade and security".[3]

Just a month before the Foreign Minister's visit, on October 3, 2022, Dr. Angela Macdonald, the Australian Ambassador, met with Prime Minister Prayut Chan-o-cha, agreeing to further expand economic ties, enhance multilateral collaboration, and combat human trafficking. In a press conference following the meeting, Mr. Anucha Buraphachaisri, a spokesman for the Thai government, quoted Dr. Macdonald's pledge to deepen bilateral relations and cooperation and her restatement of Australia's support for Thailand as it is prepared to host the 2022 APEC summit. Both Ambassador Mcdonald and Prime Minister Prayut reaffirmed the two countries ongoing efforts to combat human trafficking.

1.2 A long history of engagement across many fronts

Australia has a long association with the Thai Royal Family, with His Majesty King (then Crown Prince) Maha Vajiralongkorn having attended the Royal Military College Duntroon, obtaining military training from the Australian Army, graduating as a lieutenant, as well as a bachelor's degree in liberal arts from the University of New South Wales.

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[1] Based on 2019-2020 data for two-way trade in goods and services.

[2] All quotes from this paragraph from the official Joint Declaration on a Strategic Partnership between the Kingdom of Thailand and Australia.

[3] See the transcript of the Joint Press Statement, available at: https://www.foreignminister.gov.au/minister/penny- wong/transcript/joint-press-statement.

Box 1

Australia–Thailand
70 years of partnership
70 ปี ความสัมพันธ์ไทย-ออสเตรเลีย

Seventy years of diplomatic relations

Thailand and Australia have a long-standing and significant relationship, dating back to 1952. The relationship was elevated to Strategic Partnership status in 2020, reflecting our deep people to people connections, and ensuring Thailand and Australia could enhance our already close cooperation across economics, security, science, water, energy, and education sectors.

This year, Australia and Thailand will celebrate 70 years of diplomatic relations, starting with the release of an official anniversary logo to increase awareness of Thais and Australians, of the extent and importance of the relationship between nations.

On 15 February 2021, His Royal Highness accompanied by his wife Her Majesty Queen Suthida were hosted by former Australian Ambassador His Excellency Allan McKinnon at his official residence, for the premiere screening of a documentary film commemorating the King's time in Australia. The visit marked a new high point in bilateral relations and goodwill between the two countries.

Also, in Defence and Security, the ties that bind the Australian and Thai military establishments run deep and have evolved over many decades. Cooperation between the two countries in training personnel of the Royal Thai Army began in 1959 and has since seen thousands of cadets trained, including His Majesty King Maha Vajiralongkorn, who (as noted) graduated from Duntroon Royal Military College in 1976.

Annual high-level talks on defence policy were instituted in 1990 which have served for political and military leaders to clarify and in most cases align their views across a range of issues including regional security matters. Since the early 1990s, military personnel from both countries have served together in United Nations operations in Cambodia, Somalia and East Timor and, more recently, in coalition operations in Iraq. Over the years, bilateral security cooperation has expanded beyond regional stability to include counterterrorism, organised crime, and human trafficking.

Recent years have seen cooperation increase in the area of human trafficking. Since 2012, the Regional Support Office (RSO) for the Bali Process on People Smuggling, Trafficking in Persons and Related Transnational Crime (itself co-led by Australia and Indonesia) has been based in Thailand. The RSO works to provide support in the development of policy frameworks, including the elaboration of guidelines and other resources, as well as delivering tailored capacity building activities that are relevant to the Bali Process' mandate.

1.3 Common interests in the regional institutional architecture

Australia is currently in the process of formulating its Southeast Asia strategy through to 2040, having recognized the importance of the region to the country's economic prosperity and geopolitical security.[4] This strategy is intended to result in an elevation of bilateral trade and investment relationships across the region, including in particular with major regional economies like Thailand.

Australia and Thailand cooperate across a number of regional initiatives, including the recently upgraded ASEAN-Australian New Zealand Free Trade Agreement (AANZFTA), the Mekong- Australia Partnership (MAP), ASEAN, APEC, RCEP and more recently IPEF. A common thread across all of these initiatives is the desire to promote stability and economic prosperity through deeper economic integration and more systematic economic cooperation. Different initiatives call for different interventions and forms of cooperation. For example, in the context of the MAP, Australia is heavily invested in supporting more sustainable water management practices through the Greater Mekong Water Resources Program (or GMWRP). ASEAN is considered to be the cornerstone of Australia's diplomatic economic and commercial engagement in the region, as articulated by the phrase "ASEAN-centrality".4 Australia and Thailand are both founding members of APEC and have each engaged collectively to further the organisation's goals, most recently with the adoption of the Bangkok Goals on the Bio-Circular Green Economy in November 2022.5 Both countries also participated in the negotiation and signing of RCEP and have ratified the resulting agreement on time to allow it to come into force in early 2022. Finally, both countries are active participants in IPEF, and although the future of this initiative is still uncertain, it provides a number of avenues for increased cooperation where the two countries share a common set of goals, such as in the areas of Pillar2 – Supply Chains-, and Pillar 3 - Clean Energy, Decarbonization, and Infrastructure.

In addition, the accession of East Timor to ASEAN and – soon – the WTO, also represent developments where Thailand and Australia can work together to uphold and support regional cooperation and integration.

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[4] At the time of writing, the formulation of this policy is still ongoing, see: https://www.dfat.gov.au/geo/southeast-asia/southeast-asia-economic-strategy.

[5] See for example, the speech delivered by Senator Penny Wong, Minister of Foreign Affairs on 6 July 2022 entitled *A shared future: Australia, ASEAN and Southeast Asia*, available at: https://www.foreignminister.gov.au/minister/penny- wong/speech/special-lecture-international-institute-strategic-studies-shared-future-australia-asean-and-southeast-asia.

[6] See the APEC 2022 Leader Declaration available at: https://www.apec.org/meeting-papers/leaders- declarations/2022/2022-leaders-declaration/bangkok-goals-on-bio-circular-green-(bcg)-economy.

2. The trade and investment relationship today

2.1 A timeline of bilateral and regional economic integration

For both Australia and Thailand, the majority of their trade – both imports and exports – takes place under various free trade agreements (FTAs). For Australia, this figure is currently around 70 percent, with the objective being to achieve over 90 percent. For Thailand the corresponding figures are approximately 66 percent for imports and 61 percent for exports. More FTA negotiations are under way for both economies, making these instruments important channels for future trade expansion.

Thailand-Australia Free Trade Agreement (TAFTA) 2005

The Thailand-Australia Free Trade Agreement (TAFTA), concluded in 2005 was one of the earliest FTAs that Australia embarked upon during the era of so-called competitive liberalization, whereas for Thailand it was the first FTA with an advanced economy. It saw tariffs eventually phased out on thousands of items, leading to a doubling of Australian exports to Thailand within the first 18 months. In fact, in the years following the entry into force of TAFTA and up to 2010, bilateral trade increased at the rate of 20 percent annually, compared with 12 percent for Australia's annual trade growth with the rest of the world. Box 2 contains a graph depicting the evolution of the bilateral trade relationship since the early 2000s. The impact of TAFTA is noticeable, but equally apparent is that Thai exports of goods to Australia increased even beyond 2010. In Thailand, there is strong consumer demand for Australia's high-quality food and beverage exports which should continue to be a strong focus of future efforts to more closely integrate the two countries' economies. Despite its impact on trade in goods, TAFTA also provided very little additional market access in bilateral trade in services, since at the time there was little appetite on the Thai side for liberalization or reform of its domestic services markets.

The ASEAN-Australia-New Zealand Free Trade Agreement, 2010 (AANZFTA)

Concluded in 2009 and in force since 2010, AANZFTA is still Australia's most utilised FTA with respect to its Southeast Asian trading partners. Under this FTA, tariffs were progressively reduced and eliminated for at least 90 percent of all tariff lines, with more modern and flexible rules of origin likewise applied under simplified customs procedures. AANZFTA also provided some liberalisation in trade in services, although it was generally Australia's experience that better outcomes could be achieved – at least in services liberalization – through bilateral FTAs than through mega regionals such as AANZFTA, with the notable exception of Thailand. At the time of writing, AANZFTA upgrade negotiations have been completed, although comprehensive details of the package have yet to be released.[7]

The Regional Comprehensive Economic Partnership, 2022 (RCEP)

Although it was launched under much hype in 2012, after many long years of protracted and difficult negotiations, the agreement was eventually signed in 2019 without the participation of India and without providing very much in the way of new market access. The presence of a number of highly competitive exporters at the negotiating table, including Australia, China, Korea and Japan, translated into a highly defensive position by many of the ASEAN economies and Thailand was no different. Perhaps the most positive thing to emerge from RCEP were new and long-overdue rules on issues such as electronic commerce, government procurement, competition, and small and medium-sized enterprises (SMEs).

Australia - Thailand Strategic Economic Cooperation Arrangement, 2022 (SECA)

As part of the process of upgrading the bilateral relationship to the level of a strategic partnership, in November 2022 Australia and Thailand signed

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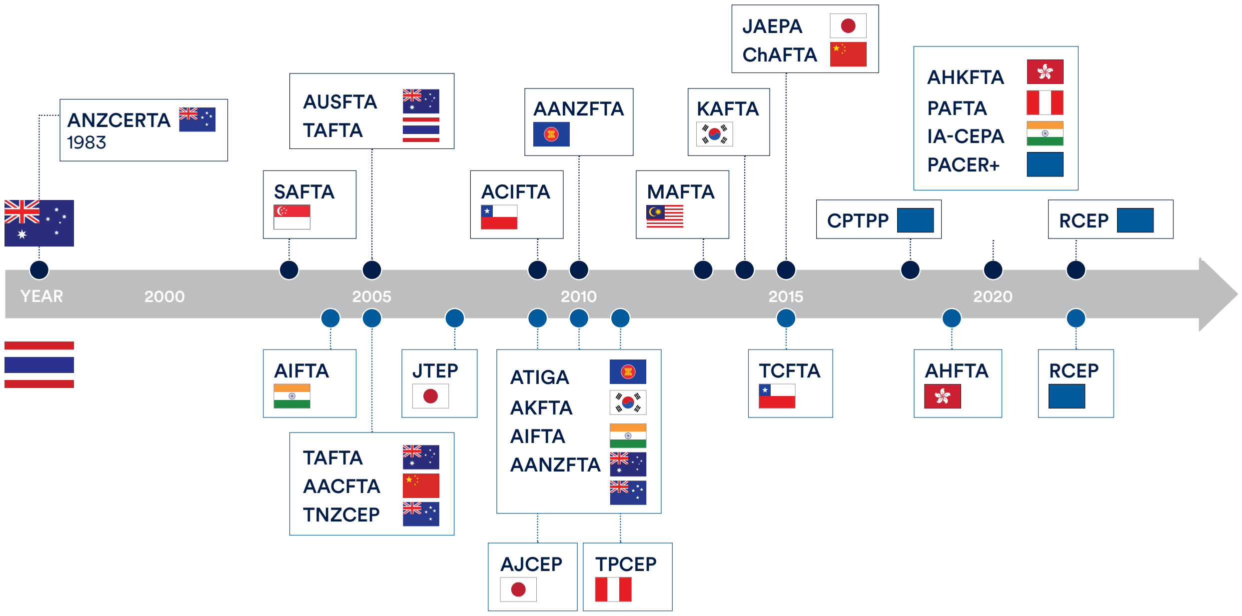
[7] See the media release announcing the successful completion of the upgrade negotiations: https://www.dfat.gov.au/trade/agreements/in-force/aanzfta/resources/aanzfta-resources/substantial-conclusion-negotiations-upgrade-aanzfta.

Box 2 The evolving regional economic integration architecture

A timeline of bilateral and regional economic integration



Source: Department of Foreign Affairs and Trade, Australian Government and Department of Trade Negotiations, Ministry of Commerce, Thailand

RCEP members overview

15 member countries

Thailand	Cambodia	Japan	Malaysia	Brunei
Indonesia	Singapore	South Korea	Laos	Australia
Vietnam	China	Myanmar	Philippines	New Zealand

$28.5 Tr GDP

$210.7 Tr Trade

2,300 M Population

the Strategic Economic Cooperation Agreement (SECA).[8] The Agreement intends to identify “key sectors where Thailand and Australia have comparative strengths, including digital, tourism, energy transition, and agriculture”.[9] This report is an input to the development of an implementation agenda for SECA.

2.2 Australia & Thailand trade profile

Australian trade profile

Australia’s historical trading partners like the U.S. and Japan have maintained their status, with a combined share of 16.35% of total imports to Australia and 12.14% of Australian exports going into these two markets in 2021. However, for several years now China has been Australia’s top trading partner, with a share of 27.29% of total imports to Australia and 33.43% of Australian exports to China based on 2021 data. Furthermore, Australia has also increased its trade volume with ASEAN nations (16.84% of total imports and 13.09% of total exports), which could reflect the region’s rise in prominence and Australia’s own push towards a more diverse and balanced trading relationship both in the region and beyond.

Once strong trade ties with other British Commonwealth partners have declined as the centre of economic gravity has shifted decisively eastwards, so that trade volumes with the UK, New Zealand, Canada and India only amount to 7.28% of all imports to Australia and 7.49% of all exports. After concluding an Economic Cooperation and Trade Agreement (ECTA) with fast-growing, but highly protectionist India, which will come into force at the end of 2022, there are reasonable prospects that this market will become more important as both a source of imports but also a destination for exports. With negotiations towards concluding an FTA with the EU now back on track, it is likewise envisaged that this deal will be concluded in the course of 2023, thereby allowing for even greater diversification in Australia’s trading relations. Box 3 (below) details Australia’s Trade Profile.

Thailand trade profile

Thailand’s profile for trade in goods is dominated by its close economic ties with fellow ASEAN countries, especially playing to its perceived advanced manufacturing strength relative to other CLMV (Cambodia, Laos, Myanmar and Vietnam) countries, with the value of trade flows between ASEAN and Thailand totalling USD 110B. Thailand’s top 3 trading partners are, however, Japan, China and the United States. Surprising, of these three countries, Thailand actually exports more to the United States (USD 41.23B), and imports more from China (USD 66.43B) but overall, in terms of both imports and exports, the bilateral relationship with Japan was the biggest, worth USD 158.82B, versus China’s USD 103.1B, and USD 55.81B with the United States. Japan also has a strong presence in Thailand thanks to the fact that many Japanese conglomerates with regional manufacturing, distribution and operation management platforms have chosen Thailand as their regional headquarters.

Thailand consistently manages to almost balance its trade with total imports valued (again based on 2021 data) at USD 295.72B whilst its exports amounted to USD 294.51B. However, the picture for trade in services looks quite different. Thailand has yet to overcome its reliance on tourism and fully develop its digital sector despite having a large population of digital consumers. Given its reliance on tourism services, Thailand’s services exports fell off a cliff in 2020, going from USD 81.18B in 2019 to USD 25.44B in 2021. For its services imports, a similar although less dramatic decline was experienced from 2019 to 2020 (going from USD 56.85B to USD 45.91, before fully recovering its upward trend, rising to USD 65.1B in 2021.

A serious rethink of how to upgrade Thailand’s human capital is long overdue, together with a need to maintain its relatively strong position vis-à-vis most of its major ASEAN trading partners with regard to infrastructure as it competes with other large economies in the region for a greater share of inbound FDI. With efforts underway to diversify manufacturing supply chains away from their heavy concentration in China, the race is on in Southeast Asia to be the new home of so-called China+1 strategies. This is becoming particularly pressing as other ASEAN countries become more competitive with lower labour costs (and a shrinking productivity gap) in addition to more open trade and investment regimes than Thailand. Indeed, compared to some of its neighbours such as Laos, Vietnam and Cambodia, all of whom had to endure the trade liberalising reforms imposed by WTO accession, Thailand’s relatively closed trade and investment regime is beginning to look increasingly anachronistic, while also starting to weigh on the country’s regional competitiveness. In fact, the lack of services liberalization in Thailand could become a real albatross around the country’s neck, given how integral services are becoming to advanced manufacturing.

Thailand currently has fourteen FTAs with eighteen countries. The Regional Comprehensive Economic Partnership, which came into force in early 2022, is the most recently concluded trade deal. It has accumulated experience in negotiating FTAs with a wide range of partners. Following the Asian Financial Crisis, the Thai government began to consider the idea of having bilateral FTAs beyond its regional focus on ASEAN. In taking this step, it was motivated by increasing its standing in its key markets (Japan and the United States), strengthening trade ties with emerging markets such as China and India, and gaining entrance to new markets such as Australia, New Zealand and Peru. Box 4 (below) depicts Thailand’s Trade Profile.

2.3 Australia & Thailand bilateral trade profile

Thailand is an important destination for Australian goods, with a total value of exports of USD 4.35 billion in 2021[13]. This makes Thailand Australia’s 4th largest trading partner among Southeast Asian countries and the 13th largest overall. As noted above, since TAFTA’s entry

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[8] See the joint media release announcing the signing of the agreement at: https://www.trademinister.gov.au/minister/don-farrell/media-release/australia-thailand-strategic-economic-cooperation-arrangement-seca.

[9] Ibid.

[10] This based on 2021 data, taken from United Nations COMTRADE, sourced from tradingeconomics.com.

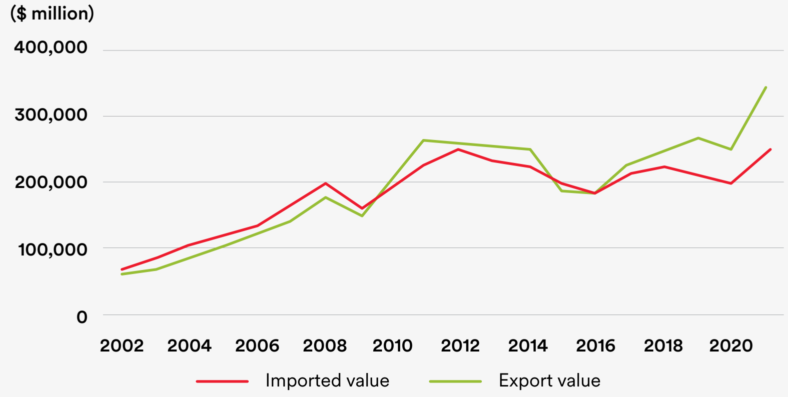
[11] Ibid.

[12] This from World Bank data, sourced from macrotrends.net

[13] International Trade Centre, TRADE MAP

Box 3 Australia's trade profile

Products



🟥 Import

Import Value in 2021: $248,893 million

Shared in world total imports: 1.1%

Top import partners

🇨🇳 🇺🇸 🇯🇵
🇹🇭 🇩🇪

Top import products: white goods, cars, technology, coal, pharmaceuticals

🟩 Export

Export Value in 2021: $345,600 million

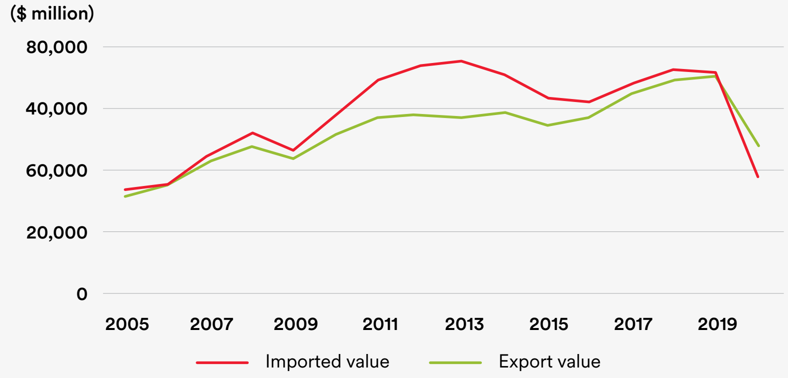
Shared in world total exports: 1.6%

Top export partners

🇨🇳 🇯🇵 🇰🇷
🇮🇳 🇺🇸

Top export products: iron ore, coal, diamonds, beef, cereals

Services



🟥 Import

Import Value in 2021: $38,479 million

Top import services: business, tourism, shipping, telecommunications, intellectual property

🟩 Export

Export Value in 2021: $48,532 million

Top export services: tourism, business, telecommunications, finance, shipping

Source: International Trade Centre (ITC)

Australian trade with FTA partners

Australia trade statistics

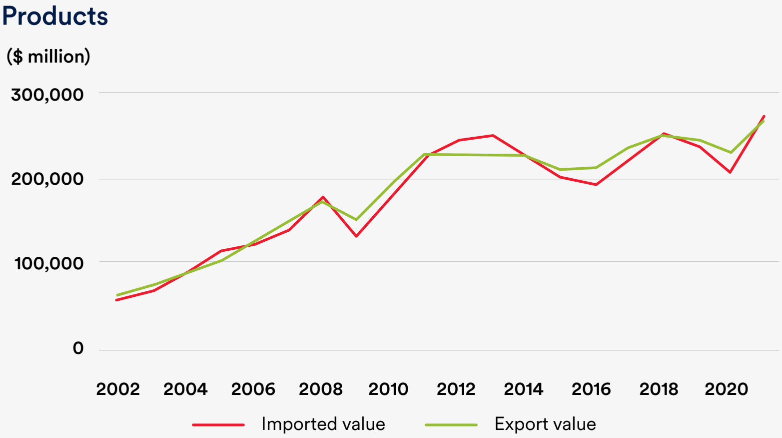
$248,893 Million Total value of imports	**3.00%** 5-Year CAGR (2017 – 2021)	🇦🇺	**10.75%** 5-Year CAGR (2017 – 2021)	**$345,600 Million** Total value of exports

FTA partners	Total Value of Imports ($ million)	Shared		5-Year CAGR		Shared	Total Value of Exports ($ million)	
$170,292 Million Total value of imports **3.79%** 5-Year CAGR (2017 – 2021) **68.42%** Shared in total import value	**67,914**	27.29%	8.86%	🇨🇳	14.18%	33.43%	**115,536**	**$230,708 Million** Total value of exports **11.16%** 5-Year CAGR (2017 – 2021) **66.76%** Shared in total export value
	15,176	6.10%	-1.30%	🇯🇵	6.00%	8.62%	**29,777**	
	9,074	3.65%	-12.71%	🇰🇷	15.00%	6.34%	**21,925**	
	25,502	10.25%	2.94%	🇺🇸	8.90%	3.52%	**12,165**	
	9,366	3.76%	10.98%	🇸🇬	24.80%	2.55%	**8,826**	
	5,016	22.02%	-3.78%	🇳🇿	5.63%	2.47%	**8,532**	
	642	0.26%	2.61%	🇭🇰	-6.13%	2.06%	**7,118**	
	5,105	2.05%	7.33%	🇻🇳	19.23%	2.03%	**7,016**	
	11,061	4.44%	0.71%	🇹🇭	8.97%	1.26%	**4,355**	
	1,799	0.72%	2.48%	🇨🇳	-0.56%	0.31%	**1,087**	
	472	0.19%	7.89%	🇨🇱	7.04%	0.11%	**375**	
	30	0.01%	-4.20%	⬛	5.62%	0.08%	**287**	
	2,586	1.04%	4.95%	🇮🇹	14.97%	0.07%	**226**	
	162	0.06%	-12.26%	🇵🇪	17.26%	0.03%	**94**	
Regional integration								
	41,919	16.84%	5.98%		13.09%	9.72%	**33,585**	
	139,100	55.89%	3.97%	RCEP	12.33%	60.58%	**209,355**	
	51,355	20.63%	3.40%	CPTPP	9.15%	17.50%	**60,489**	
	175,986	70.71%	3.68%	FTAAP	11.06%	69.68%	**240,819**	
	5,046	2.03%	-3.78%		5.63%	2.55%	**8,820**	
Other major trading partners								
$78,602 Million Total value of imports **1.40%** 5-Year CAGR (2017 – 2021) **31.58%** Shared in total import value	**5,974**	2.40%	11.33%	🇮🇳	5.94%	3.71%	**12,822**	**$114,892 Million** Total value of exports **9.95%** 5-Year CAGR (2017 – 2021) **33.24%** Shared in total export value
	40,057	16.09%	5.27%	🇪🇺	7.86%	2.95%	**10,203**	
	4,363	1.75%	11.16%	🇹🇼	10.30%	2.65%	**9,171**	
	5,332	2.14%	0.41%	🇬🇧	-6.45%	1.00%	**3,460**	
	22,876	9.19%	12.10%	**Others**	-6.34%	22.93%	**79,236**	

Source: World Trade Organization (WTO) and International Trade Centre (ITC), Author Calculation

Box 4 Thailand's trade profile

Products



🟥 Import

Import Value in 2021: $269,102 million

Shared in world total imports: 1.2%

Top import partners

🇨🇳 🇯🇵 🇺🇸 🇲🇾 🇹🇼

Top import products: crude petroleum, integrated circuits, gold

🟩 Export

Export Value in 2021: $267,492 million

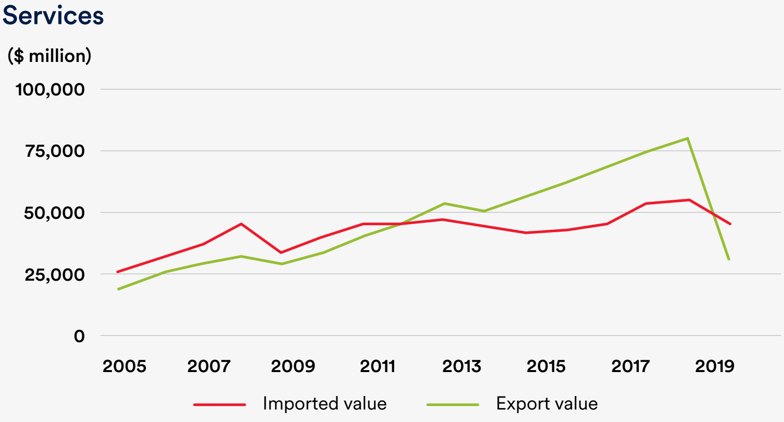
Shared in world total exports: 1.2%

Top export partners

🇺🇸 🇨🇳 🇯🇵 🇻🇳 🇲🇾

Top export products: office machine parts, integrated circuits, cars

Services



🟥 Import

Import Value in 2021: $46,858 million

Top import services: transportation, business, intellectual property, tourism, finance

🟩 Export

Export Value in 2021: $31,703 million

Top export services: miscellaneous business, professional and technical services

Source: International Trade Centre (ITC)

Thailand trade with FTA partners

Thailand trade statistics

$269,102 Million Total value of imports	**4.58%** 5-Year CAGR (2017 – 2021)	🇹🇭	**10.75%** 5-Year CAGR (2017 – 2021)	**$345,600 Million** Total value of exports

FTA partners	Total Value of Imports ($ million)	Shared		5-Year CAGR		Shared	Total Value of Exports ($ million)
	48,745	18.11%	1.89%		1.97%	23.99%	**64,161**
	66,646	24.77%	10.52%	🇨🇳	5.75%	13.72%	**36,689**
	35,690	13.26%	2.48%	🇯🇵	2.59%	9.21%	**24,633**
	2,846	1.06%	-0.66%	🇭🇰	-1.73%	4.28%	**11,447**
	6,442	2.39%	19.55%	🇦🇺	0.60%	4.01%	**10,729**
	6,433	2.39%	13.06%	🇮🇳	6.92%	3.16%	**8,447**
	9,928	3.69%	5.08%	🇰🇷	5.75%	2.17%	**5,818**
	829	0.31%	6.31%	🇳🇿	3.22%	0.70%	**1,860**
	554	0.21%	10.01%	🇨🇱	-5.35%	0.22%	**600**
Regional integration	**152**	0.706%	5.77%	🇵🇪	-1.02%	0.13%	**338**
	168,280	62.53%	5.56%	RCEP	3.03%	53.76%	**143,891**
	72,351	26.89%	2.73%	CPTPP	2.08%	28.41%	**76,000**
	190,784	70.90%	4.97%	FTAAP	4.19%	72.09%	**192,835**
Other major trading partners	**14,624**	5.43%	-0.90%	🇺🇸	11.74%	15.46%	**41,351**
	18,240	6.78%	0.60%	🇪🇺	2.07%	7.97%	**21,318**
	10,521	3.91%	6.36%	🇹🇼	3.65%	1.72%	**4,588**
	2,053	0.76%	-8.72%	🇬🇧	-4.23%	1.28%	**3,429**
	783	0.29%	-0.71%	🇿🇦	4.55%	1.11%	**2,961**
	9,833	3.67%	5.93%	🇦🇪	-0.75%	1.03%	**2,749**
	5,737	2.13%	-7.02%	EFTA	-22.78%	0.63%	**1,680**
	28,997	10.77%	7.61%	**Others**	0.63%	9.23%	**24,691**

FTA partners:

$178,264 Million
Total value of imports

5.69%
5-Year CAGR (2017 – 2021)

66.24%
Shared in total import value

$164,724 Million
Total value of exports

2.79%
5-Year CAGR (2017 – 2021)

61.58%
Shared in total export value

Other major trading partners:

$90,838 Million
Total value of imports

2.56%
5-Year CAGR (2017 – 2021)

33.76%
Shared in total import value

$102,768 Million
Total value of exports

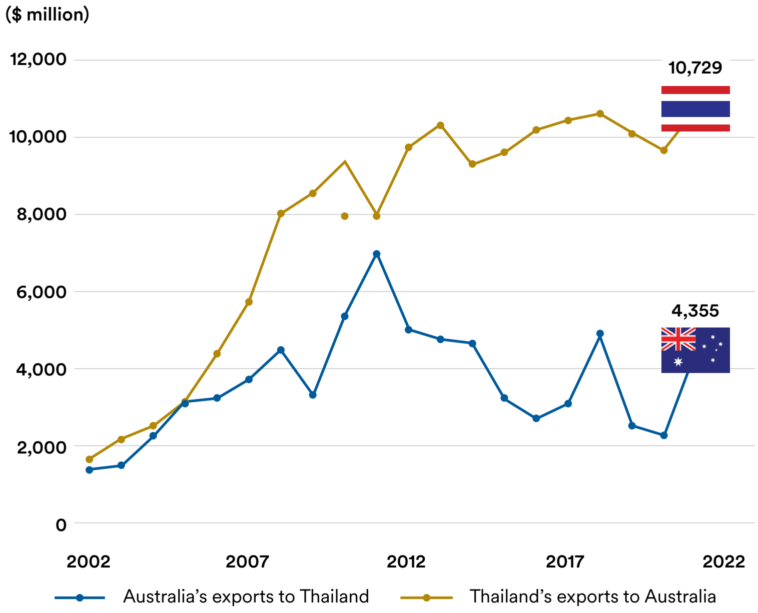
3.86%
5-Year CAGR (2017 – 2021)

38.42%
Shared in total export value

Source: World Trade Organization (WTO) and International Trade Centre (ITC), Author Calculation

Box 5 Overview of Australia-Thailand bilateral trade

Export value



Source: the International Trade Centre

Australia's export profile to Thailand (2021)

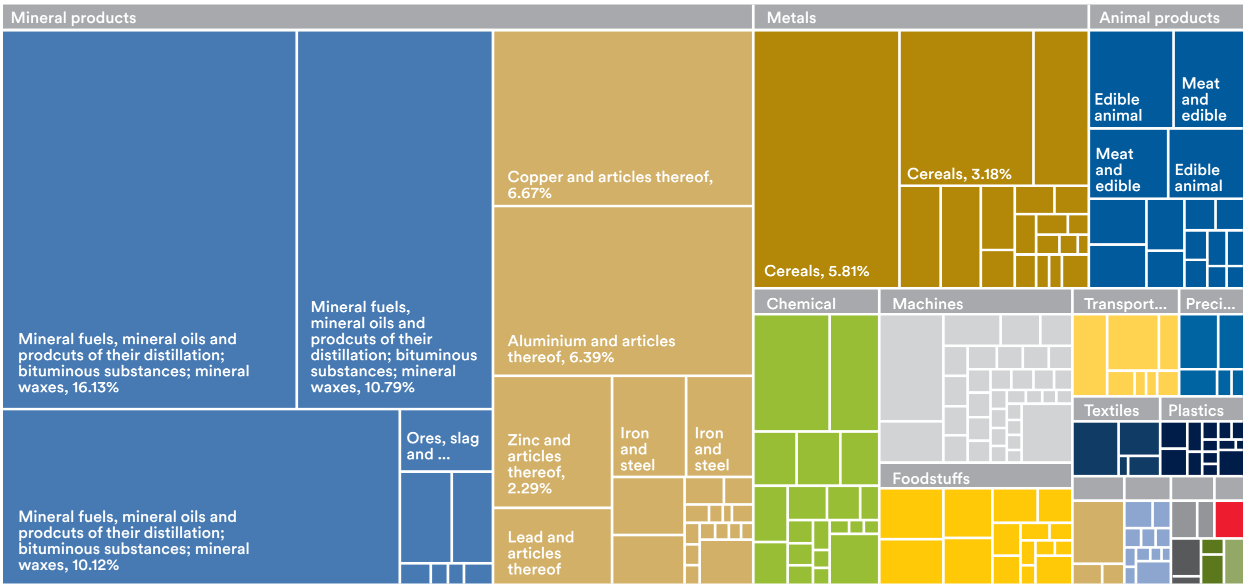
Sectors	Value of imports	Ratio
Mineral products	$832.50M	19.15%
Precious products	$742.53M	17.04%
Aluminum	$448.12M	10.28%
Cereals	$444.08M	10.19%
Copper	$313.41M	7.19%
Others	$1.574.36M	36.15%

Thailand's export profile to Australia (2021)

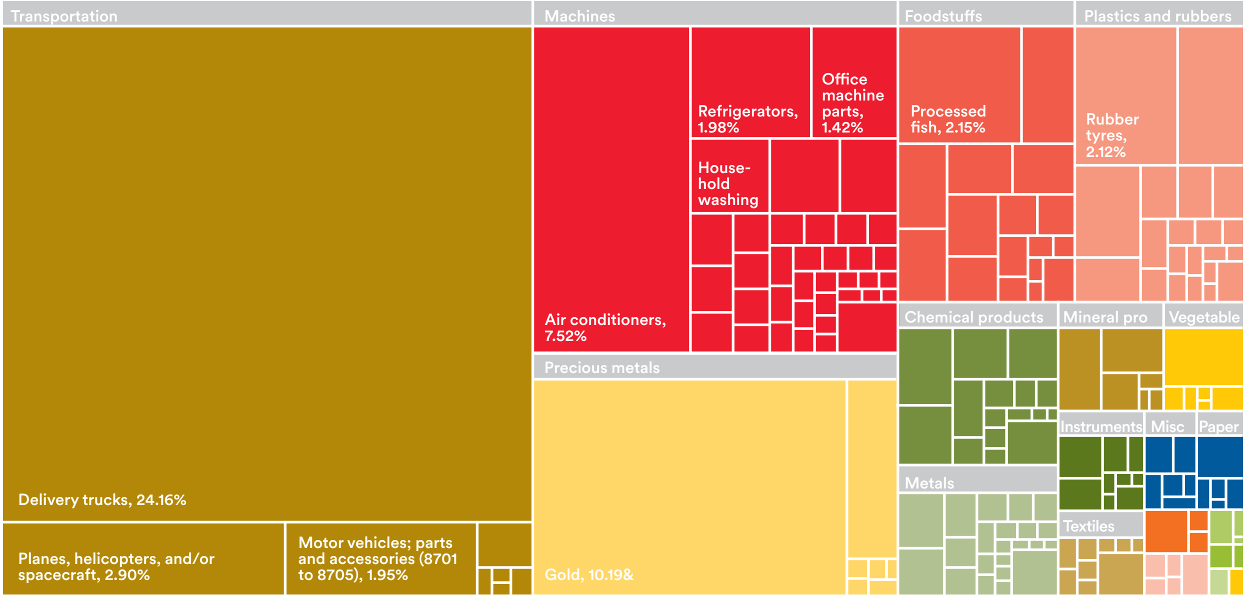
Sectors	Value of imports	Ratio
Vehicles	$5.55B	51.72%
Machinery	$1.35B	12.58%
Plastics	$536.82M	5.00%
Precious products	$389.82M	3.63%
Rubbers	$366.50M	3.43%
Others	$2535.86M	23.64%

Box 5

Exports from Australia to Thailand



Exports from Thailand to Australia



Source: the Observatory of Economic Complexity into force on 1 January 2005, trade in goods has more than doubled. Australia's key goods exports to Thailand include natural gas, crude petroleum and coal, gold and education services. Moreover, collectively food and fibre are now worth close to AUD$1.2 billion annually. Over 3000 Australian companies export to Thailand, and around 200 maintain a physical presence in the country, with a total investment in Thailand in 2021 valued at USD 4.9 billion.[14] In the food industry, Thailand has imported over USD 691.08 million[15] from cereals, meat, dairy products, eggs, and honey alone, excluding other food imports.

Following TAFTA, Thailand gradually reduced tariffs on almost all of Australia's products. In the past, Thailand implemented various import restrictions including special safeguard measures (SSGs) on 23 product lines. Thailand ended the use of measures and reduced tariffs to 0% on January 1, 2016, namely for milk and unsweetened creamer, buttermilk, honey, oranges, grapes, and frozen and unfrozen processed potatoes and on January 1, 2021; this included beef and offal, pork and other dairy products, butter, and cheese. Another trade liberalising measure enacted by Thailand was its dismantling of several tariff rate quotas (TRQs). These have been abolished and tariffs eliminated for 6 products as of January 1, 2020, namely frozen and unfrozen potatoes, instant coffee, tea, maize, granulated sugar, coffee beans. TRQs remain for two products, namely milk and cream (raw milk). Beverages containing milk and skimmed milk powder will be removed from the TRQ with tariffs reduced to 0% as of January 1, 2025. Box 5 (below) shows the two countries' bilateral trade relationship.

2.4 Australia and Thailand investment profiles

Australia's investment profile

Overseas investment plays a large role in Australia's economy, supporting a number of Australia's largest industries, such as mining, energy, finance but also the agri-food sector. The share of total FDI inflows into these sectors are as follows:

- 34% of FDI (worth $360.6 billion) is invested in the mining industries, with a 5-year compound annual growth rate (CAGR) of 1.2%.
- 11% of FDI (worth $116 billion) is invested in Australian manufacturing, with a 5-year CAGR of 5.4%.
- 11.6% of FDI (worth $122.8 billion) is invested in the financial services and insurance industries, with a 5-year CAGR of 12.1%.

Real estate activities also command a significant value of the total FDI inflows, with a 12.9% share of the total FDI (worth $136.9 billion) invested in the sector, with a 5-year CAGR of 11.7%.

The US, UK and European countries remain the largest investors in Australia, amidst a very diverse set of investors overall. The European Union (EU) and the US have contributed more than half of all inbound FDI into Australian over the past decade, with the FDI volume coming in from the US, UK and Belgium alone, totalling 51.34% of all FDI inflows in 2021. The EU and US CAGRs were about 6% and 7%, respectively. Australian investments are also directed towards much of the anglosphere, totalling 58.77% directed into the US, UK, Canada, New Zealand, and the Cayman Islands.

However, Asian capital investment in Australia is also growing, albeit from a lower base than comparable EU and US investments. This is nevertheless an important recent development and reflects global economic trends as well as symbolising Australia's efforts to strengthen ties in its immediate neighbourhood. Japan, Hongkong, Singapore and China combined represent 14.48% of total FDI stock into Australia, so that these economies are now leading the way among what are growing investment inflows from Asia to Australia. This level of diversification achieved in the sources of Australian FDI is indeed something to strive for in our future trading relations. Box 6 (below) shows Australia's Investment Profile.

Thailand's investment profile

in 2021, Japan, the United States, and Singapore account for the lion's share of inbound FDI to Thailand, totalling 31.13% of all inflows. The total value of FDI during 2012-2021 shows that direct investment from China has also grown in importance ranking the second largest investors in Thailand for inflows. Singapore is by far the most important ASEAN investor, accounting for 80% of total FDI flows from the area. On the other hand, the growth in Thai outbound FDI has slowed recently, with a total value of USD 37 billion and a growth rate of 12.36%, and a 5-year CAGR of 16.81%. Thai investments are directed mostly towards ASEAN, the wider Asian market, the EU and the United States, all of which combined contribute to 60.83% of all Thai overseas FDI. Furthermore, as a percentage of ASEAN, FDI into Thailand has progressively declined during the last two decades. This is partly explained by Cambodia, Lao PDR, Myanmar, and Vietnam (CLMV), which are becoming more important destinations for FDI within ASEAN.

Under the ambitious industrialisation plan called *Thailand 4.0*, Thailand's manufacturing sectors, particularly automobiles, electronics and logistics, remain and continue to represent a large share of the FDI directed into Thailand, with a total share of 20.37%, a value of $131.348 billion and a 5-year CAGR of 17.76%. Other notable industries include:

- 7.24% of FDI (worth USD 4.669 billion) invested in financial and insurance activities, with a 5- year CAGR of 1.10%.
- 5.88% of FDI (worth USD 3.791 billion) invested in wholesale and retail trade, with a 5-year CAGR of 17.19%.
- 5.18% of FDI (worth USD 3.339 billion) invested in processed food products, with a 5-year CAGR of 82.20%.
- 4.14% of FDI (worth USD 2.665 billion) invested in agricultural food products, with a 5-year CAGR of 23.88%.
- Two more noteworthy industries should also be mentioned:
- 3.36% of FDI (worth USD 2.166 billion) invested in rubber and plastics products, with a 5-year CAGR of 30.90%.
- 0.71% of FDI (worth $460 million) invested in electrical equipment, with a 5-year CAGR of 87.50%.

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[14] Australian Government, Australian Bureau of Statistics

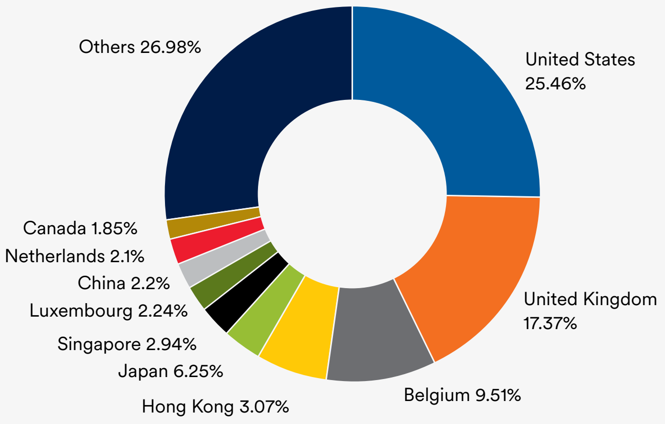
[15] International Trade Centre, TRADE MAP

Box 6 Australia investment profile

Australian investment statistics

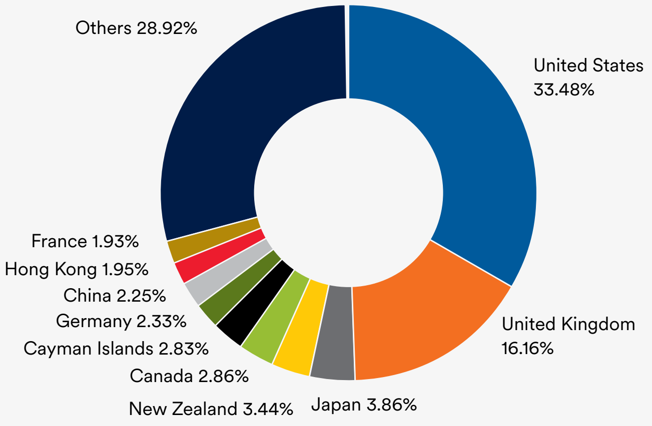
FDI inflow

Value: $4,136.10 Billion	**Growth rate:** 2.3%	**5-Year CAGR:** 5.4%



Direct investment

Value: $3,326.70 Billion	**Growth rate:** 9.0%	**5-Year CAGR:** 8.3%



Source: Australian Bureau of Statistics

Australian industries and inbound FDI

Industry	2021	Shared of total	5Yr CAGR
1. Mining & quarrying	360.6	34%	1.2%
2. Precious products	136.9	12.9%	11.7%
3. Financial & insurance activities	122.8	11.6%	12.1%
4. Manufacturing	116.6	11%	12.1%
5. Wholesale and retail trade	60.8	5.7%	2.3%
6. Information and communication	34.1	3.2%	6.8%
7. Transport & storage	25.4	2.4%	1.1%
8. Electricity, gas and water	24.4	2.3%	7.9%
9. Construction	17.6	1.7%	-3.3%
10. Professional, scientific and technical activities	12.7	1.2%	20.1%
Others	149.7	14.1%	4.5%

Unit: Billions of US Dollars

Box 6 Australia investment profile

Australia FDI inflows & outbound investment

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	TOTAL

Foreign direct investment (Inflow)

TOTAL	2,271,772	2,546,667	2,830,873	3,074,955	3,243,242	3,385,111	3,603,548	3,923,686	4,043,774	4,127,118	33,059,748
United States	634,050	721,588	786,969	882,041	864,147	918,337	957,875	1,014,305	927,335	1,053,019	8,759,666
United Kingdom	396,409	448,740	478,470	485,694	527,471	524,824	614,777	723,881	769,807	718,562	5,688,635
Belgium	192,608	206,919	225,771	245,855	268,553	304,957	315,313	347,962	408,639	393,458	2,910,035
Japan	158,466	164,143	187,612	206,876	223,435	226,627	234,392	244,536	265,099	258,735	2,169,921
Hong Kong (SAR of China)	53,179	63,567	74,125	86,337	102,829	108,690	123,542	144,312	141,082	126,850	1,024,513
Singapore	65,318	73,512	87,449	98,718	91,906	86,717	89,345	98,885	116,016	121,409	929,275
Luxembourg	66,439	61,165	59,448	60,313	74,463	80,856	78,536	87,470	106,998	92,514	768,202
China (excludes SARs and Taiwan)	23,125	50,152	66,436	75,397	85,035	65,080	69,584	80,578	81,219	91,795	688,401
Netherlands	39,355	45,839	58,223	66,533	76,650	82,090	84,186	88,935	84,198	87,376	713,385
Canada	30,825	29,247	35,966	38,258	41,639	45,616	53,324	60,498	66,322	76,462	478,157
Others	604,503	675,499	763,836	821,056	880,573	934,292	975,009	1,023,674	1,067,698	1,106,938	8,853,078
Thailand	**7,495**	**6,296**	**6,568**	**7,877**	**6,541**	**7,025**	**7,665**	**8,650**	**9,361**	**9,002**	**76,480**

Australian direct investment abroad

TOTAL	1,454,989	1,723,062	1,983,273	2,152,892	2,274,165	2,375,443	2,565,772	2,966,459	3,051,389	3,326,724	23,874,168
United States	435,542	513,053	604,891	660,845	676,507	682,499	730,629	837,514	870,230	1,113,821	7,125,531
United Kingdom	227,665	278,819	329,094	349,840	344,354	368,787	431,971	540,272	627,951	537,518	4,036,271
New Zealand	76,020	84,439	92,924	92,670	104,211	105,020	97,689	132,699	126,256	114,428	1,026,356
Japan	41,123	52,751	72,407	94,593	108,726	125,336	114,156	139,584	108,356	128,357	985,389
Germany	52,175	60,218	65,522	67,272	66,894	74,354	74,090	98,561	88,155	77,412	724,653
Canada	43,504	54,249	42,377	42,486	43,559	50,302	80,616	82,705	94,397	95,140	629,335
Singapore	27,300	39,472	46,494	61,022	58,749	60,275	73,875	84,163	63,081	61,853	576,284
Hong Kong (SAR of China)	26,638	31,857	46,252	48,490	51,122	49,403	59,823	66,027	68,138	65,019	512,769
China (excludes SARs and Taiwan)	21,575	37,594	57,670	62,555	83,040	77,483	79,335	85,430	65,323	74,824	644,829
France	30,228	35,281	43,715	47,970	57,769	50,089	54,070	52,212	61,353	64,050	496,737
Others	470,266	532,474	578,860	621,703	674,626	726,751	765,059	841,815	873,118	989,351	7,074,023
Thailand	**2,953**	**2,855**	**3,067**	**3,446**	**4,608**	**5,144**	**4,459**	**5,477**	**5,031**	**4,951**	**41,991**

Unit: Millions of US Dollars

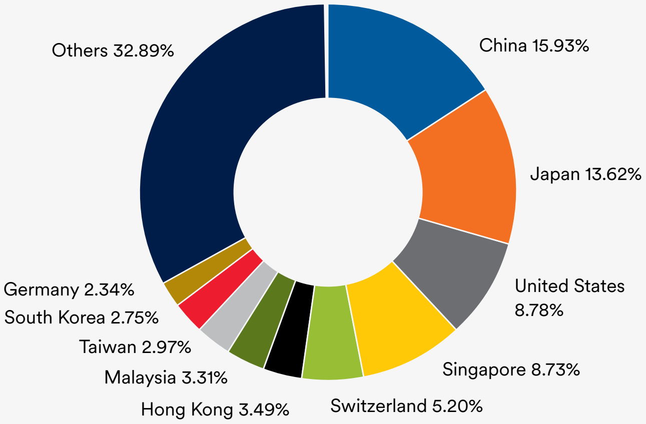
The benefits of FDI to Thailand's economy are well documented and equally well understood by political leaders and policymakers alike. Foreign enterprises are more productive, invest more in R&D, pay higher wages, and recruit a higher proportion of skilled labour, particularly women across most industrial and service industries. While the benefits of foreign-company performance help to highlight the importance of being able to attract FDI and their direct contributions to the Thai economy, they likewise show some of the lingering deficiencies suffered by local firms in areas such as skills and worker productivity. Box 7 (below) shows Thailand's Investment Profile.

Box 7 Thailand investment profile

Thailand investment statistics

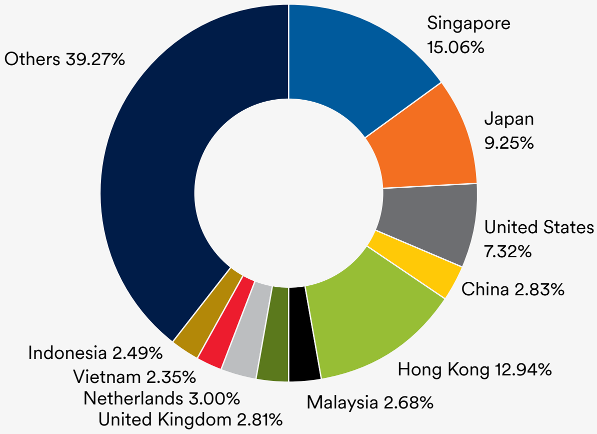
FDI inflow

Value:	Growth rate:	5-Year CAGR:
$64,467.66 Million	30.20%	3.05%



Direct investment

Value:	Growth rate:	5-Year CAGR:
$56,158.15 Million	-7.67%	-11.48%



Source: Financial Account, Bank of Thailand, Retrieved date 28 Oct 2022.

Thailand industries and inbound FDI

Industry	2021	Shared of total	5Yr CAGR
1. Manufacturing	13,134.87	20.37%	17.79%
2. Financial & insurance activities	4,669.74	7.24%	1.10%
3. Wholesale and retail trade	3,791.94	5.88%	17.19%
4. Food products	3,339.28	5.18%	82.20%
5. Computer, electronic and optical products	2,665.76	4.14%	23.88%
6. Rubber & plastics products	2,166.23	3.36%	30.90%
7. Chemicals & chemical products	1,616.47	2.51%	-7.68%
8. Real estate activities	1,467.58	2.28%	-9.74%
9. Motor vehicles, trailers and semi-trailers	927.35	1.44%	4.31%
10. Electrical equipment	460.63	0.71%	87.50%
Others	42,258	20.37%	17.79%

Unit: Millions of US Dollars

Box 7 Thailand investment profile

Thailand FDI inflows & outbound investment

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	TOTAL
Foreign Direct Investment (inflow)											
TOTAL	70,323	91,568	69,859	55,435	58,333	57,177	61,181	60,370	49,513	64,468	638,227
Japan	15,388	22,515	12,437	10,512	10,456	9,843	12,892	9,298	6,424	8,781	118,544
China (excludes SARs and Taiwan)	5,371	8,822	8,795	6,988	8,956	8,142	8,370	8,667	8,482	10,272	82,866
United States	7,271	6,384	6,100	4,637	3,079	3,136	3,819	3,560	5,956	5,662	49,604
Singapore	4,602	5,199	2,238	4,068	3,729	4,322	3,854	8,047	4,884	5,627	46,570
Malaysia	2,628	3,330	2,963	2,331	2,091	2,157	1,986	1,999	1,730	2,133	23,348
Hong Kong (SAR of China)	2,020	1,265	2,080	1,117	5,112	2,327	3,005	1,591	1,496	2,247	22,260
Switzerland	3,430	4,038	1,724	1,035	1,265	1,900	1,732	962	878	3,351	20,317
Germany	1,503	1,786	1,454	2,224	3,436	3,218	1,845	1,427	994	1,506	19,393
Taiwan	1,380	1,919	1,767	1,419	1,528	2,383	1,722	1,640	1,567	1,914	17,240
South Korea	1,571	2,653	2,283	1,375	1,387	1,594	1,613	1,774	1,205	1,771	17,226
Others	24,084	32,075	26,656	18,332	16,551	17,368	19,352	20,663	15,314	20,269	210,665
Australia	**1,076**	**1,583**	**1,361**	**1,397**	**743**	**787**	**991**	**740**	**584**	**934**	**10,195**
Thai Direct Investment Abroad (outflow)											
TOTAL	76,190	99,050	88,586	84,854	87,723	91,454	90,444	78,685	60,822	56,158	813,966
Singapore	6,057	12,134	13,323	10,189	12,594	15,118	14,043	10,900	11,676	7,843	113,878
Japan	6,669	8,185	10,420	9,545	11,765	10,655	12,386	9,847	5,031	3,591	88,093
United States	6,671	8,733	8,137	7,243	10,061	7,475	6,835	8,199	4,635	3,421	71,411
Hong Kong (SAR of China)	5,387	4,240	4,893	5,943	4,211	9,030	6,170	6,597	3,062	7,993	57,525
China (excludes SARs and Taiwan)	7,054	8,546	3,025	3,655	3,299	3,777	3,600	3,039	1,597	1,227	38,819
Netherlands	1,607	2,287	1,625	3,906	2,069	3,427	3,942	3,549	2,285	5,516	30,213
Vietnam	1,658	2,181	1,564	1,939	3,040	2,856	2,763	2,470	2,665	2,151	23,286
Indonesia	2,896	3,631	1,896	1,764	1,724	1,302	1,377	971	4,039	3,017	22,616
Malaysia	2,908	3,780	2,564	2,193	2,015	1,951	2,018	1,365	2,089	508	21,392
United Kingdom	1,546	1,535	1,677	276	1,702	2,636	3,412	3,441	1,726	2,123	20,073
Others	31,092	39,967	38,159	36,518	33,992	31,466	32,828	27,347	21,358	18,356	311,083
Australia	**2,646**	**3,831**	**1,303**	**1,682**	**1,252**	**1,762**	**1,071**	**960**	**657**	**412**	**15,576**

Unit: Millions of US Dollars

2.5 Australia and Thailand bilateral investment profile

TAFTA laid a modest foundation for Australian investors looking to expand into Thailand, by increasing access for Australian investors by, among other things, permitting majority Australian ownership for businesses in a limited number of sectors such as mining operations, construction services, restaurants and hotels, tertiary education institutions, and maritime cargo services.[16] Other benefits to Australian investors wrought by TAFTA include investment protection and easing visa procedures and other requirements for the temporary entry of Australian business people to Thailand.

It is evident that the benefits of TAFTA have been utilized with investment amounting to AUD 107.25 million coming from Australian companies investing in services sectors that can be majority owned by Australian nationals. Although there are already a number of success stories for Australian companies investing in and doing business in Thailand, such as QBE insurance[17] and Kingsgate's mining in the Chatree Gold mine in Central Thailand[18] the truth is that many Australian companies have found the investment climate in Thailand to be one that comprises many regulatory challenges and restrictions. This is clearly an area where some investment liberalization, coupled with an equal commitment to competition policy reforms are needed on the Thai side, even though the prevailing political-economy constraints on such reforms are many.

Thai investment in Australia has been growing steadily over the past decade with a focus on many key sectors such as energy and resources, tourism infrastructure and agribusinesses.[19] The total amount of Thai investment in Australia has grown significantly, from USD 294 million in 2006 to USD 9 billion in 2021.[20] Thai investment in Australia is dominated by a few large firms, characterised by major energy and agricultural ventures including RAC's (RATCH-Australia Corporation) windfarms and BANPU's Coal mine in New South Wales, as well as Mitr Pol's MSF sugar mills in Queensland. There are also several Thai- owned businesses in the hospitality sector, with notable Thai hotel chains such as Anantara, Fraser Suites, and Minor Group which owns the Oaks Hotels and the restaurant/cafe chain Coffee Club across Australia.

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[16] Themis Partner (https://thailand.themispartner.com/guides/tafta-thailand-australia-free-trade-agreement/)

[17] OBE insurance (https://www.qbe.com/)

[18] Kingsgate Consolidated Ltd (https://www.kingsgate.com.au/company-profile/)

[19] Australian Government, Export Finance Australia (https://www.exportfinance.gov.au/resources/country- profiles/thailand/)

[20] Department of Foreign Affairs and Trade (https://www.dfat.gov.au/geo/thailand/thailand-country-brief)

Box 8 Australia and Thailand bilateral investment profile

Australian outbound FDI to Thailand by sector

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	TOTAL
Foreign Direct Investment (Inflow)											
Agriculture, forestry and fishing	-	-	-	-	-	-	-	0.01	-	-	0.01
Mining and quarrying	0.71	137.82	106.65	(29.47)	17.37	(0.70)	2.58	1.84	0.19	1.07	238.06
Manufacturing	36.87	38.26	12.73	102.05	24.67	4.79	38.62	11.66	19.92	17.49	307.06
- Manufacture of food products	14.02	2.46	11.60	85.88	6.02	1.36	5.51	3.77	7.60	(0.20)	138.02
- Manufacture of beverages	-	-	-	-	-	-	-	-	-	-	-
- Manufacture of paper and paper products	-	-	-	-	-	-	-	-	-	-	-
- Manufacture of coke and refined petroleum products	-	-	-	-	-	-	-	(0.03)	(0.02)	-	-0.05
- Manufacture of chemicals and chemical products	2.42	0.07	0.06	0.15	0.07	0.07	0.17	(0.01)	(0.02)	0.30	3.28
- Manufacture of basic pharmaceutical products and pharmaceutical preparations	-	-	-	-	-	-	0.04	0.14	0.38	-	0.56
- Manufacture of rubber and plastics products	4.11	5.87	(5.51)	5.71	4.48	(1.78)	0.55	(0.58)	7.77	7.24	27.86
- Manufacture of computer, electronic and optical products	-	-	4.75	4.63	0.95	(0.76)	1.34	(1.82)	0.42	0.74	10.25
- Manufacture of electrical equipment	0.11	0.05	0.33	0.09	(0.03)	0.02	1.93	0.78	1.01	0.04	4.29
- Manufacture of machinery and equipment n.e.c.	4.85	4.17	(0.67)	5.62	8.60	3.22	10.52	4.81	7.59	0.60	49.31
- Manufacture of motor vehicles, trailers and semi-trailers	1.74	5.79	(0.24)	0.81	1.42	3.50	4.39	3.82	(0.13)	(2.96)	18.14
- Manufacture of furniture	-	-	-	-	-	-	(0.30)	0.15	0.45	10.95	11.25
Electricity, gas, steam and air conditioning supply	0.03	0.03	0.01	0.05	-	-	(0.49)	0.77	1.52	-	1.92
Construction	0.46	3.27	3.09	0.63	0.63	0.07	3.04	8.26	(0.35)	0.01	19.11
Wholesale and retail trade; repair of motor vehicles and motorcycles	3.45	3.86	2.76	1.01	8.36	1.48	1.21	0.24	1.30	1.46	25.13
Transportation and storage	0.14	0.57	(0.56)	0.29	0.33	(0.89)	0.05	(0.53)	(0.07)	(0.18)	-0.85
Accommodation and food service activities	0.03	0.08	-	0.06	0.02	0.02	0.09	0.88	(2.16)	(0.02)	-1.00
Financial and insurance activities	17.36	95.87	(2.82)	576.26	17.08	6.96	24.62	38.54	38.75	12.89	825.51
Real estate activities	95.99	59.93	52.51	47.34	39.59	45.04	45.12	37.12	13.47	23.62	459.73
Others	921.29	1,242.99	1,186.85	698.40	635.01	729.91	876.12	640.86	511.44	877.62	8,320.49

Unit: Millions of US Dollars

Source: Financial Account, Bank of Thailand, Retrieved date 28 Oct 2022.

Box 8 Australia and Thailand bilateral investment profile

Thai outbound FDI to Australia by sector

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	TOTAL
Thailand direct investment abroad (inflow)											
Agriculture, forestry and fishing	-	-	-	-	-	-	-	-	-	-	-
Mining and quarrying	-	2.44	1.19	-	-	-	6.29	-	-	-	9.92
Manufacturing	4.92	244.41	134.04	73.45	214.29	240.82	25.39	0.42	6.44	47.58	991.76
- Manufacture of food products	3.44	233.26	133.68	58.84	200.49	206.05	-	-	-	0.01	835.77
- Manufacture of beverages	-	-	-	-	-	-	-	-	-	-	-
- Manufacture of paper and paper products	-	-	-	-	-	-	-	-	-	-	-
- Manufacture of coke and refined petroleum products	-	-	-	-	-	-	-	-	1.10	-	1.15
- Manufacture of chemicals and chemical products	0.23	-	-	-	-	-	-	-	-	-	0.23
- Manufacture of basic pharmaceutical products and pharmaceutical preparations	-	-	-	-	-	-	-	-	-	-	-
- Manufacture of rubber and plastics products	-	-	-	-	-	-	-	-	-	-	0.06
- Manufacture of computer, electronic and optical products	-	-	-	-	-	-	-	-	-	-	-
- Manufacture of electrical equipment	-	-	-	0.01	1.29	0.40	-	-	0.09	-	1.79
- Manufacture of machinery and equipment n.e.c.	36.83	5.66	5.29	19.18	27.04	-	0.10	-	0.02	0.71	94.83
- Manufacture of motor vehicles, trailers and semi-trailers	-	-	0.47	7.29	-	-	-	-	-	0.20	7.96
- Manufacture of furniture	-	-	-	-	-	-	10.20	-	-	-	10.20
Electricity, gas, steam and air conditioning supply	-	-	1.73	-	-	-	16.25	3.87	-	1.82	23.67
Construction	4.76	4.65	1.59	1.63	0.31	0.07	0.54	-	0.23	-	13.78
Wholesale and retail trade; repair of motor vehicles and motorcycles	1,980.32	2,517.66	1,263.51	1,609.80	1,133.76	1,200.37	1,398.03	899.18	499.26	264.09	12,765.98
Transportation and storage	-	-	-	-	-	-	-	-	-	-	-
Accommodation and food service activities	-	2.44	1.19	-	-	-	6.29	-	-	-	9.92
Financial and insurance activities	4.92	244.41	134.04	73.45	214.29	240.82	25.39	0.42	6.44	47.58	991.76
Real estate activities	3.44	233.26	133.68	58.84	200.49	206.05	-	-	-	0.01	835.77
Others	-	-	-	-	-	-	-	-	-	-	-

Unit: Millions of US Dollars

Source: Financial Account, Bank of Thailand, Retrieved date 28 Oct 2022.

Box 9 Overview of Australia investors in Thailand and Thai investors in Australia

Examples of Australian companies in Thailand

QBE INSURANCE
Kingsgate
WorleyParsons
MEINHARDT
MACQUARIE BANK
Genea
VISY
TOLL
BLUESCOPE STEEL
aurecon
Grant Thornton
AUNDE
LINFOX
RIDLEY
SKM
THE COFFEE CLUB
ANCA CNC MACHINES
ARB 4X4 ACCESSORIES
dwp
FUTURIS
MESHTEC
BLACKMORES
HARRINGTON INDUSTRIES
McCONNELL DOWELL
BOLWELL
TRIMOTIVE
Ansell

Thai companies and investments across Australia

Western Australia

PTTEP
Montara & Cash Maple

Oaks
1 hotel & 1 resort in Broome (MINT)

The Coffee Club
38 cafes statewide (MINT)

Recycling plant
(STAR Perth)

Frasers Suite Perth (TCC)

RAC
2 power stations (BP Kwinana & Kemerton)

New South Wales

Coffee Club
53 cafes statewide (MINT)

Oaks
5 resorts & 3 apartments (MINT)

Amora HotelJamison Sydney

Frasers Suite Sydney (TCC)

Novotel Rockford (TCC)

RAC
Collector Wind Farm

BANPU
Centennial Coal

ACT

Hyatt Canberra (TCC)

The Coffee Club
2 cafes (MINT)

Queensland

MSF Sugar
4 sugar mills, 1 bio-electricity plant & plan to produce ethanol (Mitr Phol)

The Coffee Club
145 cafes statewide (MINT)

RAC
2 wind farms, 1 solar farm, 1 power plant

Oaks
3 hotels, 5 resorts & 20 apartments statewide (MINT)

TJM
4x4 equipment plant

Victoria

The Coffee Club
37 cafes statewide (MINT)

Oaks
3 hotels & 6 apartments in Melbourne (MINT)

Frasers Suite Melbourne (TCC)

RAC
Toura Wind Farm

Carryboy, SMM, Aeroklas
Pick-up truck accessories plants

Mega
Vitamin manufacturer (MEGA)

Amora Hotel Riverwalk Melbourne

South Australia

Coffee Club
6 cafes statewide (MINT)

Oaks
6 apartments in Adelaide (MINT)

Intercontinental Adelaide (TCC)

RAC
Starfish Hill Wind Farm

Tasmania

xxx
6 dairy farms & Edith Creek plant

The Coffee Club
2 cafes (MINT)

Northern Territory

Oaks
1 hotel in Darwin (MINT)

Mango farm
(Tou's Garden)

The Coffee Club
8 cafes statewide (MINT)

Source: The Royal Thai Embassy in Australia

2.6 The Role of SMEs in the bilateral trade relationship

In both countries, it is evident that large firms dominate overseas investment flows, whilst SMEs often lack the scale and resources to mount large overseas expansion campaigns leading them to be underrepresented. By leveraging innovative new business models that rely on digital technologies, stronger participation by SMEs between the two markets could create opportunities to scale up, accelerate innovation, facilitate the positive spill-over effects of technology and managerial know-how, broaden and deepen skillsets, and enhance productivity in ways that increase trade and investment flows between Australia and Thailand.[21]

Globally, there is evidence that digital transformation and new business models that adopt digital technologies are having a considerable impact on reducing trade costs, therefore allowing for greater SME involvement in trade and giving rise to a new wave of so-called born-global enterprises. However, those trade costs and the various compliance burdens that remain, tend to impact SMEs disproportionately, since they are often not sufficiently well-resourced to overcome these challenges.

Modern FTAs, starting with the CPTPP for Australia, and the RCEP for Thailand have dedicated chapters on SMEs, which require parties to make information more accessible and easier to understand for entrepreneurs and owners of smaller firms seeking to leverage the new market access that these agreements provide. It is probably too early to tell whether implementation of the RCEP SME chapter for Thailand, or the CPTPP chapter for Australia have led to a noticeable increase in participation by SMEs in trade. An Australian parliamentary inquiry into the degree to which Australian SMEs were using FTAs, which took place in 2018 and published its report in 2019, revealed that the technical complexity of acquiring certificates of origin, food safety certifications, and complying with other non- tariff barriers was the biggest challenge faced by SMEs across a range of sectors.[22] These barriers are being removed gradually, as governments implement trade-facilitation reforms and allow more customs and other import procedures to move online and become completely digitized. Harnessing the power of digital technologies to make life easier for SMEs trading across their respective borders is yet another area where Thailand and Australia have mutual interests that can form the basis for increased cooperation.

Both Australia and Thailand share a keen interest in helping their SMEs to better connect with regional value chains and play a more prominent role in international trade. Thailand has made a significant effort to both increase the contribution that SMEs make to national income, but also to employment. Under a 2017-2021 SME Promotion Plan, the Thai Government made it an explicit goal to increase the share of GDP generated by SMEs to 50% (from a baseline of 42.2% in 2016). This is clearly an area of overlapping interest for both governments.

[21] Wagner. J. (2012), "International Trade and Firm Performance: A Survey of Empirical Studies since 2006", Review of World Economics, 148(2): 235-267.

[22] See the report, entitled *From little things big things grow: Supporting Australian SMEs go global*, available at: https://www.aph.gov.au/Parliamentary_Business/Committees/Joint/Foreign_Affairs_Defence_and_Trade/Freetradeagreement/Report_1.

3.Expanding and deepening trade

3.1 Methodology for identifying growth opportunities

The thinking underpinning this report on identifying sectors and products where the bilateral trade relationship can be strengthened and deepened, relies on a number of methodological approaches, including an analysis of Revealed Comparative Advantage (RCA) and Export Specialization (ES) based on Ricardian trade theory, as refined over the ensuing centuries thanks to theoretical frameworks such as Heckscher-Ohlin, to name just one. The theoretical basis for this is that patterns of trade among countries are governed by their relative differences in factor endowments and in particular productivity. Thus, we can identify the competitive advantage of Australia goods exported to Thailand and vice versa.

3.2 Opportunities for growth for Australian products and dervices in the Thai market

Our analysis of the comparative advantage of the goods and services of Australia to Thailand reveal some potentially interesting findings. The total value of Australian agricultural exports to Thailand is AUD 2.27 billion and using revealed comparative advantage (RCA) and export similarity (ES) indicators, we found that Australian products are competitive in the Thai Market with an RCA value of 1.42 and ES value of 1.88. According to this analysis, five Australian goods are well positioned to increase their value and volume in the Thai market, namely:

- Meat and poultry (total eorted to Thailand valued at AUD 78.52 million)
- Milk products (total exported to Thailand valued at AUD 77.18 million)
- Cereal and seasonings (total exported to Thailand valued at AUD 360.41 million)
- Beverages and tobacco (total exported to Thailand valued at AUD 21.49 million)
- Cotton (total exported to Thailand valued at AUD 7.82 million)

Thai consumers have always held Australian beef in high regard. However, its own domestic output of poultry is already very high, and it usually exports poultry in large volumes due to the high productivity of firms such as Chareon Pokhapand Food (CP), which itself exports large volumes to China, in addition to enjoying a strong presence on the Thai domestic market. Australian exporters can grow market share by maintaining their "premium" status on the Thai market amongst competing meat and poultry producers from other regions.

Similarly, the rest of the products listed above, with RCA and ES values >1 should be able to maintain their "premium" status in competition with not only Thai brands, but also other exporters competing on the Thai market.

In addition to the above, our analysis has identified a further Australian product from another completely separate category that holds a competitive advantage in the Thai market, namely Mineral and Metals (total exported from Australia valued at AUD 935.38 million)

Box 10 Identifying opportunities: the methodology

Indicators of trade competitiveness

Revealed Comparative Advantage: RCA

$$RCA=(\frac{x_{ij}}{X_{it}})/(\frac{x_{wj}}{X_{wt}})$$

Where
x_{ij} is the value of exports for product j of country i to the World

X_{it} is the total value of all exports of country i to the World

x_{wj} is the global value of export of product j

X_{wt} is the total value of all global exports

If RCA > 1 means country i has a comparative advantage in exporting said products, whereas if RCA < 1 means country i doesn't have a comparative advantage in said product.

Export Specialization: ES

$$ES=(\frac{x_{ij}}{X_{it}})/(\frac{m_{kj}}{M_{kt}})$$

Where
x_{ij} is the value of exports for product j of country i to the World

X_{it} is the total value of all exports of country i to the World

m_{kj} is the value of imports of goods j of country k from the World

M_{kt} is the total value of all exports of country k to the World

If ES > 1 means country i has a comparative advantage in exporting said product to country j, ES < 1 means country i doesn't have a comparative advantage in exporting said products. Exports to the country j.

Opportunities grouping for Australia products and services in Thai market

Analysis of the competitiveness and opportunity to enter the global and Thai market of Australia products are classified into 4 groups as follows:

Group 1: Australian products with a revealed comparative advantage (RCA > 1) and an export specialization (ES > 1) in Thailand

Group 2: Australian products with a revealed comparative advantage (RCA > 1) but without an export specialization (ES < 1) in Thailand

Group 3: Australian products without a revealed comparative advantage (RCA < 1) but with an export specialization (ES > 1) in Thailand

Group 4: Australian products without a revealed comparative advantage (RCA < 1) and an export specialization (ES < 1) in Thailand

Box 11 Opportunities for Australian exporters in the Thai market (data table)

Opportunities for Australian Exporters on Products in the Thai Market (1/2)

>

Product Groups	Export Value ($ Million)					Share in world	Growth Rate		Competitiveness		Group
	2559	2560	2561	2562	2563	2563	YOY 2563/2562	CAGR 2559 – 2563	RCA	ES	
Total	**2,707.44**	**3,088.93**	**4,840.86**	**2,560.84**	**2,277.85**	**100.00%**	**-11.05%**	**-4.23%**	**1.00**	**1.00**	**-**
Agricultural products	**519.73**	**621.17**	**638.37**	**629.90**	**683.85**	**30.02%**	**8.57%**	**7.10%**	**1.42**	**1.88**	**1**
Animal products	62.65	77.24	84.66	83.16	78.52	3.45%	-5.58%	5.81%	4.58	36.73	1
Dairy products	57.96	70.58	88.69	77.56	77.18	3.39%	-0.48%	7.42%	1.51	2.16	1
Fruit, vegetables, and plants	72.36	60.75	65.56	85.18	68.86	3.02%	-19.16%	-1.23%	0.70	0.91	4
Coffee and tea	5.37	7.39	5.41	6.41	6.06	0.27%	-5.45%	3.04%	0.21	0.51	4
Cereals and preparations	157.05	201.25	221.77	265.68	360.41	15.82%	35.65%	23.08%	1.50	1.66	1
Oilseeds, fats, and oils	7.85	8.11	7.22	8.45	12.72	0.56%	50.59%	12.83%	0.43	0.35	4
Sugars and confectionery	6.39	6.40	3.37	0.66	12.24	0.54%	1745.40%	17.63%	0.25	0.45	4
Beverages and tobacco	20.23	23.75	25.73	24.43	21.49	0.94%	-12.02%	1.52%	0.98	3.01	3
Cotton	70.53	83.11	48.64	12.56	7.82	0.34%	-37.77%	-42.30%	1.43	1.10	1
Other agricultural products	59.34	82.60	87.33	65.82	38.57	1.69%	-41.40%	-10.21%	2.18	1.61	1
Non-agricultural products	**2,187.71**	**2,467.77**	**4,202.49**	**1,930.94**	**1,594.00**	**69.98%**	**-17.45%**	**-7.61%**	**0.96**	**0.94**	**4**
Fish and fish products	8.55	13.78	11.48	9.11	16.86	0.74%	85.17%	18.50%	0.42	0.21	4
Minerals and metals	1,195.14	1,741.11	2,251.42	1,119.88	935.68	41.08%	-16.45%	-5.94%	4.62	3.39	1
Petroleum	553.03	220.68	1,452.64	313.35	245.48	10.78%	-21.66%	-18.38%	0.38	0.23	4
Chemicals	160.74	208.44	217.20	204.30	142.69	6.26%	-30.16%	-2.93%	0.37	0.40	4
Wood and paper	38.40	44.90	32.04	29.40	27.20	1.19%	-7.48%	-8.26%	0.29	0.51	4
Textiles	4.10	3.66	4.17	3.75	4.26	0.19%	13.59%	1.00%	0.05	0.07	4
Clothing	1.61	0.50	0.47	0.97	1.08	0.05%	12.10%	-9.37%	0.03	0.15	4
Leather and footwear	8.08	12.91	9.42	8.32	9.14	0.40%	9.89%	3.15%	0.09	0.10	4
Non-electrical machinery	103.91	120.51	98.36	83.74	65.30	2.87%	-22.03%	-10.97%	0.14	0.14	4
Electrical machinery	25.51	37.26	49.50	71.09	66.63	2.93%	-6.28%	27.13%	0.08	0.06	4
Transport equipment	38.86	27.68	31.32	53.59	49.07	2.15%	-8.44%	6.00%	0.12	0.22	4
Other Manufactures	49.78	36.35	44.47	33.44	30.59	1.34%	-8.50%	-11.46%	0.47	0.78	4

Box 11

Opportunities for Australian exporters in the Thai market (data table)

Opportunities for Australian exporters on Products in the Thai Market (1/2)

Service Sectors	Export Value ($ Million)					Share in world	Growth Rate		Competitiveness		Group
	2559	2560	2561	2562	2563		YOY 2563/2562	CAGR 2559 – 2563	RCA	ES	
Total	**57,965.60**	**65,100.10**	**69,373.30**	**70,949.90**	**48,512.94**	**100.00%**	**-31.62%**	**-4.35%**	**1.00**	**1.00**	**-**
Transport	5,384.30	5,816.40	5,638.00	5,516.80	3,175.69	6.55%	-42.44%	-12.37%	0.37	0.17	4
Travel	37,040.20	41,731.90	45,035.50	45,708.50	25,493.01	52.55%	-44.23%	-8.92%	4.57	8.59	1
Construction	136.00	439.90	682.20	613.10	467.27	0.96%	-23.79%	36.15%	0.50	0.50	4
Insurance and pension services	390.30	402.40	447.50	456.00	456.40	0.94%	0.09%	3.99%	0.32	0.18	4
Financial services	2,693.30	3,275.70	3,575.90	3,699.00	3,219.94	6.64%	-12.95%	4.57%	0.57	2.88	3
Charges for the use of intellectual property	819.20	923.50	970.60	937.80	857.43	1.77%	-8.57%	1.15%	0.21	0.18	4
Telecommunications, computer,	2,453.10	2,815.80	3,491.50	3,867.20	3,883.40	8.00%	0.42%	12.17%	0.54	4.15	3
and information services	7,540.10	8,034.40	7,802.50	8,427.50	7,664.91	15.80%	-9.05%	0.41%	0.56	0.48	4
Other business services	697.30	783.30	849.50	891.20	2,639.65	5.44%	196.19%	39.49%	3.33	76.62	1
Personal, cultural, and recreational services	811.80	876.80	880.10	832.80	655.24	1.35%	-21.32%	-5.22%	0.91	2.14	3

It is well known that Australia is endowed with rich mineral and metal deposits well in excess of those proven to exist in Thailand. Given Thailand's plans to invest in major infrastructure development projects such as the Thai-Chinese high-speed railway and a slew of construction projects in the Eastern Economic Corridor, demand for products in this category is likely to remain strong and increase over time, representing an opportunity for Australian suppliers. What's more, because Australia is home to significant quantities of minerals that are essential for the production of electric vehicles, such as lithium, cobalt, nickel, and rare earths, as Thailand seeks to establish itself as a major producer in this supply chain, Australia likewise stands inputs.

Likewise in application of the RCA and ES methodology outlined above, we have identified four Australian services that can be considered competitive in the Thai market:

- Tourism (total exported valued at $25,493.01 million)
- Finance (total exported valued at AUD 3,219.94million)
- Telecommunications, computer, and data services (total exported valued at AUD 3883.40 million)
- Personal, cultural, and recreational services (total exported valued at AUD 2639.65 million)

Australia will find its strengths in attracting greater numbers of Thai tourists to explore Australia's gastronomic offerings and natural wonders via increased promotion and advertising. It is also evident that Australia could boost the influx of international students from Thailand, as the Thai people hold Australian education in high regard and as Australia seeks to diversify away from over- reliance on the China market in this category of service exports. Given the size of the Thai middle class relative to other large economies in ASEAN, Australian schools, universities but particularly providers of vocational education and training (VET) need to be doing more to reach this still largely underserviced market, utilising Thailand's existing education fairs, online advertising, and other forms of marketing.

Box 12 Opportunities for Australian exporters on products in the Thai market (2/2)

Products

1

Australian products with a revealed comparative advantage (RCA > 1) and an export specialization (ES > 1) in Thailand

Animal products; Dairy products; Cereals and preparations; Cotton; Other agricultural products; Minerals and metals

2

Australian products with a revealed comparative advantage (RCA > 1) but without an export specialization (ES < 1) in Thailand

3

Australian products without a revealed comparative advantage (RCA < 1) but with an export specialization (ES > 1) in Thailand

Beverages and tobacco

4

Australian products with a revealed comparative advantage (RCA > 1) but without an export specialization (ES < 1) in Thailand

1+ 2 Products with high export potential; 1+3 Products that Thailand need to import from Australia

Australia products with high export potential to the global and Thai market

Services

1

Australian products with a revealed comparative advantage (RCA > 1) and an export specialization (ES > 1) in Thailand

Travel; Personal, cultural, and recreational services

2

Australian products with a revealed comparative advantage (RCA > 1) but without an export specialization (ES < 1) in Thailand

3

Australian products without a revealed comparative advantage (RCA < 1) but with an export specialization (ES > 1) in Thailand

Financial services; Telecommunications, computer, and information services; Government goods and services

4

Australian products with a revealed comparative advantage (RCA > 1) but without an export specialization (ES < 1) in Thailand

Construction; Transport; Charges for the use of intellectual property; Insurance and pension services; Other business services

1+ 2 Services with high export potential; 1+3 Services that Thailand need to import from Australia

Australia services with high export potential to the global and Thai market

Box 13 Opportunities for Thai exporters in the Australian market (data table)

Opportunities for Australian exporters on products in the Thai Market (1/2)

Product Groups	Export Value ($ Million)					Share in world	Growth Rate		Competitiveness		Group
	2559	2560	2561	2562	2563		YOY 2563/2562	CAGR 2559 – 2563	RCA	ES	
Total	**10,230.41**	**10,475.97**	**10,678.10**	**10,154.35**	**9,722.12**	**100.00%**	**-4.26%**	**-1.27%**	**1.00**	**1.00**	**-**
Agricultural products	480.90	499.05	541.11	582.04	632.42	6.50%	8.66%	7.09%	1.50	1.81	1
Animal products	3.03	2.55	5.37	2.46	2.66	0.03%	8.21%	-3.18%	1.96	5.52	1
Dairy products	0.08	0.06	0.10	0.04	0.05	0.00%	16.67%	-12.61%	0.27	0.25	4
Fruit, vegetables, and plants	63.57	65.31	60.82	64.90	67.47	0.69%	3.97%	1.50%	1.80	2.78	1
Coffee and tea	2.42	1.07	1.18	1.35	0.81	0.01%	-40.21%	-24.06%	0.16	0.12	4
Cereals and preparations	256.20	277.06	316.41	356.87	388.22	3.99%	8.79%	10.95%	2.33	1.94	1
Oilseeds, fats, and oils	15.78	13.50	13.42	10.57	11.52	0.12%	8.99%	-7.57%	0.22	0.57	4
Sugars and confectionery	13.37	16.23	15.05	15.15	15.21	0.16%	0.42%	3.27%	4.03	6.86	1
Beverages and tobacco	54.43	48.64	39.30	29.56	29.30	0.30%	-0.90%	-14.35%	1.16	0.90	2
Cotton	0.04	0.21	0.02	-	-	0.00%	-	-100.00%	0.02	21.52	3
Other agricultural products	71.97	74.41	89.45	101.15	117.18	1.21%	15.85%	12.96%	2.20	2.50	1
Non-agricultural products	**9,701.26**	**9,976.55**	**10,136.97**	**9,572.27**	**9,089.68**	**93.49%**	**-5.04%**	**-1.61%**	**1.00**	**0.95**	**2**
Fish and fish products	315.25	355.03	369.28	312.64	289.96	2.98%	-7.26%	-2.07%	2.89	3.53	1
Minerals and metals	1,381.54	824.15	672.66	1,333.90	1,704.92	17.54%	27.81%	5.40%	0.93	1.20	3
Petroleum	51.48	35.88	61.68	69.63	22.90	0.24%	-67.11%	-18.33%	0.35	0.27	4
Chemicals	682.30	821.13	864.74	720.15	719.03	7.40%	-0.16%	1.32%	0.73	0.80	4
Wood and paper	171.08	144.74	138.37	125.53	101.67	1.05%	-19.01%	-12.20%	0.75	0.61	4
Textiles	82.09	80.89	74.20	66.00	64.74	0.67%	-1.92%	-5.77%	0.73	0.67	4
Clothing	59.72	56.09	51.87	45.04	41.97	0.43%	-6.80%	-8.44%	0.39	0.30	4
Leather and footwear	245.81	271.82	288.24	296.93	306.92	3.16%	3.36%	5.71%	3.69	2.89	1
Non-electrical machinery	1,077.17	1,204.14	1,141.27	1,222.11	1,240.01	12.75%	1.47%	3.58%	1.38	1.08	1
Electrical machinery	221.76	194.45	204.83	208.51	223.93	2.30%	7.39%	0.24%	0.95	1.27	3
Transport equipment	5,252.59	5,854.50	6,131.17	5,001.66	4,242.35	43.64%	-15.18%	-5.20%	1.29	0.84	2
Other Manufactures	160.47	133.72	138.66	170.20	131.30	1.35%	-22.86%	-4.89%	0.62	0.52	4

Box 13 Opportunities for Thai exporters in the Australian market (data table)

Opportunities for Australian exporters on products in the Thai Market (1/2)

Service Sectors	Export Value ($ Million)					Share in world	Growth Rate		Competitiveness		Group
	2559	2560	2561	2562	2563		YOY 2563/2562	CAGR 2559 – 2563	RCA	ES	
Total	**63,786.41**	**70,964.14**	**77,473.63**	**81,177.53**	**31,703.30**	**100.00%**	**-60.95%**	**-16.04%**	**1.00**	**1.00**	**-**
Transport	5,724.07	6,873.91	7,694.32	7,196.12	3,376.96	10.65%	-53.07%	-12.36%	0.65	0.45	4
Travel	44,785.86	52,375.97	56,365.95	59,810.26	14,197.53	44.78%	-76.26%	-24.96%	4.19	2.65	1
Construction	462.71	358.09	286.53	243.24	178.46	0.56%	-26.63%	-21.19%	0.32	-	-
Insurance and pension services	68.21	81.39	124.85	181.70	146.89	0.46%	-19.16%	21.14%	0.17	0.27	4
Financial services	724.00	752.33	782.43	721.82	780.13	2.46%	8.08%	1.88%	0.23	0.53	4
Charges for the use of intellectual property	69.13	101.46	163.00	197.49	225.35	0.71%	14.11%	34.37%	0.09	0.08	4
Telecommunications, computer, and information services	522.93	450.11	602.48	585.90	481.69	1.52%	-17.79%	-2.03%	0.11	0.14	4
Other business services	11,078.53	9,605.00	11,043.64	11,682.14	11,981.96	37.79%	2.57%	1.98%	1.45	1.45	1
Personal, cultural, and recreational services	60.06	68.34	88.78	165.75	51.71	0.16%	-68.80%	-3.68%	0.11	0.05	4
Government goods and services	290.89	297.55	321.66	393.12	282.64	0.89%	-28.10%	-0.72%	0.65	0.27	4

Source: the International Trade Centre

3.3 Opportunities for Growth for Thai products and services in the Australian market

Applying the same methodological approach for exports of Thai goods and services to the Australian market reveals a number of interesting findings. It is evident that a number of Thai agricultural products hold a comparative advantage over Australian agricultural products, with an RCA value of 1.5 and ES value of 1.81. These products are as follows:

- Meat and poultry (total exported to Australia valued at AUD 2.66 million)
- Fruits and vegetables (total exported to Australia valued at AUD 67.47 million)
- Cereal and seasonings (total exported to Australia valued at AUD 388.22 million)
- Sugar (total exported to Australia valued at AUD 388.22 million)
- In addition, there are four "other" categories of goods that hold a comparative advantage in the Australian Market, namely:
- Fish and processed fish (total exported to Australia valued at AUD 289.96 million)
- Rubber, leather, and shoes (total exported to Australia valued at AUD 306.92 million)
- Non-electrical machinery (total exported to Australia valued at AUD 1240.01 million)
- Electrical machinery (total exported to Australia valued at AUD 223.39 million)

The above products all have the potential to grow in the Australian market, whereby the reality is that some agricultural products, particularly meat and poultry, despite having an ES value of 5.52 and current exports only comprising $2.66 million, are likely to face tough barriers in the form of non-tariff measures, particularly in relation to Australia's stringent biosecurity regulations.

There are two Thai services with RCA and ES values > 1, namely:

- Tourism (total exported value at AUD 59,810.26 million)
- Business services (total exported valued at AUD 11,981.96million)

Thailand's strength in tourism is well known, and with the sector rapidly recovering from the downturn induced by COVID-19, it is expected that the value of Thailand's tourism exports is only headed in one direction, namely upwards. Thai business services providers in sectors such as Information Technology (IT) could see their fortunes grow by offering their expertise to Australian businesses. However, so far, little to no effort has been made to promote these exports or raise awareness in the Australian market of their relative competitive strength.

Box 14 Opportunities for Thai exporters to the Australian market

Products

1 Thai products with a revealed comparative advantage (RCA > 1) and an export specialization (ES > 1) in Australia

Animal products; Fruit, vegetables, and plants; Cereals and preparations; Sugars and confectionery; Other agricultural products; Fish and fish products; Textiles; Non-electrical machinery

2 Australian products with a revealed comparative advantage (RCA > 1) but without an export specialization (ES < 1) in Thailand

Beverages and tobacco; Transport equipment

3 Australian products without a revealed comparative advantage (RCA < 1) but with an export specialization (ES > 1) in Thailand

Cotton; Minerals and metals; Electrical machinery

4 Australian products with a revealed comparative advantage (RCA > 1) but without an export specialization (ES < 1) in Thailand

1+ 2 Products with high export potential; 1+3 Products that Australia need to import from Thailand

Thai products with high export potential to the global and Australia market

Services

1 Thai services with a revealed comparative advantage (RCA > 1) and an export specialization (ES > 1) in Thailand

Travel; Other business services

2 Thai services with a revealed comparative advantage (RCA > 1) but without an export specialization (ES < 1) in Thailand

3 Thai services without a revealed comparative advantage (RCA < 1) but with an export specialization (ES > 1) in Thailand

4 Thai services without a revealed comparative advantage (RCA < 1) and an export specialization (ES < 1) in Thailand

Transport; Financial services; Government goods and services; Insurance and pension services; Personal, cultural, and recreational services; Telecommunications, computer, and information services; Charges for the use of intellectual property

1+ 2 Services with high export potential; 1+3 Services that Australia need to import from Thailand

Thai services with high export potential to the global and Australia market

3.4 Opportunities in regional markets under evolving architectures

As Australia and Thailand look for new growth opportunities to support near-term economic recovery from COVID- 19, and achieve long-term economic security, their respective exporters are currently exploring and developing new markets while at the same time deepening existing economic partnerships. AANZFTA and RCEP provide both countries with access to 692 million and 3.6 billion people respectively, with the latter amounting to 47.34% of the world's population. Meanwhile, as AsiaLink Business pointed out in its July 2020 report *Winning in Asia*, Australian businesses should engage more in developing Asia capabilities at the board and senior executive levels. Australia's economic strategy ought to be to tap into these diverse Asian markets on the ground (through investment) rather than just with exports, as undoubtedly, consumption in Asia is bound to fuel future global growth.

3.5 Challenges to growth in the Thai market

Every market has its set of challenges, and Thailand is no exception. Although Thailand's 70 million people and large middle class are themselves a major attraction, Thailand nevertheless remains an economy that can present certain challenges to new market entrants as well as to existing firms seeking to grow their current footprint. Below, we discuss a number of the more obvious challenges.

Political instability and oligopolistic competition

Historically, investors have been deterred by Thailand's unstable political climate and persistently high levels of corruption. However, since the May 2014 seizure of power by the Thai military, followed by a gradual return to democracy with a general election in 2019, a certain degree of stability has been restored to Thai politics. This has, nevertheless, arguably been at the cost of a functioning and

Box 15

Thai and Australian participation in the regional architecture

FDI by Australian investor to Thailand by sector

	ASEAN (10)	AANZFTA	RCEP (15)	CPTPP (11)	FTAAP (21)
Population	673.33 million people (8.59% of world population)	704.19 million people (8.98% of world population)	2,293.98 million people (29.26% of world population)	514.46 million people (6.56% of world population)	2,927.80 million people (37.34% of world population)
GDP	3,343,349.44 million USD (3.48% of world GDP)	5,136,000.85 million USD (5.34% of world GDP)	29,606,019.29 million USD (30.81% of world GDP)	11,700,513.13 million USD (12.18% of world GDP)	58,485,904.20 million USD (60.86% of world GDP)
GDP Per Capita	4,695.38 USD / person	7,293.45 USD / person	12,905.96 USD / person	22,743.13 USD / person	19,976.06 USD / person
Total Trade	3,427,774.39 million USD (7.76% of world total trade)	4,115,218.39 million USD (9.32% of world total trade)	12,942,326.11 million USD (29.30% of world total trade)	6,689,130.57 million USD (15.15% of world net trade)	22,854,846.44 million USD (51.75% of world total trade)
Goods Exports	1,794,612.57 million USD (8.17% of world exports)	2,183,574.37 million USD (9.95% of world exports)	6,947,288.20 million USD (31.65% of world exports)	3,479,959.13 million USD (15.85% of world exports)	11,434,435.41 million USD(52.06% of world exports)
Goods Imports	1,633,161.82 million USD (7.35% of world imports)	1,931,644.54 million USD (8.70% of world imports)	5,995,037.91 million USD (26.99% of world imports)	3,209,171.44 million USD (15.85% of world imports)	11,420,411.03 million USD (51.42% of world imports)
Total Trade of Thailand with the Parties	112,906.02 million USD (21.04% of total trade of Thailand)	132,766.29 million USD (24.74% of total trade of Thailand)	312,170.98 million USD (58.18% of total trade of Thailand)	148,350.99 million USD (27.65% of total trade of Thailand)	386,312.05 million USD (71.99% of total trade of Thailand)
Goods Exports of Thailand with the Parties	64,161.35 million USD (23.99% of total exports of Thailand)	76,750.83 million USD (28.69% of total exports of Thailand)	143,891.35 million USD (53.79% of total exports of Thailand)	76,000.44 million USD (28.41% of total exports of Thailand)	192,834.71 million USD (72.09% of total exports of Thailand)
Goods Imports of Thailand with the Parties	48,744.67 million USD (18.11% of total imports of Thailand)	56,015.45 million USD (20.82% of total imports of Thailand)	168,279.63 million USD (62.53% of total imports of Thailand)	72,350.55 million USD (26.89% of total imports of Thailand)	193,477.34 million USD (71.90% of total imports of Thailand)
FDI (Net Inflows)	122,826.18 million USD (10.77% of world FDI)	145,584.41 million USD (12.77% of world FDI)	468,959.85 million USD (41.14% of world FDI)	246,641.16 million USD (21.64% of world FDI)	805,608.38 million USD (70.67% of world FDI)

Source: the International Trade Centre

popular opposition. Be that as it may, the return to relative political stability has likewise led to a strengthening of foreign investment as investors return to the country to do business.

It should, however, not be overlooked that the World Bank and others have noted that poverty reduction has stalled and inequality grown in Thailand since the previous democratically elected government was ousted in 2014, and that the close ties between business elites and the country's military leaders – who have been essentially in charge of government since then – have resulted in a more constrained business environment for SMEs and business interests not part of the handful of major conglomerates that dominate the Thai economy.

In the course of interviews conducted with a number of members of the Thai-Australia business community, particularly those with years of experience on the Thai market, various views were expressed with regard to the challenges faced, both for exporters and investors (note: investment is discussed in Section 4 of this report).

The difficulties of competing head-to-head in business and product lines, with entrenched and already established interests in the Thai economy is one example, which is a reflection of the need to improve competition policy frameworks in Thailand.

Thai consumers

The Thai market is already relatively open and competitive, with both domestic and international players. International suppliers dominate luxury goods and premium products. Foreign brands have long entered and made a mark in the Southeast Asian market. Thai customers' loyalty and trust towards established brands comes as a doubled edge sword, in the sense that, although it can provide steady long-term revenue growth for those brands lucky enough to benefit from this loyalty, it can likewise make it harder for new entrants to gain market share. The global management consulting firm Boston Consulting Group claims that Thais are the most brand conscious and brand loyal among Southeast Asian consumers.[23]

This preference holds true for households earning less than 18,000 baht per month (less than USD 600) to those earning more than 85,000 baht per month (more than USD 2600). The only exception is clothing and footwear, where most households prefer local brands. The top income bracket, on the other hand, has a nearly equal preference for foreign and domestic brands.[24]

Thai consumers have been observed to be incredibly price conscious, with research in 2018 showing that "cheaper product prices" ranked among the top reasons motivating a given purchase by Thai consumers.[25] The tight wallets of Thais are also reflected in the country's average e-commerce basket size of $42.14[26], this is lower than Singapore, the Philippines, and Myanmar, despite the fact that Thailand's GDP per capita is substantially higher than the two latter of these countries combined.[27]

International and domestic competition

As is the case in most markets, but certainly across Asia generally and in Thailand specifically, finding a suitable partner who already has established relationships with key government and other stakeholders and understands the (sometimes admittedly opaque) regulatory regime, is inevitably one of the key differentials between success and failure. This is true irrespective of what economic sector and what kind of economic activity (exporting or investing) is planned. Asked about the ease of doing business and the prevalence of a certain degree of regulatory opacity, various respondents shared different views. One respondent recognized that finding and building trust with a local partner was essential, but also noted that adapting to the cultural peculiarities of the local market was equally necessary, as was persistence and perseverance.

With regard to conventional banking services, one respondent, an expert on the bilateral commercial relationship between the two countries, noted that relatively high capital equity requirements - in excess of the standards set by Basel III – were reported to make it difficult for foreign banks of limited size to compete against local banks unless they were able to garner a significantly large depositor base. Indeed, the only foreign bank that seems to have had any success in the Thai commercial banking market, is Citibank, one of the largest banking groups in the world.

One very visible aspect of the difficulties of competing against entrenched players in an oligopolistic market environment dominated by political patronage can be seen in the barriers that have impeded growth of Australian exports of wine to Thailand. To be sure, there are also structural factors at play, such as the fact that wine is enjoyed primarily by urban elites in Thailand, with a deep-rooted cultural preference for beer likewise limiting the potential growth opportunities for Australian wine exporters. Nevertheless, one respondent noted that there is a complex formula for calculating excise and other duties imposed on imports of wine into Thailand. This is true despite the elimination of tariffs under TAFTA, which – after implementation – saw Australian wines' relative price competitiveness improve substantially against all other imported wines with the exception of Chilean and New Zealand wine (who also benefit from a zero tariff). Even in the absence of duties, wine imports, including those from Australia, face a slew of surcharges, local excise taxes, and other levies, and, finally, VAT of 7 percent based on the retail price, all of which acts to favour domestically produced alternatives, particularly beer. In addition to this, in the past, Australian wine industry representatives have documented efforts to inhibit wine sales through the use of burdensome labelling requirements, which would indicate that the Thai regulatory state has been co-opted into efforts to limit wine consumption, since similar labelling requirements do not apply to beer.

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[23] BCG (2017), *Five Consumer Trends to Watch in Thailand*, available at: https://www.bcg.com/publications/2017/globalization-go-to-markets-five-consumer-trends-watch-thailand.

[24] Austrade, Thailand's E-commerce Guide

[25] EcommerceIQ, Uncovering the Value of Thailand's Top Online Platform.

[26] IPrice: State of eCommerce in Southeast Asia in 2017

[27] According to 2022 IMF data, Thailand's GDP per capita on a PPP basis stood at USD 21,114, whereas the comparable figures for the Philippines and Myanmar were USD 10,343 and USD 4,830, respectively.

3.6 Challenges to growth in the Australian market

Trade barriers

Doing business abroad comes with its own sets of challenges even in Australia. Before expanding operations into a country, it is important to understand and factor in local legal and regulatory requirements. Similarly, being prepared to face unforeseen difficulties is essential to maintaining and expanding a presence in the Australian market. Some of the biggest challenges foreign exporters to Australia face are well known, such as the country's rigorous biosecurity regime, which imposes sanitary and phytosanitary requirements which, in the Thai context, can and do prove highly problematic for potential exports of unprocessed poultry meat, fruit and vegetables, much of which Australia is largely self-sufficient in.

Australia is also a prolific user of antidumping measures and various Thai products have been targeted in recent years, including A4 copy paper, ammonium nitrate, steel imports, aluminium products, clear float glass, processed pineapple fruit, power transformers, and quicklime. Thai exporters of these products need to be cognizant of existing sensitivities and market realities in Australia and steer away from products already subject to dumping measures.

Finally worth mentioning in this context are the high trade costs which are likewise well documented and have been identified by the Australian government as an area in need of reform so as to improve national economic competitiveness more generally. As it stands today, moving goods across borders in Australia can be a relatively time and cost intensive exercise, with one recent commentator noting that "Australia has the highest border compliance costs in APEC".[28] Thai exporters wishing to enter the Australian market need to be aware of the costs and challenges posed by border compliance.

Supply chain vulnerability

Australia's impressive record of uninterrupted economic growth over the three decades prior to COVID-19 was largely thanks to China's growing raw material needs over the same period. Even before the pandemic hit, and relations between the two countries soured in ways that had dramatic and negative economic impacts on some sectors, worries were starting to be expressed in certain corners about Australia's over-reliance on a single export market. One in five Australian imports are highly concentrated, meaning they primarily come from a single supplier, which in about two-thirds of cases, is China.

While a 2021 study on Australia's supply chains undertaken by the Australian Productivity Commission deemed most of these networks secure, it also predicted that one in every 20 imports may be susceptible to temporary interruptions. Most of these items, including sparkling wine, toys, and seasonal decorations, are not considered essential goods, so that businesses selling non-essential products may want to factor this into their calculations and expectations when entering the Australian market. However, this could also represent an opportunity to Thai producers and exporters, since one obvious response to this issue is diversification of supply.

External disruptions

Public safety and political issues in Australia can have an impact on business transactions. As examples, consider the devastating bushfires of 2019/2020 the COVID lockdowns of 2020/2021, and other natural disasters such as extensive flooding across parts of rural New South Wales in 2022. Although Australia has a diverse ecological landscape, it is also vulnerable to extreme weather and environmental hazards. Bushfires have always been a common occurrence in Australia. The hot, dry months are known as the fire season for a reason. However, the intensity of wildfires has increased considerably over the last few decades, as witnessed most recently in summer 2019/2020. Many experts believe that future fire seasons will be exacerbated by rising temperatures and climate change. The 2020 fires killed 33 people and destroyed over 3,000 homes, in addition to burning over 65,300 square miles of land. The smoke from the fires impacted the 2020 Australian Open, which was being held in Melbourne. These factors could have a measurable impact on trade to the extent that they affect Australia's transport infrastructure, imposing a risk premium on trade and investment to Australia.

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[28] See Tom Burton (2022), Reimagining Australia's trade border, in: Australian Financial Review, Feb. 18, available at: https://www.afr.com/politics/federal/reimagining-australia-s-trade-border-20220218-p59xn2.

4. Expanding and deepening investment

4.1 Opportunities for greater Thai investment in Australia

Australia is an open, well-regulated economy with an AAA credit rating and a highly skilled, albeit relatively small workforce. Because of Australia's resilient economy, dynamic industries, and strong global trade and investment ties, Australia is a stable and mostly low-risk investment destination. Australia provides a business-friendly environment, an educated, enterprising workforce, and a world- class lifestyle, with several of its cities regularly placing at or near the very top of various global indexes of liveability and quality of life.[29] In addition to this, Australia boasts one of the most effective and best-funded (in per capita terms) export and investment promotion agencies in the world in the form of the Australian Trade and Investment Commission (Austrade). And the activities of Austrade are supplemented by similar agencies working on behalf of a number of State and Territory governments across a number of markets, such as Global Victoria, or The Territory, which plays a similar role for the Northern Territory.

In addition to these strengths, Australia has positioned itself strongly across a range of other important variables for attracting investment, some of which are outlined in brief detail below.

Constant population growth: Australia has historically experienced rapid population growth. The current population of 25.7 million people has grown at a 1.5% annual rate since the 17.1 million recorded in 1990. Australia is highly urbanised, with major cities housing 72% of the population. The population is expected to reach 29.1 million by 2032.

Growing Equities Market: The equities market grew at a 6.6% annual rate in US dollar real returns from the turn of the century until the end of 2020. Since March 2020, the expanding equity market has experienced a significant rebound showing a strong and sustained recovery after an initial and ultimately brief downturn in equities in 2020 as a result of the COVID-19 pandemic.

Strong banking sector: The Australian banking sector is strong and the largest contributor to the national economy, contributing AUD140 billion to GDP each year. It employs approximately 450,000 people and will by all estimates continue to be an important sector of the economy in the future. This bodes well for macro-economic stability.

Transparent property markets: Despite rising prices, Sydney and Melbourne have some of the most transparent real estate markets in the world. This supports international investors looking for risk diversification and promotes efficient, competitive, and dynamic property markets, which in other economies, have been plagued by speculation, bankruptcies and mortgage defaults. Australia has managed to avoid these pitfalls, and still retains a healthy, vibrant and transparent real-estate sector, despite the difficulties that high prices can pose for first home buyers in some metropolitan markets.

Direct/indirect investment: There are options for investing directly or indirectly through various visa schemes. Although the system is currently undergoing review, and may face significant changes in future, the Significant Investor Stream Visa is still operating at the time of writing and assists people who invest at least AUD5 million and meet certain requirements while continuing to invest in Australia.

Thai companies are already well on the way to achieving an enviable track record investing across several sectors of the Australian economy, with an expansive geographical footprint, as shown in the infographic in Box 9 above (p. 27). MINT and the TCC Group are some of the largest investors in property in the hospitality sector with assets in every State and Territory. RATCH Group likewise have invested extensively in the renewable energy sector, with solar and wind assets in every State except Tasmania and the Northern Territory. Mitr Phol began with investments in sugar mills decades ago and have likewise expanded into renewable energy, including bioelectricity and a planned ethanol plant. These are growth markets, particularly renewable energy, in which the newly elected Labor Government has, under its Repowering Australia plan, committed itself to increasing the share of renewables in the Australian market to 82% by the end of the decade.

4.2 Opportunities for greater Australian investment in Thailand

The Eastern Economic Corridor (EEC)

The EEC is Thailand's most recent and ambitious investment and business development projects, with the ambition of attracting 300 billion Baht between 2021-2022. The EEC Office and the Board

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[29] According to the United Nations, Australia is the second-best country in the world in terms of quality of life, as measured by three basic dimensions: life expectancy at birth, mean and expected years of schooling, and living standards.

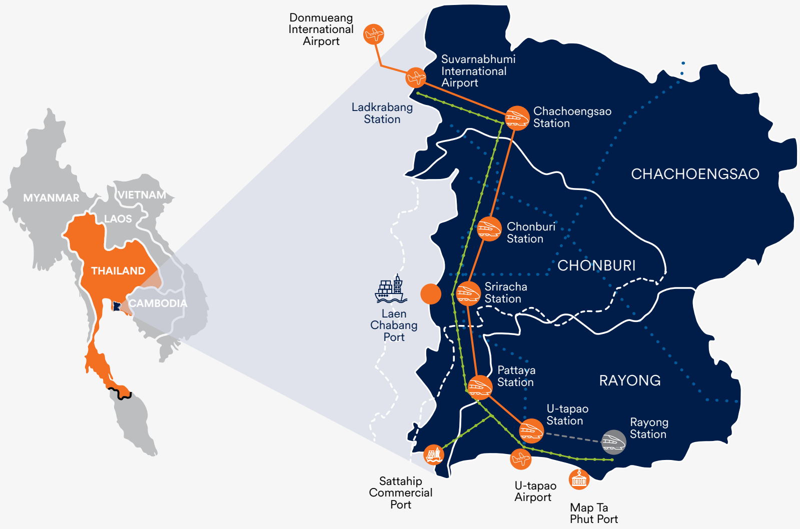
of Investment (BOI) have been instructed to improve regulations and privileges and facilitate the ease of doing business. The EEC welcomes investment in the 12 target industries outlined in the Thailand 4.0 industrial policy, namely:

- **Next-generation automotive –** for decades, Thailand has been recognised as Southeast Asia's leading automotive manufacturer. To build upon the existing capabilities, EEC, therefore, places great importance on energy-efficient and electric vehicles (EV).
- **Intelligent electronics –** the production and export of electronic components is another essential pillar for the Thai economy, with the focus in the EEC on consumer wearables, electronics for the automotive industry, smart home appliances and other complex components. The backbone of this is Thailand's already impressive position in Hard Disk Drives, which it hopes to leverage upstream into more high value added and complex components, with the EEC intended to play a key role in these ambitions.
- **Advanced agriculture and biotechnology –** Already boasting a robust agricultural sector, the emphasis in the EEC is to elevate the capacity of the countries existing strengths by incorporating advanced agricultural technologies and biotechnology adaptation.
- **Food for the future –** Thailand is already recognized as the Kitchen of the World. Under this plan, the intention is to adopt biotechnological applications and serve the demand for more nutritious, sustainable and affordable food, while ensuring traceability, and supporting existing trends towards veganism.
- **High-value and medical tourism –** Thailand has already established itself as a world leader in medical tourism, attracting hundreds of thousands of patient-visitors from regions as diverse as the Subcontinent, the Middle East, North America, Oceania and Europe. Here the ambitions of the EEC are to expand the country's already sizeable footprint in the eco- tourism, medical & wellness tourism and business-leisure tourism markets.

- **Automation and robotics –** Thailand is leveraging its automotive and electronics industries to promote robotics production and automated system application that will provide better business solutions to both domestic and international manufacturers.
- **Aviation and logistics –** future air traffic growth will centre around Asia. Thailand, as a prime geographic location with industrial expertise, can leverage its existing position as a regional hub to achieve a quick win in the aviation business. The primary focus of the EEC is on developing MRO centres in U-Tapao Airport and Tier 2 to 4 aerospace industries.
- **Medical and comprehensive healthcare –** endowed with a strong foundation in medical tourism (see above), Thailand has the potential to be the first-rate 'medical hub' with comprehensive healthcare and medical science industry development that can offer a full suite of services from maternity clinics to long-term aged care.
- **Biofuel and biochemical –** Thailand is a major player in ethanol production, sugarcane, and the palm oil industry. This can serve as a bridge between the current and future establishment of the chemical industry, technological R&D of third-generation biofuels, and new biochemical products.
- **Digital –** investment opportunities in the digital industry are abundant in various sectors such as e-commerce, IoT, digital content and cloud computing, among others. Some of the most ambitious projects, such as the development of EEC Smart City and Digital Park, are already starting to show impressive results as ecosystems for new start-ups and innovation.
- **Defence –** this newly targeted industry aims to increase the efficiency of Thai military activities and the supply of the country's armed forces, focusing on R&D and production of military devices and vehicles, and MRO business.
- **Education and human resource development –** The EEC encourages collaboration between various educational organizations both domestic and international, including vocational schools, universities, and private companies, to develop an educational curriculum that meets future demands and international standards.

Box 16 Thailand investment promotion map

The Eastern Economic Corridor Region (EEC) Region



Targeted Locations:
Investment projects must be located in Chachoengsao, Chonburi or Rayong.

The EEC development plan:
Contemplating a significant transformation in physical and social development and playing a major role as the regulatory sandbox to improve Thailand's competitiveness.

The Components of EEC development plan:

1. Fundamental infrastructure
2. Digital infrastructure
3. Livable smart cities and financial centers
4. Targeted industries that utilize advanced technology
5. Promotion of tourism
6. Human resources, education, research, and technology

Vision and key actions supporting transformation

Thailand 1.0	Thailand 2.0	Thailand 3.0	Thailand 4.0
Agriculture	Light industry	Heavy industry / Advanced machinery	High income / Innovation economy

Vision of New Thailand

- To be a Developed Economy within 20 Years
- GDP per Capita of EUR 12,860.
- Annual Growth of 5-6%
- Competiveness Index Rank in top 20 Globally

5 key actions

- Continuity of Development
- Developing Infrastructure
- Developing Economy and Industries
- Training Workers
- Reforming Laws and Regulations

10 targeted industries

New S-curve

- Medical Hub
- Digital
- Biofuels & Biochemicals
- Robotics
- Aviation & Logistics

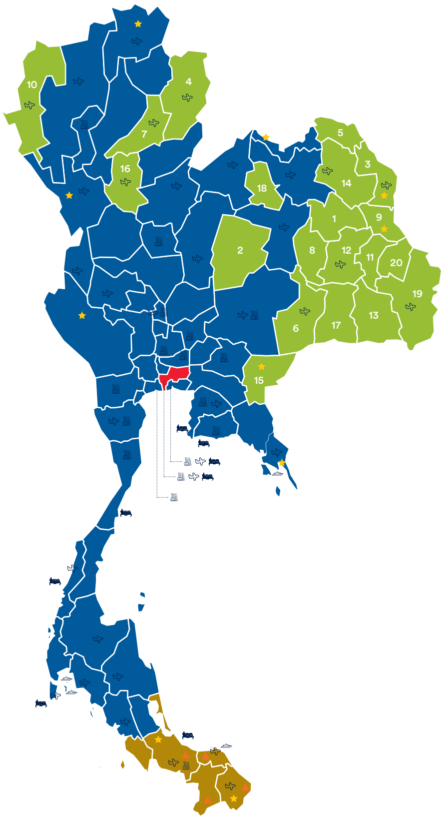
First S-curve

- Agriculture and Biotechnology
- Smart Electronics
- Affluent, Medical and Wellness Tourism
- Next-Generation Automotive
- Food for the Future

Source: Eastern Economic Corridor Office (EECO)

Box 16

Thailand investment promotion map



🟩 **20 Provinces with lowest per capita income:**

1. Kalasin
2. Chaiyaphum
3. Nakhon Phanom
4. Nan
5. Bueng Kan
6. Buri Ram
7. Phrae
8. Maha Sarakham
9. Mukdahan
10. Mae Hong Son
11. Yasothon
12. Roi Et
13. Si Sa Ket
14. Sakhon Nakhon
15. Sa Kaew
16. Sukhothai
17. Surin
18. Nong Bua Lamphu
19. Ubon Ratchatani
20. Amnatcharoen

🟫 **Promoted border provinces in Southern Thailand**

Include Narathiwat, Pattani, Yala, Satun and four districts in Songkhla (Jana district, Natawee district, Saba Yoi district and Taypa district).

★ **Special Economic Zones**

90 sub-districts in 23 districts of 10 provinces which are Chiang Rai, Nakhon Panom, Tak, Kanjanaburi, Nongkhai, Mukdahan, Sa Kaew, Trad, Songklah and Narathiwas.

▲ **Model Cities in Southern Thailand**

Include Nong Chik District in Pattani, Betong District in Yala, and Su-ngai Kolok District in Narathiwat

🏭 **Promoted Industrial Estate / Zone Projects**

located within industrial estates or promoted industrial zones shall be granted one additional year of corporate income tax exemption.

4.3 Challenges faced by Australian investors in Thailand

Australian investors in Thailand face a number of challenges, including the cultural and linguistic differences between the two markets. As a result, Australian investors need to do their research and calibrate both expectations and behaviours accordingly. Asialink's ground-breaking report *Winning in Asia* from 2020 documented what it referred to as "Asia capability" and attempted to measure this across business leaders in some of Australia's top companies. Importantly, the category where scores were some of the lowest were for indicators such as cultural skills, which is absolutely vital in a market such as Thailand, with deeply entrenched and universally observed social and cultural norms that are quite stringent when compared to the more relaxed and casual cultural conventions of Australia.[30]

Another set of challenges to Australian investors in Thailand are the prevailing restrictions placed on foreign businesses, which express themselves in the form of foreign equity caps, nationality requirements for management, licensing requirements in some sectors and restrictions on the form of incorporation. In this respect, Thailand has chosen to engage in a process of incremental investment liberalization primarily through various special economic zones established with the objective of attracting more FDI by loosening of the normally stringent regulations that accompany foreign investment and market entry in Thailand. Whereas many countries in the region have relaxed restrictions on market access into mode 3 services (and thus investment) through successive FTAs, Thailand has engaged in relatively little services-market liberalization since it became a founding member of the WTO in 1995.

The *Australian Business in ASEAN Survey* conducted by the Australian-ASEAN Chamber of Commerce found (in 2020) that of the 13 categories of challenges surveyed, barriers to ownership and investment, corruption, and lack of access to skilled labour were the three biggest challenges survey respondents highlighted with respect to operating in Thailand specifically.[31] Interviews with members of

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[30] See Asialink Business (2020), *Winning in Asia: Creating Long-Term Value*, available at: https://asialink.unimelb.edu.au/stories/winning-in-asia-creating-long-term-value.

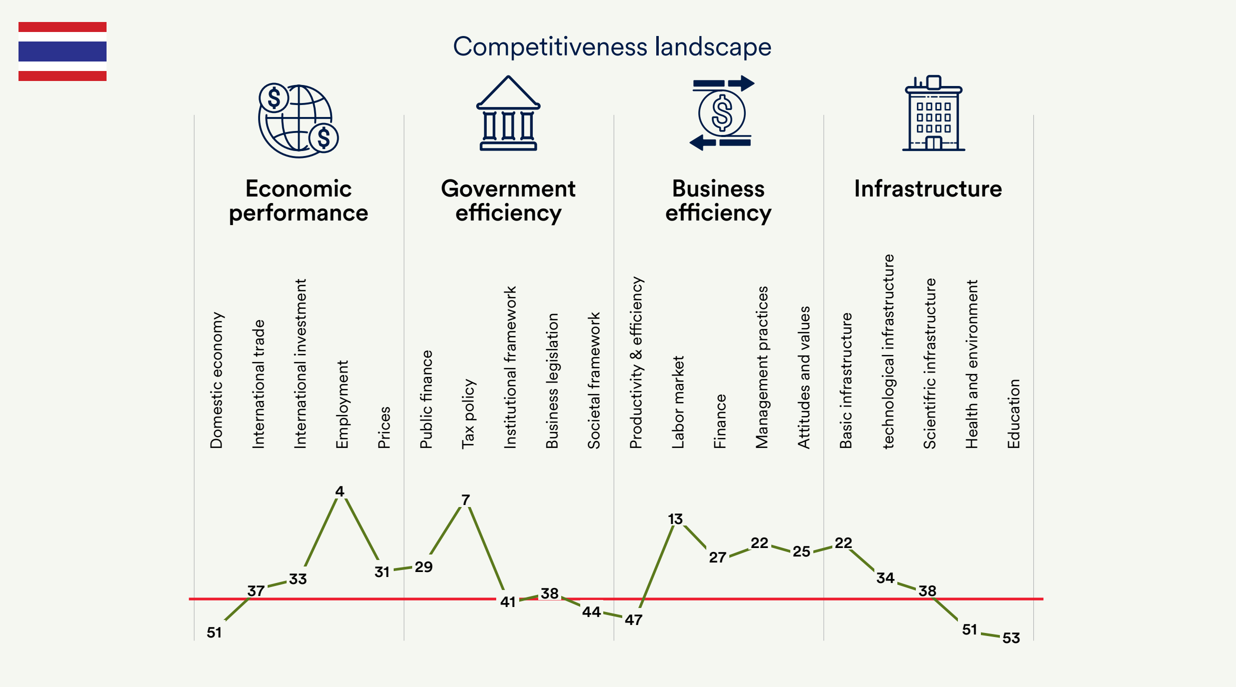
[31] The 13 challenges surveyed were the following: Barriers to ownership and investment, corruption, cost of operations, currency volatility, information/cyber security, infrastructure gaps, lack of access to skilled labour, lack of fair enforcement of the law, political instability, quality and ease of banking services, restrictions on service offering, taxation, time and cost of import/export procedures. See Australia-ASEAN Chamber of Commerce (2020), Australian Business in ASEAN Survey 2020, available at: https://austchamasean.com/wp-content/uploads/2020/05/Australian-Business-in-ASEAN-Survey-2020- 1.pdf.

Box 17 Challenges faced by Australian and Thai investors

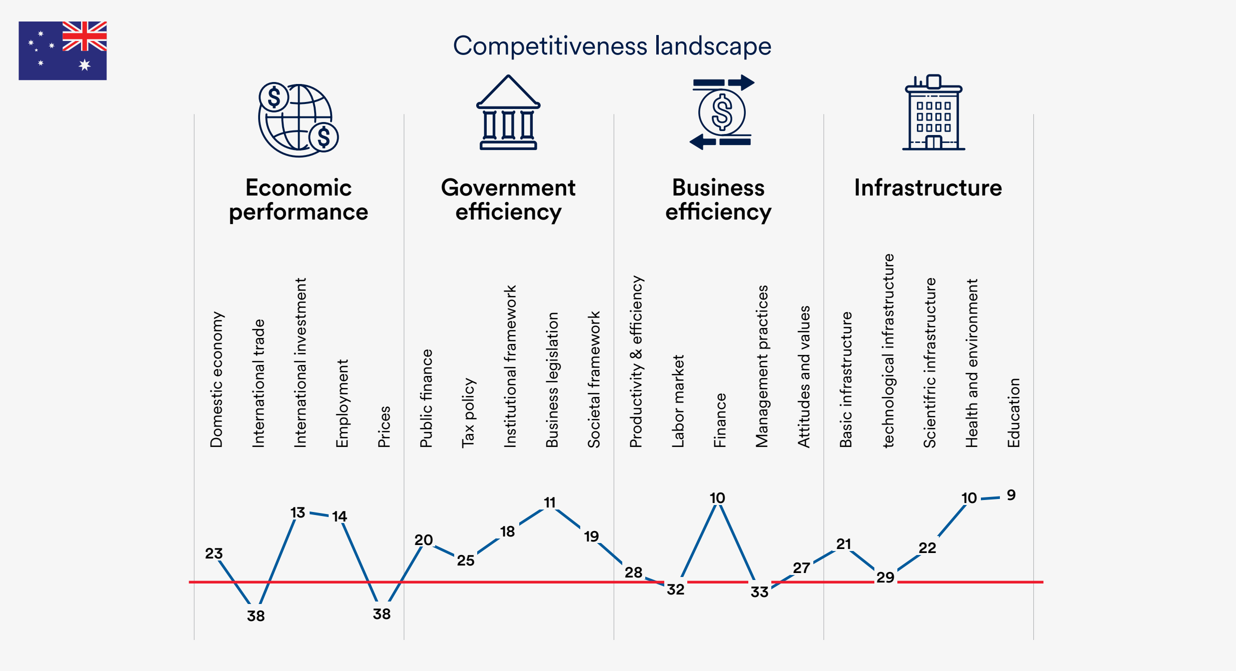
The factors influencing trade and investment

- Supply Chain Decoupling
- Geopolitical Risks
- Urbanization
- Advances in Technology
- Global Climate Change
- COVID-19 Pandemic
- Social Change

Challenges to growth in the Thai market



Challenges to growth in the Australian market



Source: World Competitiveness Ranking, International Institute for Management Development (IMD)

the Thai-Australia business community seem to confirm some of these challenges. For example, one respondent noted there was a 16 percent ceiling on the number of expat staff his firm was able to employ. Another noted that in his sector, which was quite heavily regulated, petty corruption was a serious problem, as was the high degree of unskilled, uncertified employees working in many services sectors. Regulatory opacity was another challenge highlighted by yet another respondent.

The response to these challenges, discussed in more detail below under 4.5 (Recommendations for Expanding and Deepening Trade and Investment) comprises a combination of strategies focused both on raising the degree of cultural understanding by Australian business leaders, as well as working with the Thai government at all levels, to improve regulatory procedures and outcomes, something also discussed in more detail in Section 5 of this report, on Strengthening Institutional Cooperation.

4.4 Challenges faced by Thai investors in Australia

Although Australia generally performed strongly in the – now defunct - World Bank's *Ease of Doing Business Index* and is also well recognized as a jurisdiction with little corruption and strong rule of law, it nevertheless remains a country that poses a number of challenges to foreign investors. For example, investment screening procedures by the Foreign Investment Review Board (FIRB), although not unique to Australia, have undoubtedly had a chilling effect on some potential inbound transactions, since they raise the costs and uncertainty of covered transactions being approved, while increasingly imposing conditions and thus ongoing compliance costs on those transactions that are approved. That being said, this has not been flagged as a problem for Thai investors, who have been able to continue investing in wind and solar assets across Australia, as well as in coal, property and agriculture.

Interviews conducted in the preparation of this report also included representatives of Thai investors in Australia and revealed some common grievances. For example, labour relations and the heavy influence of unions was mentioned, as were cultural attitudes towards work-life balance which resulted in working hours that were quite different to what Thai investors were used to in their home market. Stringent labour market restrictions on bringing in skilled technicians and experts due to labour-market testing, stipulations on minimum pay for foreign labour and what are perceived as laborious visa application procedures were also mentioned by Thai investors as problematic.

One Thai investor active in the renewable energy sector mentioned the slow pace of regulatory decision-making by a certain State government, as being particularly discouraging for potential future investments, most notably given the impossibility of influencing nominally independent regulatory agencies. Indeed, the same investor mentioned this was likely to dissuade them from expanding their current footprint through additional investments in future.

Another area where Australia can be seen as underperforming relative to other nations, is with respect to corporate taxes. Australia is by no means a low-tax jurisdiction, with a corporate tax rate of 30% - above the global average corporate tax rate of 23.64%.[32] Nevertheless, there are only a handful of countries that impose taxes above 30%, with most countries now seemingly resigned to the need to lower corporate taxes as one way to attract FDI that is becoming increasingly scarce. One of the Thai investors interviewed in preparation of this report did highlight the impact that the imposition of land taxes by State governments had had on his company's business interests.

4.5 Recommendations for expanding and deepening trade and investment

In light of the various challenges and constraints faced by both Australian and Thai exporters and investors in each other's respective markets, some of which have been described in this report, this section offers some recommendations and courses of action for lightening the burden on these actors. This would open up avenues for broader and deeper cooperation, thereby strengthening the overall trade and investment relationship. These recommendations are offered in no particular order.

- **Time to update TAFTA.** This agreement was certainly adequate to the time and circumstances it was negotiated under, but those times have changed. Australia's experience in other trade and investment relations in the region has shown that it can sometimes achieve better outcomes when negotiating with a single partner than it can in the context of larger plurilaterals or mega-regionals such as AANZFTA, CPTPP, RCEP.[33] This is certainly likely

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[32] According to the Australian Taxation Office, the applied or actual rate of corporate tax in Australia is 27.5%, and thus several percentage points below the headline rate, albeit still above the global average.

[33] This was for example one finding of a study conducted by the Institute for International Trade of the evolution of and outcomes achieved from Australia's trade and investment relationship with Malaysia.

to be the case with a country with such entrenched defensive interests as Thailand. Political leaders at the highest level of both countries should start preliminary discussions on updating TAFTA.

- **Seek parity of treatment in investment with the United States.** A number of members of the Thai-Australian business community living and working in Thailand, interviewed in the course of preparing this report, noted that Australian investors were at a relative disadvantage to their U.S. counterparts in a number of important respects. This is due to the special privileges enjoyed by U.S. investors under the 1966 Treaty of Amity and Economic Relations between the United States of America and the Kingdom of Thailand. Although the U.S. is likely to be jealous of these privileges, they should be extended to investors from other countries in good faith as part of efforts to level the playing field. This should be framed in the context of Australia's and Thailand's relationship being recently upgraded to a Strategic Partnership.
- **Support Thailand in achieving domestic regulatory reforms.** Some of this work is already proceeding under the auspices of the Foreign Chambers Alliance (see Section 5.3 below) and in the context of the so-called "Ten for Ten" process (also discussed below, see Box 21 on p. 53). However, what is being proposed here goes beyond this. We propose efforts to support Thai policymakers in better quantifying, understanding and communicating the costs imposed on the economy as a whole by many of the more anachronistic and protectionist elements of its domestic regulatory regime and the implicit political economy choices embedded in those frameworks. This is something that in the Australian context is done by the Productivity Commission, which itself had a long and oftentimes torturous evolution from the Australian Tariff Board to the Industries Assistance Commission, to the Industry Commission, to finally becoming the Australian Productivity Commission and one of the most respected bodies nationally for "speaking economic truth to power". We propose instituting a similar set of processes and dialogues in Thailand, starting at the grass-roots level with both reform-minded pockets of the Thai governments, but also consumer groups and NGOs. This is already being done through the Mekong-Australia Partnership (MAP) programme, with the Australian Competition and Consumer Commission (ACCC) working with the Trade Competition Commission of Thailand (TCCT). And ways should be found to expand this form of cooperation to other areas of regulatory importance within the Thai Government.

- **Physically move Austrade out of the embassy.** This proposal reflects comments made by more than one of the persons interviewed. The underlying theme was that security at the embassy is too daunting for the average Thai businessperson and that for Austrade to be more effective in its outreach activities, it should be located in one of the office towers or central business hubs in the main metropolitan area of Bangkok.
- Use the T**hailand Strategic Economic Cooperation Arrangement (SECA)** as a vehicle to enhance communication to both the Thai and the Australian business communities about the opportunities presented in each market.

5. Strengthening institutional cooperation

5.1 Opportunities and frameworks for deeper political cooperation

The upgraded bilateral relationship between Thailand and Australia as a Strategic Partnership provides for cooperation across several pillars, including political security, trade and investment, social development, people-to- people relations and other areas of shared interests.

Australian political leaders already have the chance to engage with their Thai counterparts at regular meeting such as APEC and the East Asian Summit. Since the bilateral relationship was upgraded in 2020, the two countries have likewise elevated pre-existing Senior Officials' Talks to yearly "2+2 meetings" involving the heads of foreign affairs and defence ministries and biennial Foreign Ministers talks. This could arguably be expanded to include other ministries of interest to the expanded remit of cooperation activities, particularly in the area of the transition to net zero. A so-called Track 1.5 Dialogue was launched in 2022, which saw limited representation from the Thai and Australian parliaments, diplomatic representatives and thought leaders from academia. However, this kind of bilateral dialogue could be raised to a politically higher level and meet with greater frequency, as is the case with the "2+2 meetings mentioned above". The "gold standard" of bilateral engagement is arguably the Australian- American Leadership Dialogue, which meets regularly and with the active participation of various Commonwealth, State and Territory political leaders. Although perhaps not perfectly replicable for the Thai-Australian relationship, it is clear that some thought needs to go into establishing more frequent and high-level interactions between current and future leaders from the two countries, on both the political and economic fronts, including a minister and senior official annual trade dialogue – which are committed to under SECA.

5.2 Opportunities for institutional twinning

Institutional twinning has long been a mainstay of economic cooperation activities intended to both raise the regulatory capacity of development-partner institutions, but also enhance mutual understanding and trust between governments. The different activities that comprise this mode of economic cooperation can take on various forms, including "staff exchange; short- and long-term placements; advice or consulting services; information sharing; study tours; sponsoring of attendance at conferences and workshops; periodical visits; mentoring; training and/or the provision of specific services".[34]

This kind of cooperation is highly favoured by the European Union and was an integral part of efforts to raise the bureaucratic capabilities of eastern and central European countries as they undertook domestic economic and regulatory reforms in the lead up to and immediate aftermath of EU accession. Likewise, the United States has opted for this approach on several occasions, as it did for example in the context of its ECO-Asia Water and Sanitation Program in the first decade of the 2000s. Australia also has engaged extensively with this form of cooperation, for example under the Papua New Guinea (PNG)-Australia Economic and Public Sector Governance (EPSG) Twinning Initiative in the early 2010s and decades before that under similar programs other names.

In the context of Thailand, it is worth bearing in mind that for the purposes of Australian Government funded ODA, Thailand has transitioned from being an aid recipient to an aid donor, thereby bringing an end to the bilateral development assistance program. Nevertheless, economic cooperation activities still take place under the ASEAN and Mekong programs. There have also been calls to imitate the approach taken for example in the context of bilateral cooperation between India and Australia, under the India-Australia joint research fund.[35]

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[34] This list care of Asia-Pacific Economic Cooperation (2008), *APEC Twinning Implementation Essentials: A toolkit for APEC fora*, at p. v, available at: https://www.apec.org/docs/default-source/Publications/2009/2/APEC-Twinning- Implementation-Essentials/09_sce_APEC_Twinning_Report.pdf.

[35] This was for example one of the recommendations that emerged from the 2022 Australia-Thailand Track 1.5 Dialogue, that the author of this report was able to attend and contribute to.

Box 18 Opportunities for organisational twinning

Thai public bodies’ involvement with trade negotiations

Directed responsible organizations

Trade
The Department of Foreign Affairs and Trade (DFAT)

Custom procedures
The Department of Foreign Affairs and Trade (DFAT), Australian Border Force

Trade remedies
The Department of Foreign Affairs and Trade (DFAT), International Trade Remedies Advisory Service (ITRA Service) International Trade Remedies Advisory Service (ITRA Service)

Sanitary and Phytosanitary Measures
Department of Agriculture, Fisheries and Forestry

Technical Barriers to Trade
The Department of Foreign Affairs and Trade (DFAT), Department of Agriculture, Fisheries and Forestry

Investment and Services
The Department of Foreign Affairs and Trade (DFAT)

Services in Finance
Department of Finance

e-commerce
Australia - eCommerce - International Trade Administration

Government procurement
Department of Finance, AusTender

Other organizations related to each topic

Competition policy
Productivity Commission, Competition and Consumer Commission

MSMEs
The Treasury

Intellectual Property
IP Australia

Labour
Pacific Labour Mobility

Environment
Department of Agriculture, Water and the Environment, Department of Agriculture, Fisheries and Forestry

Cooperation and transparency
Transparency International Australia

Institution and law
The Attorney-General’s Department, Australian Government Solicitor, Australian Government Legal Service

Health
Australian Government Department of Health and Aged Care

Cross-cutting issues
The Department of Foreign Affairs and Trade (DFAT) and other related agencies

Box 18 Opportunities for organisational twinning

Australian public bodies' involvement with trade negotiations

Australian Government
Department of Foreign Affairs and Trade

Directed responsible organizations

Trade
Department of Trade Negotiations (DTN), Fiscal Policy Office, The Office of Industrial Economics., Office of Agricultural Economics, Thai industrial standard institute, Food and Drug Administration, TPSO, Department of Foreign Trade, Thai Customs

Custom procedures
Thai Customs, Department of Foreign Trade, DTN

Trade remedies
Department of Foreign Trade, DTN

Sanitary and Phytosanitary Measures
National Bureau of Agricultural Commodity and Food Standards, Department of Agriculture, Food and Drug Administration, DTN

Technical Barriers to Trade
Thai industrial standard institute, NBTC, Department of Agriculture, Food and Drug Administration, DTN

Investment and Services
DTN, DE, MFA, BOI, Fiscal Policy Office, BOT, NBTC, TPSO, SEC, DBD, Department of Employment, Immigration Bureau

Services in Finance
Department of Trade Negotiations (DTN), Fiscal Policy Office, The Office of Industrial Economics., Office of Agricultural Economics, Thai industrial standard institute, Food and Drug Administration, TPSO, Department of Foreign Trade, Thai Customs

e-commerce
DTN, DE, DBD, TPSO, Thai Customs

Government procurement
Comptroller General's Department, DTN

Other organizations related to each topic

Competition policy
TCCT, DTN

MSMEs
SEPO, DTN

Intellectual Property
IP, Department of Agriculture, Food and Drug Administration, DTN

Labour
Department of Labour Protection and Welfare, DTN

Environment
Ministry of Natural Resources and Environment, Department of Fisheries, DTN

Cooperation and transparency
DTN, DBD, Office of the Council of State, TPSO

Institution and law
MFA, DTN, BOT, Office of the Council of State, Office of the Attorney General

Health
Ministry of Public Health, Food and Drug Administration, DTN, IP, DBD, MFA

Cross-cutting issues
DTN and other related agencies

In discussions undertaken in the context of preparing this report, long-serving members of the Australian-Thai business community recalled how successful these kinds of twinning programs had been in the past. For example, in the aftermath of the Asian Financial Crisis, the Australian Institute of Company Directors partnered with the World Bank and Thai Securities and Exchange Commission to establish the Thai Institute of Directors.

Box 20 shows and compares the different government ministries and bodies that manage various trade and investment-related portfolios, as well as economic governance more broadly on both sides of the bilateral relationship. This assortment of agencies and centres of competence should provide ample food for thought when considering where the low-hanging fruit and the most promising areas for institutional twinning could be in light of the current set of both challenges and ambitions.

Of course, it also bears mentioning that twinning is only an effective tool to support reforms where there is an acknowledgement of the need to embrace and implement such reforms from the highest levels of political leadership. This must be signalled before embarking on any twinning program.

5.3 Opportunities for deeper cooperation by other bodies

In addition to the cooperation undertaken between political leaders and government agencies in the context of joint areas of interest and engagement, such as APEC, ASEAN, and the Mekong Australia Partnership, there is considerable scope for cooperation across other areas of mutual interest by a large range of other actors, including representatives of the two countries' business communities.

More cooperation among Australian-Thai business organizations

In addition to the cooperation undertaken between political leaders and government agencies in the context of joint areas of interest and engagement, such as APEC, ASEAN, and the Mekong Australia Partnership, there is considerable scope for cooperation across other areas of mutual interest by a large range of other actors, including representatives of the two countries' business communities.

More cooperation among Australian-Thai business organizations

The Australian Chamber of Commerce in Thailand, from whose midst many current and previously active members came forward to participate in interviews for this report, was established in 1977 and still plays an active role in supporting both Thai business interests in Australia and Australian business interests in Thailand. In addition to this body, which is based out of Bangkok, other similar bodies exist across various States in Australia, such as the Victoria-based Thai Australian Chamber, or the Australia Thailand Business Chamber in Western Australia, or the Australia Thailand Business Council with offices in Sydney and representatives based in country New South Wales. Beyond informal and personal ties and a joint sense of purpose or aligned mission, these separate bodies don't appear to belong to any kind of overarching or formal structure, or even to collaborate in any visible way. This is in stark contrast, say, to the partnership between the Australia Indonesia Business Council (AIBC), based in Australia and its Indonesian-based counterpart, The Indonesia Australia Business Council (IABC), who both work together across a number of domains but also share, on an alternating yearly basis, hosting an annual event in either Indonesia or Australia where business leaders but also political figures can come together.

There is thus arguably greater scope for either consolidation of the various State-level chambers in Australia, or alternatively more formal avenues of cooperation, both with one another but also with the Bangkok-based Chamber. The Advance Australia Council, which operates under the banner of and in cooperation with the Australian Chamber of Commerce in Thailand, brings together a number of Australia-based chambers and councils, as well as other interested organizations and centres, such as the Australian Studies Centre (ASC) at Thammasat University, the Australian-New Zealand Women's Group Bangkok, and the Thailand Tigers Australian Football Club.

A number of the members of the Thai-Australian business community who were interviewed in preparation of this report observed that other countries' chambers and business groups did a much more systematic and effective job of advocating on behalf of their members' interests and conveying these views to the relevant Thai government authorities. Singled out by more than one respondent were for example the Japanese, American and German chambers. Also, the Italian chamber came in for high praise for its effectiveness in "making introductions".

Foreign Chambers Alliance

Another area where the Australian Chamber of Commerce in Thailand already cooperates quite productively in a semi-formal manner, is with other Bangkok-based national chambers and embassies, namely those of Germany, the United Kingdom, and the United States. This is an arrangement that one member of the Australian Chamber in Bangkok referred to as the Foreign Chambers Alliance, which has been going on for several years in cooperation with the embassies and chambers of commerce and the Thai government to support Thailand in its efforts to become a regional hub for trade and investment. One outcome of this cooperation is the so-called *Ten for Ten* initiative (and second tranche – *Ten for Thailand*), which identifies ten areas of reform that would both support Thailand-based foreign business interests as well as improving the investment climate and business environment in Thailand. This is an area where there is already strong cooperation between the Australian Embassy and the Australian Chamber as well as cooperation both among the four Chambers and also among the four embassies. In addition, the Thai authorities have been quite receptive to this initiative and have welcomed it in the spirit with which it was intended. See Box 21 on the next page for a breakdown and short explanation of the ten separate recommendations that comprise this initiative.

Box 19 The 'Ten for Ten' Initiative of the Foreign Chambers Alliance

Follow through with the simple and smart license

Continue this initiative (the "Guillotine Project") to eliminate redundant laws and regulations.

Increase availability of e-government platforms

Continue to increase the number of official processes that can be accomplished online.

Simplify and digitize cross-border clearances

Permanently allow digital document submission and approval for cross-border trade.

Increase digitization of FDA approvals

Consider full acceptance of digital document submissions and e-signatures.

Expand BOI incentives applicability

Expand BOI incentives beyond the targeted industries to include services.

Streamline licensing for restricted businesses

Make the process to be allowed to operate restricted businesses more transparent.

Simplify access for skilled labour

Eliminate the 4:1 Thai to foreign worker ratio and the 90-day report requirement for long-term non-immigrant visa holders

Enhance regulatory consistency and clarity

Increase transparency, regulatory predictability and the even and consistent application of laws in all cases.

Support digital commerce

Seek broad private-sector consultation when designing laws on digital technologies and services.

Work with foreign interests to achieve net zero by 2050

Introduce tax incentives for green investments and strength intellectual property laws to increase the transfer and adoption of green technologies

6. Building sustainable people-to-people links

The long-standing and deep connections between Australia and Thailand are rooted in extensive people-to-people links across a variety of fields including culture, business, tourism and education. Prior to the COVID-19 pandemic Thailand attracted almost 800,000 visitors from Australia for both tourism and business. At the East Asia Summit in November 2019 in Bangkok, then Australia Prime Minister, Scott Morrison announced a bilateral increase from 500 to 2,000 visa places to be made available for Thai visitors for the Work and Holiday visa program each year.

In terms of education, there are currently over 160 agreements between 34 Australian and approximately 50 Thai universities across a range of academic and research collaboration efforts. Over 1,900 Australians have studied in Thailand under the New Colombo Plan since its inception in 2014. Under the previous iteration of this initiative (The Colombo Plan), a large number of Thai students obtained scholarships and opportunities to study in many prestigious Australian universities. Some observers have noted that this element is missing from the New Colombo Plan and that in recent years, Australia has not been offering any Australia Award scholarships to Thai students.

The long-term value of a strong and deep cohort of Thai alumni of Australian education institutions goes well beyond the immediate short-term monetary impact these flows have. Rather, they can be instrumental in forming lasting and important circles of influence within Thailand, especially as these alumni progress in their careers. What's more while studying in Australia, Thai students tend to be followed by one or more family members for varying lengths of time, which produces both its own positive monetary impacts but also multi-generational links to Australia, which can exude its own set of positive feedback loops.

6.1 Strengthening engagement between alumni organizations

The origins of the Australian Alumni Association (AAA) in Thailand go back to 1967, when the current organisation's predecessor was established as the Old Australian Student Association. The body changed its name to the Thai-Australian Association in 1973 while at the same time coming under the patronage of His Royal Highness Crown Prince Maha Vajiralongkorn. It still enjoys this status today, following yet another name change in 2016 to its current designation. The body is open to both Thais who have studied in Australia, and the alumni of Australian educational institutions living in Thailand.

Another alumni initiative, is the Australian Alumni program, which operates separately from the Australian Alumni Association but openly states it is not seeking to compete with, duplicate or replace any other alumni grouping. The Australian Alumni program is more closely aligned organisationally with the Australian Chamber and appears to be more narrowly focused on harnessing Australian alumni connections for business, career and professional development purposes than is the case with the AAA. That being said, at the time of writing, the President of the Australian Alumni Association Ms Laksasubha Kridakon (Khun Lak) is also the President of the Australian Chamber.

A 2018 publication of the Australian Embassy in Bangkok, entitled *Australia Awards Endeavour Scholarships and Fellowships: Stories of Thai Alumni* features a selection of stories from some of Thailand's outstanding Endeavour Scholarships and Fellowships recipients. It notes that between 2007 and 2018, some 195 Thai scholars were granted Endeavour Scholarships and Fellowships.[36] The recipients of these scholarships documented in this publication indeed form an impressive group of high achievers, working and contributing across a broad range of economic, social, and scientific disciplines. During the course of interviews in preparation for this study, one senior and long-standing member of the Thai-Australian business community noted that a more systematic approach could be taken to leveraging the considerable breadth and depth of expertise but also social connections that this resource represents, particularly with regard to furthering Australian commercial interests in Thailand.

6.2 Increasing student mobility

Thailand was identified as a promising market from which to attract students to Australian education institutions many decades ago. The early 1990's saw a flurry of activities to put bilateral education exchanges on a more formal footing, such as the signing of various Memoranda of Understanding between the two countries' starting in 2001 and the establishment of a dedicated office in Bangkok by the

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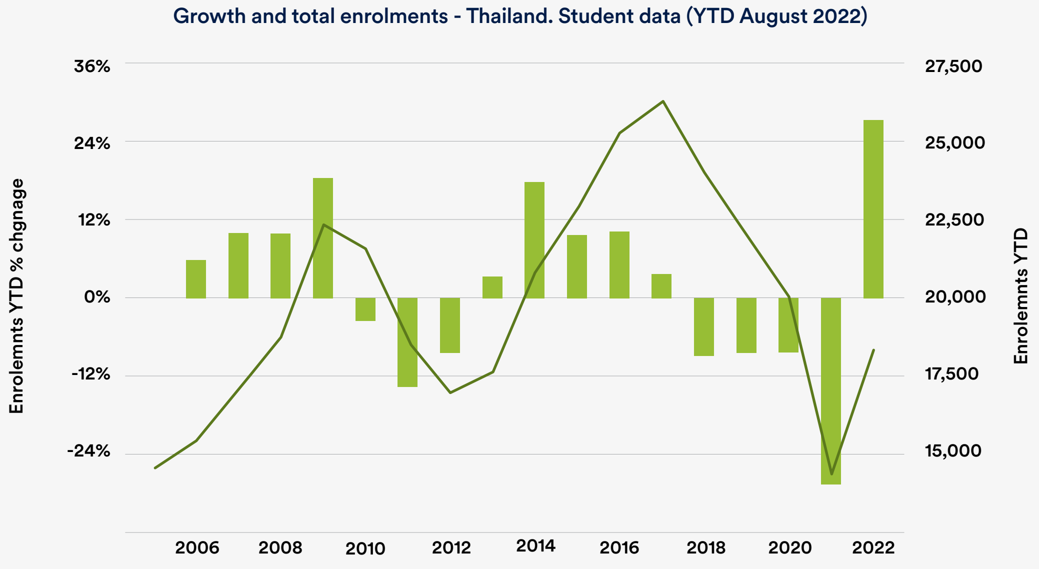
[36] The publication is available for download at: https://thailand.embassy.gov.au/files/bkok/ENDV%20Booklet%20ENG%20Final%20compressed.pdf.

International Education Group (IEG) under the then Department of Education and Training in 1994.

In 2016, Australia's *National Strategy for International Education* was released, which elevated the role of education services as a source of export growth to a national strategic priority. After the collapse in international enrolments that was caused by the COVID-19 pandemic, a new *Australian Strategy for International Education 2021 – 2030* was adopted by the previous Coalition Government. This document, unlike its predecessor, explicitly recognises the role that international education mobility can play in fostering people-to-people links, and in doing so, dedicates a small part of the report to student flows in the opposite direction, namely Australian students choosing to study abroad for at least part of their academic careers. However, apart from referencing the successes of the New Colombo Plan, providing a breakdown of the percentages of Australian overseas students per chosen destination, and an unspecified commitment to action to enhance people-to-people links through international education mobility, the document does not elaborate any further on how to do exactly this.

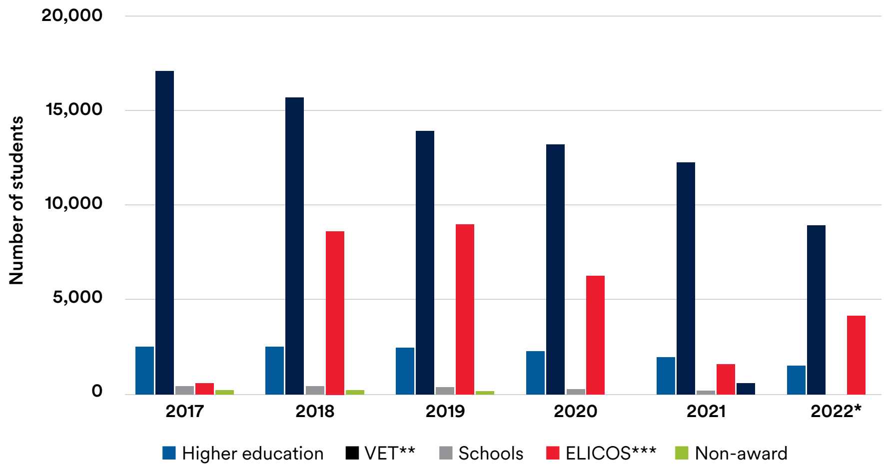
Box 20 Thai student flows to Australia

Student enrolments - growth and actual



Source: Austrade

Student enrolments - growth and actual



Source: Statista

Although data on the number of Australian students enrolled in Thai education institutions (excluding international schools) is hard to come by, it is a foregone conclusion that bilateral flows have undoubtedly been predominantly in favour of Australian education institutions. There are structural reasons for this of course, with Australian institutions teaching in English and providing internationally recognized degrees, whereas this is only true for a handful of Thai institutions. Nevertheless, it is hard to avoid the conclusion that the bilateral relationship, and that people-to-people ties in particular would be massively enhanced if more Australian students were choosing to travel to Thailand to spend one or more semesters in a Thai education institution and vice-versa. This is an avenue that neither government seems to have given much consideration to, since the overwhelming majority of resources have from the earliest days of bilateral cooperation focused on bringing Thai students to Australia. As Box 22 (below) shows, the number of Thai student enrolments has fluctuated considerably over the last decade and a half. However, interestingly, it is in vocational education and training (VET) that Australia appears to represent the greatest value proposition for outbound Thai students.

6.3 Increasing professional mobility

Professional services are becoming a growing part of Australia's export economy. Negotiated between professional groups, certification agencies, and regulators, mutual recognition agreements (MRAs) seek to harmonize or at least provide interoperability between the professional practice standards of different trading partners. Where MRAs have been signed and implemented, professionals are provided with facilitated access to each other's labour markets based on their current credentials and licencing. MRAs lower the costs and time required for licensure or registration processes while maintaining professional standards. In addition to this, they promote international mobility among skilled professionals.

It is an explicit objective of Australian FTA negotiators to open foreign markets to the country's deep pool of qualified individuals in professions such as accounting, the law, physiotherapy, engineering, veterinary practice, teaching, and many others. APEC's Inventory of Mutual Recognition Agreements (MRAs) for Professional Qualifications reveals that Australia has (at the time of writing), some 82 MRAs across more than 10 professions, and this with many trading partners. For example, in the field of engineering (arguably the most internationalized profession), Australia has MRAs in place with over 20 trading partners. Thailand on the other hand, has proven highly reluctant to engage in this form of trade liberalization, and has (according to the same source) only entered into MRAs in the context of its membership of ASEAN, and only in a handful of sectors, including accounting, architecture, dentistry, engineering, medical practice, nursing and surveying.

MRAs are of course not the only way that professional services markets can be opened. Even without mutual recognition, countries can choose to allow foreign service providers to access their domestic services markets subject to certain requirements. TAFTA, for example, provides limited market access for juridical persons, up to 100 percent foreign equity in some sectors, but often stipulates nationality requirements for the natural persons who are to physically provide any of the designated services. AANZFTA did not result in a high degree of liberalization by Thailand that would be of benefit to professional mobility, which is likewise true of RCEP. Thailand has legislation in place that prohibits the pursuit of a number of occupations (including skilled professions such as engineers) by foreign nationals), which provides an indication of the political sensitivity of opening its labour market to foreign competition from skilled professionals.

This is clearly an area where some new thinking is required, which should be predicated on the understanding that Thai professionals can benefit from the opportunity to work in Australia, whereas Australian professionals would also benefit from greater and easier access to the Thai labour market. Given the skills shortages that both labour markets suffer from, greater and deeper cooperation in this area could also be sold on the basis of the short, medium and long-term economic gains it could usher in for both economies.

6.4 Increasing engagement between youth organizations

Unlike with some of Australia's other major strategic and trading partners in the region, the bilateral Thai-Australian relationship does not appear to benefit from an umbrella group of motivated youth or young professionals driving people-to-people links. There is the ASEAN-Australia Strategic Youth Partnership (AASYP), which – as the name suggests – operates at the ASEAN level, and therefore includes Thailand by default. There is also the Australian Thai Youth Ambassador Program (ATYAP), a non-profit organisation aimed at providing Australian university students the opportunity to explore Thailand at the grass roots level. This is in stark contrast, to, say the bilateral Australian-Chinese relationship, which has The Australia-China Young Professionals Initiative (ACYPI), with over 3000 members and chapters in 10 cities across both Australia and China. This is supplemented by even larger and more established organisations such as the Australia-China Youth Association and the Australia-China Youth Dialogue.

The same is true of the Indonesian-Australian bilateral relationship, which benefits from the regular engagement and interactions that take place in the context of the Australia-Indonesia Youth Association (AIYA), with 12 chapters across Australia and Indonesia and regular meetings and events. However apart from the alumni associations discussed above, the Thi-Australia relationship lacks this kind of platform for people-to-people links.

This is yet another area where a new approach, inspired by the elevation of the relationship to a strategic level, could be of enormous benefit to deepening and strengthening economic and social ties. A platform similar to the Australia-China Youth Dialogue could also provide new avenues for bilateral engagement along thematic lines on issues of relevance to the bilateral relationship.

6.5 Recommendations for building stronger institutional ties and people-to-people links

It was in the context of their Joint Declaration on a Strategic Partnership that the two countries committed to "facilitate extensive governmental, commercial and cultural exchanges from all sectors and parts of society, including civil society, parliamentary representatives and NGOs." At the same time, both leaders committed to charge their respective foreign ministries to "coordinate with relevant agencies to formulate a Joint Plan of Action in the above-mentioned areas".

Below we offer some recommendations on how to do this in the context of both strengthening institutional ties (the subject of Section 5 of this report) and building stronger people-to-people links.

- With respect to **strengthening political cooperation**, we recommend that a high-level bilateral political summit be organized in the next 12 to 18 months, allowing for the prime ministers of the two countries to meet in person, preferably on the basis of an invitation from the Australian Government to the Prime Minister of Thailand.
- Also, in the spirit of strengthening political cooperation, we recommend that a regular high-level policy dialogue be instituted that would allow political leaders and senior civil servants to meet and articulate common positions and action items across a range of areas extending beyond the area of energy policy, such as for example SECA trade ministerial meetings.
- In the context of **institutional twinning** there are many areas where both countries could benefit from cooperation, including competition policy, labour market reform, environmental stewardship and digital transformation. This is a question of political will but also identifying appropriate funding mechanisms through which exchanges could be financed.
- In the context of deepening cooperation between other bodies, we recommend that a study of how different countries support their overseas business communities in Thailand be commissioned with a view to identifying ways in which Australia's own efforts in this regard can be strengthened. This should be accompanied by a survey of member companies of the Australian-Thai Chamber of Commerce as to what kind of government support or involvement they ideally desire (if any).
- Likewise in this context, avenues should be explored for formalising cooperation between the Thailand-based Chamber and the disparate Australian-based bodies, perhaps under the leadership of the Australian Embassy in Thailand.
- In the context of **strengthening engagement between alumni associations**, more should be done to address the current asymmetries constituted by the existence of these associations only in Thailand and not Australia. There must presumably be Thais who come to Australia to study and who remain for some time in Australia. By the same token, there must be Australians who have studied in Thailand and then returned to Australia. Yet no association appears to exist to harness the energies and views of these individuals who could be organized to establish and further links with their counterparts in Thailand. If alumni associations existed on both sides of the bilateral relationship, they could be mobilised to form one leg of a multi-pronged strategy to deepen and strengthen people-to-people links.
- Another recommendation in the context of alumni associations is to have a more systematic approach to documenting and keeping track of who the alumni of Australian education institutions in Thailand are, as well as the sectors and organisations they're currently working in. This could be of enormous value in the context of making introductions for Australian businesses and entrepreneurs seeking to establish or expand their footprints in Thailand.
- In the context of increasing student mobility, we recommend that both governments initiate a dialogue for the purpose of increasing the number of Australian students choosing to travel to Thailand to spend one or more semesters in a Thai education institution and vice versa, for example though more scholarships. This will provide more balance to the bilateral relationship and make a significant contribution to increasing the ability of future generations of Australian business leaders to operate in different cultural and language environments to their own.
- In the context of **increasing professional mobility**, we recommend that new approaches be found to engage with the Thai authorities on this issue, in the context of addressing skills shortages, raising productivity and enhancing competitiveness of both sides of the economic relationship.
- In the context of **increasing engagement between youth organisations**, we recommend that a new forum be established along the lines of the Australia-China Youth Dialogue, which sponsors engagement between young leaders from both countries along thematic issues of interest to both countries.

Conclusion

By elevating their relationship to a Strategic Partnership, Thailand and Australia have explicitly and unambiguously signalled their intention to broaden and deepen what is already a close relationship, and to expand upon existing regional cooperation efforts within frameworks such as the East Asia Summit and the ASEAN Indo-Pacific Outlook. This is in addition to bilateral engagement across a variety of areas designed to realize their shared interests in achieving sustainable economic growth and maintaining stability across the region.

This report identifies a number of areas where trade and investment could be strengthened between the two countries, but also where impediments must first be overcome in order for this to happen. In addition to this, the report points to ways in which institutional cooperation and people-to-people links can be enhanced, on the basis of successful use cases from other bilateral relationships Australia enjoys with partners such as Indonesia or China.

This report finds that at the bilateral level, the two nations stand to benefit from critical areas such as growing and deepening trade and investment, institutional cooperation, and people-to-people connectivity, building on past and ongoing coordination momentum and forthcoming strategic action plans to improve it.

International trade is fundamental to promoting economic growth in both economies. Australia's traditional trading partners such as the U.S. and Japan have remained important, but China and ASEAN have now become increasingly relevant to Australia's as trading partners. In this context, Thailand's trade profile has likewise gravitated towards China, but also other ASEAN economies, especially CLMV (Cambodia, Laos, Myanmar and Vietnam) countries, with whom Thailand now trade more but also is in competition with to attract FDI.

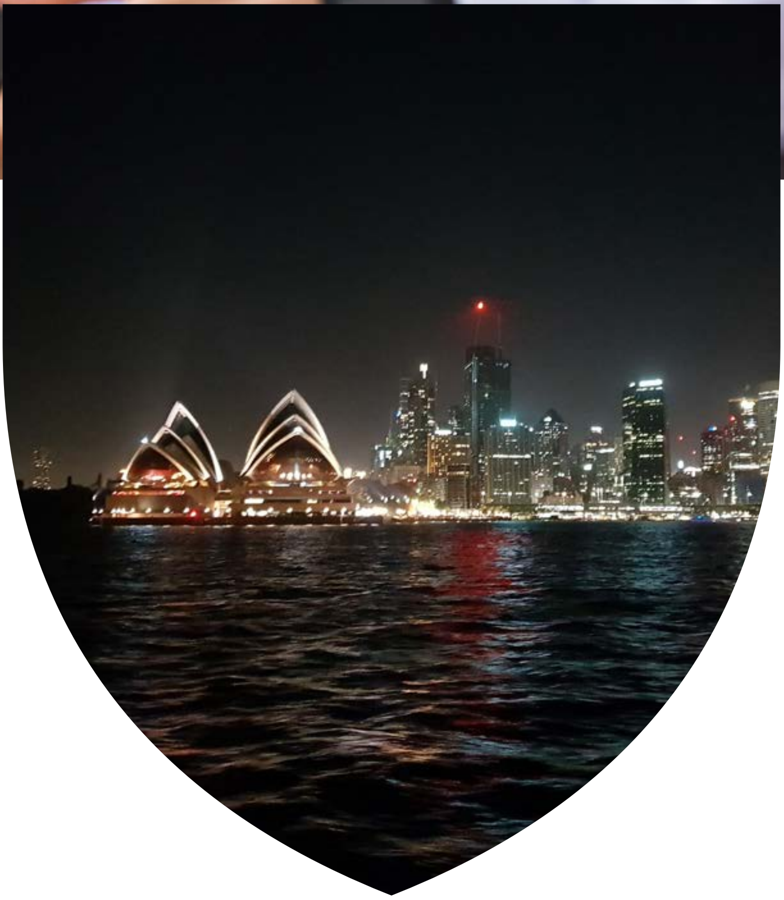
Looking more closely at products competitiveness in both countries, by using Revealed Comparative Advantage (RCA) and Export Specialization (ES), based on Ricardian trade theory, which posits that patterns of trade among countries are governed by their relative differences in productivity, our analysis finds that some five Australian products are well placed to increase their value and volume in the Thai market, namely meat and poultry, milk products, cereals and seasonings, beverages and tobacco and cotton. By the same token, we identify four Australian services that can be considered competitive in the Thai market including, tourism, finance, telecommunications, computer, and data services as well as personal, cultural and recreational services.

Applying the same methodology to Thai exports we identified four main goods that Thailand holds a comparative advantage to the extent that it could easily grow its share of the Australian market, namely fish and processed fish, rubber, leather and shoes, non-electrical machinery and electrical machinery. As for the services sector, Thailand's strength in tourism is widely known, and with COVID-19 recovery underway, it is widely expected that the value of Thailand's tourism will increase as travel restrictions lessen. Thai Business services such as Information Technology (IT) could also work more closely with Australian Businesses.

Existing Free Trade Agreements between the two nations both at the bilateral and regional levels including Thailand-Australia Free Trade Agreement (2005), ASEAN-Australia-New Zealand Free Trade Agreement (2010) and Regional Comprehensive Economic Partnership (2022) have yielded significant mutual benefits for the bilateral trade and investment relationship. For Australia, over 70 percent of the value of both exports and imports occurs under one of these preferential trading arrangements. For Thailand, over 66 percent of imports are handled under FTAs, and the ratio for exports under FTAs is 61 percent.

This report also points out that, improving the capacities of the region's digital economy and human resource capacity should be one of the primary goals and a central element to development assistance, as well as Australia's geopolitical and economic engagement in Southeast Asia more generally. As co-convener of the Joint Statement Initiative on Trade-Related Aspects of Electronic Commerce at the WTO, and as a leading exporter of vocational education and training (VET) in the region, Australia stands well placed to support both Thailand and other regional economies in these efforts.

Both countries have significant potential for institutional cooperation, including cooperation in politics, defence, and security which is already well established, as well as institutional twinning in a variety of fields. Trade, customs procedures, trade remedies, SPS, TBT, investment



and services regulation, e-commerce, government procurement, competition policy, SME development, enforcement of intellectual property rights, together with various other areas of economic governance are all among the areas in which a new program of institutional twinning could have truly transformative effects for the Thai economy but also support deeper institutional cooperation.

Last but not least, this report discusses the potential of expanding existing people-to-people ties in critical areas such as improving cooperation in education, science, research, and training, and promoting professional and skilled workforce mobility by reducing regulatory burdens. Furthermore, both countries would benefit greatly from broad governmental, commercial, and cultural exchanges from all sectors and elements of society, including civil society and NGOs, as well as parliamentary exchanges to improve mutual understanding among their human resources.

Annex I: Summary of recommendations

Recommendations for expanding and deepening trade and investment

- **Time to update TAFTA.** This agreement is almost twenty years old and should be updated with a view to improving market access for trade and investment in both markets, and introducing disciplines in new areas such as e-commerce, competition, state-owned enterprises, environment, public procurement and SMEs.
- **Seek parity of treatment in investment with the United States.** The privileges enjoyed by U.S. investors should be extended to investors from other countries in good faith as part of efforts to level the playing field. This should be framed in the context of Australia's and Thailand's relationship being recently upgraded to a Strategic Partnership.
- **Support Thailand in achieving domestic regulatory reforms.** We propose efforts to support Thai policymakers in better quantifying, understanding and communicating the costs imposed on the economy as a whole by many of the more anachronistic and protectionist elements of its domestic regulatory regime and the implicit political economy choices embedded in those frameworks.
- **Physically move Austrade out of the embassy.** Security protocols at the embassy are too daunting for the average Thai businessperson. For Austrade to be more effective in its outreach activities, it should be located in one of the office towers or central business hubs in the main metropolitan area of Bangkok.

Recommendations for building stronger institutional ties and people-to-people links

- In order to strengthen **political cooperation**, we recommend that a high-level bilateral political summit be organized in the next 12 to 18 months, allowing for the prime ministers of the two countries to meet in person, preferably on the basis of an invitation from the Australian Government to the Prime Minister of Thailand.
- Also, with a view to strengthening political cooperation, we recommend that a **regular high- level policy dialogue be instituted** that would allow political leaders and senior civil servants to meet and articulate common positions and action items across a range of areas extending beyond the area of energy policy, such as for example SECA trade ministerial meetings.
- For the purpose of strengthening **institutional twinning**, we propose a new set of initiatives to bring together personnel and share best practices in the areas of competition policy, labour market reform, environmental stewardship and digital transformation, which could include professional development opportunities for Thai government officials in Australia.
- For the purposes of **deepening cooperation between other bodies**, we recommend that a study of how different countries support their overseas business communities in Thailand be commissioned with a view to identifying ways in which Australia's own efforts in this regard can be strengthened. This should be accompanied by a survey of member companies of the Australian-Thai Chamber of Commerce as to what kind of government support or involvement they ideally desire (if any).
- We recommend exploring avenues for **formalising cooperation between the Thailand-based Chamber and the disparate Australian-based bodies**, perhaps under the leadership of the Australian Embassy in Thailand.
- In order to **strengthen engagement between alumni associations**, we recommend doing more to address the current asymmetries constituted by the existence of these associations only in Thailand and not Australia. If alumni associations existed on both sides of the bilateral relationship, they could be mobilised to form one leg of a multi-pronged strategy to deepen and strengthen people-to-people links.
- Adopt a **more systematic approach to documenting and keeping track of who the alumni of Australian education institutions in Thailand are**, as well as the sectors and organisations they're currently working in. This could be of enormous value in the context of making introductions for Australian businesses and entrepreneurs seeking to establish or expand their footprints in Thailand.
- In order to **increase student mobility**, we recommend that both governments initiate a dialogue for the purpose of increasing the number of Australian students choosing to travel to Thailand to spend one or more semesters in a Thai education institution and vice versa, including more scholarships. This will provide more balance to the bilateral relationship and make a significant contribution to increasing the ability of future generations of Australian business leaders to operate in different cultural and language environments to their own.

- In order to **increase professional mobility**, we recommend that new approaches be found to engage with the Thai authorities on this issue, in the context of addressing skills shortages, raising productivity and enhancing competitiveness of both sides of the economic relationship.
- In order to **increase engagement between youth organisations**, we recommend that a new forum be established along the lines of the Australia-China Youth Dialogue, which sponsors engagement between young leaders from both Thailand and Australia along thematic issues of interest to both countries.

Annex II: People interviewed for this report

Douglas Blunt
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Dale Foody
Leigh Scott-Kemmis
John Hancock
Frank Holzer
Simon Wetherell
Chokdee Wisansing
Paul Crosio
Dwight Willis
Brendan Cunningham
Simon Shale
Brenton Mauriello AM
Dr. Malin Suebsuk
Arthit Vechekij,
Rachakorn Piyasatjaboon,
Dr. Harit Intakanok
Thanita Sirisup
Dr. Kanate Wangpaichitr,
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Kaurna acknowledgement
We acknowledge and pay our respects to the Kaurna people, the original custodians of the Adelaide Plains and the land on which the University of Adelaide's campuses at North Terrace, Waite, and Roseworthy are built. We acknowledge the deep feelings of attachment and relationship of the Kaurna people to country and we respect and value their past, present and ongoing connection to the land and cultural beliefs. The University continues to develop respectful and reciprocal relationships with all Indigenous peoples in Australia, and with other Indigenous peoples throughout the world.