

# Chapter 11

## Survey on the Use of Free Trade Agreements in Thailand

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## CHAPTER 11

### Survey on the Use of Free Trade Agreements in Thailand

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*There is a proliferation of free trade agreements (FTAs) in Southeast Asia, and Thailand has joined this trend by engaging in 11 FTAs at the bilateral and regional levels. Trade expansion among FTA partners is expected, but it is not automatic because to gain the benefits of FTAs, firms have to apply for Certificates of Origin (COOs). The average utilisation rate of all FTAs in Thailand was 47 percent in 2012. This suggests some constraints may be hindering the use of FTAs. This study examines the obstacles to utilising FTAs and suggests ways to increase usage of FTAs. A survey collected data from 85 manufacturing firms and 19 services sector firms. An in-depth interview and a focus group discussion were held with representatives from FTA-relevant government agencies and the private sector.*

*The results show the three major reasons why Thai firms do not use FTAs. First, it is not worth utilising FTAs because some firms have small trade volumes. Second, some firms use other schemes that give better benefits. Third, Thai firms of all sizes lack information on FTAs. Suggestions to increase FTA utilisation are as follows. The relevant government agencies should improve their websites to provide information that the private sector needs. Information on FTAs given to firms should be more specific to product or sector types, and a contact list based on inquiry topics should be provided to increase the efficiency of the call centres. An electronic and online system and a national single-window system should also be implemented. For COO application, fees should be harmonised among all FTA partners. The private sector itself should also pay more attention to FTAs. The utilisation rate is also low among services sector firms even though they know about FTAs. Many services firms do not import goods directly to use in their businesses, so they do not directly utilise FTAs and do not use COOs. However, distributors have the potential to utilise FTAs, so the benefits of utilising FTAs and other FTA-related information should be disseminated to all kinds of firms, especially shipping companies.*

Keywords: free trade agreement, AFTA, FTA utilisation, manufacturing firm survey, Thailand

JEL Classification: F150

## 1. Context

### 1.1. Background

Thailand is party to 11 free trade agreements (FTAs). The Association of Southeast Asian Nations (ASEAN) Free Trade Area (AFTA) is the first FTA that Thailand ratified and it has been in effect since 1 January 2002. Due to the negotiations between ASEAN, Japan, the People's Republic of China, the Republic of Korea, Australia, New Zealand, and India (ASEAN+3, ASEAN+6, and ASEAN+1), a number of additional FTAs have been negotiated and come into effect. The first ASEAN+1 FTA was the ASEAN–China FTA, which came into effect on 1 January 2004. It was followed by the ASEAN–Japan FTA (ASEAN–Japan Comprehensive Economic Partnership) that came into force on 1 June 2009. On 1 January 2010, the ASEAN–India FTA and the ASEAN–Korea FTA came into effect while the ASEAN–Australia–New Zealand FTA became effective on 12 March 2010.

The remaining five FTAs are bilateral agreements between Thailand and major partners in the region. The Thailand–China FTA came into effect on 1 October 2003 but it only covers goods with an Harmonised System code of 01-08. The Thailand–India FTA has been effective since 1 September 2004 and started with the liberalisation of goods in the Early Harvest Scheme and covers only 83 items. The Thailand–Australia FTA came into effect on 1 January 2005. The Thailand–Japan FTA (Japan–Thailand Economic Partnership Agreement) has been effective since 1 November 2007. The latest bilateral FTA for Thailand was the Thailand–Peru Comprehensive Economic Partnership (Bureau of Trade Preference, 2013).

The direct benefit of FTAs is the elimination of import tariffs. Although attention mainly focused on manufacturing, services firms can also benefit from lowering or elimination of tariffs when they import goods.

When firms directly import goods and the goods are eligible for FTA utilisation, firms can ask their trade partners to obtain Certificates of Origin (COOs) and use them for import-duty exemption or reduction. Nevertheless, many services firms do not import directly but buy imported products from distributors. As a result, they may not realise that they could benefit from FTAs through lower prices due to import-tax exemption or reduction. Some firms that recognise the benefits may still face constraints preventing

them from using FTAs. It is therefore important to examine the factors that obstruct services firms from using FTAs and to assess what might help facilitate their use.

The availability of FTAs does not necessarily mean that trade will expand. FTA rules and regulations, especially the rules of origins (ROOs) that differ from one FTA to another, and other constraints, may hinder trade expansion. Many studies employ a Computable General Equilibrium model to simulate the impacts of FTAs. These, however, are ex-ante impacts, and studies about ex-post impacts are limited. This study surveyed manufacturing and services sector firms, directed an in-depth interview, and coordinated a focus group discussion with the public and private sectors to examine the reasons why Thai businesses do not utilise FTAs and to suggest ways to increase FTA usage.

## **1.2. Questions**

When firms want to utilise FTAs, they have to apply for COOs. This study examines what kinds of problems Thai firms face in applying for COOs, from the perspective not only of the private sector but also of the government agencies. It also examines what would help increase the FTA utilisation rate and suggests what the public and private sectors should do or change to achieve the same goal.

## **1.3. Objectives**

The study's objectives are to examine the obstacles in utilising FTAs for businesses in Thailand, and to suggest ways to increase FTA usage.

## **1.4. Scope of the Study**

This survey collected data from 85 manufacturing firms from June to August 2013. An in-depth interview and focus group discussions were conducted with representatives from FTA-relevant government agencies and the private sector. A questionnaire survey was conducted on 19 services firms, focusing on five services industries—telecommunications, construction, hotels, restaurants, and retail—from June to September 2013.

The in-depth interviews were conducted with two government officials from the Bureau of Trade Preference and the Customs Department, and one garment firm owner. The focus group discussion was conducted with four representatives from the Thai Automotive Industry Association, one representative from the Electrical and Electronics Institute, one representative from the Thai

Furniture Club, and two representatives from a steel firm and a plastics firm. All interviews and focus group discussions were conducted in September 2013.

## **2. Key Findings**

### **2.1. Manufacturing**

#### **2.1.1. Use of FTAs**

Firms are classified according to their characteristics: size, ownership, location, and whether they export or import.

This paper classifies the samples into small, medium-sized, and large firms. Since the definition of small and medium-sized enterprises (SMEs) varies from country to country, the following definition as set by the International Finance Corporation is used. Small firms have fewer than or equal to 50 ( $\leq 50$ ) employees, medium-sized firms have more than 50 but less than or equal to 300 ( $51 \leq 300$ ), and large firms have more than 300 ( $> 300$ ).

In terms of ownership, we define a firm with Thai shareholders holding equal to or more than 50 percent of the total paid-in capital as a Thai firm, and a firm with foreign shareholders holding more than 50 percent of the total paid-in capital as a foreign firm. Ninety-three percent (71 out of 76 answering firms) are Thai firms, with 53 firms owned 100 percent by Thai shareholders and another five owned by foreigners from Japan, India, and Taiwan.

Concerning firm location, most of the firms are not in a particular zone and 18 firms are in an industrial promotion zone. In Thailand, we categorise an industrial promotion zone into two types: a general industrial zone and an export processing zone. There are 10 export processing zones in Thailand (Customs Department).

Taking into consideration the above categorisation, 10 firms are located in the general industrial promotion zone and another eight are in the export processing zone.

When considering export and import characteristics, most of the firms sell goods in the domestic and foreign markets. Eighty-nine percent of the responding firms directly export and 35 percent export more than half of their total sales. Most of the export markets are Japan, the United States (US), the People's Republic of China, Viet Nam, and Malaysia. In terms of importing raw materials and intermediate products, 59 percent directly import their inputs and 21 percent directly import more than half their total inputs and raw

materials. Import origin countries are the People's Republic of China, Japan, the US, Malaysia, and Taiwan. Table 11.1 shows the characteristics of the surveyed firms.

**Table 11.1. Firm Characteristic**

<b>Size</b>	<b>Small</b>	<b>Medium</b>	<b>Large</b>	<b>Total observations</b>	<b>Unknown</b>
Number	16	37	24	77	8
Percentage	21	48	31	100	
<b>Ownership</b>	<b>Thai</b>	<b>Foreign</b>		<b>Total observations</b>	<b>Unknown</b>
Number	71	5		76	9
Percentage	93	7		100	
<b>Location</b>	<b>Not in any particular zone</b>	<b>Located in the industrial zone</b>	<b>Located in the export processing zone</b>	<b>Total observations</b>	<b>Unknown</b>
Number	66	10	8	84	1
Percentage	79	12	10	100	
<b>Export characteristic</b>	<b>Do not directly export</b>	<b>Directly export less than 50% of total sales</b>	<b>Directly export equal or more than 50% of total sales</b>	<b>Total observations</b>	<b>Unknown</b>
Number	7	35	23	65	20
Percentage	11	54	35	100	
<b>Import characteristic</b>	<b>Do not directly import</b>	<b>Directly import less than 50% of total inputs</b>	<b>Directly import equal or more than 50% of total inputs</b>	<b>Total observations</b>	<b>Unknown</b>
Number	27	25	14	66	19
Percentage	41	38	21	100	

Source: Authors' survey

### 2.1.2. The Use of FTAs, by Firm Characteristic

FTA utilisation is not automatic, as a firm needs to apply for a COO. Since a firm may or may not be aware that using a COO is actually FTA utilisation,\* the first step is to gauge firms' knowledge of FTAs. Table 11.2 shows the use of FTAs corresponding to a firm's characteristics. According to the survey results, most firms of all sizes, but especially large firms, know about FTAs. However, the number of SMEs that utilise FTAs is less than that of large firms. Eighty percent of small firms say they know about FTAs but only 31 percent use FTAs and 53 percent use COOs. For medium-sized firms, 97 percent know about FTAs, while

\* There are many types of COOs that a firm can apply for, but they have nothing to do with FTAs. For instance, Form A is used for Generalized System of Preferences which is not FTA, and some countries may require Thai firms to obtain a COO when importing goods from Thailand.

62 percent use FTAs and 73 percent use COOs. Ninety-six percent of large firms say they know about FTAs, but 100 percent use FTAs and COOs. This shows that the larger a firm is, the greater the likelihood it will utilise an FTA.

When considering FTA utilisation according to ownership, 97 percent of Thai firms know about FTAs. Sixty-six percent say they use FTAs and 74 percent use COOs. For foreign firms, 80 percent know about FTAs and 100 percent claim they use FTAs and COOs.

All the firms in the general industrial zone (100 percent) know about FTAs, 90 percent use FTAs, and 89 percent use COOs, while 88 percent of the firms in the export processing zone know about FTAs, and the percentage is the same for FTA utilisation and COO use. As for the remaining firms, which are not in any particular zone, 95 percent know about FTAs but only 65 percent use FTAs while 75 percent use COOs.

In terms of the relationship between export and import characteristics and FTA use, among the firms that do not directly export (11 percent of respondents), 83 percent know about FTAs, 43 percent use FTAs, and 67 percent use COOs and use COOs when importing inputs. Of the firms that directly export less than 50 percent of total sales, 91 percent know about FTAs, 63 percent use FTAs, and 71 percent use COOs. All the firms that directly export equal to or more than 50 percent of total sales know about FTAs, 91 percent use FTAs, and 96 percent use COOs. Eighty-nine percent of firms do not directly import inputs and know about FTAs, 44 percent use FTAs, and 63 percent use COOs. As for the firms that directly import less than 50 percent of total inputs, 96 percent know about FTAs, 88 percent use FTAs, and 92 percent use COOs. Lastly, 92 percent of the firms that directly import 50 percent or more of total inputs know about FTAs, 57 percent use FTAs, and 62 percent use COOs.

Firms tend to use COOs more than FTAs, revealing that some firms do not realise that using a COO is equivalent to utilising an FTA.

Table 11.2. Use of FTAs, by Firm Characteristic

Firm Characteristic	No. of firms	Know FTA		Use FTA		Use COO	
		Know FTA %	Total obs.	Use FTA %	Total obs.	Use COO %	Total obs.
<b>Size</b>							
Small	16	12	15	5	16	8	15
		80		31		53	
Medium	37	34	35	23	37	27	37
		97		62		73	
Large	24	23	24	24	24	23	23
		96		100		100	
<b>Ownership</b>							
Thai	71	66	68	47	71	51	69
		97		66		74	
Foreign	5	4	5	5	5	5	5
		80		100		100	
<b>Location</b>							
Not in any particular zone	66	60	63	43	66	49	65
		95		65		75	
Located in the industrial zone	10	10	10	9	10	8	9
		100		90		89	
Located in the export processing zone	8	7	8	7	8	7	8
		88		88		88	
<b>Export characteristic</b>							
Do not directly export	7	5	6	3	7	4	6
		83		43		67	
Directly export less than 50% of total sales	35	30	33	22	35	24	34
		91		63		71	
Directly export equal or more than 50% of total sales	23	23	23	21	23	22	23
		100		91		96	
<b>Import characteristic</b>							
Do not directly import	27	24	27	12	27	17	27
		89		44		63	
Directly import less than 50% of total inputs	25	23	24	22	25	22	24
		96		88		92	
Directly import equal or more than 50% of total inputs	14	11	12	8	14	8	13
		92		57		62	

COO = Certificate of Origin, FTA = free trade agreement.

Source: Authors' survey

### 2.1.3. Survey Results of the Use of FTAs, by Agreement

The most utilised FTA is ASEAN Free Trade Area. This is followed by ASEAN–China FTA, ASEAN–India FTA, ASEAN–Australia–New Zealand FTA, bilateral FTAs such as Thailand–



Japan FTA (Japan–Thailand Economic Partnership Agreement), Thailand–India FTA, ASEAN–Japan Comprehensive Economic Partnership, and ASEAN–Korea FTA. Table 11.3 shows FTA utilisation by agreement.

**Table 11.3. Use of FTAs, by Agreement**

Agreement	Export			Import		
	Number of obs.	Utilisation Rate %	Export Destination	Number of obs.	Utilisation Rate %	Import Origin
AFTA	46	72	Viet Nam, Malaysia, Indonesia	16	25	Malaysia, Indonesia, Viet Nam
ACFTA	18	28	China	16	25	China
AANZFTA	10	16	Australia, New Zealand	2	3	Australia
AIFTA	13	20	India	2	3	India
AJCEP	9	14	Japan	2	3	Japan
AKFTA	9	14	Korea	1	2	Korea
Others (bilateral FTAs)	7	11	Japan, India	5	8	Japan
Total observations	64			64		

AANZFTA = ASEAN–Australia–New Zealand Free Trade Agreement, AFTA = ASEAN Free Trade Area, ACFTA = ASEAN–China Free Trade Agreement, AIFTA = ASEAN–India Free Trade Agreement, AJCEP = ASEAN–Japan Comprehensive Economic Partnership, AKFTA = ASEAN–Korea Free Trade Agreement, FTA = free trade agreement.

Source: Authors' survey

Among the firms that utilise FTAs through COOs, 72 percent use AFTA to export their products to Viet Nam, Malaysia, and Indonesia; 25 percent use AFTA to import inputs from Malaysia, Indonesia, and Viet Nam; and 28 percent use ASEAN–China FTA for export to the People's Republic of China and 25 percent for import from the same country. Sixteen percent of COO-utilising firms use ASEAN–Australia–New Zealand FTA to export to Australia and New Zealand, while only three percent use it for importing inputs from the same countries. Twenty percent use ASEAN–India FTA to export goods to India and three percent use it to import inputs from the same country. Another two FTAs (ASEAN–Japan and ASEAN–Korea) are used by 14 percent of firms for exporting goods to those two countries. However, for importing inputs, only two to three percent of firms utilise these two FTAs. As for bilateral FTAs between Thailand and its partners, 11 percent of firms use bilateral

FTAs for export, with the FTAs between Thailand and Japan, as well as between Thailand and India, as the most utilised. For import, eight percent of firms use bilateral FTAs for importing inputs and the most used bilateral FTA is the Japan–Thailand Economic Partnership Agreement.

**Table 11.4. Thailand’s Major Export Markets and Major Export Destinations with COOs**

Major Export Market	Major Export Destinations with COOs
1. Japan	1. Viet Nam
2. US	2. People’s Republic of China
3. People’s Republic of China	3. India
4. Viet Nam	4. Japan
5. Malaysia	5. Malaysia

COO = Certificate of Origin.

Source: Authors’ survey

When comparing major export markets with major COO destinations (Table 11.4), the top four out of five export destinations are the same ones that firms export to with COOs: Japan, the People’s Republic of China, Viet Nam, and Malaysia. Although it is the second-largest major export market in this survey, the US does not have an FTA with Thailand.

#### **2.1.4. Official Data on the Use of FTAs, by Agreement Over the Years**

The most important FTA is ASEAN Free Trade Area. It had the highest applicable export value (more than US\$30 billion) and the highest value of exports utilising FTA (almost US\$15 billion) in 2012. Both values account for 35 percent of the total respective export values. However, FTA utilisation through AFTA is not the highest. Despite being ranked fourth in 2010, it fell to sixth in 2012 with a utilisation rate of 47 percent. The most utilised FTA is ASEAN-China FTA, which accounts for 80 percent of the FTA utilisation rate. It is followed by Thailand-Indian FTA at 70 percent, Japan-Thailand Economic Partner Agreement at 68 percent, Thailand-Australian FTA at 61 percent, and ASEAN-Korean FTA at 56 percent.

The least utilised FTAs are ASEAN-Japan Comprehensive Economic Partnership with a utilisation rate of one percent, and ASEAN-Australia-New Zealand FTA at three percent.

The utilisation rate of ASEAN–Japan Comprehensive Economic Partnership is substantially lower than that of Japan–Thailand Economic Partnership Agreement since exporters choose to use the latter rather than the ASEAN–Japan Comprehensive Economic Partnership due to its lower preferential tariff rates, especially for items such as prepared food with cacao and tanned leather (Bureau of Trade Preference, 2013). The same reason also explains the low utilisation of ASEAN–Australia–New Zealand FTA. For instance, the Thailand–Australia FTA gives a lower tariff, which is five percent for boys’ swimming suits, compared with 15 percent when utilising the ASEAN–Australia–New Zealand FTA (Textile and Leather Goods Intelligence Unit, 2013).

Table 11.5 shows the value of exports applicable for FTAs, the value of exports utilising FTAs, and FTA utilisation rate by agreement. Table 11.6 shows goods covered by an FTA, by agreement.

Table 11.5. Value of Export Applicable for FTA and FTA Utilisation Rate

	Value of Export Applicable for FTA (US\$ million)			Value of Export Utilising FTA (US\$ million)			FTA Utilising Proportion		
	2010	2011	2012	2010	2011	2012	2010	2011	2012
ASEAN (AFTA)	25,553	29,248	31,235	14,024	15,182	14,794	54.88	51.91	47.36
China (ACFTA)	11,453	11,106	13,997	7,372	9,361	11,287	64.37	84.29	80.64
India (TIFTA)	786	1,003	994	566	748	696	72.00	74.61	70.04
India (AIFTA)	3,684	4,388	4,790	875	1,224	1,385	23.77	27.89	28.91
Australia (TAFTA)	6,557	5,545	8,008	5,613	5,036	4,857	85.60	90.82	60.65
Australia (AANZFTA)	5,643	5,966	7,631	23	84	214	0.42	1.41	2.81
Japan (JTEPA)	7,146	8,484	9,203	4,772	6,039	6,254	66.78	71.18	67.95
Japan (AJCEP)	1,928	7,993	7,626	26	48	56	1.35	0.60	0.74
Korea (AKFTA)	2,637	3,762	3,821	880	2,215	2,131	33.37	58.87	55.78
New Zealand (AANZFTA)	465	557	769	3	8	18	0.61	1.42	2.28
Peru (TPCEP)	-	-	65	-	-	12	-	-	18.53
Total	65,853	78,051	88,139	34,155	39,945	41,705	51.87	51.18	47.32

AANZFTA = ASEAN–Australia and New Zealand Free Trade Agreement, AFTA = ASEAN Free Trade Area, ACFTA = ASEAN–China Free Trade Agreement, AIFTA = ASEAN–India Free Trade Agreement, AJCEP = ASEAN–Japan Comprehensive Economic Partnership, AKFTA = ASEAN–Korea Free Trade Agreement, FTA = free trade agreement, JTEPA = Japan–Thailand Economic Partnership Agreement, TAFTA = Thailand–Australia Free Trade Agreement, TIFTA = Thailand–India Free Trade Agreement, TPCEP = Thailand–Peru Comprehensive Economic Partnership.

Source: Department of Foreign Trade, Thailand.

**Table 11.6. Goods Covered by an FTA, by Agreement**

<b>Agreement</b>	<b>Top Three Goods Covered by an FTA</b>
ASEAN (AFTA)	Automobiles, transport vehicles, mechanical shovels
China (ACFTA)	Tapioca starch, vulcanized rubber, aromatic hydrocarbon compounds
India (TIFTA)	Air conditioners, jewellery made of precious metals, plastic grains
India (AIFTA)	Diesel engines, polymers, toluene
Australia (TAFTA)	Transport vehicles (gross vehicle weight of not more than five tons), automobiles of more than 1500 cc., but less than 3000 cc., processed tuna
Australia (AANZFTA)	Ethylene terephthalate, eyeglass lenses made of other materials except glass, eyeglasses
Japan (JTEPA)	Prepared or preserved chicken and chicken entrails, prepared or preserved shrimp, frozen black tiger shrimp and frozen giant freshwater shrimp
Japan (AJCEP)	Prepared sardine, prepared or preserved shrimp, shaving cream
Korea (AKFTA)	Technically specified natural rubber, crude petroleum from bituminous minerals, methyloxirane
New Zealand (AANZFTA)	Prepared food, ethylene terephthalate, garments made from knitted or crocheted fabrics
Peru (TPCEP)	Colour TVs, footballs, condoms

AANZFTA = ASEAN–Australia and New Zealand Free Trade Agreement, AFTA = ASEAN Free Trade Area, ACFTA = ASEAN–China Free Trade Agreement, AIFTA = ASEAN–India Free Trade Agreement, AJCEP = ASEAN–Japan Comprehensive Economic Partnership, AKFTA = ASEAN–Korea Free Trade Agreement, FTA = free trade agreement, JTEPA = Japan–Thailand Economic Partnership Agreement, TAFTA = Thailand–Australia Free Trade Agreement, TIFTA = Thailand–India Free Trade Agreement, TPCEP = Thailand–Peru Comprehensive Economic Partnership.

Source: Bureau of Trade Preference, Thailand, 2013.

### **2.1.5. Perceptions of How FTAs Affect Decisions to Invest, by Firm Size**

Small firms do not give any information on whether FTAs have affected their investment decisions. Twenty-five percent of medium-sized firms state that FTAs were not a factor in deciding the investment location, 33 percent say that they did not know, and 42 percent say that FTAs were a factor in investment decisions. Conversely, up to 50 percent of large firms say that FTAs were a factor when deciding investment location, while another 25 percent say they were not, and another 25 percent say that they did not know. The reason why some firms state that they do not know might be because the individuals who

completed the questionnaire or answered via the interview are not in a position to know about past investment decisions.

Firms that say they considered FTAs as a factor in deciding investment location considered ASEAN–China FTA, ASEAN–Korea FTA, ASEAN–Australia–New Zealand FTA, ASEAN–India FTA, Thailand–Japan FTA, Thailand–Australia FTA, and Thailand–New Zealand FTA because of their lower preferential tariffs.

In terms of an investment plan for the next five years, none of the small firms state they would close the business, while several medium-sized and large firms (three to five percent) state they would. The same tendency appears to be the reason for the decisions to reduce the level of business operations or to move the production sites within Thailand. Most of the firms state that they would either maintain the same level of business operations or expand their level of business operations. SMEs tend to expand their business whereas large firms tend to maintain their level of business operation.

Asked about overseas investments, small and large enterprises are likely to expand or invest overseas (44 percent and 52 percent, respectively). However, about half of the medium-sized firms (51 percent) have no plans to do so. The reasons behind overseas investment decisions, on which all firms agreed, are growing markets and low labour costs. The next most important reasons for small firms are low logistics costs and following a business partner's investment, and for medium-sized and large firms, investment incentives and FTAs. A low preferential tariff is the FTA component that all firms consider to be the most beneficial to their future investments. It is followed by higher foreign equity share, for medium-sized firms, and better investment protection, for large firms. As for other motives, some large firms mention natural resources and political stability. The overseas investment destinations mentioned the most are ASEAN countries such as Viet Nam, Myanmar, Indonesia, and the People's Republic of China. Table 11.7 shows the survey results of investment decisions according to firm size.

**In-depth Interview and Focus Group Discussion: FTAs and Investment Decision**

A garment company owner claimed that the major export markets for Thai garment and textile products were the US and the EU. However, Thailand does not have FTAs with either. There is a possibility that some firms may decide to invest or move their production sites from Thailand to countries that have an FTA with either the US or the EU. The highest possible investment destination for this case is Viet Nam.

**Table 11.7. Investment Decision, by Firm Size**

Investment Decision	Firm size					
	Small		Medium		Large	
<b>Past investment</b>	Total obs.	3	Total obs.	12	Total obs.	12
FTA was not a factor in deciding the investment location	0		3	25%	3	25%
Don't know	1		4	33%	3	25%
FTA was a factor	2		5	42%	6	50%
<b>Future investment</b>	Total obs.	16	Total obs.	33	Total obs.	22
Close the business	0	0%	1	3%	1	5%
Reduce the level of business operation	0	0%	1	3%	0	0%
Move the production sites within a country	0	0%	0	0%	2	9%
Maintain the same level of business operation	5	31%	13	39%	10	45%
Expand the level of business operation	11	69%	20	61%	9	41%
<b>Overseas investment</b>	Total obs.	16	Total obs.	35	Total obs.	21
No plan	5	31%	18	51%	7	33%
Under consideration	4	25%	11	31%	3	14%
Will expand/ invest overseas	7	44%	6	17%	11	52%
<b>Reasons for overseas investment</b>	Total obs.	11	Total obs.	17	Total obs.	12
Growing markets	9	82%	15	88%	6	50%
Low labour costs	4	36%	15	88%	6	50%
Low tax	1	9%	3	18%	2	17%
Low logistics costs	3	27%	3	18%	1	8%
Investment incentives	1	9%	6	35%	5	42%
FTA	1	9%	6	35%	5	42%
Follow business partner's investment	2	18%	2	12%	0	0%
Others	1	9%	0	0%	2	17%

FTA = Free trade agreement, obs. = observations,

Source: Authors' survey

### 2.1.6. Constraints on Using FTAs, by Firm Size

Since some firms may not recognise that using a COO is utilising an FTA, they were asked about the reasons for not using FTAs and COOs. The top three reasons for small and medium-sized firms are lack of information, small trade volume, and utilising other schemes. A scheme that most firms use other than FTAs is the investment privileges received from Thailand's Board of Investment. The Board of Investment's tax incentives include the exemption on or reduction of import duties on machinery and the reduction of import duties on raw materials. However, the study could not identify what constrain large firms from using FTAs, because all the large firms in the survey use FTAs and COOs.

**Table 11.8. Reasons for Not Using FTAs, by Firm Size**

Reasons or constraints	Firm size					
	Small		Medium		Large	
	Do not use FTA	Do not use COO	Do not use FTA	Do not use COO	Do not use FTA	Do not use COO
Lack of information	5 50%	4 67%	2 14%	3 33%	All large firms use FTA and COO.	
Cannot meet the ROOs requirement	1 10%	1 17%	1 7%	1 11%		
Small trade volume	2 20%	2 33%	7 50%	3 33%		
Small differences between preferential FTA and normal applied tariff	0 0%	0 0%	0 0%	0 0%		
Using other schemes	2 20%	1 17%	5 36%	4 44%		
Fee to obtain COOs is too expensive	0 0%	0 0%	1 7%	0 0%		
Procedure to obtain COOs is too complicated	0 0%	1 17%	0 0%	1 11%		
Others	1 10%	1 17%	0 0%	0 0%		
Total observations	10	6	14	9		

COO = Certificate of Origin, FTA = free trade agreement, ROO = rules of origin.  
Source: Authors' survey



### **2.1.7. Perception of the Costs and Procedures of FTAs, by Firm Size**

Table 11.9 shows perceptions concerning the costs and the procedures of FTAs, by firm size. Across the board, firms agreed that the number of documents required for the COO application, the cost, and the length of time to obtain a COO are reasonable. Large firms use a COO online application system more than SMEs do. It seems the larger the firm, the greater the possibility that it will use an online system.

Since a firm may export to various countries, it could face different COO schemes, which vary from one country to another. Although a firm may export to one destination, it sometimes encounters different COO schemes from different FTAs between the country of origin and the country of export destination. In the case of Thailand, when a firm exports goods to Japan, it may have to consider the different COO schemes between the Thailand–Japan FTA and the ASEAN–Japan FTA, depending on the product. A firm that exports to India and Australia may have the same problem (Table 11.5).

The survey results show that most small firms (64 percent) do not compare the advantages of different COO schemes when exporting to one country, while another 29 percent compare the advantages of different COO schemes. Medium-sized firms tend to compare (37 percent) or not compare the different COO schemes (34 percent). While up to 48 percent of large firms compare the different COO schemes, 30 percent do not. Some firms clearly stated that comparison of different COO schemes is not applicable to them because the country of their export destination has only one COO scheme or one FTA. Some firms also stated that they did not know.

When exporting to more than one country, 37 percent of medium-sized firms find it difficult to comply with more than one COO, while only 29 percent of small and large firms encounter difficulties. For small firms, the biggest group (43 percent) states that they do not know if they are facing difficulties complying with more than one COO when exporting to more than one country. Medium-sized firms, the second-largest group (29 percent), states the same thing. This is consistent with the answers in the last section, which state that firms lack information, resulting in non-use of FTAs. Although 29 percent of large firms encounter difficulties, 33 percent do not have difficulties in complying with more than one COO when exporting to more than one country. Twenty four percent of large firms state that complying with more than one COO when exporting to more than one country is not applicable to them because they export to only one destination, or

among their export destinations there is only one country (one group in case of ASEAN) that has an FTA with Thailand. This is true for many firms because their major export destinations are the US and the EU, with which Thailand does not have an FTA.

**Table 11.9. Perceptions of FTA Utilisation**

Perception of FTA utilisation	Firm size					
	Small		Medium		Large	
<b>Number of documents</b>	Total obs.	7	Total obs.	23	Total obs.	22
Very few	0	0%	0	0%	1	5%
Reasonable	5	71%	13	57%	18	82%
Many	2	29%	9	39%	1	5%
Too many	0	0%	1	4%	2	9%
Average number of documents used (documents)	3-4		4-5		2-5	
<b>Length of time to obtain a COO</b>	Total obs.	7	Total obs.	24	Total obs.	23
Very quick	1	14%	2	8%	2	9%
Reasonable	5	71%	14	58%	15	65%
Lengthy	1	14%	7	29%	3	13%
Very lengthy	0	0%	1	4%	3	13%
Average length of time used (working days)	2-3		2-5		1-3	
<b>Cost to obtain a COO</b>	Total obs.	7	Total obs.	24	Total obs.	22
Very low	1	14%	1	4%	1	5%
Reasonable	6	86%	17	71%	17	77%
Costly	0	0%	5	21%	0	0%
Very costly	0	0%	1	4%	3	14%
Average cost (US\$)	23.33		20		7.24	
<b>Online application system</b>	Total obs.	11	Total obs.	30	Total obs.	23
Use online system	3	27%	11	37%	18	78%
<b>Compare the advantages of different COO schemes when exporting to a country</b>	Total obs.	14	Total obs.	35	Total obs.	23
Do not compare	9	64%	12	34%	7	30%
Do not know	1	7%	6	17%	2	9%
Not applicable	0	0%	4	11%	3	13%
Compare	4	29%	13	37%	11	48%
<b>Find difficulties in complying with more than one COO when exporting to more than one country</b>	Total obs.	14	Total obs.	35	Total obs.	21
Do not find any difficulty	2	14%	8	23%	7	33%
Do not know	6	43%	10	29%	3	14%
Not applicable	2	14%	4	11%	5	24%
Find it difficult	4	29%	13	37%	6	29%
<b>Consulting source</b>	Total obs.	12	Total obs.	33	Total obs.	23
Website of Thai government	2	17%	5	15%	9	39%
Website of trading partner's government	1	8%	2	6%	2	9%
Business associations	3	25%	5	15%	5	22%
Chambers of commerce	2	17%	1	3%	7	30%

COO = Certificate of Origin, FTA = free trade agreement.

Source: Authors' survey

**In-Depth Interview and Focus Group Discussion: Constraints on Using FTAs**

A Customs Department official mentioned that many firms did not use FTAs because they are in the industrial promotion zone or they receive tax privileges under the Board of Investment's scheme. If these firms are not taken into account, the number of firms that do not use FTAs should be smaller. A representative from the Electrical and Electronics Institute added that the Information Technology Agreement had reduced import duty imposed on electrical and electronic goods (covering all goods of HS code 85) to zero and had nothing to do with ROOs. Therefore, firms do not have to apply for a COO to receive benefits from FTAs. A representative from a large plastics company said that some SMEs did not pay attention to FTA utilisation since they had to hire more staff to manage the issue.

The fee to obtain COOs is too expensive in some countries, especially Cambodia; two representatives from a garment company and the Thai Automotive Industry Association said the fee was higher than in other countries. In the instance of the garment company, they paid a COO application fee of US\$50 plus fees imposed on each item, perhaps 5,000 riel [equivalent to US\$1.2]/dozen. The representative from the Thai Automotive Industry Association said they paid US\$150 without the accumulation of local content and US\$450 with the accumulation of local content. Therefore, he suggested harmonising COO application fees.

A customs official stated that the problem of incorrect information being filled in on the COO form was prevalent in the People's Republic of China, Indonesia, and Viet Nam.

The representative from a large plastics company also mentioned that for a shipment valued at less than US\$500, a COO cannot be applied for, which was a constraint.

The most problematic issue is the Harmonised System[spell out or identify] code identification. A firm categorises under one Harmonised System code a product or input that it will import. It will then inform its trade partner to use this Harmonised System code in the COO application form. But when the product enters Thailand, a Thai customs official may say that the product falls under another Harmonised System code, causing many problems. This issue is difficult to resolve because products are varied and it depends on the judgment of each side. The representative from the Electrical and Electronics Institute also added that electrical and electronic goods are multi-functional and it was difficult to identify the HS code.

Furthermore, the definition of some words in FTAs is not clear, such as 'Minimal Operations and Processes' in the ASEAN Trade in Goods Agreement. A representative from the Thai Automotive Industry Association said that what is fallen under 'Minimal Operations and Processes' was also interpreted and judged by customs officials.

When a firm faces problems or needs to consult with a third party about COO schemes, most SMEs consult a freight forwarder or logistics company, not only to facilitate the transport of their goods but also because of the number of documents involved. In Thailand, this kind of company is called a 'shipping company'. For large firms, a shipping company is the second most common choice, while the Thai government's website is the most popular consulting source for large firms. Many firms also consult business associations and chambers of commerce. Some firms clearly state that they directly call government agencies to obtain information, which is a better option than visiting their websites.

#### **2.1.8. Main Sources of Information About FTAs**

Most firms (64 percent) consider that the currently available information about FTAs is good, 31 percent say it is poor, 2.5 percent state it is very good, and 2.5 percent say it is very poor. The best communication medium for disseminating information about FTAs, or any other economic cooperation, is the Internet. This also includes government agencies' websites and seminars to convey information about FTAs.

#### **In-Depth Interview and Focus Group Discussion: FTA Information Dissemination**

The Bureau of Trade Preference stated that it, together with the Department of Trade Negotiations, conducts seminars two or three times a month, sends staff to lecture at companies, and places virtual data operations support of past seminars on its website.

However, representatives from the private sector requested that seminars be done by sector or by product because the details are different. Firms should also send staff in charge of FTA issues to the seminar, not entrepreneurs or managers. The Bureau of Trade Preference mentioned that many firms use their messengers, not the staff in charge, to apply for and obtain COOs. This means that when there was important information that the bureau would like to pass on to firms, the messages tended to get lost.

#### **2.1.9. Other Interesting Issues that Need to be Highlighted**

Firms have provided several suggestions to maximise FTA use. For example, government units should provide enough staff (capacity) to facilitate the procedures. A call centre and one-stop service should be established and those government units should reduce the number of procedures and require fewer documents. More knowledge and information should be disseminated. The information placed on the website should be

clear in terms of procedures, required documents, fees, and time required, and information about FTA benefits should be tailor-made by product.

#### **In-Depth Interview and Focus Group Discussion: Other Interesting Issues**

A self-certification system was discussed in Japan–Thailand Economic Partnership Agreement in 2007, but it has still not been established. A representative from the Thai Automotive Industry Association stated that if such a system were in place, the transaction costs would be reduced by up to THB5,000 [equivalent to US\$140]/shipment. A representative from a furniture company also added that government agencies should attach more importance to the electronic and online system and that the system must be harmonised among countries. There are two self-certification systems in ASEAN countries. The representative from the Thai Automotive Industry Association said that many entrepreneurs were wondering if they would be harmonised or incorporated into one system in 2015. As for a call centre, the customs official claimed that it is impossible for call-centre staff to know everything. They can only answer fundamental questions and if the question is too detailed, they will pass it on to the staff in charge. However, a representative from the private sector said they needed both an efficient call centre and one-stop service. If the staff of a call centre cannot answer all questions, the website should clearly state whom to call.

The customs official also commented that the customs tariff is part of the nation's revenue. A loss of revenue because of FTAs is understandable, but all government revenue-collecting units adhere to the idea that this year's revenue (customs tariff revenue) will be the revenue target of the following year. Therefore, there is pressure on the Customs Department to find a way to collect tariffs to meet the target.

Finally, many representatives from the private sector recognise that non-tariff measures are now increasingly employed as trade barriers instead of tariffs.

## **2.2. Services**

### **2.2.1. Use of FTAs**

First we need to define the firm size (small, medium, and large), as the definition of SMEs varies from country to country. We therefore follow the definition from the International Finance Corporation: small enterprises are those with 50 or fewer employees; medium-sized enterprises have between 51 and 300; and large enterprises have more than 300. In this survey, the sample comprised three small firms, five medium-sized firms, and 11 large firms.

Table 11.10. Firm Characteristic

<b>Size</b>				<b>Total obs.</b>	<b>Unknown</b>	<b>Total</b>
Number	<b>Small</b> 3	<b>Medium</b> 5	<b>Large</b> 11	19	0	19
Percentage	16	26	58	100		
<b>Ownership</b>				<b>Total obs.</b>	<b>Unknown</b>	<b>Total</b>
Number	<b>Thai</b> 16	<b>Foreign</b> 1		17	2	19
Percentage	94	6		100		
<b>Import characteristic:</b>						
<b>Direct import of inputs</b>	<b>Directly import inputs</b>	<b>Do not directly import inputs</b>		<b>Total obs.</b>	<b>Unknown</b>	<b>Total</b>
Number	10	9		19	0	19
Percentage	53	47		100		
<b>Import of inputs via distributors</b>	<b>Import inputs via distributors</b>	<b>Do not import inputs via distributors</b>		<b>Total obs.</b>	<b>Unknown</b>	<b>Total</b>
Number	9	9		18	1	19
Percentage	50	50		100		

Source: Authors' survey

In terms of ownership, we define a Thai firm as one in which Thai shareholders hold 50 percent or more of the total paid-in capital, and a foreign firm as one where foreign shareholders hold more than 50 percent of the total paid-in capital. Among the 19 services firms, 12 were 100 percent Thai, four firms have Thai citizen(s) as major shareholder(s), one firm was foreign, and the rest could not be classified by ownership due to lack of information.

About half of the 19 services firms provide services in foreign markets. Half of the firms directly import inputs and materials, with total raw materials comprising 15–70 percent, while the other half import inputs and materials through distributors or suppliers, with total raw materials comprising 15–90 percent. Some firms import both directly and via distributors.

### 2.2.2. The Use of FTAs, by Firm Characteristic

More than half of the firms in all size groups in the sample know about FTAs. Two out of three small firms and four out of five medium-sized firms know about FTAs, while six out of 11 large firms do. However, none of the SMEs uses FTAs or COOs. Three large firms mentioned that they use and benefit from FTAs but only one uses COOs.

Sixty-nine percent (11 out of 16) of Thai firms in the sample know of FTAs. However, only three use FTAs and only one uses COOs. The single foreign firm does not know about FTAs and does not use FTAs and COOs.

Firms that directly import goods and raw materials are those able to use COOs, and, in turn, directly utilise FTAs. Firms that buy imported raw materials from distributors do not directly utilise FTAs and COOs. They may or may not know, therefore, whether or not the imported raw materials enjoy lower preferential tariffs due to FTA use. The survey results show that 50 percent of firms that directly import their inputs know about FTAs but only one uses COOs. Almost half of the firms that import their inputs via distributors know about FTAs (four out of nine) but just one out of nine answering firms (11 percent) claims that it utilises FTAs. Of course, none of these firms uses COOs. Although only 11 percent mention that they utilise FTAs, three out of eight (38 percent) know that their imported goods enjoy preferential tariff rates from FTAs.

Table 11.11: Use of FTAs, by Firm Characteristic

Firm Characteristic	No. of firms	Know FTA		Use FTA		Use COO	
		Know FTA	Total obs.	Use FTA	Total obs.	Use COO	Total obs.
<b>Size</b>							
Small	3	2 67%	3	0 0%	3	0 0%	3
Medium	5	4 80%	5	0 0%	5	0 0%	3
Large	11	6 55%	11	3 27%	11	1 9%	11
<b>Ownership</b>							
Thai	16	11 69%	16	3 20%	15	1 8%	13
Foreign	1	0 0%	1	0 0%	1	0 0%	1
<b>Import characteristic</b>							
<b>Direct import of inputs</b>							
Directly import inputs	10	5 50%	10	1 10%	10	1 13%	8
Do not directly import inputs	9	7 78%	9	2 22%	9	0 0%	9
<b>Import of inputs via distributors</b>							
Import inputs via distributors	9	4 44%	9	1 11%	9	0 0%	8
Do not import inputs via distributors	9	7 78%	9	1 11%	9	1 13%	8

COO = Certificate of Origin, FTA = free trade agreement.

Source: Authors' survey



### **2.2.3. Survey Results of the Use of FTAs, by Agreement**

Among 19 firms, only one large construction firm uses a COO to utilise FTAs. It uses Form D when importing inputs from Australia, Form E when importing from the People's Republic of China, Form AI when importing from India, Form AJ when importing from Japan, and Form AK when importing from South Korea.

### **2.2.4. Perceptions of How FTAs Affect Decisions to Invest, by Firm Size**

SMEs do not provide information on whether or not FTAs have been important factors in deciding investment locations. Forty percent of large firms confirmed that FTAs were a factor affecting investment location decisions, while the rest said they did not know. This could be because the individual who filled in the questionnaire was not aware of the details of past investment decisions.

When asked about investments in the next five years, none of the firms expects to close their business, reduce its level of business operations, or move its production site within the country. All small firms say they intend to maintain the current level of business operations. Two out of three responding medium-sized firms and four out of five responding large firms say they intend to expand their business in the next five years, while the rest expect to maintain their business operation level.

On the question of overseas investments over the next five years, two out of three small firms are considering this while the rest have no plans. By way of contrast, two out of three medium-sized firms have no plans for overseas investment, while the rest are considering it. However, 60 percent of large firms say they would invest or expand their business overseas. Thirty percent have no plans and the remaining 10 percent are considering it.

Among small firms thinking about overseas investment, the reasons for investing overseas are growing markets, low tax, investment incentives, and other reasons such as being persuaded by foreign partners. Among medium-sized firms considering overseas investment, growing markets is the only reason cited. Large firms' reasons for overseas investments planned in the next five years are, by rank, growing markets, FTAs, investment incentives, low labour costs, and low logistics costs. In terms of FTAs, the aspects of FTA that large firms think will benefit future investment are better investment protection,

lower preferential tariff, and higher foreign equity share. Table 11.12 shows investment decisions by firm size.

**Table 11.12. Investment Decisions, by Firm Size**

Investment Decision	Firm size					
	Small		Medium		Large	
<b>Past investment</b>	Total obs.	0	Total obs.	0	Total obs.	5
FTA was not a factor in deciding the investment location	n.a.	n.a.	n.a.	n.a.	2	40%
Don't know	n.a.	n.a.	n.a.	n.a.	3	60%
FTA was a factor	n.a.	n.a.	n.a.	n.a.	0	0%
<b>Future investment</b>	Total obs.	2	Total obs.	3	Total obs.	9
Close the business	0	0%	0	0%	0	0%
Reduce the level of business operation	0	0%	0	0%	0	0%
Move the production sites within a country	0	0%	0	0%	0	0%
Maintain the same level of business operation	2	100%	1	33%	4	44%
Expand the level of business operation	0	0%	2	67%	5	56%
<b>Overseas investment</b>	Total obs.	3	Total obs.	3	Total obs.	10
No plan	1	33%	2	67%	3	30%
Under consideration	2	67%	1	33%	1	10%
Will expand/ invest overseas	0	0%	0	0%	6	60%
<b>Reasons for overseas investment</b>	Total obs.	2	Total obs.	1	Total obs.	7
Growing markets	1	50%	1	100%	7	100%
Low labour costs	0	0%	0	0%	1	14%
Low tax	1	50%	0	0%	0	0%
Low logistics costs	0	0%	0	0%	1	14%
Investment incentives	1	50%	0	0%	3	43%
FTA	0	0%	0	0%	4	57%
Follow business partner's investment	0	0%	0	0%	0	0%
Others	1	50%	0	0%	0	0%

FTA = free trade agreement, obs. = observations, n.a. = not available \_\_\_\_\_.

Source: Authors' survey

### 2.2.5. Constraints on Using FTAs, by Firm Size

One conclusion from the survey data is that knowledge about FTAs is not well disseminated. For example, some respondents do not recognise that using a COO is utilising an FTA. Questions were asked about constraints on using FTAs and on using COOs. The answers for all firms are similar. Small firms cited lack of information (67 percent), small trade volume (33 percent), procedures to obtain COOs are too complicated (33 percent),

cannot meet the ROO requirements (33 percent), and using other schemes that also provide lower preferential tariff such as Board of Investment schemes (33 percent).

**Table 11.13. Constraints on Using FTAs, by Firm Size**

Reasons or constraints	Firm size					
	Small		Medium		Large	
	Do not use FTA	Do not use COO	Do not use FTA	Do not use COO	Do not use FTA	Do not use COO
Lack of information	2 67%	2 67%	0 0%	0 0%	4 67%	4 44%
Cannot meet the ROOs requirement	0 0%	1 33%	1 25%	1 50%	0 0%	0 0%
Small trade volume	1 33%	1 33%	2 50%	1 50%	1 17%	2 22%
Small differences between preferential FTA and normal applied tariff	0 0%	0 0%	0 0%	0 0%	1 17%	0 0%
Using other schemes	1 33%	0 0%	0 0%	0 0%	1 17%	0 0%
Fee to obtain COOs is too expensive	0 0%	0 0%	0 0%	0 0%	0 0%	0 0%
Procedure to obtain COOs is too complicated	1 33%	1 33%	0 0%	0 0%	1 17%	1 11%
Others	0 0%	0 0%	1 25%	0 0%	2 33%	4 44%
Total observations	3	3	4	2	6	9

COO = Certificate of Origin, FTA = free trade agreement, ROO = rules of origin.

Source: Authors' survey

For medium-sized firms, small trade volume is the most important constraint (50 percent), followed by an inability to meet the ROO requirements. For large firms, lack of information is the most prevalent factor. Among other reasons is that firms do not directly import their inputs and therefore have no need for COOs. The same reason is also given for not using FTAs among medium-sized and large firms. This implies that firms' understanding of the utilisation of FTAs is that a COO is only needed for direct imports, although some firms do recognise that their imported goods purchased from distributors also enjoy preferential tariff rates from FTAs.

When they have difficulties using COOs, firms consult or find information from government agencies' websites, freight forwarders, or logistics companies (in Thailand they are called 'shipping companies'), or lawyers and consulting firms.

## **Main Sources of Information About FTAs**

On the question of FTA information, seven out of 13 answering firms (54 percent) feel the available information is good. The most mentioned media for accessing FTAs information is the Internet, followed by conventional media such as television, radio, and newspapers.

### **2.2.6. Other Interesting Issues that Need to be Highlighted**

Most SME service providers in Thailand import goods directly. They buy imported goods from distributors and do not mind whether or not the imported products' prices are lower because of reduced import tariff. They are interested only in the prices at which the distributors sell the products. Some of them state that if the product incurs a lower import tariff then it is the distributors that benefit.

Services firms suggest that government encourage FTA usage by providing more information about FTAs and FTA utilisation through all possible media. Some services firms, especially those that do not directly import goods, do not understand how they can become involved in and utilise FTAs. The FTA-relevant government agencies should organise more seminars to disseminate information about FTAs and establish efficient call centres.

## **3. Key Recommendations**

Both the public and private sectors mentioned the constraints impeding FTA use and what the other side should do or change to maximise the use of FTAs. Government agencies should improve their websites to provide information the private sector needs. FTA information should be more product- or sector-specific. A contact list according to inquiry topic should be provided to increase the efficiency of call centres. An electronic and online system and a national single-window system should be implemented. COO application fees should be harmonised among all FTA partners. The private sector should also pay more attention to and obtain more information about FTAs.

Services firms can certainly benefit from FTAs. Since many services firms cannot directly import goods and thus cannot utilise FTAs through COOs, focus should instead be on distributors that have the potential to utilise FTAs. FTA-related information should

therefore be disseminated to all kinds of businesses, especially to freight-forwarding and shipping companies, and the content of FTAs and FTA utilisation information publications should be categorised by sector or service type.

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