

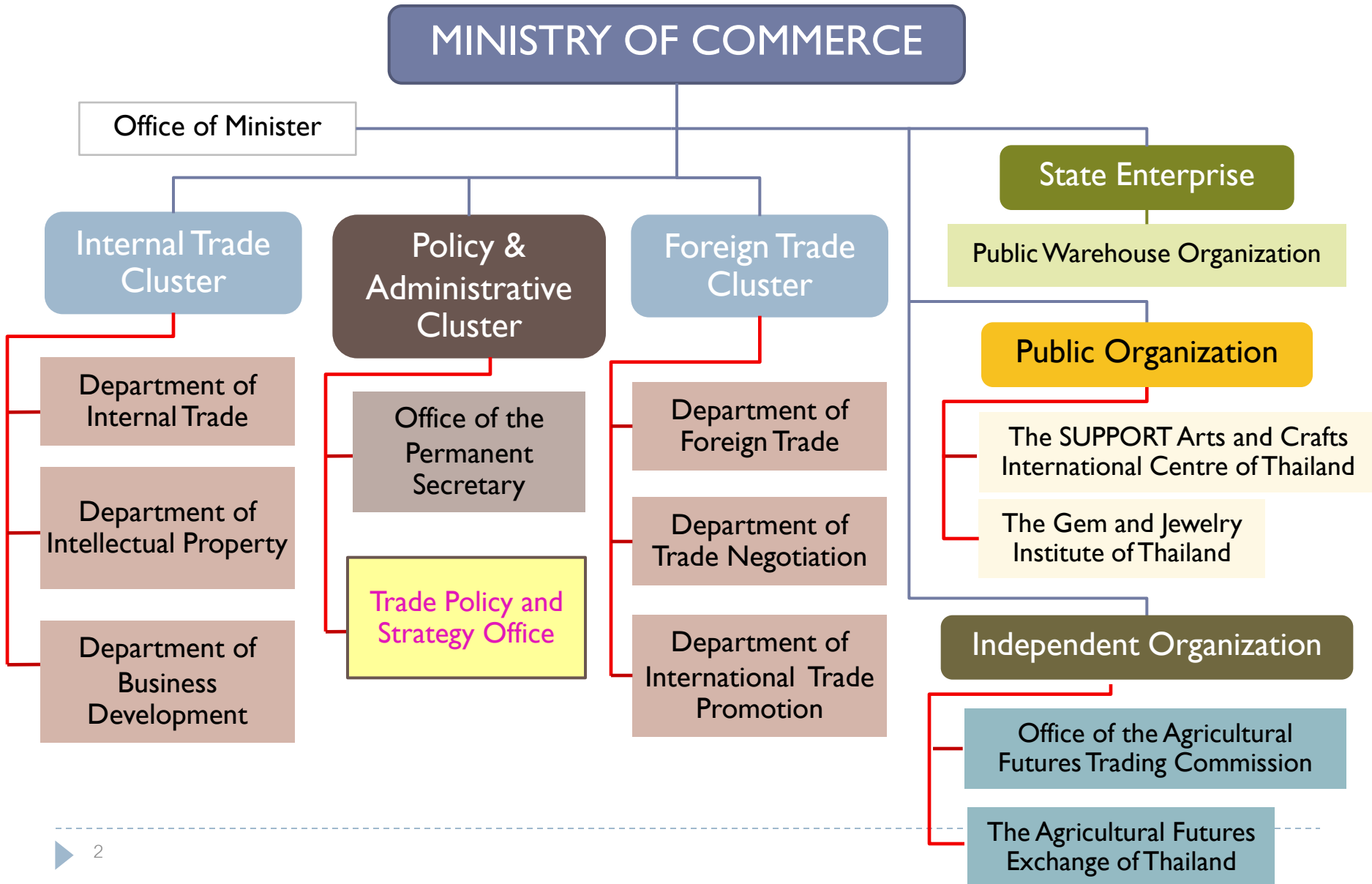


# International Economic Cooperation and Current Trade Issues

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25 November 2020  
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# ORGANIZATION STRUCTURE



# Regional & Overseas Offices

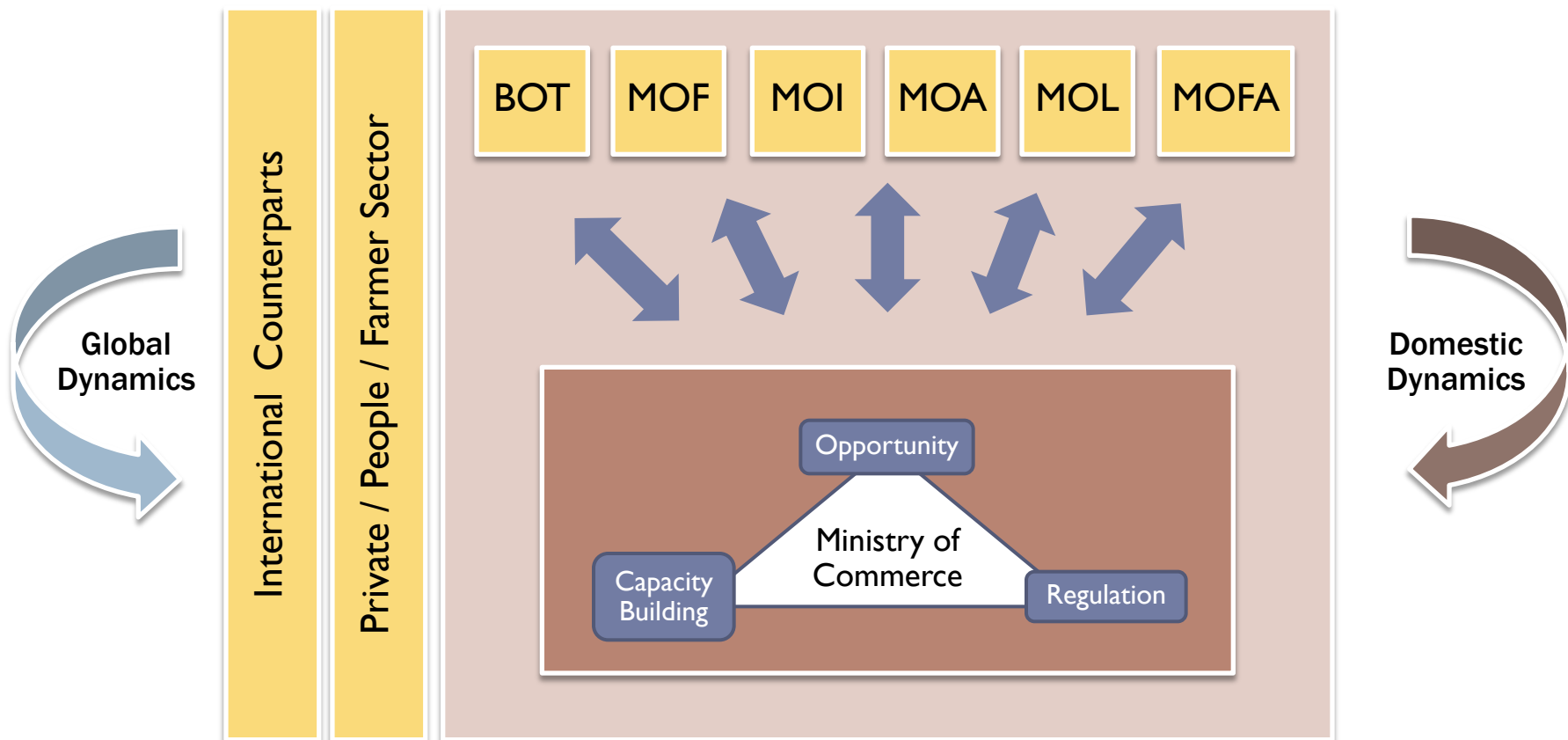
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- ▶ **World wide network**- the country's sole agency with network offices in every province of Thailand (76 provinces) and in every region around the world
- ▶ **Promote and facilitate free and fair trade** - Determine to continue generating income for the country, assist farmers, take care of the people's costs of living, protect consumers, promote exports and guard the trade interests of the country

IN MAKING POLICY RECOMMENDATION,  
WE REALIZE THE INTERCONNECTEDNESS AND LINKAGE  
AT BOTH NATIONAL AND INTERNATIONAL LEVEL

## TRADE POLICY



*Note:* BOT = Bank of Thailand, MOF = Ministry of Finance, MOI = Ministry of Industry, MOA = Ministry of Agriculture and Cooperatives,  
MOL = Ministry of Labour, MOFA = Ministry of Foreign Affairs

# The **real** history of globalisation



# Free trade?

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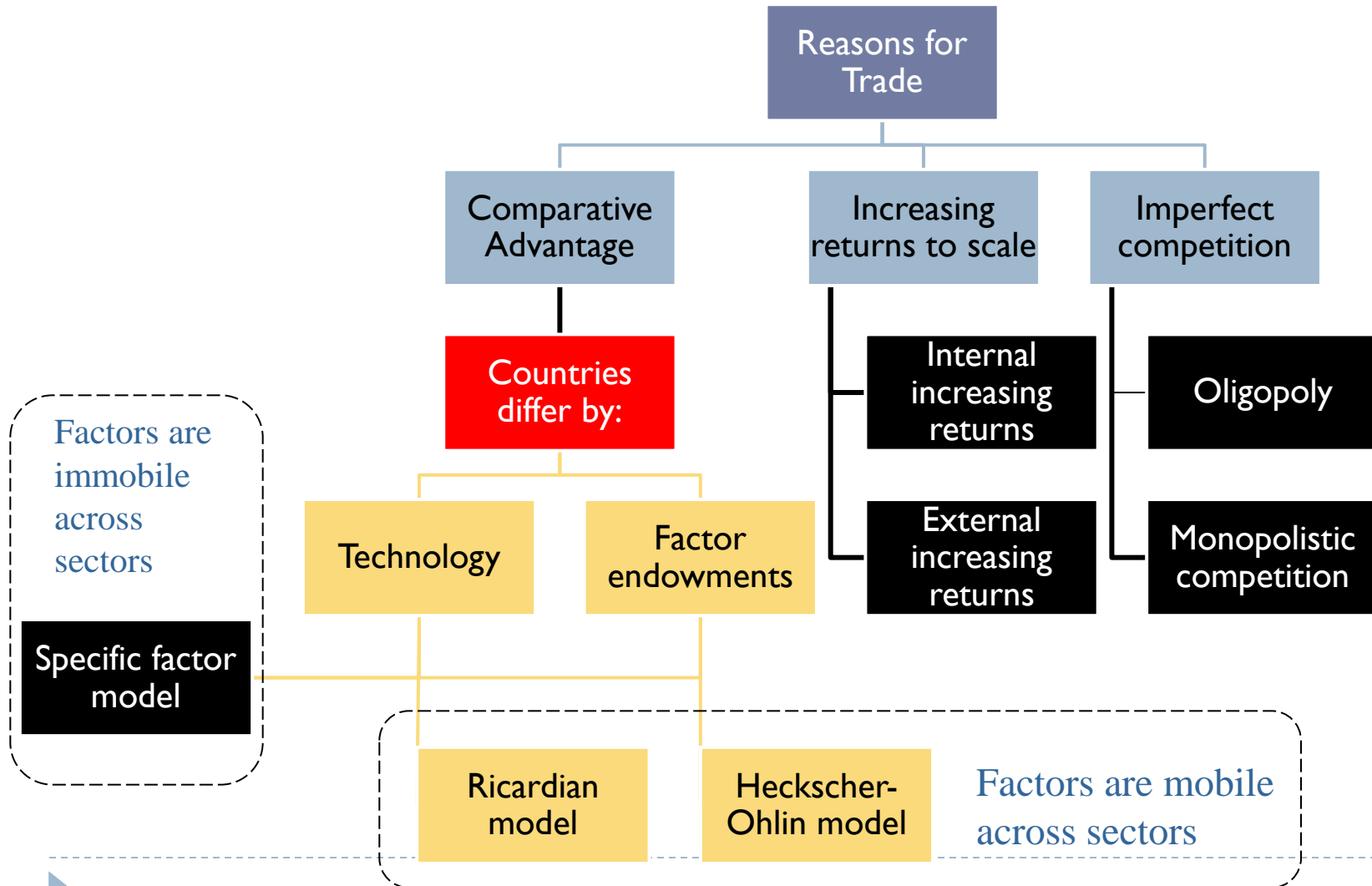


# Free vs Protectionist trade

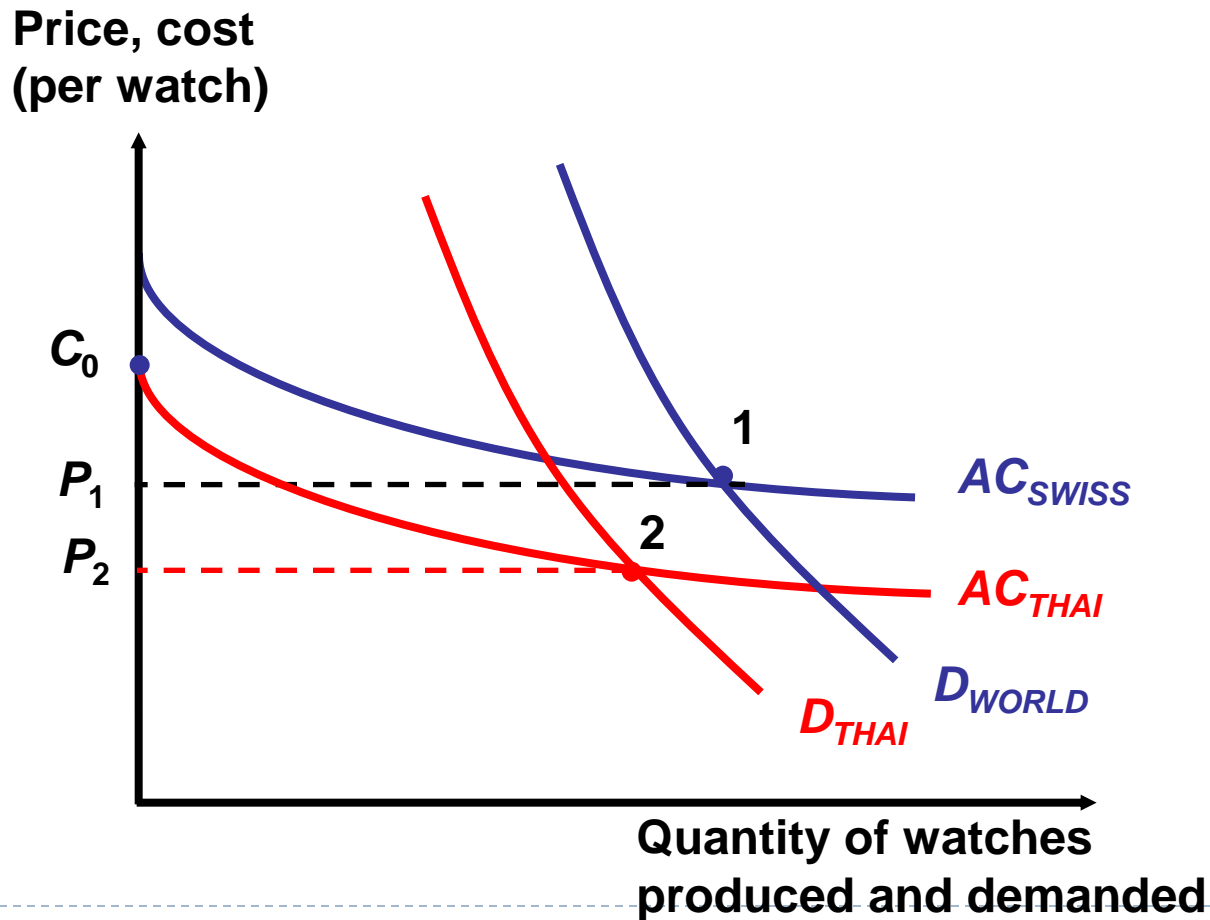
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# Family Tree of Trade Models



# External Economies and International Trade





# อุตสาหกรรมทารก (Infant industry)



# This is how we should develop our industry

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# Prebisch-Singer Hypothesis

Basic idea.....

Long term decline in  
real commodity  
prices

Worsens terms of  
trade for primary  
exporters

Better off focusing  
on import  
substitution policies

Modern reality

Labour intensive manufactured goods are now  
cheaper because of globalisation

Strong rise in global commodity prices

Many commodity exporters have seen their  
terms of trade rise .. A big opportunity

# International Negotiations of Trade Policy

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- ▶ **Multilateral negotiations mobilize exporters to support free trade if they believe export markets will expand.**
- ▶ This support would be lacking in a unilateral push for free trade. The multilateral approach counteracts the support for restricted trade by import-competing groups.



# International Negotiations of Trade Policy

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- ▶ Multilateral negotiations also help avoid a trade war between countries, where each country enacts trade restrictions.
- ▶ A trade war could result if each country has an incentive to adopt protection, *regardless of what other countries do*.
  - ▶ All countries could enact trade restrictions, *even if it is in the interest of all countries to have free trade*.
  - ▶ Countries need an agreement that prevents a trade war or eliminates the protection from one.

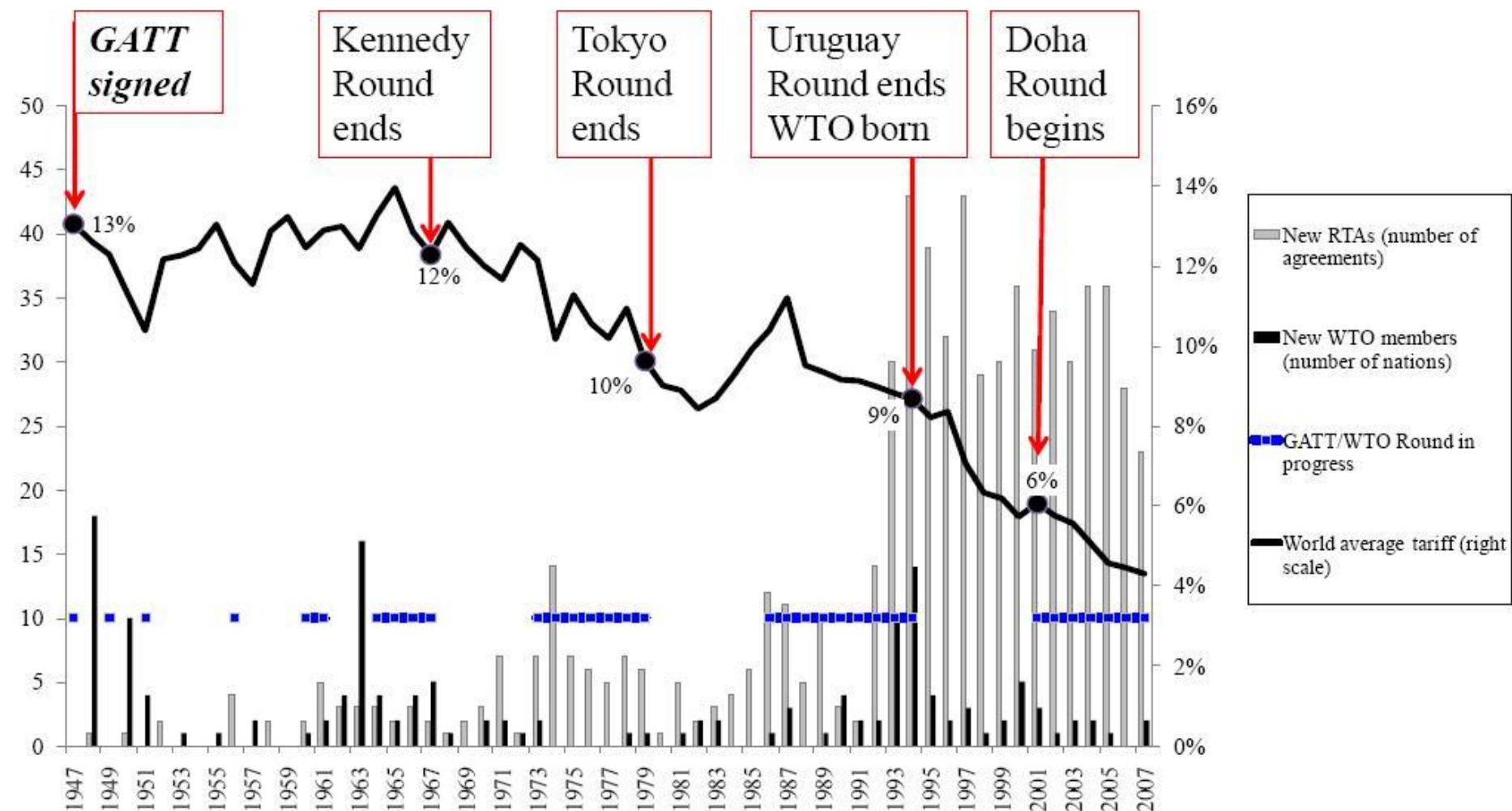
# The Problem of Trade Warfare

**TABLE 10-3** The Problem of Trade Warfare

		Japan	
		Free trade	Protection
U.S.	Free trade	10	20
	Protection	-10	-5



**Figure 11: Tariff liberalisation since 1947: RTAs, MTNs and unilateralism.**



Sources: RTAs: WTO online databases & Hufbauer-Schott RTA database; tariffs: Clemson and Williamson (2004) up to 1988, then World DataBank (weighted tariffs: all products)

# World Trade Organization

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- ▶ In 1947, a group of 23 countries began trade negotiations under a provisional set of rules that became known as the General Agreement on Tariffs and Trade, or GATT.
- ▶ In 1995, the **World Trade Organization**, or **WTO**, was established as a formal organization for implementing multilateral trade negotiations (and policing them).





**WHO : NEW DG? 640 STAFF**

**WHEN : 1<sup>st</sup> JANUARY 1995**

**WHERE : GENEVA, SWITZERLAND**

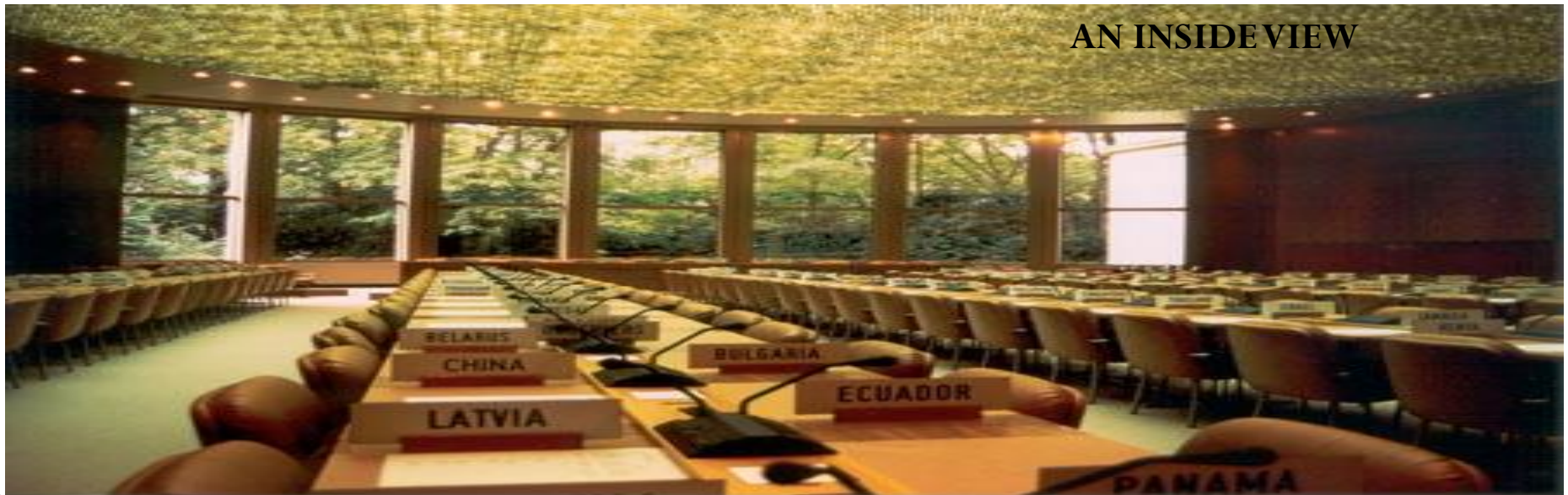
**HOW : URUGUAY ROUND OF NEGOTIATIONS**

**WITH : 164 MEMBER COUNTRIES, AFGANISTAN INDUCTED IN JULY 2016**

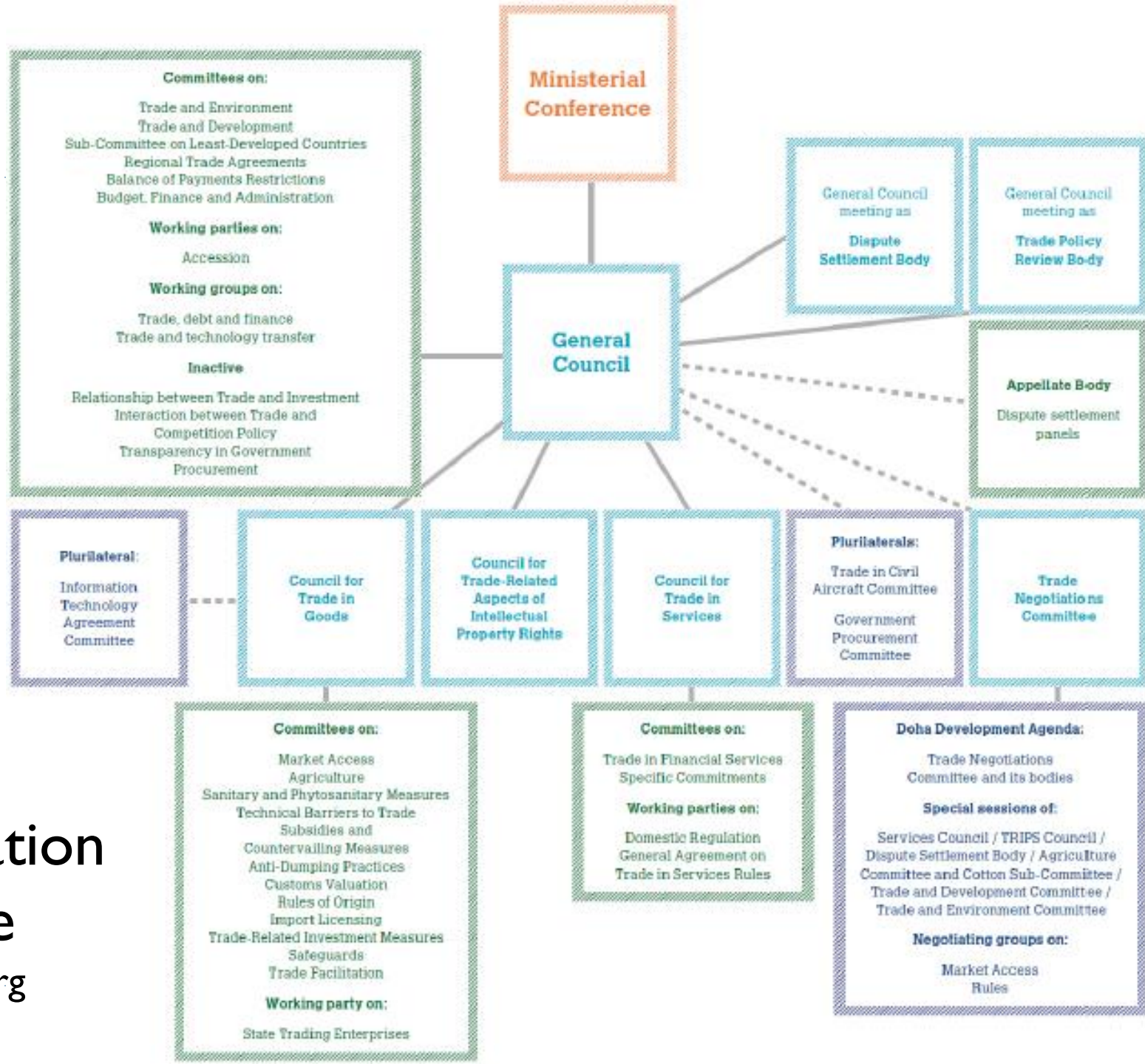
**MEANS : 197 MILLION SWISS FRANCS (209 MILLION USD) in 2019**



**CENTRE WILLAM RAPPARD**



**AN INSIDE VIEW**



# WTO Organization Structure

Source: wto.org

# Six main parts of Uruguay Round of Multilateral Trade Negotiations

<i>Umbrella</i>	AGREEMENT ESTABLISHING WTO		
	Goods	Services	Intellectual property
<i>Basic principles</i>	GATT	GATS	TRIPS
<i>Additional details</i>	Other goods agreements and annexes	Services annexes	
<i>Market access commitments</i>	Countries' schedules of commitments	Countries' schedules of commitments (and MFN exemptions)	
<i>Dispute settlement</i>	DISPUTE SETTLEMENT		
<i>Transparency</i>	TRADE POLICY REVIEWS		

# Why is the WTO important?

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- ▶ It is a forum for trade negotiations.
- ▶ It helps to settle trade disputes.
- ▶ It conducts regular reviews of individual countries' trade policies to ensure transparency.



# Principles of WTO

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Most Favoured Nation  
(MFN)

National Treatment (NT)

Core  
Principles of  
WTO

Prohibition of Quantitative  
Restrictions (Quotas)

Tariff Bindings

# Preferential Trading Agreements

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- ▶ Preferential trading agreements are trade agreements between countries in which they lower tariffs for each other but not for the rest of the world.
- ▶ Under the WTO, such discriminatory trade policies are generally not allowed:
  - ▶ Each country in the WTO promises that all countries will pay tariffs no higher than the nation that pays the lowest: called the “most favored nation” (MFN) principle.
  - ▶ An exception is allowed only if the lowest tariff rate is set at zero.





## FTA between Thailand and Trade Partner



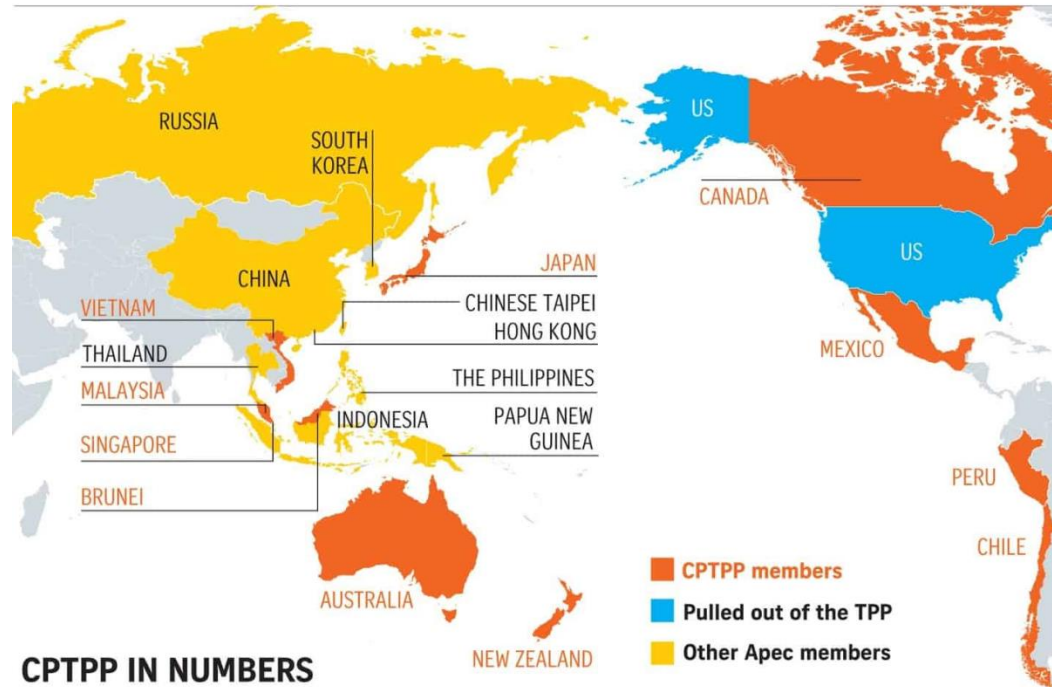
Effective (13 Agreements, 18 Countries)		Under Negotiation	Future Possible Agreement
TAFTA = Thai– Australia	AFTA = ASEAN	PATHFTA = Thai–Pakistan	Thai – Bangladesh
TNZCEP = Thai–New Zealand	ACFTA = ASEAN–China	THTRFTA = Thai–Turkey	Thai – EFTA
JTEPA = Thai–Japan	AIFTA = ASEAN–India	SLTFTA = Thai–Sri Lanka	Thai – EAEU
TIFTA = Thai–India	AJCEP = ASEAN–Japan	RCEP = ASEAN + 6	Thai – EAEU
TPFTA = Thai–Peru	AKFTA = ASEAN–South Korea	BIMSTEC	CPTPP
TCFTA = Thai–Chile	AANZFTA = ASEAN–Australia–New Zealand		
	AHKFTA = ASEAN – Hong Kong		

# Thailand's FTAs



## TPP-11 to move forward on trade deal

The 11 remaining members of the Trans-Pacific Partnership (TPP), all of them in Apec, will push ahead on their free trade deal without the United States. They have renamed it the Comprehensive and Progressive Agreement for the TPP (CPTPP).



### CPTPP IN NUMBERS

**6** No. of members needed to ratify it before it can enter into force

**60 days** Time needed to enter into force after the ratification requirement is met

**20** Provisions from the original TPP that will be suspended, 11 of which dealt with intellectual property

**13.5%** Share of global GDP, down from 40 per cent had the US stayed in the TPP

**S\$13.6 trillion** Economic output of members

# Steps required for CPTPP Accession

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CPTPP  
becomes  
binding



Parliamentary  
approval  
(Ratification)

Referendum

Obtain cabinet  
approval of the  
agreement

Conduct  
negotiations

Obtain  
cabinet  
approval to  
negotiate

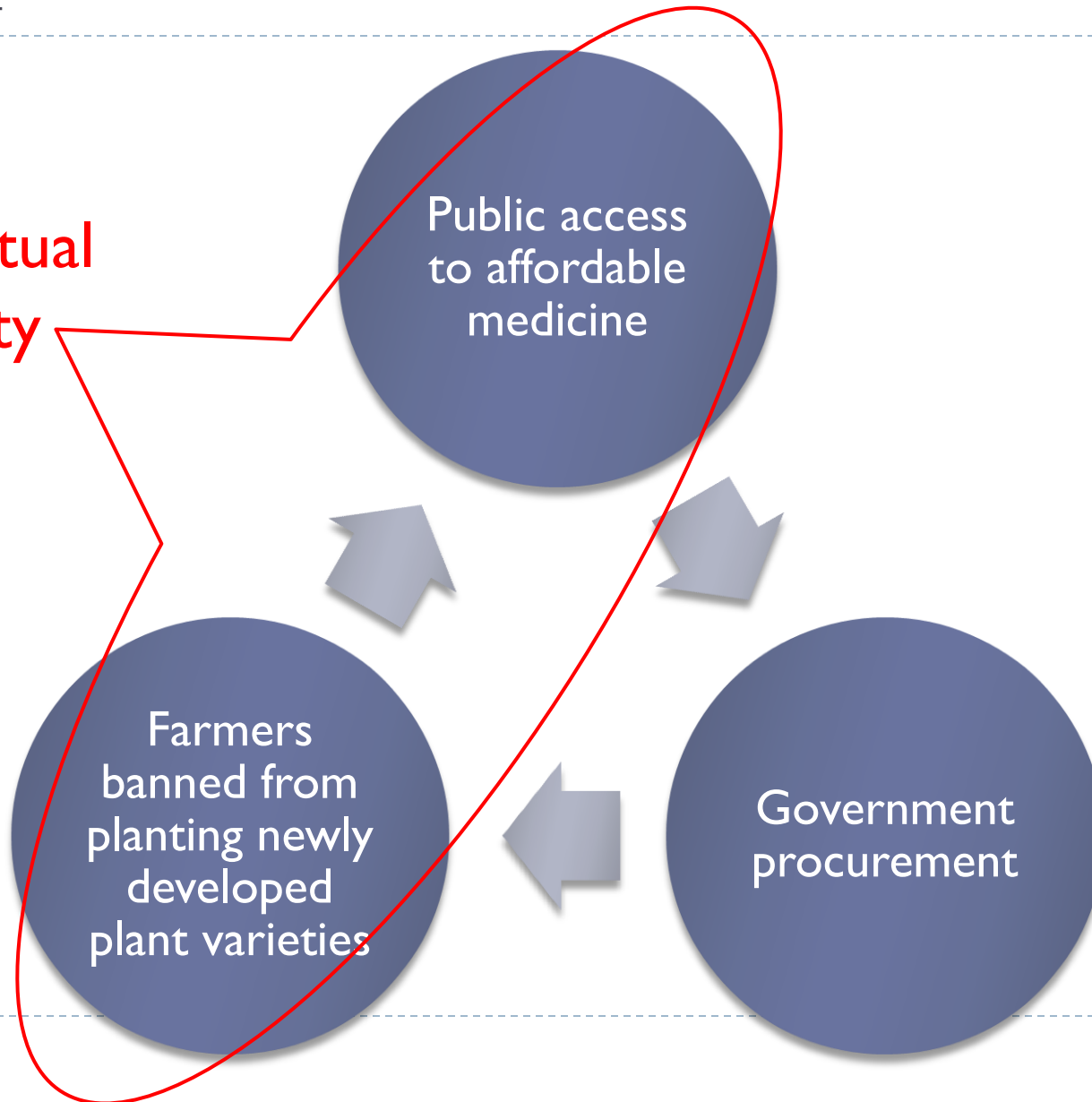


We are here

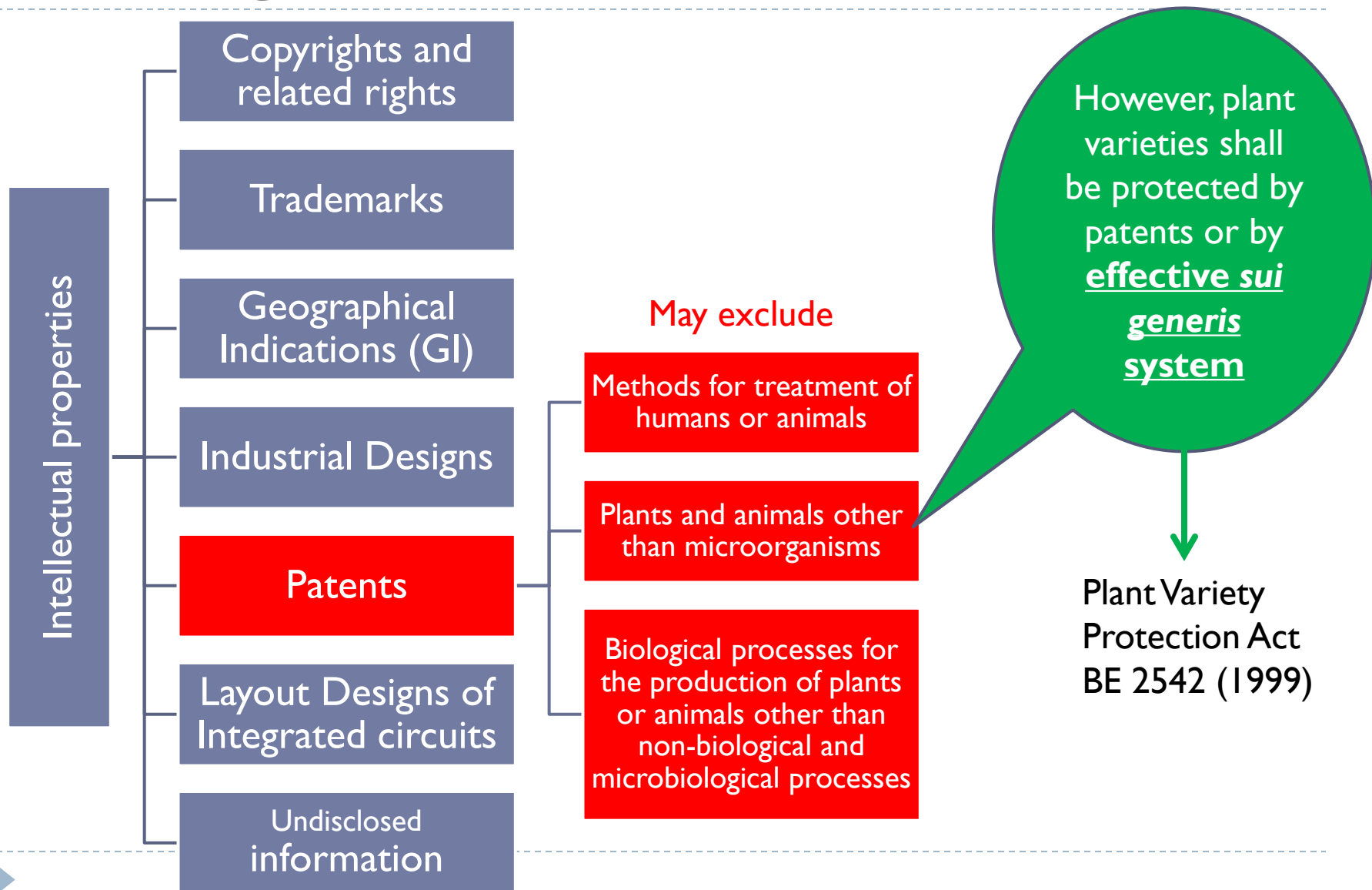
# Major concerns of Thailand's accession to CPTPP

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**Intellectual  
Property  
Rights**



# Types of Intellectual Properties covered in TRIPS Agreement



# UPOV 1991

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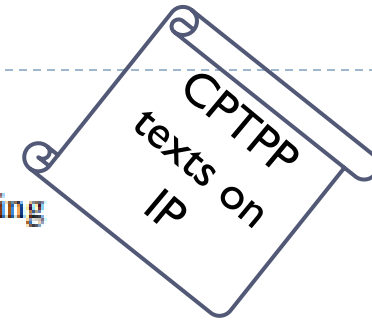
## Article 18.7: International Agreements

1. Each Party affirms that it has ratified or acceded to the following agreements:

- (a) *Patent Cooperation Treaty*, as amended September 28, 1979;
- (b) Paris Convention; and
- (c) Berne Convention.

2. Each Party shall ratify or accede to each of the following agreements, if it is not already a party to that agreement, by the date of entry into force of this Agreement for that Party:

- (a) Madrid Protocol;
- (b) Budapest Treaty;
- (c) Singapore Treaty;<sup>1</sup>
- (d) UPOV 1991;<sup>2</sup>
- (e) WCT; and
- (f) WPPT.



CPTPP member countries shall ratify or accede to all of these agreements including **UPOV 1991 – International Convention for the Protection of New Varieties of Plants.**

# THE RIGHTS OF THE BREEDER

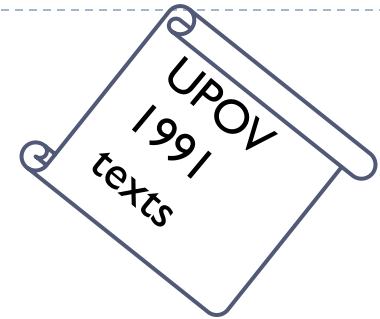
## Article 14

### Scope of the Breeder's Right

(1) [Acts in respect of the propagating material] (a) Subject to Articles 15 and 16, the following acts in respect of the propagating material of the protected variety shall require the authorization of the breeder:

- (i) production or reproduction (multiplication),
- (ii) conditioning for the purpose of propagation,
- (iii) offering for sale,
- (iv) selling or other marketing,
- (v) exporting,
- (vi) importing,
- (vii) stocking for any of the purposes ment

Farmers are prohibited from doing all these



## Article 15

### Exceptions to the Breeder's Right

(1) [Compulsory exceptions] The breeder's right shall not extend to

(i) acts done privately and for non-commercial purposes,

(ii) acts done for experimental purposes and

(iii) acts done for the purpose of breeding other varieties, and, except where the provisions of Article 14(5) apply, acts referred to in Article 14(1) to (4) in respect of such other varieties.

(2) [Optional exception] Notwithstanding Article 14, each Contracting Party may, within reasonable limits and subject to the safeguarding of the legitimate interests of the breeder, restrict the breeder's right in relation to any variety in order to permit farmers to use for propagating purposes, on their own holdings, the product of the harvest which they have obtained by planting, on their own holdings, the protected variety or a variety covered by Article 14(5)(a)(i) or (ii).

Farmers can save seeds of newly developed plant varieties to grow subsequent crops as long as they do so on their own acreage.

# Exhaustion of breeder's right

## Article 16

### Exhaustion of the Breeder's Right

(1) [*Exhaustion of right*] The breeder's right shall not extend to acts concerning any material of the protected variety, or of a variety covered by the provisions of Article 14(5), which has been sold or otherwise marketed by the breeder or with his consent in the territory of the Contracting Party concerned, or any material derived from the said material, unless such acts

(i) involve further propagation of the variety in question or

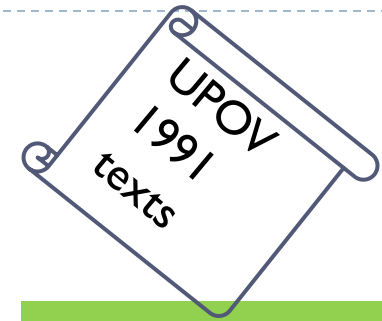
(ii) involve an export of material of the variety, which enables the propagation of the variety, into a country which does not protect varieties of the plant genus or species to which the variety belongs, except where the exported material is for final consumption purposes.

(2) [*Meaning of "material"*] For the purposes of paragraph (1), "material" means, in relation to a variety,

(i) propagating material of any kind,

(ii) harvested material, including entire plants and parts of plants, and

(iii) any product made directly from the harvested material.



Breeder's right is exhausted once the seeds are sold or marketed by the breeder. So Farmers have a right to reuse the seeds as long as the act does not involve further propagation.

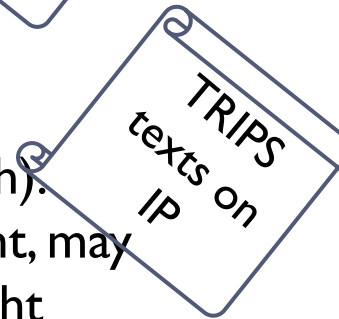
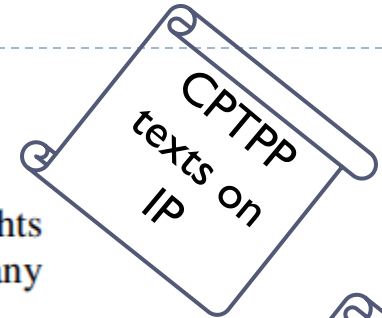


# Access to affordable medicine

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## Article 18.41: Other Use Without Authorisation of the Right Holder

The Parties understand that nothing in this Chapter limits a Party's rights and obligations under Article 31 of the TRIPS Agreement, any waiver or any amendment to that Article that the Parties accept.



## Article 31 TRIPS (Re-affirmed by Doha Declaration on Public Health).

provides that government, or third party authorized by the government, may use the subject matter of a patent without the authorization of the right holder (Compulsory licensing) and is free to determine grounds for compulsory licenses, given that,

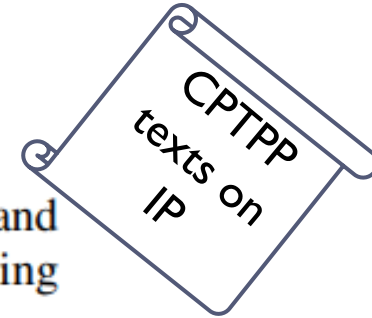
- Negotiations to obtain a license on reasonable terms and conditions from the patent holder failed
- National emergency or other circumstance of extreme urgency or in cases of public non-commercial use
- To remedy anti-competitive practices and the problem of non-working of patents



# Access to affordable medicine

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## Article 18.6: Understandings Regarding Certain Public Health Measures



1. The Parties affirm their commitment to the Declaration on TRIPS and Public Health. In particular, the Parties have reached the following understandings regarding this Chapter:

- (a) The obligations of this Chapter do not and should not prevent a Party from taking measures to protect public health. Accordingly, while reiterating their commitment to this Chapter, the Parties affirm that this Chapter can and should be interpreted and implemented in a manner supportive of each Party's right to protect public health and, in particular, to promote access to medicines for all. Each Party has the right to determine what constitutes a national emergency or other circumstances of extreme urgency, it being understood that public health crises, including those relating to HIV/AIDS, tuberculosis, malaria and other epidemics, can represent a national emergency or other circumstances of extreme urgency.



# Access to affordable medicine

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## Article 9.8: Expropriation and Compensation<sup>16</sup>

1. No Party shall expropriate or nationalise a covered investment either directly or indirectly through measures equivalent to expropriation or nationalisation (expropriation), except:

- (a) for a public purpose;<sup>17, 18</sup>
- (b) in a non-discriminatory manner;
- (c) on payment of prompt, adequate and effective compensation in accordance with paragraphs 2, 3 and 4; and
- (d) in accordance with due process of law.

5. This Article shall not apply to the issuance of compulsory licences granted in relation to intellectual property rights in accordance with the TRIPS Agreement, or to the revocation, limitation or creation of intellectual property rights, to the extent that the issuance, revocation, limitation or creation is consistent with Chapter 18 (Intellectual Property) and the TRIPS Agreement.<sup>19</sup>

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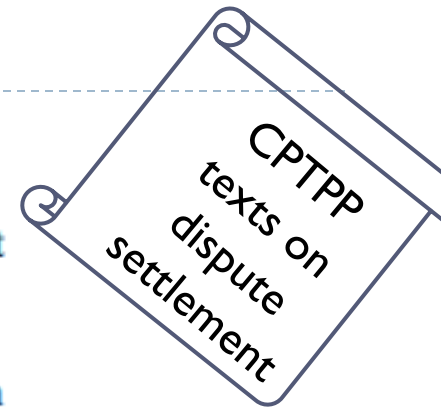
CPTPP  
texts on  
investment

# Access to affordable medicine

## Article 28.3: Scope

1. Unless otherwise provided in this Agreement, the dispute settlement provisions of this Chapter shall apply:

- (a) with respect to the avoidance or settlement of all disputes between the Parties regarding the interpretation or application of this Agreement;
- (b) when a Party considers that an actual or proposed measure of another Party is or would be inconsistent with an obligation of this Agreement or that another Party has otherwise failed to carry out an obligation under this Agreement; or
- (c) when a Party considers that a benefit it could reasonably have expected to accrue to it under Chapter 2 (National Treatment and Market Access for Goods), Chapter 3 (Rules of Origin and Origin Procedures), Chapter 4 (Textile and Apparel Goods), Chapter 5 (Customs Administration and Trade Facilitation), Chapter 8 (Technical Barriers to Trade), Chapter 10 (Cross-Border Trade in Services) or Chapter 15 (Government Procurement), is being nullified or impaired as a result of the application of a measure of another Party that is not inconsistent with this Agreement.



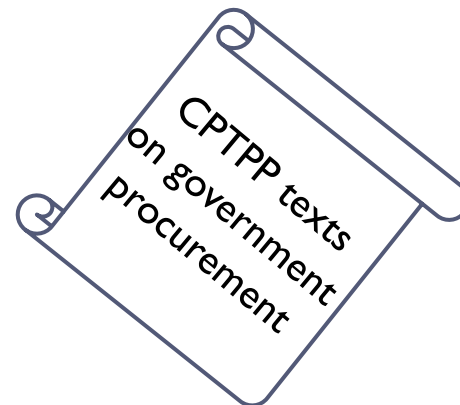
Doesn't include chapter 18 on IP which means the compulsory licensing cannot be used as a ground for non-violation complaint.

# Government Procurement

## Article 15.5: Transitional Measures

1. A Party that is a developing country (developing country Party) may, with the agreement of the other Parties, adopt or maintain one or more of the following transitional measures, during a transition period set out in, and in accordance with, Section J of the Party's Schedule to Annex 15-A:

2. The Parties may agree to the delayed application of any obligation in this Chapter, other than Article 15.4.1(b) (General Principles), by the developing country Party while that Party implements the obligation. The implementation period shall be only the period necessary to implement the obligation.



**Under the CPTPP, Vietnam will open their government procurement with high thresholds of up to 2,800 million baht for construction services during a transitional period of up to 25 years!**

### 1. Goods and Services

- From the date of entry into force of this Agreement for Viet Nam to the end of the fifth year following the date of entry into force of this Agreement for Viet Nam: 2,000,000 SDR
- From the beginning of the sixth year to the end of the 10<sup>th</sup> year following entry into force of this Agreement for Viet Nam: 1,500,000 SDR
- From the beginning of the 11<sup>th</sup> year to the end of the 15<sup>th</sup> year following the entry into force of this Agreement for Viet Nam: 1,000,000 SDR
- From the beginning of the 16<sup>th</sup> year to the end of the 20<sup>th</sup> year following the entry into force of this Agreement for Viet Nam: 260,000 SDR
- From the beginning of the 21<sup>st</sup> year to the end of the 25<sup>th</sup> year following the entry into force of this Agreement for Viet Nam: 190,000 SDR
- From the beginning of the 26<sup>th</sup> year following entry into force of this Agreement for Viet Nam: 130,000 SDR

### 2. Construction services

- From the date of entry into force of this Agreement for Viet Nam to the end of the fifth year following entry into force of this Agreement for Viet Nam: 65,200,000 SDRs
- From the beginning of the sixth year to the end of the 10<sup>th</sup> year following entry into force of this Agreement for Viet Nam: 32,600,000 SDRs
- From the beginning of the 11<sup>th</sup> year to the end of the 15<sup>th</sup> year following entry into force of this Agreement for Viet Nam: 16,300,000 SDRs
- From the beginning of the 16<sup>th</sup> year following entry into force of this Agreement for Viet Nam: 8,500,000 SDRs

Note: 1 SDR = THB 43.23

# Economic Impact of Biden's Presidency

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- ▶ Rule-based trade policy
- ▶ Trade war is still a matter of concern but the US stance will be less aggressive.
- ▶ WTO reform: New Director-General Election and the appointment of Appellate Body members
- ▶ GSP: US may be more generous.



# WHY THAILAND ? : Trade Perspective



## Geo-Economic

Thailand's in the heart of ASEAN connected with the fast-growing CLMV countries.



## Eastern Economic Corridor (EEC)

The investment environment features generous tax and non-tax incentives for

- (1) High value-added, S-curve, enabling Thailand to develop our own value chains, partnering with countries who own technology.
- (2) Aligned with export portfolio adjustment strategy which aims to move from primary/intermediate products toward more finished goods and
- (3) Environmentally friendly and sustainable.



## Infrastructure Development

Expansion of airports, seaports, roads, rail systems and ICT infrastructure.

- Airports: Upgrades of Don Mueang, Suvarnabhumi and U-Tapao International Airports
- Maritime transport facilities: A USD 3 billion project will expand port capacity in the Eastern Seaboard area, including a cruise ship port in Sattahip and upgrades of the major shipping ports of Laem Chabang and Map Ta Phut.
- Enhance Thailand Science Park (TSP) to become the largest fully-integrated research and development hub in Thailand



## Trade Agreements

Thailand has free trade agreements with 18 different nations, including such major global economies as Australia, China, Japan, New Zealand, South Korea, and India in addition to other 9 ASEAN members.





# Thailand : Logistic Hub of Southeast Asia

Connect to  
glbal market  
Through BRI

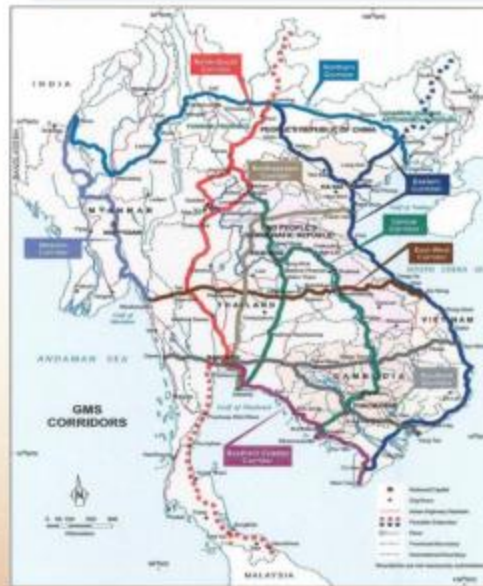
Thailand's Geographical  
Advantages  
and Global Connectivity

Various mode of  
transportation  
Sea, Air, Road and Rail

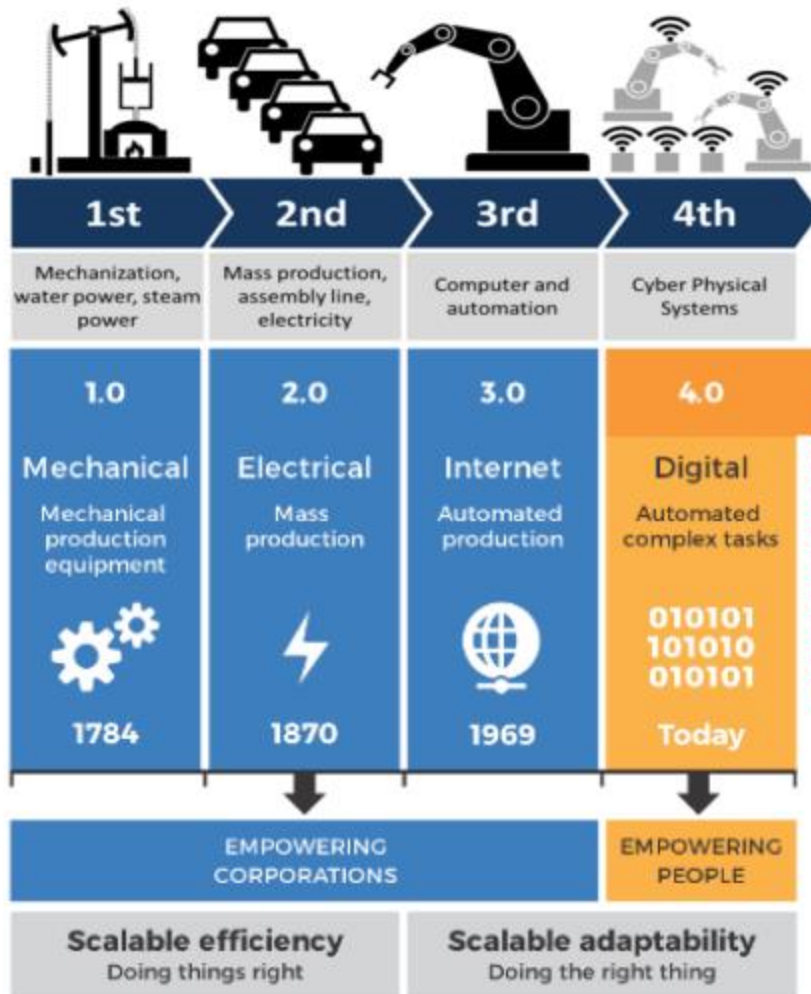
Announced by Chinese President Xi Jinping in 2013, the Silk Road Initiative, also known as China's Belt and Road Initiative, aims to invest in infrastructure projects including railways and power grids in central, west and southern Asia, as well as Africa and Europe.

Key

Projects subsumed under China's Belt and Road Initiative

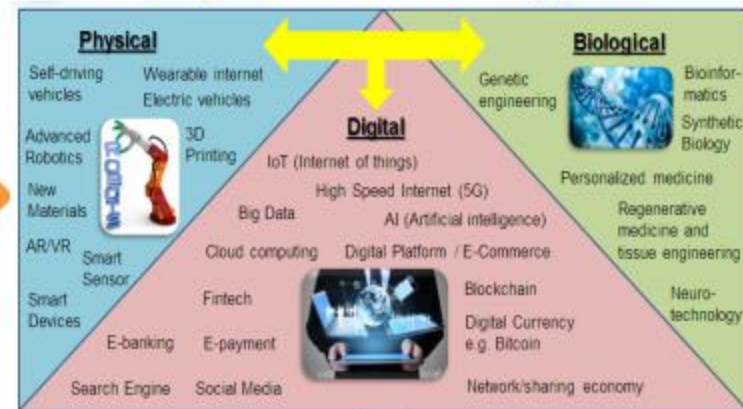


# 4IR (4<sup>th</sup> Industrial Revolution)



Welcome to the Industrial Revolution 4.0

## Key Technologies



10x impact of the Internet Revolution

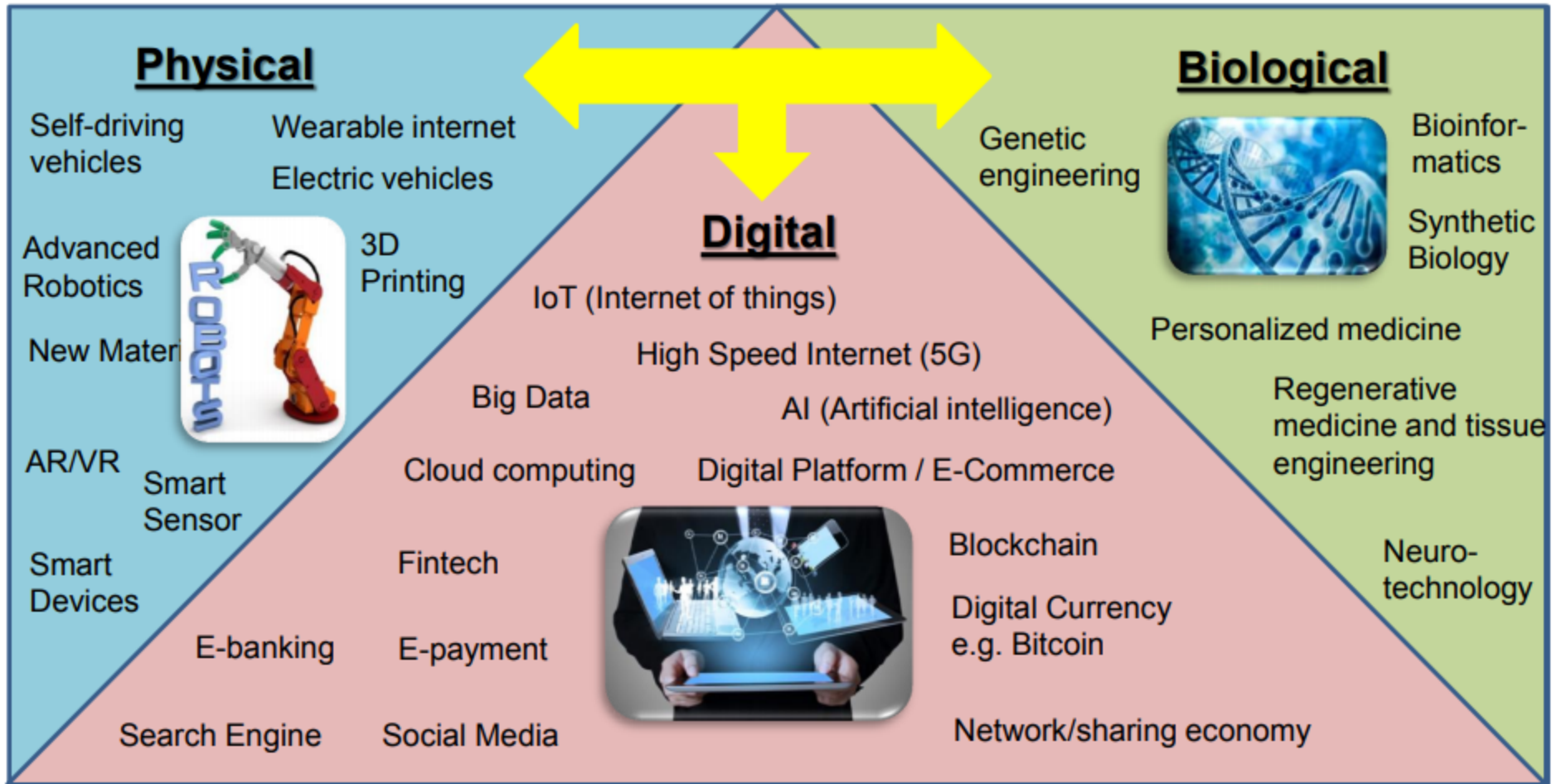
Blurring the physical and cyber digital divide  
Impact  
Socio-Economic  
Industry  
Government  
Individual

Impact on society bigger than industry

© The Duality

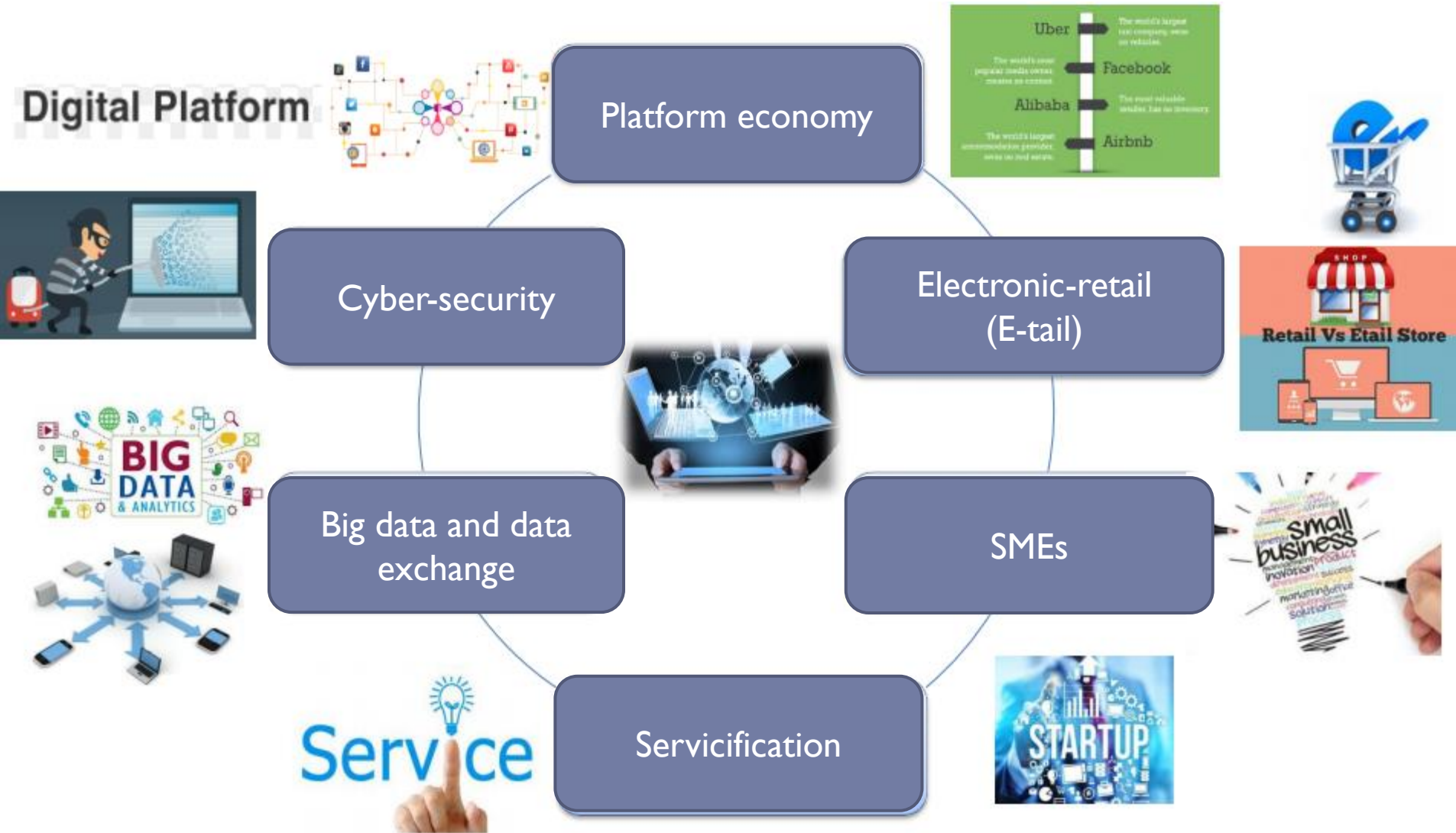


# The Fourth Industrial Revolution



Source: The Fourth Industrial Revolution (2016) by Klaus Schwab, The Future of Technology: Opportunities for ASEAN in the Digital Economy by Sarah Box and Javier Lopez-Gonzalez, การวิเคราะห์และประมวลผลโดย สผค.

# Technological Impact on Digital Trade



# New Era of Trade

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## The New Trade Agenda



**NEW ECONOMY**

**COLLABORATION**

**CONNECTIVITY**

