



**“AN ANALYSIS OF TRADE DEVELOPMENT STATUS AND  
PROSPECTS BETWEEN CHINA AND THAILAND”**

**BY**

**WEI WEI SONG**

**5917190023**

**Submitted in Partial Fulfillment of the Requirements for the  
Master of Business Administration Degree**

**(International Program)**

**At Siam University**

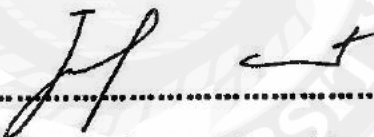
**2017- 2018**



**Independences Study Title: An analysis of trade development status  
and prospects between china and  
Thailand**

**Author: Ms. Wei Wei Song**  
**Student ID: 5917190023**  
**MBA: International Business Management**

**This is independent study has been approved to be partial Fulfillment  
of The Requirement for the Degree of Master of Business  
Administration in International Business Management**

**Supervisor.....**   
**Assoc. Prof. Dr. Jomphong Mongkhonvanit**  
**(Dean Graduate School of Business)**  
**Siam University**

.....  
**Date.....** *28 Feb 2018*

# ABSTRACTS

Since the establishment of diplomatic ties between China and Thailand, bilateral trade has developed rapidly, China is now Thailand's largest trading partner.

Despite the rapid development of China-Thailand trade, there are still many problems, such as the unbalanced trade development between China and Thailand, simple product structure, and etc. Thus, the author takes an analysis of the trade development status and prospect between China and Thailand as the research subject, aims to explore the reasons that affect the development of China-Thailand trade by analyzing the current development status and the development characteristics. Besides, the author will also analyze the development prospects of China-Thailand trade and make recommendations to help the China-Thailand trade more healthy development.

Firstly, this paper briefly introduces the trade background between China and Thailand, and analyzes the environment of trade. Through the comparison of the current situation of trade between China and Thailand, this paper makes a comprehensive evaluation of the current situation of China-Thailand' foreign trade, which lays an objective foundation for the analysis of the prospects of trade between China and Thailand. Besides, by means of quantitative analysis, comparative analysis and induction, this paper makes an empirical analysis of China-Thailand trade from the aspects of the structure of China-Thailand trade import and export, the bilateral trade volume between China and Thailand, and comprehensive dependence of China-Thailand trade.

In addition, the paper analyzes the favorable and unfavorable factors that affect China-Thailand trade. The favorable factors are regional economic cooperation, RMB settlement of cross-border trade and complementary trade between China and Thailand, which provide business opportunities for the two countries. The unfavorable factors are Thailand's political and social environment instability, investors in the wait-and-see state, which seriously affects the investment of Chinese export-oriented enterprises in Thailand. Finally, this paper analyzes the prospects of China-Thailand trade development.

Through the above analysis, the author hopes that this paper will be helpful for the two countries trade participants to provide some reference value and reference significance to the current situation and prospects of China-Thailand trade.

**Keywords:** Trade, Current Situation, Prospects

# ACKNOWLEDGEMENT

Firstly, I would like to thank my supervisor, Professor Dr. Jomphong Mongkhonvanit, for his expert advice and good suggestions whenever he thought it would be useful for this project. Anytime I faced any problems, clear and sharp possible solutions have been answered.

Secondly, I would like to express my gratitude to all professors at the department of MBA, who has instructed and helped me to get a lot of knowledge and analysis skill about business in the last two years.

Thirdly, I also would like to thank my friends for these two years we get through Especially. I must express how I appreciate Li Qin Wu for always correcting my grammar, giving me the best useful advice, and encouraging me whenever I faced difficulties, supported me through difficult times.

Lastly, I want to extend my profound gratitude to my family and people I have mentioned above, who always support and encourage me throughout my year of study and through the process of researching and writing thesis would not have been able without them. Thank you.

Wei Wei Song

# LIST OF CONTENTS

<b>ABSTRACTS.....</b>	<b>1</b>
<b>ACKNOWLEDGEMENT.....</b>	<b>2</b>
<b>LIST OF CONTENTS.....</b>	<b>3</b>
<b>LIST OF TABLE.....</b>	<b>6</b>
<b>LIST OF FIGURES.....</b>	<b>7</b>
<b>CHAPTER I INTRODUCTION.....</b>	<b>1</b>
1.1 Background.....	1
1.2 Purposes of study.....	4
1.3 Benefit of study.....	4
1.4 Organization of study.....	5
<b>CHAPTER II CHINA-THAI TRADE PRESENT CONDITION.....</b>	<b>6</b>
2.1 China-Thai trade development process.....	6
2.2 China-Thai trade development present condition.....	7
2.2.1 China's current situation of foreign trade.....	7
2.2.2 Thailand's current situation of foreign trade.....	12
2.2.3 China-Thai bilateral trade present condition and characteristics.....	18
2.2.4 Simple Analysis of China-Thai Bilateral Trade.....	22
<b>CHAPTER III ANALYSIS OF FACTORS INFLUENCING CHINA - THAI TRADE.....</b>	<b>27</b>
3.1 Favorable Factors.....	27
3.1.1 Regional Economic Cooperation.....	27
3.1.2 Cross-Border Trade RMB Settlement.....	29

3.1.3 China-Thailand Elements are Complementary.....	29
3.1.4 World Economic Development.....	30
3.1.5 Technological Progress and Development of Communication Technology.....	32
3.1.6 Trade Policy.....	33
3.1.7 Traffic.....	33
3.2 Unfavorable Factors.....	34
3.2.1 China and Thailand high logistics costs, low efficiency.....	34
3.2.2 Political Turmoil in Thailand.....	35
3.2.3 Thai Baht Appreciation.....	36
<b>CHAPTER IV ANALYSIS OF CHINA - THAI TRADE IN THE FUTURE.....</b>	<b>37</b>
4.1 National Economic and Development Trends.....	38
4.2 Opportunities for Industrial Products and Other Product Prospects.....	40
4.3 China-Thai New Energy Cooperation.....	41
4.3.1 China-Thailand Cooperation in Solar Power Industry Opened... ..	42
4.3.2 Pioneering China-Thai Cooperation in Photovoltaic Power Generation.....	42
4.4 Industrial Structure.....	43
4.4.1 Adjust the industrial structure and innovate China-Thai service trade.....	43
4.4.2 Expand new areas of agricultural cooperation between the two countries.....	44
4.4.3 Tap the potential of rubber production and achieve win-win situation.....	45

<b>CHAPTER V CONCLUSION AND RECOMMENDATION.....</b>	<b>46</b>
5.1 Recommendation.....	46
5.2 Conclusion.....	48
<b>REFERENCE.....</b>	<b>52</b>



## LIST OF TABLE

Table 2.1	China's main import and export commodity structure	1 1
Table 2.2	Import and Export of China's Major Trading Partners	12
Table 2.3	Thailand's Composition of the World's Major Import and Export Commodities	14
Table 2.4	China Trade Dependence on Thailand	25
Table 2.5	Thailand Trade Dependence on China	26





## LIST OF FIGURES

Figure 1	Thailand's Major Trading Partners' Exports	16
Figure 2	Thailand's Major Trading Partners' Imports	17
Figure 3	China-Thai Bilateral Trade Trend	22
Figure 4	Thailand Main Imports Goods from China	23
Figure 5	Thailand Main Products Exported to China	24



# CHAPTER I INTRODUCTION

## 1.1 Background

In the process of economic development in modern society, as an element of economic liberalization, international trade is the key driving force for economic development. With the steady growth in the mutual trade scale between China and Thailand, international trade has become an important way for the economic development of both countries. Due to its geographical advantages, Thailand has become the first stop for Chinese investors in Southeast Asia.

Thailand is China's important friendly neighbor. Since the establishment of diplomatic relations 41 years ago, China and Thailand have always trusted each other and their relations have been at the forefront of the relations between China and the ASEAN countries. They have played an important exemplary and leading role. With the continuous promotion of China's peaceful development and the implementation of the "Belt and Road Initiative," Thailand has become increasingly prominent in its position and role in China's foreign relations. The trade relations between Thailand and China have a long history.

According to historical records, China-Thailand trade relations can be traced back to the first century AD, in the form of tribute and gifts, etc. China imported rice and other items from Thailand and sold porcelain and other items to Thailand. Since then, both the Chinese and the Thai people started to trade. This shows that there have been good international relations between China and Thailand since ancient times. The close civil relations have also laid a good foundation for the smooth development of China-Thai trade . Although the China-Thai relations have been stalled for some time during the Cold War, the political influence can not cut off the good relations between the two cultures. With the establishment of normal diplomatic relations between China and Thailand on July 1, 1975, the development of bilateral trade and investment has been greatly promoted.

The good economic and trade relations between China and Thailand have become the basis for the friendship between the two countries. In particular, the economic relations between China and Thailand have been developing rapidly since 1978.

In terms of trade, China-Thai trade volume increased from 24.62 million U.S. dollars in 1978 to 310.73 billion U.S. dollars in 2007. In terms of investment, Charoen Pokphand Group invested 15 million US dollars in Shenzhen in 1979, built the country's largest modern feed production enterprise. It has obtained the business license of "Foreign-funded Certificate 0001" for Sino-foreign joint ventures and became the first wholly foreign-owned feed enterprise in China. Before the Asian economic crisis of 1997, Thailand maintained its top 10 investment in China. According to Chinese government statistics, Thailand has opened over 1,000 investment projects in China with a total amount of 1 billion U.S. dollars. Meanwhile, China's investment in Thailand is also on the increase. In tourism, both Thailand and China are their preferred destinations. The trade cooperation between the two sides in the areas of goods, services and other investments has directly promoted the doubling of trade volume between both sides and boosted the value of trade and investment.

Since entering the 21st century, China has acceded to the World Trade Organization (WTO) and the formal establishment of the China-ASEAN Free Trade Area (CATFA) on January 1, 2010, in particular, the zero-tariff agreement on fruits and vegetables between China and Thailand. Greatly promoted the rapid development of bilateral trade. The close economic exchanges have further improved the political and diplomatic relations between the two sides and provided the prerequisite for the formation of the trend of sustained growth in the trade value of the two countries. In addition, the "ASEAN Economic Community" (AEC) agreed to speed up the establishment of the ASEAN Economic Community by 2015, which will allow Thailand and its neighboring countries to gradually establish a single market and co-production base of free flow of production factors in the ASEAN region just like the EU. ASEAN Economic Community will eventually become the economy of ASEAN Economic Community +3 (China, Japan, South Korea) or ASEAN Economic Community +6 (China, South Korea, Japan, Australia, India and New Zealand) and will attract countries to pay more attention to the ASEAN market. In terms of investment, more production bases will be relocated to ASEAN. The connection between ASEAN economy and China's economy will be closer. Thailand is regarded by China as a country with great potential in the production of high-quality clothing and also as an important absorption site for oversupply products in China.

In September and October 2013, during their visit to Central Asia and Southeast Asian

countries, Chinese President Xi Jinping successively proposed major initiatives to jointly build the "Silk Road Economic Belt" and the "21st Century Maritime Silk Road", drawing great attention from the international community. The "Belt and Road Initiative" aims to promote the orderly flow of economic elements, the efficient allocation of resources and the depth of market integration, and promote the coordination of economic policies among all countries along the line. We will conduct regional cooperation in a larger scope, at a higher level and in deeper levels so as to jointly create an open, inclusive, balanced and inclusive regional economic cooperation framework. The One Belt and One Road project will promote the interface and coupling with Thailand's development strategy, explore the potential of the Thai market, promote investment and consumption, create demand and employment. Enhance people-to-people exchanges in culture and mutual understanding between civilizations and make the two peoples meet each other, trust and respect each other, and share a harmonious, peaceful and prosperous life.

Generally speaking, both China and Thailand trade and economic cooperation must make tremendous efforts to continuously deepen the political, economic and cultural exchanges between the two countries and actively create the conditions conducive to bilateral trade between China and Thailand in order to deepen their trade cooperation. Expand the scope of trade and promote the economic development of both sides.

## **1.2 Purposes of study**

This article mainly introduces the history of trade between China and Thailand and analyzes the current situation of foreign trade between the two countries. Using quantitative analysis, comparative analysis and inductive method to study trade present condition and characteristics of trade between China and Thailand, this study has laid an objective foundation for the analysis of China-Thai trade prospects. Through the above simple analysis, we can draw some factors conducive to trade between the two countries and some of the opportunities they exist or avoid some unfavorable factors or opportunities for trade.

Based on the thorough and meticulous analysis of the present condition and the trend of trade between China and Thailand, hope can promote the development of China-Thai trade in practice. Expand Thailand's pillar industries and improve bilateral trade relations between

China and Thailand. Strengthen cooperation and exchange between the two sides and promote the rapid development of trade between Thailand and China. In theory, it can enrich the theory of international trade and raise awareness of international trade.

### **1.3 Benefit of study**

Through the research of this article, there are mainly the following points:

First of all, with regard to the trade between China and Thailand, it strives to describe the current state of trade between China and Thailand from an objective perspective, while rationally analyzing the trade prospects of China and Thailand and solving problems. In order to provide a theoretical basis for promoting trade between China and Thailand, it is necessary to speed up the trade between the two countries so as to further strengthen the trade relations between the two sides.

Second, it is conducive to strengthening the economic complementarity of both sides and stimulating the economic growth of both sides, which is in the interest of both sides to cope with the pressure brought about by economic globalization so as to achieve mutual benefits and win-win results. At the same time, strengthening the cooperation and exchange between China and Thailand in the economic and trade fields and stabilizing the increasingly close cooperation between the two countries will also help the Chinese and Thai governments formulate economic policies and countermeasures. This will eventually bring a boost to the interests of Chinese and Thai investors, Conducive to the economic development of both sides.

Thirdly, through the analysis of the current present condition of trade between China and Thailand, there is a more in-depth understanding to make recommendations for the negative factors affecting the trade between China and Thailand.

Finally, as a foreign student studying in China and living for three years in Thailand, China has a more rational and deeper understanding of Thailand and a deeper look forward to my motherland. Based on the theory of international trade, this article analyzes the present condition of trade between China and Thailand more objectively and objectively. I hope this article can help to study the trade cooperation between China and Thailand.

## 1.4 Organization of study

This article is divided into five chapters. Chapter 1, it presents the background and opinions of the topics selected, and expounds and compares the current development of trade relations between China and Thailand. Chapter 2 reviews the history of the development of trade between China and Thailand and analyzes the trade between China and Thailand based on quantitative analysis, comparative analysis and induction in the import and export products between China and Thailand. Chapter 3 uses statistics and information to describe the positive and negative factors that affect the bilateral development of China-Thai trade. Chapter 4, combined with the favorable conditions and unfavorable influence factors that China faces in the development of trade, the prospect of China-Thai trade has prospected in order to promote the healthy development of trade between China and Thailand in the future. In chapter 5, we conclude the current situation and prospect of trade between China and Thailand.



# CHAPTER II CHINA-THAI TRADE PRESENT CONDITION

This chapter analyzes the development process of China-Thai trade. By analyzing the trade, trade balance, import and export commodity structure, trade dependence, terms of trade and intra-industry trade, this chapter analyzes the current situation of bilateral trade between China and Thailand and gives theoretical research, Analyze the factors that affect the development of bilateral trade between China and Thailand.

## 2.1 China-Thai trade development process

Since the formal establishment of diplomatic relations between Thailand and China in 1975, the trade between the two countries has developed rapidly. In 1978, the total volume of trade continued to grow after the two governments signed the Agreement on Trade and the Agreement on the Establishment of a Trade Union. In 1985, Thailand and China signed the Protocol of Imported Commodities and Trade, which enabled the trade between Thailand and China to continue to grow and develop. In addition, in 1985, China and Thailand signed an agreement on the promotion and protection of investment. In 1986, Thailand and China signed an agreement on avoiding double taxation between the two sides. The signing of these two agreements made the development of trade between Thailand and China faster.

After 2001, China became a member of the World Organization (World Trade Organization: WTO), making the relations between Thailand and China develop more rapidly and trade barriers have been reduced. And in 2003, both Thailand and China signed zero tariffs ahead of schedule in the framework of the China-ASEAN Free Trade Area. The agreement mainly included fruits and vegetables. In September and October 2013, during their visit to Central Asia and Southeast Asian countries, Chinese President Xi Jinping successively proposed major initiatives to jointly build the "Silk Road Economic Belt" and the "21st Century Maritime Silk Road", drawing great attention from the international community . On October 19, 2015, the "Belt and Road" national conference on statistics development was held in Xi'an, Shaanxi. Wang Bao'an, former director of the National Bureau of Statistics, proposed at the meeting that countries along the "Belt and Road" should further strengthen

government statistics exchange and cooperation and make efforts for all countries Sustainable development provides accurate and reliable statistics. After the formal establishment of the "ASEAN Economic Community" (AEC) in 2015, it may have many interests in the Thai trade. In particular, AEC + 3 or AEC + 6 will make up the three major components of the Thailand-China political security community, the economic community and the social community. With these agreements and trade cooperation, the trade between Thailand and China has risen, and the trade between Thailand and China must be more and more extensive and in-depth.

## **2.2 China-Thai trade development present condition**

### **2.2.1 China's current situation of foreign trade**

Since the reform and opening up, China's economy has been booming. However, the price of raw materials has risen due to the rise of the renminbi exchange rate in China. With the drop in the export tax rebate rate and the devaluation of the U.S. dollar, the increase in trade barriers and the shrinking export demand, China's foreign trade economy is also facing an unprecedented test. Since China joined the WTO, the economy has been booming. Both the domestic industry and foreign investment have taken a big leap forward. The present condition of China has risen day by day. China has become a major trading nation, but there are still many gaps between it and its powerful counterparts. Under the influence of many factors both at home and abroad, the current present condition of China's trade presents the following features:

From a macro point of view, the total volume of import and export trade has increased year by year. The pattern of trade and economy has changed. However, the real export products are still dominated by labor-intensive products. The industrial added value is not high, the trade partners are too concentrated, and the anti-risk capability is insufficient. The traditional advantages The industry is greatly influenced by the international market.

From the microscopic point of view, China's foreign trade enterprises lack the talents in international trade and international finance, enterprises bear great operating risks, the information asymmetry leads to disorderly competition, and the research and development capabilities are not enough to hinder the entry of Chinese products into the international



market.

From 2012 to 2015, the following changes have taken place in China's foreign trade:

With the gradual recovery of the world economy and the pick-up in the international market in 2010, the domestic economy has enjoyed a good momentum of development. The effect of the import and export policies has continued to emerge and the competitiveness of enterprises has been further enhanced. China's foreign trade has witnessed a rapid and recovering growth. The import and export have now returned to crisis Before the level and a new record high. With further optimization and continuous improvement of the trade balance, the following five aspects are mainly manifested:

- In and out said to achieve rapid recovery growth, trade surplus continued to decline;
- Export of electromechanical products remained stable, labor-intensive products export growth better;
- Import prices of resource-based products rose across the board, and the import of mechanical and electrical products grew rapidly.
- The way of trade was further optimized, and private-owned enterprises performed better than the whole;
- Europe, the United States and Japan are still the major trading partners, with strong growth in trade with emerging market countries.

With the rapid recovery of China's foreign trade in 2012, the successful completion of the goal of foreign trade development plan has drawn a successful conclusion.

In 2012, with the slow recovery of the world economy and the continued rebound in demand in the international market, together with the combined effect of the increase in domestic demand and expansion of import policies, the import and export trade maintained a momentum of rapid growth with further optimization of the structure and further improvement of the balance. The main features are as follows:

- Import and export volume increased, a quarter of a small deficit.
- The main export of commodities grew steadily and the import prices of bulk commodities rose sharply.

- General trade grew rapidly, and the growth of import and export of private enterprises continued to lead.
- The share of exports to Europe and the United States has dropped while the trade with some emerging markets has been rapidly growing.
- Guangdong and Shandong contributed a lot to the export and the growth of imports and exports in the Midwest was faster than that of the whole country.

However, although the overall environment for the development of foreign trade in 2013 has improved, the uncertainties are still high. In particular, the prices of raw materials and labor and wages continue to rise sharply, which will affect the profits of enterprises in varying degrees. The cost pressures faced by SMEs are even greater.

In 2014, China's economic growth stabilized and continued to show positive changes. Indicators such as industrial production, retail sales and investment in fixed assets increased at a faster rate. China's State Council General Office put forward some suggestions on promoting the steady growth of foreign trade and put forward a series of specific policies and measures in the areas of export tax rebates and financial services, raising the level of trade facilitation, improving the trade environment and optimizing the trade structure. Such as expanding the scale of export credit insurance, improve customs clearance efficiency, reduce the statutory inspection and quarantine directory, regulate and reduce the import and export link fees. These policies and measures are being put in place one after another. We will intensify the policy effect of stabilizing foreign trade promulgated earlier and further boosting the letters of import and export enterprises, especially SMEs, so as to ease the difficulties of business operation and promote the growth of foreign trade to stabilize and to rise.

At the same time, the momentum of the world economic recovery is still insufficient and the situation of sluggish external demand will hardly be fundamentally improved. No obvious improvement in economic growth in the United States, personal consumption growth is still below pre-crisis levels. Eurozone nuclear countries also weakened economy, heavily indebted countries continued recession, the unemployment rate hit a record high, seriously restricting spending power. The post-quake reconstruction effect in Japan declined, the export situation deteriorated and the economy was still slowing down. Emerging economies

are hard to "decoupled" from their countries of origin and their growth is generally slowed down. The external and internal environment for China's foreign trade development in 2013 may be slightly better than in 2012, but resistance to the steady rise of foreign trade still exists. Internationally, with the intensification of macroeconomic policies of all countries, the debt crisis in Europe has eased slightly, the trend of U.S. economic recovery has stabilized, and market letters and development expectations have been boosted. In 2013, the global economic development environment may be somewhat improved. However, the sovereign debt problem in developed countries has been increasingly undermining the side effects of economic growth and stimulating economic policy and measures. The emerging economies are facing more difficulties. The trade and investment protectionism is exacerbated. The world economic growth is low and the high-risk situation has not changed significantly.

In 2015, China's export of electromechanical products was 1265.53 billion U.S. dollars, up 7.3% over the same period of last year, accounting for 57.3% of the total. Over the same period, labor-intensive products such as textiles, clothing, bags, footwear, toys, furniture and plastic products exported 461.84 billion U.S. dollars, up 10.3%, accounting for 20.9% of the total. On the import side, in 2015, China imported 232.92 billion U.S. dollars worth of consumer goods, up 24.6%: 280 million tons of imported crude oil, up 4%; iron ore 820 million tons, up 10.2%; 330 million tons of coal, an increase of 13.4%. The ability of independent development of foreign trade has been constantly strengthened, the proportion of general trade has increased, and the proportion of processing trade has decreased. In 2013, the import and export of general trade with a long industrial chain and high value-added rate in China surged by 9.3% to 2.2 trillion U.S. dollars, accounting for 52.8% of the total value of China's exports and imports by 0.8% ; Import and export of processing trade 1.36 trillion US dollars, an increase of 1%, accounting for 32.6%, the proportion of decline of 2.2%. Over the same period, special import and export goods in China hit 495.78 billion U.S. dollars, up 20.2% or 11.9%.

**Table 2.1 China's main import and export commodity structure**

Product	Exports(100 million U.S. dollars)	Year-on-year%	Product	Imports(100 million U.S. dollars)	Year-on-year%
Electronics	12655.3	7.3	Electronics	8400.8	7.3

<b>High-tech products</b>	6603.3	9.8	<b>High-tech products</b>	5581.9	10.1
<b>Automatic data processing equipment and its components</b>	1821.7	-1.7	<b>Integrated circuit</b>	2313.4	24.6
<b>Clothing and accessories</b>	1770.5	11.3	<b>Crude</b>	2196.5	-0.5
<b>Textile yarns, fabrics and products</b>	1069.4	11.7	<b>Agricultural products</b>	1179.9	5.8
<b>Telephone</b>	971.7	17.1	<b>Iron ore and its concentrate</b>	1057.3	10.4
<b>Integrated circuit</b>	877	64.1	<b>LCD panel</b>	495.8	-1.5

In 2015, the EU, the United States, the ASEAN, China's letter Hong Kong and Japan are China's top five trading partners. Among them, China's bilateral trade volume with the EU and the United States was 559.06 billion yuan and 521 billion U.S. dollars, up 2.1% and 7.5% respectively. The bilateral trade with Japan was 312.55 billion U.S. dollars, down 5% .1%; Europe and the United States occupy 33.5% of foreign trade, down 1.7 percentage points year-on-year. During the same period, the bilateral trade volume with emerging market countries such as ASEAN, South Africa, and Central Asia was 443.61 billion, 65.150 billion and 50.28 billion respectively, up by 10.9%, 8.6%, and 9% respectively .4%. In addition, the bilateral trade between China and Hong Kong amounted to 401.0 billion U.S. dollars, up 17.5%.

**Table 2.2 Import and Export of China's Major Trading Partners**

<b>Countries and Regions</b>	<b>Exports(100 million U.S. dollars)</b>	<b>Year-on-year %</b>	<b>Imports(100 million U.S. dollars)</b>	<b>Year-on-year %</b>
<b>EU (28 countries)</b>	3390.1	1.1	2200.6	3.7
<b>United States</b>	3684.3	4.7	1525.8	14.8

<b>ASEAN</b>	2440.7	19.5	1995.4	1.9
<b>Hong Kong</b>	3847.9	19	162.2	-9.3
<b>Japan</b>	1502.8	-0.9	1622.8	-8.7
<b>Korea</b>	911.8	4	1830.7	8.5
<b>Taiwan</b>	406.4	10.5	1566.4	18.5
<b>Australia</b>	375.6	-0.4	988.2	16.8
<b>Brazil</b>	361.9	8.3	540.9	3.4
<b>Russia</b>	495.9	12.6	396.2	-10.3
<b>Total</b>	22100.4	7.9	19502.9	7.3

## 2.2.2 Thailand's current situation of foreign trade

Thailand has 80% of its population engaged in agriculture. Its crops include rice, rubber and corn, enjoying the reputation of "Southeast Asia Granary". It is the only net food exporter in Asia and one of the major food exporters in the world. Thailand's rice exports in the world once ranked first place, cassava, rubber, corn output ranks first in the world.

Currently, aquatic products, livestock products, fruits, vegetables, flower plants and other newly developed products have increasingly become an important pillar of agricultural products in Thailand. Fishery products rank the fourth place in the export of agricultural products in Thailand. In terms of word raising, livestock products such as chicken, duck, meat, and egg not only meet the needs of the domestic market but also export more and more. Frozen products such as frozen chicken and frozen shrimp have been exported to one of the 10 major exporting countries. In addition, Thailand has also made remarkable achievements in the canned fruits and vegetable market. Thailand's major industrial products include clothing, textiles, footwear, motors, transportation equipment and more. Due to the prosperity of the construction industry, there is a shortage of building materials market, such as cement, steel, etc. currently rely on insufficient import replenishment. To improve this situation, the Thai government actively encourages the development of building materials industry, supply and demand situation eased. The current rapid

development of cement, ceramics, sanitary equipment. In order to realize its goal of becoming a Southeast Asian automobile assembly industry in the 21st century, Thailand has implemented liberalization of automobile industry since 1991, and the automobile industry is developing rapidly.

According to Thai customs statistics, the Thai import and export of goods in 2015 were 473.42 billion U.S. dollars, down 1.3% over the previous year. Among them, the export was 221.58 billion U.S. dollars, down 1.3%; the import was 248.24 billion U.S. dollars, down 1.4%. Trade deficit 230 million US dollars, down 2.3%. In terms of commodities, machinery and electronic products, plastics, rubber, and transportation equipment are the major export commodities in Thailand. In 2013, their exports were 65.82 billion U.S. dollars, 29.160 billion U.S. dollars and 28.34 billion U.S. dollars respectively, of which exports of mechanical and electrical products and transportation equipment increased by 0.1% and 5.5%, exports of plastic and rubber decreased by 0.2%, the three types of products together accounted for 54.8% of Thailand's total exports. In addition, food and beverage export 17.82 billion US dollars, down 6.1%, accounting for 7.9% of Thailand's total exports. Mechanical and electrical products, mineral products and base metals and products are the major imported products in Thailand. In 2013, the import volume was 68.74 billion U.S. dollars, such as 750 million U.S. dollars and 30.04 billion U.S. dollars. Among them, the import of mineral products increased by 4% The imports of machinery and electronic products and metals and products decreased by 8.1% and 2.3% respectively, while the three types of products accounted for 60.2% of the total imports of Thailand. In addition, imports of transportation equipment, precious metals and products amounted to US \$ 19.02bn and US \$ 18.22bn, up 7.5% and 8.8% respectively, accounting for 7.7% and 7.3% of total Thai imports.

In addition, imports of chemical products decreased by 1.3% to 18% to 6%, accounting for 7.3% of Thailand's total imports electronics.

**Table 2.3 Thailand's Composition of the World's Major Import and Export Commodities**

Product Category	Exports(100 million U.S. dollars)	Year-on-year %	Product Category	Imports(100 million U.S. dollars)	Year-on-year %
Electronics	658.2	0.1	Electronics	687.5	-8.1

Plastic, rubber	291.6	-0.2	Mineral products	507.5	4
Transportation Equipment	283.4	5.5	Base metal and products	300.4	-2.3
Food, drink, tobacco	178.2	-6.1	Transportation Equipment	190.2	7.5
Mineral products	150.3	-5.5	Precious metals and products	182.2	8.8
Chemical Products	128.1	4.3	Chemical Products	180.7	-1.3
Base metal and products	110.3	-5.2	Plastic, rubber	105.9	-6.8
Precious metals and products	99.2	-24.5	Optical, clock, medical equipment	66.1	-7.7
Plant products	88.7	3.4	Food, drink, tobacco	53.1	10.5
Textiles and raw materials	74.7	2.6	Textiles and raw materials	47.3	-4.9
Optical, clock, medical equipment	49.6	8	Live animals; animal products	39.1	2.1
Furniture, toys, miscellaneous products	29.8	6.8	Plant products	36.1	-10.3
Live animals; animal products	29.1	-17.8	Cellulose pulp; paper	25.1	-1
Wood and products	21.6	7.9	Ceramic	18.3	1.4
Ceramic	17.5	6.2	Furniture, toys, miscellaneous products	15.5	4.9
Other	41.5	6	Other	27.4	3.1

<b>Total</b>	2251.8	-1.3	<b>Total</b>	2482.4	-1.4
--------------	--------	------	--------------	--------	------

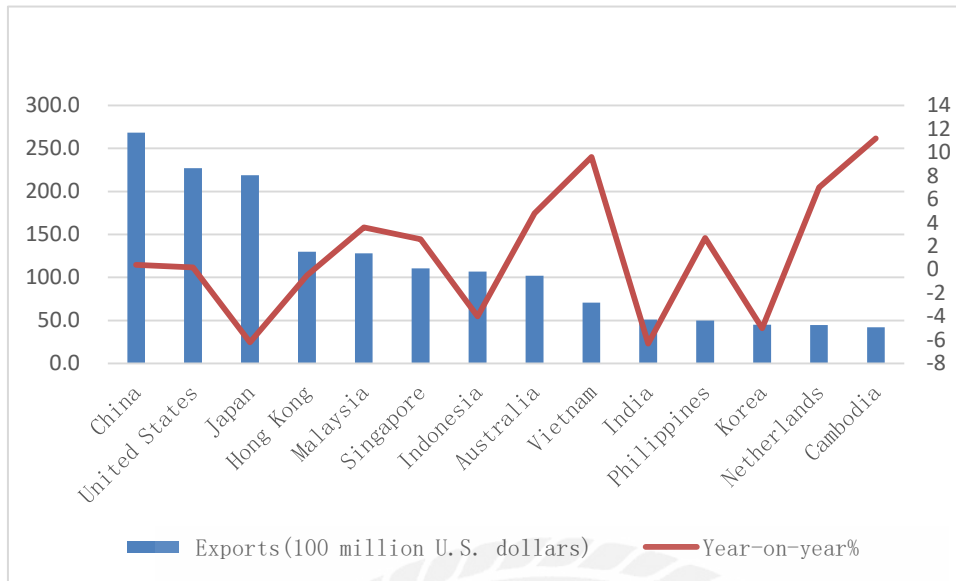
According to Table 2.3, it can be seen that the top three categories of Thailand's major export commodities in 2015 are electromechanical products, plastics, rubber, and transportation equipment, all of which account for a substantial share of Thailand's magnetic exports. Mechanical and electrical products, minerals, base metals and products account for a substantial share of Thailand's total imports. The first three categories for the sixteen categories (mechanical and electrical products), the fifth category of Thai foreign trade import and export market structure increasingly diversified. Formed a trading pattern with the United States, Japan and the European Union as its core trading partners, its neighboring countries as the trade focus, and its trade pattern with the Middle East, Africa, Russia, eastern Europe and Latin America. Today, Thailand has established economic and trade ties with more than 150 countries and regions in the world.

According to Thai customs statistics, China, Japan, and the United States are Thailand's top three trading partners. In 2015, Thailand exported 26.83 billion U.S. dollars, 21.9 billion U.S. dollars and 22.71 billion U.S. dollars to the three countries respectively. Among them, exports to China and the United States increased by 0.4% and 0.2% respectively, while their exports to Japan decreased by 6.2%. The three countries together accounted for 31.7% of Thailand's total exports. In the same period, Thailand imported 37.61 billion U.S. dollars, 41 billion U.S. dollars and 14.63 billion U.S. dollars respectively from these three countries. Among them, imports from China and the United States increased by 0.7% and 16.1% respectively, while imports from Japan dropped by 17.9% and the three countries accounted for 15.2%, 16.5%, and 5.9% respectively of the total imports of Thailand. Hong Kong, China, the largest source of trade surpluses in Thailand, recorded a surplus of 11.36 billion U.S. dollars on the 2nd, an increase of 2%.

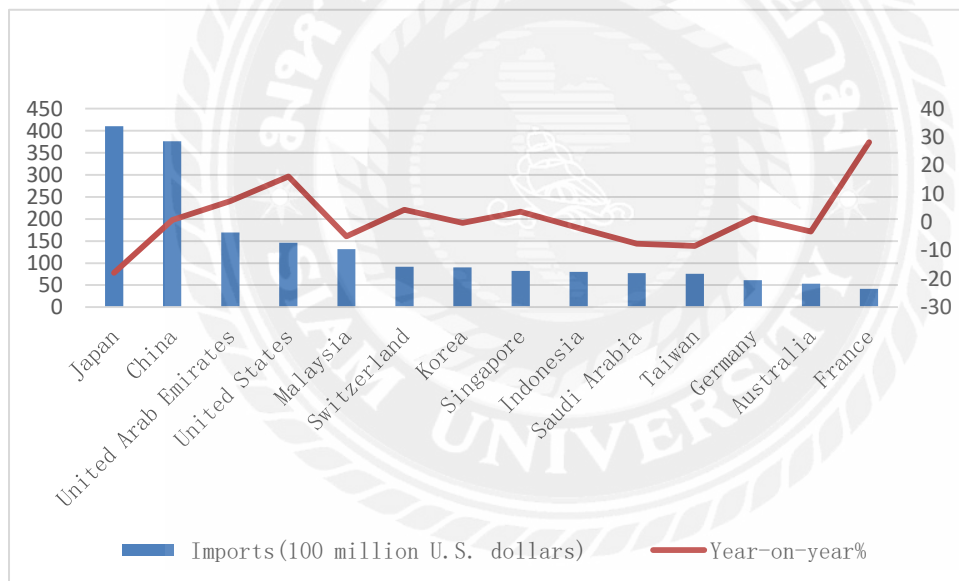
In addition, the trade surplus with the United States was 8.08 billion U.S. dollars, down 19.8%. The trade deficit mainly comes from Japan and the United Arab Emirates. The deficit in 2013 was 19.1 billion U.S. dollars and 13.9 billion U.S. dollars respectively.

**Figure 1 Thailand's Major Trading Partners' Exports**





**Figure 2 Thailand's Major Trading Partners' Imports**



As can be seen from Figure 1 and 2, the top three major Thai exporters in 2015 were China, the United States and Japan, all of which accounted for a significant share of total exports. China, Hong Kong and Malaysia are relatively fewer, with China surpassing the United States and Japan in 2015 becoming Thailand's top exporter. As Thailand's trade with China has been steadily strengthened, China has become Thailand's largest exporter. This is because Thailand is somewhat similar to China in its development model, so intra-industry trade exchanges are more frequent and support from national economic policies is also significant Role.

Looking at the data of major importing countries in Thailand, the largest importing countries in 2015 were Japan, followed by China and the third UAE. Then the United States and Malaysia, Japan and China are still far ahead. Thailand imported a slight decrease from the United States but still dominated the Asian market. In 2015, China was Thailand's largest export market and the second largest source of imports, with subsequent increases in imports, which are closely linked with Thailand's liberal economic policies. Both the import data and the export data shows that the import and export volume of Thailand have been growing year by year, and the growth rate has been increasing. Thailand's major import and export markets are the United States, Japan, Europe and Asia. The major trade surpluses originated in Hong Kong, China, followed by the United States. The trade deficits mainly came from Japan, the United Arab Emirates, and South Korea.

Thailand is rich in forest resources and has a variety of tropical evergreen trees. As a traditional agricultural country, the economic structure of Thailand has changed significantly with the rapid development in recent years. Although agriculture still occupies an important position in the national economy, the proportion of manufacturing in its national economy has been expanding. A major feature of the manufacturing process is to make full use of its abundant agricultural resources to develop food processing and related manufacturing industries. This pattern of industrial development based on agricultural resources has made remarkable achievements over the past two decades and will play a greater role in the future.

### **2.2.3 China-Thai bilateral trade present condition and characteristics**

#### **(1)China-Thai bilateral trade present condition**

With China's accession to the WTO and the establishment of China-ASEAN Free Trade Area, the foreign trade between China and Thailand has been greatly developed. At present, China and Thailand are both developing countries. Both countries are conducive to accelerating the development of their own economies. Under the general trend of global economic integration, economic and trade exchanges between the two countries have become increasingly closer. In 2013, China was Thailand's largest export market and the second largest source of imports, surpassing Japan and becoming Thailand's largest trading partner. The bilateral imports and exports of Thailand and China reached 64.44 billion U.S. dollars, up

0.5%.

Among them, Thailand exported 26.83 billion U.S. dollars to China, an increase of 0.4%, accounting for 11.9% of Thailand's total exports; its imports from China amounted to 37.61 billion U.S. dollars, up 0.7%, accounting for 15% of Thailand's total imports .2%. Thai trade deficit of 10.79 billion US dollars, an increase of 1.4%.

Plastics, rubber and electromechanical products are two major commodities exported by Thailand to China in 2013 with exports of USD 9.07 billion and USD 5.72 billion respectively. Among them, the export of plastic and rubber increased by 6.1%, the export of mechanical and electrical products dropped by 23.5% and accounted for 33.8% and 21.3% of Thailand's total export to China. In 2013, Thailand exported US \$ 3.41 billion of chemical products to China, an increase of 8.6%, accounting for 12.7% of Thailand's total exports to China and the third largest export of Thai products to China. The fourth, fifth and sixth categories of Thai exports to China are plant products, minerals, and wood products. Exports in 2013 were 2.56 billion U.S. dollars, 2.38 billion U.S. dollars and 1.09 billion U.S. dollars respectively, up 35%, 28.9% and 14.7% respectively. The above three categories of products together accounted for 22.5% of Thailand's total exports to China.

Mechanical and electrical products accounted for half of Thailand's total imports from China, with imports of 18.96 billion U.S. dollars in 2013, down 3.4% and accounting for 50.4% of Thailand's total imports from China. Base metals and products, chemical products, transportation equipment and plastic and rubber are the second, third, fourth and fifth categories. Imports in 2013 were 4.92 billion U.S. dollars, 2.98 billion U.S. dollars, 2.03 billion U.S. dollars and 1.69 billion U.S. dollars respectively, with imports of base metals and products plunging by 2.5%. Imports of chemical products, transportation equipment and plastic and rubber increased by 1.6%, 60.9%, and 2.7% respectively. In addition, the import of textiles and raw materials was 1.66 billion U.S. dollars, down by 1.5%. The above five categories accounted for 35.3% of Thailand's total imports from China. On the above products, Japan, the United States, Australia, and Malaysia are the major competitors in China.

Two-way investment between China and Thailand By the end of 2013, Chinese enterprises accumulated a total of 1.63 billion U.S. dollars in direct investment in Thailand and Africa. Among them, the investment in Thailand and Africa in 2013 was 390 million U.S. dollars,

down 10.5% from the same period of last year. From January to June 2014, the newly increased non-financial direct investment was down by 40% to US \$ 91.81 billion. By the end of 2013, Thai's actual investment in China was 3.95 billion U.S. dollars. Among them, in 2013, the actual investment was 480 million U.S. dollars, up 521.5%. From January to June 2014, the actual new investment increased by 47% to 472 billion U.S. dollars.

## **(2)China-Thai bilateral trade structure**

The trade structure between China and Thailand presents the following features:

First, the structural transformation of the bilateral trade from a resource-based product structure to an industrial product-based structure translates from the natural endowment difference between China and Thailand. Both parties have comparative advantages in different resource-intensive products. Since the 1990s, with the industrialization and economic development of China and Thailand rising, the proportion of manufactured goods and technology-intensive and capital-intensive products in the bilateral trade tends to increase. In the manufacturing sector, China and Thailand have gradually formed their respective superior export products with strong trade complementarities and increased bilateral trade intra-industry trade. According to the statistics from China's Ministry of Commerce, China mainly exports to Thailand ships, knitwear, ceramics, and vegetables; it mainly imports local copper products, rubber products and local products. At the same time, the major commodities in China and Thailand have achieved the transformation from primary products to manufactured products, and the import and export of electromechanical products and high-tech products have been rapidly growing, with the proportion increasing.

Second, the trade structure between China and Thailand is complimentary. Intra-industry trade occupies an important position. The complementarity between China and Thailand is also manifested in the double-traded intra-industry trade. The trade between China and Thailand is gradually shifting from traditional trade based on factor endowments to intra-industry trade based on economies of scale and different products. The range of trade products has been expanding and coincides with the formation of a complementary division of labor. Intra-industry trade has increasingly become an important trade form between China and Thailand. The export of electromechanical products each other between China

and Thailand superior products, both competition and mutual cooperation, the characteristics of intra-industry trade is very prominent. Intra-industry trade refers to the trade within the same industry that is locked between different countries. Intra-industry trade helps to meet consumer demand for product diversification, is conducive to expanding the scale of production enterprises and obtaining the benefits of economies of scale. The theory of intra-industry trade shows that there is not necessarily a conflict of interest even if the same or similar factors are shared between the two countries because they can form complementary differential product relations through intra-industry trade so that the interdependence of trade can replace competing conflict. Therefore, through the development of intra-industry trade, the degree of trade competition between countries can be reduced and the trade relations deepened.

Third, the export structures in China and the third country in Thailand are similar in structure and compete with each other. China and Thailand have similar economic development levels and similar trade structure and are competitive. Both countries have relatively abundant labor resources and natural resources, and the present condition of international division of labor is relatively close. Both are dominated by the chemical trade. Although most of China's exports are manufactured goods, while most of Thailand's exports are parts and components, with the adjustment of the production structure in Thailand, both sides may face the situation that most products are primary products and have a low technological content. Therefore, on the export of products There is competition. The trade competition between China and Thailand is concentrated in the third-party market for export. China's export markets are mainly concentrated in Japan, the United States, the European Union and Hong Kong, China. Much of the exports to Hong Kong are exported to these developed countries through entrepot trade. Thailand's main export markets are also concentrated in Japan and the United States, so the export structure of China and Thailand in the third market overlap, each fierce competition.

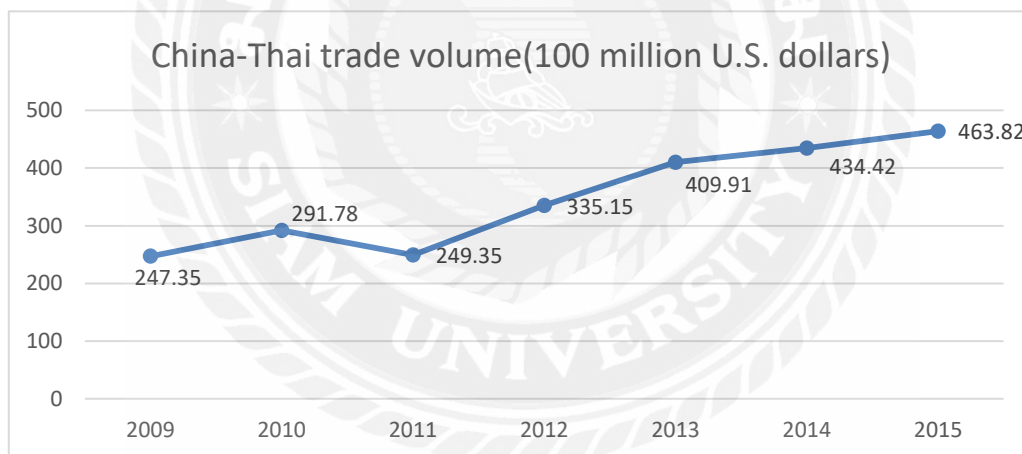
#### **2.2.4 Simple Analysis of China-Thai Bilateral Trade**

##### **(1) Comparison of bilateral trade volume between China and Thailand**

The bilateral trade between China and Thailand has witnessed rapid development and the total trade volume has shown an upward trend. From 24.735 billion U.S. dollars in 2009 to

29.178 billion U.S. dollars in 2010, an increase of 15.23%. However, in 2008, the trade volume between China and Thailand was affected by the financial crisis. The European economy was once weakened and the trade between China and Thailand showed a marked decline. In 2011, China-Thai trade volume dropped by 17.02% from 24.935 billion U.S. dollars. After the financial crisis, China-Thailand trade expanded rapidly in 2012, with a total trade volume of 33.515 billion U.S. dollars, up 25.60% over the same period of last year. In 2013, trade between China and Thailand continued to grow, with a total trade volume of US \$ 40.991 billion, an increase of 18.24% over the same period of last year. However, the growth of trade between China and Thailand was not obvious from 2014 to 2015. China-Thai trade volume in 2014 was 434 .4 billion U.S. dollars, up by 5.44% over the same period of last year. In 2015, the total trade between China and Thailand was 46.382 billion U.S. dollars, up 6.34% over the same period of last year. From 2007 to 2013, China-Thai trade increased by 53.33%.

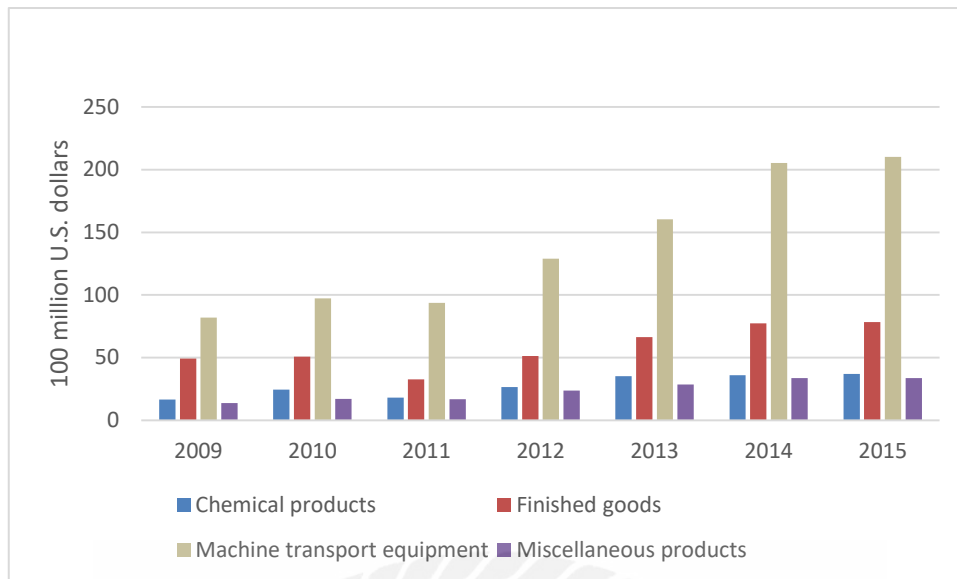
**Figure 3 China-Thai Bilateral Trade Trend**



**(2) Comparative Analysis of Sino - Thai Trade Import and Export Structure**

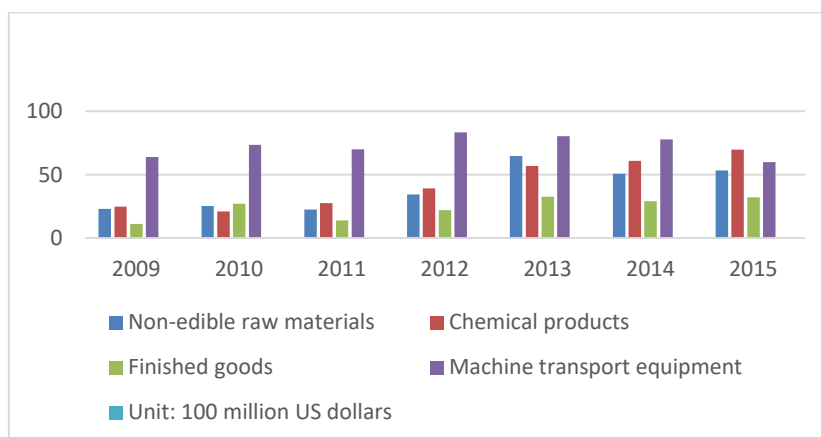
According to UN classification standards for international trade and statistics on UNCOMTRADE website, Thailand imports four major categories of products from China, namely chemical products, finished products, machine transportation equipment and miscellaneous articles, namely SITC5, SITC6, SITC7, and SITC8.

**Figure 4 Thailand Main Imports Goods from China**



According to Figure 4, it can be seen that the chemical products imported from China by Thailand increased from 1.66 billion U.S. dollars in 2009 to 3.69 billion U.S. dollars in 2012, an increase of 2.2 times. Manufactured goods also showed a rising trend from 2009 to 2015, an increase of 1.9 times. Miscellaneous products increased 2.4 times from 2009 to 2015. Of the four products, Thailand imported the largest share of machinery imported from China, showing a continuously increasing trend, rising by 8.2% from USD8.2 billion in 2009 to USD21.0 billion in 2016, 6 times. In 2015, Thailand imported 55.7% of China's imports of machine-equipment from China into Thailand, a proportion that also showed a year-on-year increase. In addition, the six major categories of SITCO-4 and SITC9, which account for a relatively small proportion of the total trade volume, account for 4.7% of the total trade volume of the six major categories of products.

**Figure 5 Thailand Main Products Exported to China**



Due to the similarity of the trade structure between Thailand and China, the products exported by Thailand to China are similar to the products imported by Thailand from China, with non-edible raw materials, finished chemical products, manufactured goods, and machine transportation equipment as their main products. Among them, non-food raw materials increased by nearly 1.2 times from 2.82 billion U.S. dollars in 2009 and reached 5.31 billion U.S. dollars in 2015. Chemical products increased 1.8 times from 2009 to 2015 and reached 6.97 billion U.S. dollars in 2015. Finished goods increased 1.8 times from 2009 to 2015 and reached US \$ 3.19 billion in 2015. Of the four categories, exports of machine transportation equipment accounted for the largest share, from USD 6.38 billion in 2007 to USD 7.77 billion in 2014, while in 2015, USD 5.99 billion was down by 22.9 %, The total amount of such products shows a declining trend year by year. In 2015, the largest share of total exports from China to Thailand was chemical products, accounting for an average of about 25.6%. In addition, the six major categories of SITC0-1, SITC3-4 and SITC8-9 account for a relatively small proportion of the total trade volume, accounting for 21.1% of the total trade volume.

### **(3) Comparative Analysis of Comprehensive Dependence on Trade between China and Thailand**

Trade dependence refers to the relationship between a country's trade and national economy, generally expressed as the ratio of foreign trade the gross national product. The degree of dependence on trade between the two countries refers to the extent to which the two countries depend on the trade of their country of origin and can be reflected by four indicators:

- The trade volume between two countries is larger than the total trade volume between the two countries.
- The export volume of the opposite country to the total export value of the country.
- Import from the other side and the country's total import ratio.
- The trade volume between the two countries is compared with the country's gross domestic product.

These four indicators can reflect the present condition and trends of the import trade between the two countries in the foreign trade of their respective countries.



**Table 2.4 China Trade Dependence on Thailand**

Year	Trade volume between the two countries / Total trade volume in China (%)	China exports to Thailand / Total exports of China (%)	China imports from Thailand / Total imports of China (%)	Trade Between the Two Countries / Gross Domestic Product (%)
2009	1.14	0.01	0.02	0.71
2010	1.14	0.01	0.02	0.65
2011	1.13	0.01	0.02	0.50
2012	1.13	0.01	0.02	0.57
2013	1.13	0.01	0.02	0.56
2014	1.12	0.02	0.02	0.53
2015	1.12	0.01	0.02	0.50

According to Table 2.4, it can be seen that all four indicators can reflect that China's trade dependence on Thailand is relatively stable, but in recent years, there has been a slight decline in various indicators. On the whole, it still reflects the downward trend of China's trade dependence on Thailand. Due to the huge amount of China's total imports and exports and the rapid growth of China's GDP, there has been no great development of China-Thai trade, leading to a downward trend in trade dependence.

Year	Trade volume between the two countries / Total trade volume in Thailand (%)	Thailand exports to China / Total exports of Thailand (%)	Thailand imports from China / Total imports of Thailand (%)	Trade Between the Two Countries / Gross Domestic Product (%)
2009	8.32	0.10	0.12	10.02
2010	8.23	0.09	0.11	10.70

2011	8.71	0.11	0.13	9.46
2012	8.87	0.11	0.13	10.51
2013	8.96	0.12	0.13	11.86
2014	9.10	0.12	0.15	11.87
2015	9.68	0.12	0.15	11.98

**Table 2.5 Thailand Trade Dependence on China**

According to Table 2.5, it can be seen that the dependence of Thailand on China's trade shows an upward trend. All four indicators show that Thailand's trade dependence on China is constantly increasing and its share is also growing. In particular, The first and fourth indicators increased significantly. This shows that the share of Thailand's trade in the volume of trade between the two countries has been increasing year by year. The fourth indicator Thailand's trade dependence on China has increased year by year.

In conclusion, it can be seen from the degree of trade dependence that the dependence of China on Thailand's trade is relatively constant and declining, indicating that there is still much room for growth in China's dependence on Thailand's trade. The increasing dependence of Thailand on China's trade shows that the growth of Thailand depends to a large extent on the development of trade between China and Thailand. Both countries should continue to develop bilateral trade relations and achieve win-win results.

# CHAPTER III ANALYSIS OF FACTORS INFLUENCING CHINA - THAI TRADE

According to the statistics in Chapter 2, we can see that the bilateral trade scale is constantly expanding at present because of the healthy development of the bilateral trade and economy, cooperation with each other to strengthen the promotion of trade between the two countries and the major factors affecting the development of trade between Thailand and China.

Owing to the multifarious positive factors, Thailand has become one of the most active participants among the other ASEAN member countries to take advantage of this free trade deal, even though the country has been undergoing political instability since Thaksin was overthrown by coup in September 2006. In addition to following the normal schedule of tariff reduction of CAFTA, Thai government signed with Chinese government an agreement on accelerating tariff elimination under the Early Harvest programme over a two-year period, and to be continued afterward. Although “earlier harvest” of CAFTA has caused some problems to the farmers of both sides, the Thai government is still firmly committed to the deal. It has formed a joint working group with China to survey the problems and obstacles in importing and exporting agro-products of the two countries. Thai Minister of Agriculture and Cooperation signed with China’s General Administration of Quality Supervision a memorandum of understanding (MOU) in November 2009 with an aim to provide more opportunities for traders in the two countries to market their farm products. The expansion of free market access of agro-products between the two countries has been merited as “WTO-plus”.

## **3.1 Favorable Factors**

### **3.1.1 Regional Economic Cooperation**

The main measures adopted by Thailand and China in promoting the development of trade relations in the region include the following measures: trade, investment, and finance, as follows:

#### **(1) ASEAN – China Free Trade Agreement (ACFTA)**

The objective of this agreement is to promote trade and economic growth between China and ASEAN. All parties concerned signed the "China-ASEAN Framework Agreement on Comprehensive Economic Cooperation" in 2002 and then implemented it by the end of 2003. The implementation of the agreement enabled the trade between ASEAN and China. The development is very smooth. And in 2003, the trade volume increased to 78,285 million U.S. dollars, reaching 362,757 million U.S. dollars in 2011, an increase of 363% in 2003 compared with the same period of last year.

Through the "FaceBook: ASEAN-China Free Trade Agreement," the Thailand Department of Trade Negotiation (DTN) proposed that China's import of unprocessed agricultural products from Thailand increase its trade balance with Thailand's trade. Since 2006, zero tariffs on unprocessed agricultural products have enabled the product to increase exports to China, Thailand has been surplus. Raw agricultural products are mainly fish, crustaceans, mollusks, frozen fish, vegetables: cassava, frozen vegetables, and fruits. As for fruits and vegetables, both China and Thailand will reduce their tariffs. Since the reduction of tariffs, the import value of this product

to Thailand has been a surplus.

#### **Association of Southeast Asian Nations Plus Three (ASEAN +3)**

In 1999, following the economic crisis in ASEAN, the establishment of the Association of South-East Asian Nations, together with China, South Korea, and Japan, the objective of the cooperation mechanism was to promote regional economic and maintain financial stability. The key was the Chiang Mai Initiative Multilateralization: CMIM) is the most important institutional achievement made by Asian monetary and financial cooperation. It has far-reaching significance in preventing the financial crisis and promoting further regional monetary cooperation. In 2011, all parties agreed to set up the 10 + 3 Macroeconomic and Research Office (AMRO) to objectively comment on the regional economic system risk assessment in order to promote regional economic monitoring and analysis of the independent economy.

#### **Executives' Meeting of East Asia-Pacific Central Banks (EMEAP)**

EMEAP, established in 1991 as the most important central bank cooperative in the region, aims to promote cooperation among 11 central banks (Australia, China, Hong Kong, Indonesia, Japan, Korea, Malaysia, New Zealand, the Philippines, Singapore and Thailand) , Promote the construction of the financial system in the region and deepen the relations among the central banks and monetary authorities.

#### **South - East Asian Central Banks Research and Training Centre (SEACEN)**

Founded in 1982, SEACEN aims to strengthen cooperation among central bank groups in the ASEAN region, study the ASEAN economy and serve as a center for the training of central bank personnel. There are currently 18 central banks: Indonesia, Malaysia, Myanmar, Nepal, the Philippines, Singapore, Sri Lanka, Thailand, South

Korea, Taiwan, Mongolia, Brunei, Fiji, Cambodia, Vietnam, China, and Laos.

### **3.1.2 Cross-Border Trade RMB Settlement**

The Chinese government hopes to use RMB for settlement. The types of cross-border RMB settlement services include various settlement methods such as import and export letters of credit, collection and remittance. Although the RMB trading market is still small, but with the two countries using RMB settlement, transaction payment of goods and services began to show the importance. The volume of import and export transactions settled in RMB continued to rise. In 2010, the volume of import and export transactions was 33.24 million U.S. dollars, and by 2011 reached 98.72 million U.S. dollars. At present, there are more and more Thai commercial banks opening RMB trade settlement services for international trade from 6 commercial banks in 2010 to 15 commercial banks in 2011.

China is an important big market for Thailand. If China reaches the goal of becoming a financial center in the 21st century, the trade between China and Thailand will be very convenient because it can be settled in the international renminbi. In the meantime, Thai banks in China are also very handy and will promote a more smooth development of trade.

### **3.1.3 China-Thailand Elements are Complementary**

The traditional trade between China and Thailand is based on the relative differences in natural resources. The price difference brought by the differences in factors of production and costs has promoted the trade and international division of labor between the two sides. Rubber, plastics and their products, rubber products, cassava products, rapeseed, timber and timber products are among the top ten Thai exports

to China. Especially rubber. As the largest producer and exporter of natural rubber in the world, Thailand is a major country importing rubber and related products from China. This shows that the trade between China and Thailand is complimentary. According to the statistics, it can be seen that from 2011-2015, rubber still exported the largest products to China as Thailand, with an export growth of 2,466 million U.S. dollars, 4,613 million U.S. dollars, 3,612 million U.S. dollars and 3,768 U.S. dollars Ten thousand U.S. dollars. China Automotive Industry Development, China Automotive Non-Tire Rubber Products Rapid Growth. However, due to China's own production of rubber cannot meet domestic demand, so the demand for rubber in China increased year by year, in order to meet China's domestic market demand. China's main products imported from Thailand are rubber and other natural resource products such as plastic and its products, rubber products, cassava products, rapeseed, wood and timber products. It can be seen that these trade complementarities based on natural resource products have become an important feature in the development of China-Thai trade.

Thai laborers are better than other countries in terms of skills and skills pool, while lower wages in Thailand and Thailand make them more productive. Much of China's capital is concentrated in labor-intensive industries, and the cost of imports from China is cheaper than domestic production, which further increases Thailand's imports into China. Agricultural products in Thailand have the potential, whether in quantity or quality, to have diversified consumer choices such as rice, rubber, vegetables, and fruits. These products cheaper than other countries, in order to enhance competitiveness but also can further enhance the product added value.

### **3.1.4 World Economic Development**

Economic development and foreign demand have made it necessary for foreign countries to purchase products manufactured by China and Thailand and the trade volume will rise. The most obvious is the Chinese economy.

Despite the slowdown in China's economy in 2013, however, China's import and export continued to grow. In the first half of the year, the value of imports and exports was 1.99 trillion U.S. dollars, up 8.6 percent over the same period of last year, of which 1.05 trillion U.S. dollars was exported and 944 million U.S. dollars was imported, resulting in a trade surplus of 107 million U.S. dollars in the first half of the year. During the third quarter, from July to September, the total value of imports and exports continued to grow, reaching US \$ 1.06 trillion, of which exports reached US \$ 562 million and imports amounted to US \$ 501 million, bringing the total import and export volume in the first nine months of 2013 to 30,500 One hundred million U.S. dollars. Representing an increase of 7.64% over the same period of the previous year with an export volume of 1.61 trillion U.S. dollars, up by 7.98% over the same period of last year. Import value was 1.44 trillion U.S. dollars, up 7.28% over the same period of last year.

The main reason for the resumption of China's foreign trade situation is that China's major trading partners started to recover in the third quarter. Whether it is the EU's largest trading partner or the largest trading partner of the United States, the U.S.-China trade, in particular, has grown by more than 869%. If the economic situation in the EU and the United States continues to improve, it will be conducive to China's exports. China will have the opportunity to rise in both intermediate products and raw materials, both in terms of increasing exports of manufactured goods and imports of upstream products. Of course, it is also conducive to the



development of Thailand, because Thailand is the major country of China's exports.

In 2013, China became Thailand's largest export market and the second largest import market. The total trade volume in the first nine months of September was 476 million U.S. dollars, accounting for 13.16% of Thailand's total imports and exports respectively. Its exports to China amounted to 193 million U.S. dollars, a year-on-year decrease of 3.30%. Imports from China amounted to US \$ 283 million, up 2.83%. Japan's top export trading partner to Thailand totaled US \$ 482 million, accounting for 13.23%. Due to the poor economic situation in Japan, China became Thailand's largest trading partner by the end of 2013. The slowdown in China's economy has affected the pace of international trade and the decline in China's imports has affected Thailand's overall exports. There are 5 major types of exports in Thailand ranked by the top 10 in 2013, including rubber (43.1%), chemical products (35.4%), computers and components (16.6%), plastics and their products (29.2%), rubber products (27.7%). In addition, exports to China for agricultural products, agricultural products processing, food, and fruits continued to grow.

The good recovery of the world economy will directly benefit bilateral trade between Thailand and China and will lead to the simultaneous growth of Thailand's trade economy in 2014. In Economic Outlook, Thailand's National Economic and Social Development Board proposed that the world economy should increase by 2.9% in 2013 and that in 2014, the economy should increase by 3.5%, making China's trade grow at the same pace. But Thailand can not expand its export capacity. First, because the cost and price of products in Thailand are not comparable to those in foreign countries, exchange rates have changed, and ASEAN wages have also changed.

Second, prices of agricultural products in Thailand have slowly recovered as the world economy has grown in demand.

### **3.1.5 Technological Progress and Development of Communication Technology**

The electronics industry is one of the major import and export trades that have made China-Thailand trade develop rapidly. At present, it has become an important industry in Thailand. 40 years after the implementation of the import substitution strategy, the government took measures to develop the electronics industry. Promote the production of related industrial products, and gradually replace the imported products with their own products in the Thai market, thus expanding and continuing the development of the Thai electronics industry. At present, the problems facing the Thai electronics industry are the continuous reform of technology, the complexity of trade rules, fierce competition and so on. In 2013, Thai exports totaled US \$ 228,529 million for industrial products and Thailand's electronic exports amounted to US \$ 48,198 million, accounting for 21% of total industrial exports. In 2013, the trade volume between Thailand and China for export of industrial products amounted to US \$ 17,627 million, accounting for 64.72% of Thailand's total exports to China.

It is worth noting that China and Thailand share a common structure of major export products, that is, electronic products. Among them, Thailand's computers and spare parts belong to the top 5 Thailand's major export products to China, while the imported electronic products from China also belong to the top 4 Thai importers. In 2013, Thailand imported computers and components from China amounting to US \$ 2,631 million and China exports Thailand to Thailand computers and components amounting to US \$ 3,573 million. USD 4,976 million for electrical machinery and parts,

USD 4,029 million for household appliances and USD 3,981.4 million for machinery and components. It can be seen from this that the electronics trade has a more prominent position in the trade between Thailand and China.

The rapid development of communication has made the global link better, the price, the characteristics and the detail of the product more understandable. There are many channels for cross-border trade settlement and the financial sector continues to develop.

### **3.1.6 Trade Policy**

In 2012, China expanded its trade volume by 10% and the Ministry of Commerce of Thailand reduced its trade restrictions on China in order to impose subsidized taxes on Chinese companies in order to support China's smooth realization of its own trade objectives so as to enhance the trade volume between China and Thailand. In the common interests of the two countries, the Chinese government supports China's investment institutions in building an infrastructure system in Thailand and promoting trade cooperation between the two countries.

### **3.1.7 Traffic**

The entry into force of the agreement on the China-ASEAN Free Trade Area in 2010 will have an unprecedented impact on trade, investment, and transportation. As Thailand is located at the transportation center of ASEAN, in addition to the transport of goods between Thailand and its neighboring countries, the transit goods to Thailand are also increasing. From China to Thailand and the ASEAN region is a very important transport hub, including:

1. Kunmei Highway (R3A, R3B, R9): Opened the Chiang Rai Province in northern Thailand to the trade corridor with the west and south of China.
2. Water Transport: Jinghong - this Sheng (including 344 km)
3. Air: a number of routes between China and Thailand
4. High-Speed Rail: China-Thailand high-speed rail project in 2018 officially started

These trade hubs have not only favorably contributed to the expansion of Thailand's total export trade, but also boosted Thailand's tourism development.

## **3.2 Unfavorable Factors**

### **3.2.1 China and Thailand high logistics costs, low efficiency**

It is difficult to distribute a nationwide product from Thailand to China. Bank of Thailand, Bangkok, Thailand, shows that in 2013 China's logistics cost (18%) is much higher than that of Thailand (14.3%). Roads are costly to transport over long distances and may also cause some damage during transport. In addition, there are relatively few retail outlets for multinationals in China, such as Carrefour in France, Walmart in the United States and Thailand's Chia Tai Group. These retail outlets have no more than 900 outlets in Thailand and 549,000 in China. Therefore, the distribution of products from Thailand to China, the Thai side will pay more attention to the transport channels, cargo damage in transit, and determine where the market target should be sold in a series of issues such as cities.

It can be seen that transport costs in Thailand are still high, including transportation problems, which have become an important obstacle to becoming an exporter. Transport capacity is still limited and Thailand currently considers the challenge of

total freight costs for exports of agricultural products. The problem is that the transport from Thailand to China, Shanghai and Hong Kong is high. Thai enterprises generally use 20-foot containers to load agricultural products. However, there are too few such containers in Thailand to meet the requirements.

Therefore, the Thai government should develop a modern transportation system and create favorable conditions for expanding exports. Therefore, the Thai government should develop all modes of transport such as land, sea and air transport.

In addition, due to the tighter controls on Thai maritime transport, the development of maritime transport in Thailand is limited. Therefore, speeding up the construction of a transportation system is extremely important and urgent to promote the development of Thailand's maritime transport. Measures should be taken to speed up the development of maritime transport, including promoting the development of private maritime transport, encouraging private participation and enhancing the export competition in the carriage of goods by sea. In addition, air transport should also be accelerated to expand its transport capacity. Thai Airways and its controlled cargo airlines, to provide more competitive prices and better service.

### **3.2.2 Political Turmoil in Thailand**

Thailand's military coup has been frequent and its political rights have been seized by military strongmen and politicians. In addition, the political concepts of the various forces in Thailand are not clear, the awareness of the peasants' struggle is awakening, the military's concerns about direct government are deepening, and the influence of the Thai King is gradually weakened, to a certain extent, restricting the rapid development of Thailand's economy. The development of democracy in Thailand is

not enough and not systematic. The personnel and people in various government agencies are still more concerned with the Prime Minister, and the phenomenon of individual worship is extremely serious. Political parties or the political system are neglected. If the PM is to step down, that means the original policy is no longer applicable and this kind of instability will have a certain impact on Thailand's foreign trade. Thailand's ability to attract investment is declining and its political instability causes foreign investors to fear that the safety of their funds and the stability of their operations will worsen the investment climate in Thailand. The Central Thai Service Center of the Bank of Thailand believes that the Thai political situation is an important factor affecting the confidence of enterprises and will have the most obvious negative effects on services, tourism and attracting investment. It will even further affect the government's annual budget expenditures, Especially the investment budget.

### **3.2.3 Thai Baht Appreciation**

Since the beginning of 2006, the Thai baht has continued to appreciate, so far the appreciation has reached about 11% and has risen sharply to its highest level since 1997. The appreciation of the Thai baht has also had a significant impact on the export industry.

#### **□ Business investment costs rise**

Although the Bank of Thailand has taken many measures against the fluctuations of the Thai baht in the domestic and international markets and officially announced that emerging Asian economies will take regulatory measures in the coming months to prevent the massive inflow of speculative capital, Thereby raising the local currency exchange rate, but the Thai baht exchange rate has exceeded a higher

threshold, and there has been no decline. At present, there are many Chinese enterprises that apply to invest in Thailand. In the face of the continuous appreciation of the Thai baht, this will also give them a great impediment to investment.

#### □ **Exporters are hit by the economy**

The continuous appreciation of the Thai baht has brought many drawbacks to Thailand's export industry. For example, in the international market, Thailand's export industry is facing a form of fierce and cruel competition. The appreciation of the Thai baht has put these exporters in a dilemma or even at a losing streak. In particular, the SMEs may be suspended from operation, causing serious problems in labor and society.

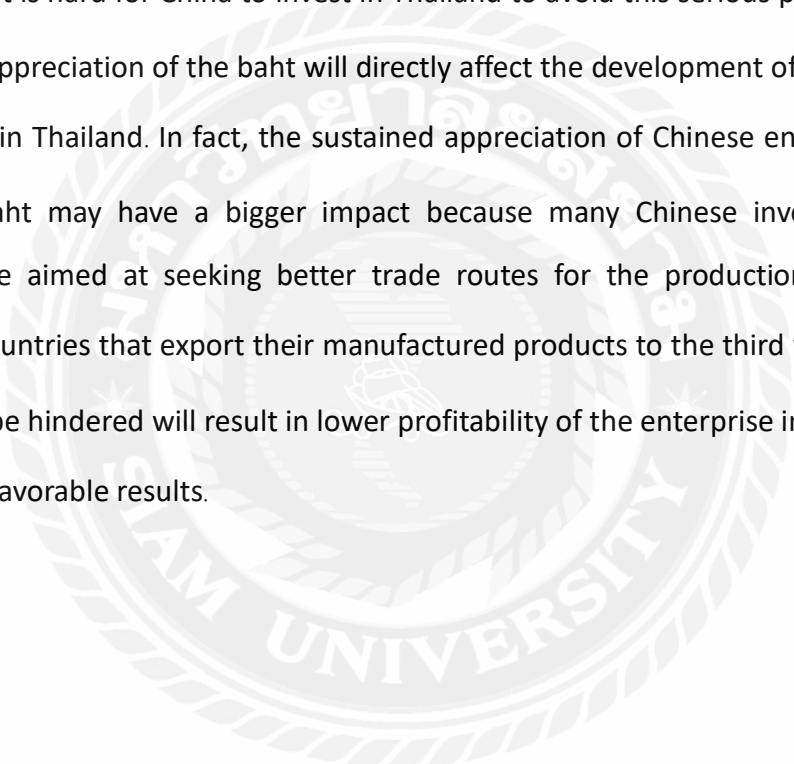
The recent record highs in the Thai baht have caused exporters to suffer a loss from their exchange rate movements. According to Peng Ping, Assistant Governor of the Central Bank of Thailand in charge of financial markets, the Thai baht exchange rate will fluctuate in the second half of the year with a slight drop in the first quarter from the first quarter. These external influences are the elements that cause the trend of the exchange rate. For example, the global economy is weak and the European debt problem continues to spread. With some of the more accommodative economic policies put in place by European countries, the flow of capital into the economy has shifted. The Thai baht exchange rate also began to fluctuate.

The continuous appreciation of the Thai baht led to the closure of several businesses. According to the latest news, a large garment exporter, East Asia Import & Export Co., Ltd., formally announced the collapse of a large number of employees. The incident shows that the Thai garment industry is facing a serious problem of declining

competition. The continued appreciation of the Thai baht has reduced the competitiveness of the Thai garment industry.

In September and October 2013, during their visit to Central Asia and Southeast Asian countries, Chinese President Xi Jinping successively proposed major initiatives to jointly build the "Silk Road Economic Belt" and the "21st Century Maritime Silk Road", drawing great attention from the international community.

At present, it is hard for China to invest in Thailand to avoid this serious problem. The continued appreciation of the baht will directly affect the development of investment enterprises in Thailand. In fact, the sustained appreciation of Chinese enterprises by the Thai baht may have a bigger impact because many Chinese investments in Thailand are aimed at seeking better trade routes for the production of goods, mainly in countries that export their manufactured products to the third world. If the export will be hindered will result in lower profitability of the enterprise income costs become unfavorable results.

A large, faint watermark of Siam University is centered on the page. It features a circular emblem with a crown at the top, a central figure, and the text "SIAM UNIVERSITY" around the bottom edge. The watermark is semi-transparent and serves as a background for the text.



# CHAPTER IV ANALYSIS OF CHINA - THAI TRADE IN THE FUTURE

With the further development of economic globalization and the continuous improvement and implementation of free trade agreements between countries, the trade cooperation between China and Thailand has been deepening. In the process of future cooperation, in order to fully optimize the allocation of resources and improve the efficiency of trade cooperation, it is necessary to conduct a comprehensive analysis of the prospects for the development of trade between China and Thailand so as to create the prerequisite for trade.

Affected by the deepening of “intra-product specialization” led particularly by MNCs and TNEs under economic globalization and regionalization, the trade structures of China and Thailand have undergone tremendous changes for the latest decade characterizing with machinery, intra-industrial goods containing electronic products, parts and intermediate goods as the major exports and imports. In other word, a large part of trade in PCAs (parts, components and accessories) is of the intra-firm variety that constitutes the major part of the foreign trade of the two countries.

Whereas, the trade structures between China and Thailand have manifested particularities for not only diversifying, but also overlapped with the feature of horizontal division of labor that have diverted from the old pattern that agriculture-based products constituted the major part of China's imports from Thailand, while textiles and garments, iron and steel products and chemical products were China's major exports to Thailand.

In 2010, Thai Customs figures showed that top 9 export products valued over US \$5 hundred million from Thailand to China that constituted 73.5% of Thai export trade

value to China were Automatic data processing equipment and parts, Natural rubber, Chemical products, Plastic products, Rubber products, Cassava products, Refined oil, Electronic integrated circuits, and Wood and wooden products. At the same time, there were 13 import products from China to Thailand that over the value of US \$5 hundred million. These were Computer equipment and parts, Electrical equipment and spare parts, Household appliances, Mechanical equipment and spare parts, Chemical products, Iron and steel products, A variety of machine manufactured goods, Textile, Electronic integrated circuits, Metal products, Other metal ore and base metal products, Fertilizer and pesticides, Plastic products. All these 13 categories of products constituted overall value of 74.6% of Thai's imports from China.

#### **4.1 National Economic and Development Trends**

China is a populous country. Although China still belongs to the developing countries, China is the country with the fastest economic growth in the world and has a vast consumer market. Thailand tries to get its goods and services into China to expand its market. Because of different consumer needs, and each city is different local language, lifestyle, different customer behavior. Coupled with the large size of China's domestic market, so in order to allow products to enter the Chinese market, companies need to understand the situation in different markets.

Different imported products entering the Chinese market should consider consumer open space for foreign products. China likes Thai products. It has high-end consumer spending, looking for high-quality and high-standard products and consumption of innovative value products, which should also be considered by Thailand. Target direction Thailand's major target cities include Guangzhou, Dongguan and Hubei, all of which are important potential markets with high

purchasing power.

The "Belt and Road Initiative" aims to promote the orderly flow of economic elements, the efficient allocation of resources and the depth of market integration, and promote the coordination of economic policies among all countries along the line.

In addition, there are also chemical products, plastics and their products, wood and wood products, electrical appliances and spare parts that have the opportunity in the Chinese market. The agricultural products are rice, cassava, cassava products, fruits and frozen fruits.

In Economic Outlook, Thailand's National Economic and Social Development Board suggested that Thailand's exports in 2014 will have a 7.0% increase from the previous year and a 1.0% increase from the export prices in 2014 due to the recovery of the world economy and the trend of a weaker Thai baht %; In terms of the number of exports, it grew by 6.0%. In 2014, the value of imports from the United States rose 6.7% over the previous year, 0.5% from the import price and 5.2% from the point of import as the investment partially caused Import demand more. In the trade balance, the surplus is expected to be 5.8 billion U.S. dollars.

Thailand's export target, set by Thai business, rose 1.4% due to Thailand's exports to China of about 27,200 million U.S. dollars in 2013. If the global economic growth rate is maintained at around 3.6%, in the calculation of 32 baht to 1 U.S. dollar, Thailand's exports are expected to grow 5% in 2014 and Thailand's exports to China will increase 3%.

Thailand Department of Trade Negotiation (DTN) pointed out in the "Fact Book: ASEAN-China Free Trade Agreement" that for Thailand, it is estimated that the expansion of Thailand's exports will increase by 63.3% after the establishment of the ASEAN Economic Community. At the same time, China's import to Thailand will increase by 55.01%. The expansion of trade in the ASEAN Economic Community will strengthen cooperation in the free trade area and will reinforce the complementarity of investment between China and Thailand and reduce the dependence on investment from developed countries under the agreement of the free trade area. Thailand will have access to low-cost products from China, especially raw materials, machinery and capital products, which will help reduce production costs in Thailand and enhance Thailand's competitiveness in foreign trade.

In addition, Thailand's trade volume with China reached 15,761.2 million U.S. dollars in 2012, an increase of 1.2% over the same period of last year. Its exports to China mainly include rubber, machinery and parts, plastics and chemicals. These products are the main raw materials for Chinese products. In order to promote foreign trade, China is also actively promoting the construction of China's import and export trade zone. The Shanghai Free Trade Zone (SHFTZ) was formally established on October 1, 2013, which is conducive to attracting foreign investment to China. It also facilitates the trade with Thailand and the convenient transportation based on Shanghai. It will promote trade between China and Thailand and it is also expected that the free trade zone will also be very important to Thailand.

## **4.2 Opportunities for Industrial Products and Other Product**

## Prospects

After the meeting of the 18th CPC National Congress, we can see the changes in the future of China's economy. Whether it is to promote industrial and agricultural development and technological progress policies or to improve the living standards of the people, will have a significant impact on Chinese enterprises, in particular, adhere to scientific development. To adhere to the scientific development and to speed up the transformation of the mode of economic development is the main strategic choice concerning the development of China as a whole. We must continuously improve our ability to adapt to changes in the economic situation at home and abroad, speed up the formation of new economic growth points, focus more on efficiency and quality in economic development, and speed up the transformation of the mode of economic development. In 2014, Thailand's exports of computer products and components will be affected by this change. In the long run, Thai industrial enterprises must adapt to this change. Improve product quality, in the fierce competition in the Chinese market, high-quality products can gain market share in the Chinese market. Thai companies must pay attention to their exports to China.

Thai products with export potential are still rubber and rubber products, and the output of related enterprises is also increasing. Since China does not have enough product supply, it can only import from Thailand and other countries. Both governments should promote the cooperation between China and Thailand Rubber Trade development. Thailand's main export product is rubber, while China is the world's largest rubber consumer and Thailand's largest rubber exporter. Due to the climate change, rubber plantings in China have increased less in the past few years,

making China's rubber production after 10 years still not able to meet the annual increase of 7% in consumer demand. According to the International Rubber Study Group (IRSG), the price of rubber in 2014, as in previous years, will not rise sharply because:

- Excess supply. It is estimated that there will be over 162,000 tons of surplus rubber production in the world by 2022. Ten years ago, there was less global rubber supply and the rubber surplus could not be raised due to the surplus rubber production.
- The growth rate will decrease. By 2022, China will produce about 1.5 million tons of rubber, accounting for 21% of domestic consumption. It is estimated that by 2022 China will need to import about 3 million tons of rubber from the world, 1 million tons more than in 2012. Therefore, China Increasing rubber acreage did not affect Thailand's exports.

In 2014, there is a possibility of a decrease in the import of main products. Both Thailand and China have shifted their production bases to neighboring countries, so the export of computers and spare parts is also expected to decrease. Due to the shift of investors' production bases and the fierce market competition in China, the trade volume of Thailand's exports of computers and components to China has been reduced. Which will benefit the production of other industrial products and agricultural products, resulting in changes in the export structure of computers and spare parts? In addition, Thailand's export of fruits has been on the rise because Thailand's unique fruit is very popular in the Chinese market. The rich variety of Thai fruits makes it easier for Thai fruits to enter the Chinese market.

### **4.3 China-Thai New Energy Cooperation**

China ranks first in the world in terms of energy consumption and many drawbacks caused by the frequent greenhouse effect have led countries to start reducing emissions and seek cooperation to open up new energy cooperation areas. On November 23, 2015, Ning Fukui, Chinese ambassador to Thailand, said that as a developing country with a fast economic growth and fast energy consumption in Asia, China and Thailand, both in terms of new energy development, bioenergy development and infrastructure improvement, etc. Areas to deepen cooperation.

#### **4.3.1 China-Thailand Cooperation in Solar Power Industry Opened**

Shilin, Yunnan Province, has built a photovoltaic power plant, the largest scale in Asia. Xie Jian, deputy director of the Cloud Normal University Solar Energy Research Institute, said: "The reason for choosing Yunnan is because Yunnan is in the Yunnan-Guizhou Plateau, with a higher altitude and a lower latitude. The annual average sunshine is over 2,400 hours and the solar energy resources are very rich" The solar energy reserves that can be developed throughout the year reach 75.8%. Due to the current development of natural gas resources in the Gulf of Thailand over, showing an increasingly depleted state. In an effort to encourage Thai businessmen to invest in solar energy, in September 2013, the Thai government introduced a new plan to buy electricity from homes, factories, and businesses that install solar panels on the roof. The purchase price is 6.16 to 6.96 Baht per kWh, which is expensive. Taking this opportunity, China Yunnan Province and Thailand government to strengthen energy cooperation such as excess solar energy resources in Yunnan Province transported to Thailand, to solve the problem of insufficient electricity consumption in Thailand. New energy cooperation such as solar energy as a link to broaden the pattern of new energy cooperation between China and Thailand.

## **4.3.2 Pioneering China-Thai Cooperation in Photovoltaic Power Generation**

As of the end of 2015, the total power generation of photovoltaic power plants in China was 37.12 GW, while that of distributed power plants was 6.06 GW and that of the whole year was 39.2 TWh. The cumulative installed capacity of 43.18 million kilowatts. In 2015, the new installed capacity of 15.13 million kilowatts, the completion of the established goals. "Accounting for 25% of the newly installed capacity in the world, accounting for about 33% of the annual output of China's photovoltaic cell modules, providing an effective market support for China's PV manufacturing industry."

We focus not only on our own energy development but also on working with other countries to bring about changes in energy transformation. As Nur Bai Keli said at the International Energy Transformation Forum in November 2015, China will work with other countries in the world in terms of reforming the technology and equipment, increasing production capacity and building an international energy development and management system in terms of concrete energy transformation Work hard.

## **4.4 Industrial Structure**

### **4.4.1 Adjust the industrial structure and innovate China-Thai service trade**

The "China-Thai relations and long-term development plan" in the service trade as follows:

- In the area of financial cooperation: China and Thailand hope that both sides will



strive to achieve 100 billion U.S. dollars in trade volume and complete the established cooperation goals. In view of this, both sides have decided to continue friendly cooperation and strengthen economic and trade ties under the guidance of the Five-year Development Plan for Economic and Trade Cooperation. Financial services are also new opportunities for cooperation brought about by the expansion of bilateral trade between China and Thailand. This will bring broad prospects for cooperation between China and Thailand. In currency settlement, both sides encourage the use of local currency as a bilateral trade and investment settlement currency. But as the renminbi has entered the SDR, in order to facilitate investment and transactions, China and Thailand have the intention of using Renminbi as the settlement currency.

□ In Transport Cooperation: The main provisions of the plan: (i) "In order to promote the economic and trade development between neighboring countries in China and Thailand - Laos and Myanmar, the two sides agreed to connect the railway network passing through Laos and Myanmar. Of the road to connect and cut the special routes connecting with the nearby airports and seaports, arousing the enthusiasm of economic and trade cooperation between the two countries and facilitating the trade of goods and goods. "

(ii) In the system project of China's construction of the Nong Khai-Pahsu high-speed railway, the Thai side reimbursed part of its expenses with rice, which is called the "rice-for-high-speed rail" project. It is not only beneficial to the export of high-speed railways in China but also conducive to improving the railway facilities in Thailand. The plan also shows that China and Thailand have started to seek cooperation in the fields of advanced knowledge-based and high-end technologies such as finance,

science, and technology, culture and education. This will further optimize the service trade structure between China and Thailand and enhance the international competitiveness of service industries in both countries. In this process, the role played by the Chinese and Thai governments is to build a more efficient and convenient service platform. Such as bilateral ordinary passport visa-free negotiations, landing sign. The development of service trade not only saves time, improves efficiency but also facilitates the movement of transnational talents.

#### **4.4.2 Expand new areas of agricultural cooperation between the two countries**

Thailand's agriculture is more developed. Fragrant rice in the Asian markets and Southeast Asian markets occupy a significant share. China can target Thai agricultural products. In the meantime, cooperation in environmental protection should also be strengthened during agricultural cooperation with ASEAN countries such as Thailand. SAIC Vice-Chancellor, Saha, said: "In the next 5-10 years, the number of agricultural products exported in Thailand will steadily increase. Last year, China exported 62 billion U.S. dollars of agricultural products and foodstuffs, mainly including fruits and seafood products. At present, China has more than 18,000 importers of agricultural products with professional qualifications and large scale. " About 20,000 export companies. At present, we are gradually adopting the mode of special online orders.

Despite good export prospects, but also on the safety of agricultural products, import and export food monitoring also need to be cautious. Food safety is related to the long-term agricultural cooperation between the two countries. China and Thailand

should step up their supervision over food safety so as to ensure the smooth progress of China-Thai agricultural cooperation.

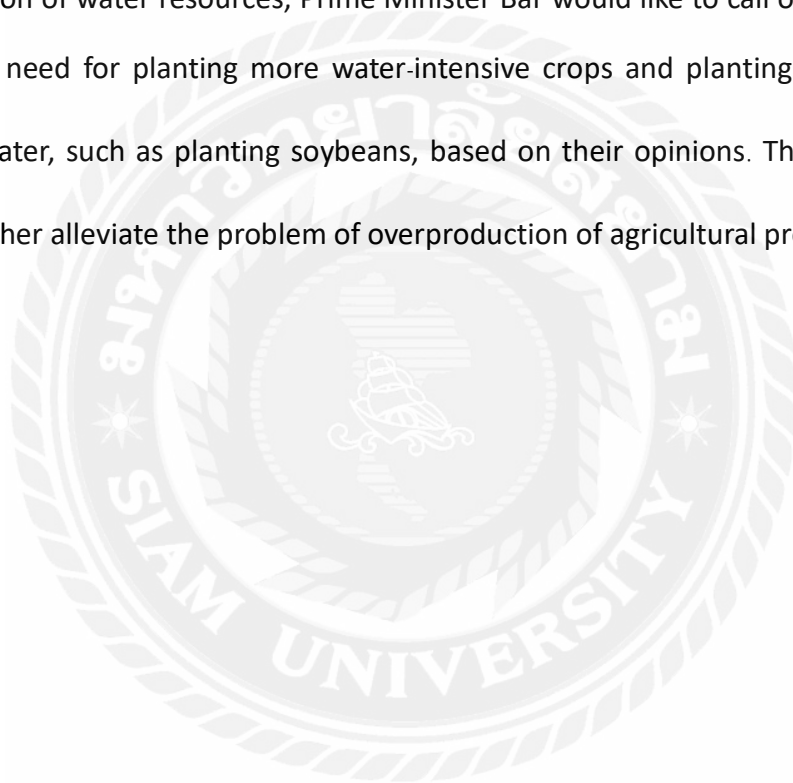
#### **4.4.3 Tap the potential of rubber production and achieve win-win situation**

As a big rubber country, Thailand's export earnings from the rubber industry are impressive. However, fluctuations in the market will result in drastic changes in the sales of natural rubber and synthetic rubber. Take the first seven months of 2015 as an example, Thailand's rubber exports totaled 2.95 billion U.S. dollars, down 21% over the same period in 2014. Among them, due to China's rubber stocks began to decline, Thailand's rubber exports to China reduced by 13%. The changes in China's inventories are mainly affected by the price of crude oil. Ratchasima Honorary President of the Thai Rubber Association said that the international crude oil price of 40 - 45 US dollars per barrel, reducing the production cost of synthetic rubber. Synthetic rubber in the market significantly more than the competitiveness of natural rubber, resulting in rubber prices fell to 40-50 baht per kilogram. For suppliers - plastic farmers, their own serious damage to the interests of low-cost products seriously squeeze the product inherent profit margins. Therefore, farmers have strongly urged the government came forward by means of state regulation to raise rubber prices. In response, the Thai government strongly encourages Chinese enterprises to set up rubber production plants in Thailand to help rubber farmers to inventory rubber and increase added value. This will not only facilitate Chinese enterprises in the procurement and processing of rubber but also facilitate Thailand's direct conversion of rubber into GDP to achieve revenue.

In order to protect the interests of plastic farmers, on November 12, 2015, Prime

Minister Bagh said at a cabinet meeting held that day that the government agreed to support the rubber industry and approved the investment of 12 billion baht as a subsidy to the rubber industry. In order to encourage the rubber garden owners to continue to operate the rubber industry, each owner and each rubber worker can get the subsidy.

Ensure that the rubber industry will not be greatly affected by price fluctuations. In addition, in order to ensure a balanced development of agricultural development and utilization of water resources, Prime Minister Bar would like to call on farmers to reduce the need for planting more water-intensive crops and planting more crops with less water, such as planting soybeans, based on their opinions. The move also aims to further alleviate the problem of overproduction of agricultural products.



# CHAPTER V CONCLUSION AND RECOMMENDATION

## 5.1 Recommendation

In recent years, the economic cooperation between China and Thailand has made great strides. Since the two countries became an all-round strategic cooperative partnership, the cooperation between China and Thailand has achieved remarkable results. In 2015, under the promotion of China's "Belt and Road" strategy, China and Thailand started to build the Trans-Asian Railway. In 2015, China-ASEAN Free Trade Zone achieved zero tariffs on most products of its member countries in the region, a move that will help promote the continued rapid growth of bilateral economic and trade cooperation.

On March 23, 2016, the first summit of the "Lancang-Mekong Cooperation" was held in Sanya, Hainan Province, China on the implementation of sustainable development and reciprocal and pragmatic cooperation around the Lancang-Mekong River basin. This meeting will set forth many issues to further clarify the direction of cooperation among all countries, develop tourism resources across the border with energy cooperation and new energy development, connectivity of transportation routes, cross-border economic and trade cooperation, rational utilization of upstream and downstream water resources, agriculture and Poverty reduction is a priority."

The positive performance of Thailand at the meeting indicates that China and Thailand will open a new area of economic and trade cooperation. Despite some achievements made in the economic and trade development between China and Thailand, there are still many problems in the fields of investment, industrial structure, tourism service and energy cooperation. China and Thailand should uphold

the traditional friendly relations, optimize the investment environment and thoroughly readjust the industrial structure. Integrate tourism resources between China and Thailand, carry out tourism cooperation between the two countries, speed up the training of compound tourism talents, continue to develop China-Thai traditional oil trade and open up China-Thai new energy cooperation. Continue friendly cooperation with new cooperation opportunities and complex international environment, and strive to find new directions for economic cooperation so as to strive for the mutually beneficial cooperation goal between China and Thailand.

## **5.2 Conclusion**

Through the analysis, it is obvious that China is very important to Thailand's trade in terms of trade between China and Thailand. In 2013, Thailand became the largest trading partner of Thailand and the development of China has led to the rapid growth of Thailand's trade volume. However, at present, Thailand is in a trade deficit and shows the imbalance in trade between China and Thailand. This is unfavorable to the long-term healthy development of economy and trade between the two sides. In response to this issue, Thailand should solve its own problems from its own perspective, both in the area of trade that is politically affected, in improving its trade agreements, in reducing the cost of logistics and in improving its efficiency. In the Chinese market, Thailand has the opportunity to expand Thai products, such as the agricultural products industry. China-Thailand trade should continue to maintain the mutual complementarity between the two countries because their complementarities are greater than their competitiveness. However, this does not mean that the trade issue will play a good role for some time and will take a considerable period of time to make up for the deficiencies. I hope that this study will

push China-Thailand trade to a virtuous orbit and embark on a path of success so as to push both China and Thailand towards a new level.



# REFERENCE

- [1] LIU SU LIAN, "STUDY ON THE PROBLEMS AND COUNTERMEASURES OF CHINA 'S DIRECT INVESTMENT IN THAILAND", KUNMING UNIVERSITY OF SCIENCE AND TECHNOLOGY , MAY 2013.
- [2] PATTARAPORN KUSALANGKULWAT, "RESEARCH ON TRADING INFLUENCERS BETWEEN THAILAND AND CHINA", HARBIN INSTITUTE OF TECHNOLOGY, JUN 2017.
- [3] PENG LIQUN, "CHINA'S FOREIGN TRADE EXPORT STRUCTURE AND INDUSTRIAL STRUCTURE ADJUSTMENT", XIANGTAN UNIVERSITY, MAY 2001.
- [4] GAO YUAN YUAN, "RESEARCH ON THE REALIZATION OF TRADE POTENTIALITY OF CHINA - ASEAN FREE TRADE AREA," YUNNAN UNIVERSITY, MAY 2012.
- [5] JOHN WONG, SARAH CHAN, "CHINA-ASEAN FREE TRADE AGREEMENT: SHAPING FUTURE ECONOMIC RELATIONS," ASIAN SURVEY, VOL. 43 NO. 3, MAY/JUNE 2003.
- [6] ALICE D. BA, "CHINA AND ASEAN: RENAVIGATING RELATIONS FOR A 21ST-CENTURY ASIA," ASIAN SURVEY, VOL. 43 NO. 4, JULY/AUGUST 2003.
- [7] J.P. , "WHAT IS CHINA ' S BELT AND ROAD INITIATIVE?", BEIJING, MAY 2017.
- [8] ZHANG QUN, "RESEARCH ON THE EVOLUTION OF CHINESE GOODS TRADE STRUCTURE", NORTHEAST NORMAL UNIVERSITY, MAY 2015.
- [9] YAN NAN , "ACHIEVEMENTS, PROBLEMS AND COUNTERMEASURES OF ECONOMIC AND TRADE COOPERATION BETWEEN CHINA AND THAILAND", SUZHOU UNIVERSITY, APRIL 2016.
- [10] CHEN MENG YAO, "THE PRESENT SITUATION AND PROSPECT OF SINO - THAI TRADE DEVELOPMENT", JILIN UNIVERSITY, MAY 2014.
- [11] YU MU HE, "SINO - THAI TRADE COMPETITIVENESS AND COMPLEMENTARITY ANALYSIS", SOUTHEAST UNIVERSITY, JAN 2015.



- [12] ZHANG XIZHEN, SONG QINGRUN, "THE PREDICAMENT OF DEMOCRATIC DEMOCRACY IN THAILAND IN THE 21ST CENTURY AND MULTIPLE CHALLENGES". PEOPLE'S FORUM · ACADEMIC FRONTIERS, JAN 2015
- [13] LIN XIAOYAN, DING WEI, CHEN XIAOJUN, "RESEARCH ON THE CHINA - ASEAN EXPRESS RAIL LINK AND TRANS - ASIAN RAILWAY TRANSPORT ALLIANCE", JOURNAL OF TIANJIN UNIVERSITY (SOCIAL SCIENCE EDITION), 2012.
- [14] ZHANG XIZHEN, "STHE CURRENT THAI PEOPLE'S VIEW OF CHINA", SOUTHEAST ASIAN STUDIES, 2007.
- [15] SHAO TONG, "RESEARCH ON INFRASTRUCTURE AND ECONOMIC DEVELOPMENT IN ASEAN COUNTRIES", XIAMEN UNIVERSITY, MAY 2014.
- [16] LI LIN, "RESEARCH ON THE PROBLEM OF POVERTY AND INCOME GAP IN THAILAND", SOUTH CHINA UNIVERSITY OF TECHNOLOGY, JAN 2012.
- [17] WANG TIANLE, DINGZI, "THAILAND'S DEVELOPMENT STRATEGY DOCKING "BELT AND ROAD"", PEOPLE'S DAILY, 2015.
- [18] SUN YONG CAI, KONG DUO, "SPIRIT OF THE WORLD: 21ST CENTURY MARITIME SILK ROAD", CHINA CONSTRUCTION INFORMATION, 2017.
- [19] WU KE LIANG, "RESEARCH ON THE MARITIME SILK ROAD CONSTRUCTION IN NORTHEAST ASIA", NORTHEAST ASIA ECONOMIC RESEARCH, 2017.
- [20] XUE MING MING, "SINO - THAI TRADE DEFICIT PROBLEMS AND COUNTERMEASURES", ECONOMIC RESEARCH GUIDE, 2011.
- [21] CHEN YANWU, XIE XIAOBING, "STRUCTURAL FEATURES AND PROSPECTS OF SINO - THAI TRADE", JOURNAL OF HUAQIAO UNIVERSITY (PHILOSOPHY AND SOCIAL SCIENCE EDITION), 2013.
- [22] TRADE STATISTICS, UNITED NATIONS COMMODITY TRADE STATISTICS DATABASE, [HTTP://COMTRADE.UN.ORG/](http://comtrade.un.org/) . 2014.

[23] ECONOMICOUTLOOK. OFFICE OF THE NATIONAL ECONOMIC AND SOCIAL DEVELOPMENT BOARD (NESDB).

[HTTP://WWW.NESDB.GO.TH/PORTALS/0/ECODATAS/ECONOMIC/ECOSTATE/356/PRES%20THAI%20Q3-2013.PDF](http://www.nesdb.go.th/portals/0/ecodatas/economic/ecostate/356/PRES%20THAI%20Q3-2013.pdf). 2014.

[24] NATIONAL BUREAU OF STATISTICS OF CHINA

[HTTP://DATA.STATS.GOV.CN/EASYQUERY.HTM?CN=C01](http://data.stats.gov.cn/easyquery.htm?cn=C01)

[25] CHINA STATISTICAL YEARBOOK

[HTTP://WWW.STATS.GOV.CN/TJSJ/NJSJ/](http://www.stats.gov.cn/tjsj/njsj/)

[26] THAI-CHINESE EXIM ASSOCIATION

[HTTP://WWW.TCEA.OR.TH/HOME.PHP?LG=C](http://www.tcea.or.th/home.php?lg=C)

