

**Based on information collected up to January 2003**

### 1. TARIFF MEASURES

#### Structure of the tariff schedule

Thailand applies a six-digit tariff nomenclature according to the Harmonized Commodity Description and Coding System (HS 96). However, in order to accommodate the need under the national customs tariff policy, some HS six-digit subheadings have been subdivided into seven-digit level.

Current information on customs related matters is available from the Customs Department, Sunthornkosa Road, Klong Toey, Bangkok 10110

#### Tariff publications

#### 12 MFN Duties

Most duties are ad valorem, although some are specific and others are both ad valorem and specific. At present, there are generally six duty rates for imported goods: 0% for medical equipment and fertilizers; 1% for raw materials, electronic components, and vehicles for international transport; 5% for primary products and capital goods; 10% for intermediate products; 20% for finished products; and 30% for government protected goods. Selected goods affecting protected industries are excluded from the tariff system. Rates range up to 60% on agricultural goods and food products, alcoholic beverages, refrigerators, and air conditioning machines. Rates of 80% or 100% apply to fabrics and clothing, respectively. Peak rates of 200% are set on motor vehicles. The Ministry of Finance plans to streamline the existing six-rate tariff structure to three, with imported raw materials taxes at 1% and intermediate and finished goods at 5% or 10%.

#### 13 Bound rates

Thailand has fully implemented the Uruguay Round Final Schedule on tariff concessions. In agriculture, Thailand has progressively reduced tariffs on 746 items, which must be reduced by 24% by 2004 as scheduled. Thailand is also a member of the Ministerial Declaration on Trade in Information Technology Products (ITA-1). Under the Normal Track of the ITA-1, Thailand has eliminated tariffs on 153 categories of products (including computers, calculators, transistors, and machinery and equipment in the manufacturing of semiconductors) in the year 2000. Currently, Thailand is in the progress of removing tariffs on the Slow Track on 37 additional products to zero by 2005 including fax machines, pocketbook computers, answering machines, and fibre optic cable.

#### 14 Tariff Quota Duties

Tariff quotas established on 23 agricultural products under the WTO Agreement on Agriculture can be divided into two groups. The first group comprises a number of traditional export commodities such as rice and

coconuts. The second group consists of imports competing with domestic production (i.e. oilseeds and maize), but required in large quantities by the processing industry. When domestic production is not sufficient to meet demand, volumes of these imports may not only exceed the tariff quota volume specified in the Agreement, but also enter at duty-free or applied rates lower than either the in-quota or out-of-quota bound rates. Despite the tariff quotas, soybeans are allowed to be imported free of duty, provided that specific domestic purchase requirements are met.



## **16 Temporary reduced duties**

Exceptions to the obligation to pay customs duties apply to the importation of machinery, equipment and materials for the use by oil and gas concessionaries and their contractors.

As a part of the Board of Investment's (BOI) Investment Promotion Incentives, BOI-promoted companies are eligible to receive exemptions or reductions from import duties on raw and essential materials, and machinery for manufacturing use, effective from 1 August 2000. These facilities are generally based on the location of the investments.

To facilitate the establishment of industrial estates in Export-Processing Zones, the Industrial Estate Authority of Thailand (IEAT) provides for exemption from import duties and taxes on machinery, equipment, tools and components essential for the production of goods destined for export, and on materials used for construction of factories or buildings. IEAT also provides assistance to industrial estates in General Industrial Zones for the production of goods destined for domestic and/or export consumption.

Effective in July 2000, the Cabinet has approved import tariff reductions on 542 industrial raw materials to boost the export for competitiveness of Thai manufacturers. Additional tariff cuts to around 1% in 2001 cover some 217 tariff lines including raw materials used across a range of industries. In a related issue of 13 August 2002 to boost the competitiveness of local industries, materials used in producing chemicals, plastics, petrochemicals, and textiles are eligible for duty reductions as follows: reduction to a flat rate of 1% for raw materials and 5% for semi-finished goods, down from 20-30% where they currently range.

Parts and accessories of aircrafts or vessels including materials imported to be used for repair or construction of aircrafts or vessels are exempted from duty payment.



## **Preferential duties under trade agreements**

### **19.1 Interregional agreements**

Thailand is a member of the Global System of Trade Preferences (GSTP) and provides preferential margins of 10-20% on 11 tariffs lines, including products iron, pumps, and generators.



### **19.2 Regional and sub-regional agreements**

Thailand is a member of the Association of South-East Asean Nations (ASEAN), along with Brunei Darussalam, Indonesia, Malaysia, the Philippines, and Singapore. Vietnam joined in 1995, Laos and Myanmar in 1997, and Cambodia in 1999. ASEAN decided in 1992 to establish an

ASEAN Free-Trade Area (AFTA) by the year 2008, later brought forward to 2003 for the six original founding members. The Agreement on the Common Effective Preferential Tariff (CEPT) Scheme forms the core mechanism for the implementation of intra-ASEAN tariff reductions on products originating from ASEAN member states. In December 1998, the ASEAN members decided to accelerate the completion of the ASEAN Free-Trade Area by one year, from 2003 to 2002. On 1 January 2002, the six original founding members began implementing AFTA by reducing tariff rates to 0-5% of all items in the Inclusion List (IL), but with some flexibility. The Inclusion List refers to those products which are scheduled for tariff reduction, removal of quantitative restrictions and non-tariff barriers. Tariff rates on these goods will be reduced to 0% by 2010. Vietnam will complete the initial tariff reductions by 2003, Laos and Myanmar by 2005, and Cambodia by 2007. These four countries will complete final reductions to 0-5% by 2015. ASEAN member countries are working towards the elimination of import duties on all product lists (Inclusion List, Temporary Exclusion List, Sensitive List, and General Exception List) to achieve a free-trade area by the year 2015 for the six original founding members, and by the year 2018 for the new members of ASEAN. The Framework Agreement on ASEAN - China Comprehensive Economic Cooperation of 4 November 2002 is aimed at broadening the free-trade area between ASEAN countries and China. According to the Framework, the tariff cut will start on 1 January 2005 and complete in 2010 for the original six ASEAN countries and China, and in 2015 for the new ASEAN countries. The first sector to process the tariff cut covers agricultural products including meat, fish, seafood products, vegetables, fruit, and milk products.

In December 1998, ASEAN member states decided to expand access to the 1996 Basic Agreement on the ASEAN Industrial Cooperation (AICO) Scheme, which promotes joint manufacturing industrial activities between ASEAN-based companies. AICO provides tariff preferences on inputs sourced in the region.

Thailand is a participant in the East Pacific Economic Cooperation (APEC) forum, formed in 1989. The objective of the agreement is to implement free trade among the member countries by the year 2020, with advanced industrialized countries realizing the goal by the year 2010. Individual action plans for each member country were established to outline a path to the goal. On 10 November 2000, APEC leaders agreed to EVSL (early voluntary sectorial liberalization) in 15 sectors, that is liberalization before the agreed goals of 2010 or 2020, respectively.



## 2. PARA-TARIFF MEASURES

### Additional charges

#### 21 Customs surcharges

Under Section 49 of the Investment Promotion Act (1977), the Board of Investment (BOI) has the power to impose import surcharges which cannot exceed 50 per cent of the import price of the goods concerned, and are limited to a one-year period with the possibility of renewal.

Currently, certain product-specific surcharges continue being imposed on corn for animal feed, and soybean cake. A 10% surcharge applied to all imports bearing duties of 5% or more was abolished on 10 August 1999. At present, such surcharges only apply to motor vehicles and a few other

items.


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**22.9 Additional charges n.e.s.**

The interior tax (or municipality tax) is levied on products subject to excise duties at a rate of 10% of the excise tax.

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**Internal taxes and charges levied on imports**

**23.1 General sales taxes**

In April 1999, the value added tax on goods and services was temporarily reduced from 10% to 7%. Plans to reinstate the 10% VAT rate on 30 September 2002 have been delayed for another year until 30 September. VAT is levied on most imported goods with exemptions only for published materials and books, unprocessed agricultural products, livestock, and agricultural inputs such as fertilizers and feed, and goods exempt from import duties under the Industrial Estate Authority of Thailand (IEAT) Act.


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**23.2 Excise taxes**

An excise tax is set on a number of goods including petroleum products, alcoholic and non-alcoholic beverages, electrical appliances, lead crystals, automobiles, yachts, perfumes, wool carpets, motor cycles, batteries, and cigarettes. On 27 March 2001, excise taxes raised up to 30% on brandy, 45% on whiskey and other types of liquor, 55% on beer, 60% on wine and sparkling wine, and 75% on cigarettes.

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**3. PRICE CONTROL MEASURES**

**34.2 Antidumping duties**

On 22 March 1999, the Anti-dumping and Countervailing Act of Thailand was promulgated. It became effective from 1 July 1999. Definitive duties in force as at 31 December 2001 apply to hydrogen peroxide from India, float glass from Indonesia, and H-section from the Republic of Korea and Poland.

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**4. FINANCE MEASURES**

**43.2 Bank authorization**

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**5. AUTOMATIC LICENSING MEASURES**

**51 Automatic licence**

Thailand applies automatic import licensing procedures in accordance with WTO agreements on intaglio printing machines, colour copier machines, and machinery which can be used to violate copyrights of cassette tapes, video tapes, and compact discs.

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## 6. QUANTITY CONTROL MEASURES

Licensing under the authority of  
Ministry of Commerce (MOC)  
The Department of Foreign Trade  
Thanon Samamchai, Pranakorn  
Bangkok 10200

Under the Controlling Importation and Exportation of Goods Act of B.E.2522 (1979), the Ministry of Commerce has the authority to designate classes of goods as being subject to import controls in the form of license requirements. Items under import licensing may be divided into three categories: **(1)** goods whose import is restricted to protect local industries; **(2)** goods whose import is linked with the purchase of similar domestically produced goods; and **(3)** goods whose import is controlled for health, security and other reasons. Since 1996, Thailand has abolished licensing requirements for eight products, namely new motor cycles, high-speed diesel, benzine and other similar fuel for engines, kerosene, naphta, LPG, vinyl chloride in any form, and all products from Yugoslavia (Serbia and Montenegro). At present, 45 classes of controlled goods are subject to licensing requirements.

### Non-automatic licensing

#### 61.2 Licence for selected purchasers

Worked monumental or building stone may only be imported by the factory or government agencies under import licensing for industry protection reasons.

#### 61.3 Licence for specified use

The importation of gunny bags woven of jute or kenaf is not generally allowed, except under import licensing to promote and develop local industries.

Imports of jute and kenaf are permitted for use as raw materials to secure farmers' income, subject to licensing requirements.

The importation of fish meal with protein content less than 60% is not generally allowed, except to help local fishermen sell their products at a reasonable price, subject to licensing requirements.

To protect local industries, marble, travertine, ecaussine and other calcareous monumental, building stone and alabaster may be imported for use as raw material by the sole factory under import licensing requirements.

For industry protection reasons, six-wheeled buses, seating over 30, may only be imported for government use and other defined conditions subject to licensing requirements.

Since October 1997, parts used as inputs for electrical or mechanically operated gaming machines may be imported with the approval of the Cabinet or Board of Investment (BOI), but only for export production.

#### 61.4 Licence linked with local production

Imports of silk and silk yarn from China are under non-automatic licensing to protect the local industry and to ensure that local-content requirements are met.

Thailand has requested a five-year extension, until the end of 2004, for the use of local content requirements applicable to imported ready-to-drink milk.

#### 61.71 To protect human health

For public health reasons, non-automatic licensing applies to imports of used motor vehicles, used six-wheeled buses (over 30 seats), used

motorcycles, and used diesel engines with displacement of 331-1100cc when imported for temporary entry and re-export only, or when imported by public sector.

Non-automatic licensing also applies to imports of ceramic food containers coated with lead, and clenbuterol compounds for public health reasons.

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**61.74 To protect environment**

For environmental protection reasons, imports of plastic waste, parings, scrap, and used motor vehicles are subject to licensing requirements.

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**61.79 For purposes n.e.s.**

Imports of gold, coins, and antiques are under non-automatic licensing for other reasons such as financial security, protection against counterfeit, and protection of art.

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**Quotas**

**62.7 Quotas for sensitive product categories**

Quantitative restrictions in form of protection apply to the 23 agricultural and agri-food products subject to tariff quotas.

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**Prohibitions**

**63.1 Total prohibition**

Imports of diamonds from Angola are absolutely prohibited in conformity with the resolution of the United Nations Security Council.

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**63.4 Temporary prohibition**

The Ministry of Health may impose temporary import prohibitions on animal products or products of animal origin intended for human consumption from countries which have a risk of Bovine Spongiform Encephalopathy (BSE) in order to protect consumers' health. Animal feedstuffs which contain meat meals, bone meals and blood meals may also be prohibited.

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**63.71 To protect human health**

Household refrigerators using CFC in the production process are under an absolute import prohibition for public health reasons.

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**63.77 To ensure human safety**

Under the Convention on the Prohibition of the Development, Production Stockpiling and Use of Chemical Weapons and on their Destruction, certain organic chemicals classified as hazardous substances are prohibited for importation.

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**63.78 To ensure national security**

An absolute import prohibition applies to electrical or mechanically operated gaming machines in order to protect public morals.

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## 8. TECHNICAL MEASURES

Standards and technical regulations are the responsibility of  
Thai Industrial Standards Institute (TISI)  
Ministry of Industry  
Rama VI Street  
Ratchathewi  
Bangkok 10400

### 81.1 Product characteristics requirements

Since 1997, Thailand's industrial standards are systematically based on international standards. Revised criteria for conformity assessment procedures for product certification provide for mandatory and voluntary standards.

Sanitary certificates are required for imports of certain live animals and their products. A phytosanitary certificate is needed for imports of most plants and plant materials.

Uncut diamonds from Sierra Leone require a certificate of origin issued by the government of Sierra Leone.

Certain types of food are required to be processed in accordance with specified production methods. Importers shall provide certificates of satisfaction of these arrangements.

Imports of food and tobacco products, cosmetics, drugs and narcotics, feedstuffs, fertilizers, hazardous substances, live animals, plants, seeds, medical devices, and psychotropic and volatile substances are regulated by quality and safety requirements implemented by Thailand's Food and Drug Administration (TFDA), under the Ministry of Health.

Regulated imports are subject to registration requirements as in the case of pharmaceuticals. Product registration is also mandatory for specifically controlled foods like processed and packaged food items. In addition, analytical results of the product as well as details on manufacturing processes and ingredients must be submitted along with an application for registration.

Maximum residue limits have been specified for 29 veterinary drugs.

Permissible limits of 3-MCPD of 3-Chloro-1,2-propanediol have been established for seasoning products made from the hydrolysis of fermentation of soybean protein.

Shrimps and processed shrimps must be free from chloramphenicol.

Imports of some corn products must be accompanied by the result of the food analysis or a certificate stating that the product is free from Cry 9C DNA Sequence.

In 2000, Thailand adopted motorcycle emissions regulations that are an amalgamation of standards and tests used elsewhere in the world.



### **81.1** Product characteristics requirements

#### **81.3** Labelling requirements

Good manufacturing practice shall be applied for a number of products, i.e. vegetable oils, chewing gum and candy, meat products, ice cream, ghee, flavouring agents, fermented egg, drinking water, cooking brine, butter, bread, jam, jelly and marmalade in sealed containers, honey, cheese, cream, margarine, fats and oils, vinegar, soybean protein, certain sauces, mineral water, soybean milk in sealed containers, coffee, tea, electrolyte beverages, beverages in sealed containers, milk and milk products, poultry and eggs, and food for special purpose. In addition, these products are subject to labelling requirements.



#### **81.3** Labelling requirements

Food products in general are subject to labelling requirements in Thai or English language containing information on essential ingredients, preservations, food colour, food enhancer, sweetener agents, flavour, etc. as the case may be, date, month, year of manufacture, and expiry date.

Nutritional labelling is mandatory for foods that make a nutrition claim, specifically target a group of consumers e.g. elderly people, or other food as may be specified by T.F.D.A., effective from 8 December 1998.

Specified vegetables and derived products obtained through certain techniques of genetic engineering are subject to labelling requirements.

Certain types of food products for which food serial numbers are required are listed under notification of Ministry of Public Health (No. 221) B.E.2544 (2001).

The label of food containing ginkgo and ginkgo leaves extract shall bear the following statement: "May inhibit clotting" and "children and pregnant women".

Food containing aloe shall contain the following statements: "Should not be taken by children", "Not medical food" and "Stop consumption when there appear abnormal symptoms" in red letters of a specified size clearly visible.

The importation of borax is subject to labelling requirements bearing the following warning: "Dangerous, may cause kidney failure, prohibited to be used in food" in red letters larger than other letters.

In conformity with a Ministerial Rule on product composition of August 1997, tobacco importers will have to notify all cigarette and cigar ingredients by brand.

Health warnings under the Tobacco Product Control Act, B.E.2535 (1992) have been replaced and redesigned to picture warnings in conformity with the draft notification of the Ministry of Health (No. 7) B.E.2545 (2002).



#### **81.5** Testing, inspection and quarantine requirements

Quality assessment testing and sampling takes place systematically for products subject to mandatory standards at the expense of the importer. Foreign factories that have received ISO 9000 certification and whose product testing has been carried out by laboratories accredited by bodies having a mutual recognition agreement with Thailand will be exempt from sampling and testing for each import.

Quarantine restrictions on animals and their products are under the preview of the Department of Livestock Development of the Ministry of Agriculture and Cooperatives. The Department of Agriculture is responsible for quarantine restrictions on edible and inedible plants.

