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Home / Document Library / Press Releases / 2005 / October / **US and Thailand Conclude Fifth Round of FTA Talks**

## United States and Thailand Conclude Fifth Round of FTA Talks

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WASHINGTON, DC - The United States and Thailand concluded the fifth round of Free Trade Agreement (FTA) negotiations in Honolulu, Hawaii on September 30. The round followed the September 19 meeting between President George W. Bush and Thai Prime Minister Thaksin Shinawatra, during which the leaders pledged vigorous efforts to conclude the FTA. Following this directive, the two sides made significant progress on the range of issues, including services, investment and financial services, covered by the FTA.

The United States welcomed the constructive proposals offered by the Thai negotiators, which contributed to the concrete progress achieved during the week. The teams will meet again in November to maintain the momentum and position the United States and Thailand to conclude the FTA expeditiously.

The United States-Thailand FTA will generate solid economic benefits for both the United States and Thailand. The United States is already Thailand's second largest source of imports, with U.S. business shipping \$6.4 billion in exports to Thailand last year. Removing existing trade barriers will create new opportunities for U.S. businesses in both goods and services, spurring economic growth, boosting American living standards and supporting higher paying jobs. It also helps to ensure that U.S. businesses and workers are not put at a disadvantage with their key competitors from countries such as China and Australia, which already have preferential trade agreements with Thailand.

The FTA will be particularly beneficial for U.S. agricultural producers. The United States is currently the top supplier to Thailand of agricultural products, selling cotton, wheat, soybeans and soybean meal, hides and skins, prepared animal feed, dairy products, and processed foods. The FTA will further open and diversify sales for these and other products, such as beef and pork, to this major market for U.S. farmers and ranchers.

### BACKGROUND

In 2003, President Bush announced his intent to enter into FTA negotiations with Thailand in accordance with the legislative procedures specified by Congress. This FTA reaffirms the President's commitment under his Enterprise for ASEAN Initiative, which offers the possibility of FTAs to ASEAN members with which the U.S. has a bilateral Trade and Investment Agreement (TIFA), are WTO members, and that are committed to economic reforms and openness.

The first round of U.S.-Thailand FTA negotiations was held in July 2004, with successive rounds held in October 2004 and April 2005. Negotiating groups also held meetings between rounds to lay the groundwork for a successful fourth round. The United States hopes to finish negotiations with Thailand in early 2006.

Total trade between the United States and Thailand was \$24 billion in 2004, up nearly 11 percent from the previous year and nearly doubling in the last decade. U.S. goods exports totaled \$6.4 billion, an increase of 10.3 percent since 2003. Exports of Thai goods to the United States grew 15.8 percent last year to \$17.6 billion. U.S. services exports to Thailand totaled \$1.1 billion in 2003 (the latest available data), while Thailand's exports of services to the United States were \$739 million. The stock of U.S. foreign direct investment in Thailand in 2003 was \$7.4 billion, making the United States the largest foreign investor in Thailand.

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