



## Thailand Implements ASEAN-India Free Trade Agreement on 1 January 2010

On 29 December 2009 Thailand has issued the MOF Notification regarding the implementation of tariff reduction and exemption under the ASEAN-India Free Trade Agreement (“AIFTA”). The tariff reduction started on 1 January 2010 and is, at present, being applied to goods originating from India, Malaysia, and Singapore, which are the countries which have also implemented the pact. Goods originating from other ASEAN countries will be eligible for the AIFTA tariff reduction and exemption privileges when they have completed their internal procedures for the ratification of AIFTA and informed the Thai government in writing. The list of countries which have completed such procedures will then be announced by the Thai Customs.

In order to claim the tariff reduction and exemption privileges under AIFTA, importers must comply with the criteria and procedures set in the Customs Notification No. 105/2552 (<http://www.customs.go.th/Declaration/DeclarationResult.jsp?Docid=A01261&tlechk=1>), as well as obtain a certificate of origin Form AI, issued in accordance with AIFTA rules of origin, at the time of importation. The AIFTA rules of origin require goods to meet the following rules.

- 1) General Rule: Regional value content (RVC) of at least 35% of F.O.B. value and a change in 6 digits Tariff Sub-Heading (CTSH); or
- 2) Product Specific Rules (PSRs): At present, ASEAN and India are still to finalize the PSRs.

In addition, AIFTA does facilitate the trading through ‘third party invoicing’ and ‘Back-to-Back Form AI’ schemes.

Under AIFTA, Thailand, as well as India and other 4 ASEAN countries (i.e. Brunei, Indonesia, Malaysia, and Singapore) commits to the tariff reduction modality as shown below. Please note that the tariff reduction of the rest of ASEAN countries (i.e. the Philippines, Cambodia, Laos, Myanmar, and Vietnam) follows a different reduction modality.

- Normal Track 1: Tariff on about 71% of total traded goods to be gradually reduced to 0% by 31 December 2013.

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- Normal Track 2: Tariff on about 9% of total traded goods to be gradually reduced to 0% by 31 December 2016.
- Sensitive Track: Tariff on about 10% of total traded goods to be gradually reduced to 5% by 31 December 2016.
- Standstill Items: Tariff on goods not exceeding 50 items will be maintained at 5%.
- Highly Sensitive List: Tariff on certain number of goods (14 in case of Thailand, and 5 in case of India) will be reduced by about 25-50% to agreed rates by 31 December 2019.
- Exclusion List: In case of Thailand, there will be no tariff reduction for 463 items while India has put 489 items in the Exclusion List.

Thailand's tariff rates under AIFTA for each tariff line can be found at the Thai Customs website at

<http://www.customs.go.th/Declaration/DeclarationResult.jsp?Docidt=A01259&tlec hk=2>.



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