



EUROPEAN FREE TRADE ASSOCIATION

EFTA–THAILAND FREE TRADE AGREEMENT

CONCLUSION OF NEGOTIATIONS

Note by the EFTA Secretariat

On 29 November 2024, Member States of the European Free Trade Association (Iceland, Liechtenstein, Norway and Switzerland) and Thailand concluded negotiations on a comprehensive free trade agreement (FTA).

Summary

As an ambitious and broad-based free trade agreement, the EFTA–Thailand FTA covers trade in goods and services, investment, intellectual property rights, competition, government procurement, trade and sustainable development, and legal and horizontal provisions and contains chapters on small and medium-sized enterprises and on cooperation and capacity building.

Trade between the Parties has been growing over the last ten years. In 2023, total trade reached USD 3.2 billion between the EFTA States and Thailand, of which USD 1.8 billion represented imports from Thailand and USD 1.4 billion were exports from the EFTA States. Exports from the EFTA States to Thailand had an average annual growth rate of 2.8% over the last five years, whereas the annual growth rate of imports into EFTA from Thailand averaged 8.5% in the same time period.

Negotiations towards the comprehensive FTA originally began in October 2005, with two rounds held between 2005 and 2006. Negotiations then were re-launched by EFTA Ministers and Thailand's Deputy Prime Minister during EFTA's Ministerial meeting in June 2022, in Borgarnes, Iceland, with a first negotiating round taking place the same month in Bangkok, while the tenth and final round was held in Geneva, Switzerland in August 2024.

Alongside the FTA negotiations EFTA commissioned an *ex-ante* sustainability impact assessment (SIA) on a potential FTA with Thailand. The final report was published on 26 September 2024. The SIA, which bases itself on quantitative and qualitative methodology, highlights some of the potential economic and sustainability outcomes of an EFTA–Thailand FTA, including positive economic impacts, increased foreign direct investment, and a net reduction in global emissions due to trade diversion effects. The report also makes recommendations to ensure that the implementation of the FTA does not impact sustainability issues. The full SIA can be found [here](#).

Content of the Free Trade Agreement

The FTA integrates EFTA’s new provisions on small and medium-sized enterprises and the newest trade and sustainable development chapter, while also advancing EFTA’s traditional trade interests. The FTA covers the following main subjects:

- Preamble
- Trade in Goods
- Rules of Origin, Trade Facilitation and Customs Cooperation
- Sanitary and Phytosanitary (SPS) measures and Technical Barriers to Trade (TBT)
- Trade Remedies
- Trade in Services
- Investment
- Intellectual Property Rights (IPR)
- Competition
- Government Procurement
- Trade and Sustainable Development
- Small and Medium-sized Enterprises (SMEs)
- Technical Cooperation and Capacity Building
- Horizontal, Legal and Institutional Provisions (including Dispute Settlement)

Preamble

The Preamble of the EFTA–Thailand FTA sets out the framework for trade relations between the EFTA States and Thailand by reflecting common principles, such as their commitment to democracy, sustainable development, good corporate governance and corporate social responsibility.

Trade in Goods

Industrial Products and Fish

With the entry into force of the FTA, the EFTA States will commit to maintaining the elimination of all customs duties on imports of industrial products, as well as fish and other marine products, originating in Thailand. Thailand will reduce or eliminate customs duties on the majority of industrial and seafood products originating in and exported from an EFTA State, such as clocks and watches, fish and crustaceans, pharmaceutical products, and machinery.

Agricultural Products

For basic and processed agricultural products, the individual EFTA States (Switzerland and Liechtenstein together due to their customs union) and Thailand have provided improved market access based on specific trade interests and respective sensitivities related to domestic production.

Rules of Origin

The rules of origin contained in the FTA are largely based on EFTA's model. The rules provide for accumulation for both industrial and agricultural products among the Parties and allows for self-declaration of origin. The agreement includes the use of cell cultures and fermentation as criteria for determining origin, maintains a list of operations considered insufficient to confer origin, permits accounting segregation for fungible materials, and outlines permissible activities for originating products in non-Party territories. The product-specific rules are detailed, and provide for an alternative value criterion in the vast majority of the industrial sectors.

Trade Facilitation

The EFTA States and Thailand aim to further facilitate trade between them by providing for expedited procedures and transparent rules for trade in goods and related services. The FTA incorporates and builds on the WTO Agreement on Trade Facilitation, and includes provisions that are in line with relevant international standards and agreements.

Trade Remedies

The Parties agree to the applicability of the WTO Agreement on Subsidies and Countervailing Duties, and establish additional notification and consultation requirements. The Parties endeavour not to apply anti-dumping measures and to exclude originating products from global safeguard measures if such products do not cause or threaten to cause serious injury, in accordance with WTO rules and practice and further agreed requirements. Finally, the FTA provides for the possibility to take bilateral safeguard measures when a Party faces possible economic injury caused by increases in preferential imports of goods as a consequence of liberalising trade under the FTA.

Technical Barriers to Trade and Sanitary and Phytosanitary Measures

The EFTA States and Thailand have agreed to reduce technical and sanitary hurdles for goods traded between them, building on the WTO Agreements on SPS and TBT. The SPS and TBT chapters in the FTA affirm the EFTA States' and Thailand's WTO obligations. The provisions establish stronger consultation mechanisms including the exchange of contact points, and reinforce transparency requirements and information exchange. The FTA also contains provisions allowing for possible harmonisation between EFTA and Thailand with future agreements between a third party and Thailand in these fields, if all Parties agree to similar treatment with that third party.

Trade in Services

Thailand and the EFTA States have negotiated a comprehensive chapter on trade in services, supplemented by annexes on financial services, telecommunication services, maritime transport and related services, movement of natural persons, tourism and travel services, and domestic regulation. Building on WTO General Agreement on Trade in Services (GATS) practices, the chapter includes disciplines aiming to ensure the sustained competitiveness of EFTAs' services suppliers in Thailand, and to extend the FTA's benefits to permanent residents. Provisions in the annexes seek to guarantee a level playing field regarding regulatory

transparency, and effective licensing procedures in the relevant sectors or domains. The EFTA States and Thailand will provide market access equivalent to or better than that offered to competitors in their respective markets. Improved market access commitments compared to those under the GATS were made for several services (business, telecommunications, environmental, financial, and transport services) and horizontal commitments for the supply of services through the presence of natural persons (mode 4).

Investment

The EFTA States and Thailand have agreed to provide national treatment for their investors in respect of commercial presence in non-services sectors, including for example the acquisition of a company or the establishment of a branch in a partner state. This is achieved by granting non-discriminatory rights of establishment in economic sectors, a commitment against which the Parties have taken specific reservations in a dedicated annex. The investment chapter thus complements commercial presence commitments for services sectors set out in the trade in services chapter. It further features disciplines on allowing for current payments and capital movements in relation to commercial presence activities, and reaffirms the Parties' right to regulate to achieve legitimate policy objectives.

Intellectual Property

The FTA includes comprehensive provisions on the protection, acquisition, maintenance and enforcement of IPR, including border measures. It namely covers copyrights, trademarks, patents, plant varieties, undisclosed information, industrial designs and geographical indications, as well as indications of source, country names and state emblems. Substantive obligations in key international IPR instruments are referenced, notably the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and the Parties undertake to give due consideration to ratifying or acceding to further key IPR agreements. The FTA also includes the principles of national treatment and MFN. These provisions are complemented with dedicated articles on the TRIPS Agreement and public health, genetic resources and co-operation.

Government Procurement

The chapter establishes the importance of enhancing the mutual understanding of each other's government procurement regimes and agreements, and includes a commitment to enter into further negotiations with a view to grant market access in line with what Thailand may commit to any other partner in the future. Furthermore, the chapter i) underlines the importance of increased transparency and the use of electronic means in procurement; ii) stresses the important role government procurement has in promoting sustainable development; and iii) recognises the significant contribution made by SMEs to the economy and the importance of facilitating their participation in government procurement. It also establishes contact points for cooperation.

Competition

In the competition chapter, the Parties recognise that anti-competitive business practices, i.e. agreements and concerted practices between undertakings as well as abuse of a dominant market position, insofar as they may affect trade between the Parties, are incompatible with the proper functioning of the FTA. The FTA provides for the Parties' cooperation in dealing with the anti-competitive practices outlined, as well as a consultation mechanism in the framework of the Joint Committee.

Trade and Sustainable Development

To ensure that preferential trade relations contribute to sustainable development, the Parties confirm their existing obligations under relevant international environmental agreements and labour instruments in a dedicated chapter based on the latest version of EFTA's model chapter on trade and sustainable development. This is the most comprehensive chapter on sustainable development that EFTA has agreed with any partner in Asia to date.

The Parties commit to upholding levels of protection while recognising the right of each Party to establish its own level of environmental and labour protection. EFTA and Thailand will work to promote trade and investment favouring sustainable development.

More specifically the Parties commit to the sustainable management of natural resources in forestry, biological diversity, fisheries and aquaculture, agriculture and food systems, and associated trade. They commit to effectively implement the multilateral environmental agreements to which they are a party, including the United Nations Framework Convention on Climate Change (UNFCCC) and the Paris Agreement. The Parties recall the obligations of

members of the International Labour Organization (ILO) to respect, promote and realise the fundamental principles and rights at work and to effectively implement the ILO Conventions that they have ratified. Furthermore, the Parties commit to implement the international agreements pertaining to gender equality and non-discrimination which they have ratified.

For the first time with a partner in this region, the EFTA States have agreed to foresee the possibility to establish a panel of experts competent to issue recommendations to the Parties in order to settle any disputes arising over the implementation of the chapter.

Technical Cooperation and Capacity Building

The chapter sets out a framework for technical cooperation and capacity building to enhance trading and investment opportunities arising under the FTA. It aims to foster the competitiveness of goods and services and contribute to sustainable development by strengthening human and institutional capacities. It sets out the methods and means for delivering technical assistance and includes a non-exhaustive list of areas of cooperation. It also establishes contact points for cooperation.

Small and Medium-Sized Enterprises

The chapter provides a basis for information sharing and cooperation between the Parties to enhance the ability of SMEs to benefit from the FTA. These commitments come on top of other provisions beneficial for SMEs across the FTA. The obligation on information sharing ensures that the Parties publish a wide set of trade and other business-relevant information for SMEs on publicly and freely accessible websites, to a large extent also in English. This commitment is complemented by an article on cooperation, which is to be channelled through dedicated SME contact points. Taking into account SMEs' specific needs in the implementation of the FTA, the Parties shall seek to cooperate among others on policy experiences, as well as on any matter brought to their attention by their SMEs in their trade and investment activities.

Horizontal Provisions, Institutional Provisions and Dispute Settlement

The chapter on institutional provisions establishes a Joint Committee comprising representatives of each Party, to supervise and administer the FTA and to oversee its further development. The Joint Committee shall normally meet every two years. It may modify annexes and appendices subject to procedural requirements.

The chapter on dispute settlement sets out the rules and procedures that apply with respect to the avoidance or settlement of disputes that may arise between the Parties concerning the interpretation or application of the FTA. If a dispute may not be resolved under the consultation mechanism, the complaining party may request the establishment of an arbitration panel composed of three arbitrators. Hearings are to be open to the public, unless the parties to the dispute agree otherwise, and the final panel report may be published by a party to the dispute, subject to confidentiality requirements. At any stage of the consultation or arbitration procedure, the parties to the dispute may have recourse to conciliation, good offices or mediation to find an amicable solution of the dispute.