

## Does AFTA Create More Trade for Thailand? An Investigation of Some Key Trade Indicators

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**Abstract:** This paper examines whether the ASEAN Free Trade Agreement (“AFTA”) creates trade for Thailand or actually diverts it away from the country. It does this by analyzing various trade indicators: the Export Similarity Index, the Intra-Industry Trade Index, and Revealed Comparative Advantage (RCA) rank correlation. By examining the patterns of trade between Thailand and other members of ASEAN, it reveals a high degree of similarity regarding the trade structure between Thailand and AFTA, which indicates that there will be fewer trade-creation benefits from AFTA and a greater likelihood of trade diversion once the AFTA scheme has been fully implemented. This similarity pattern explains the reasons for future collaboration among member countries and supportive arguments for the future extension of ASEAN (“ASEAN+”). Market-penetration and development strategies should be employed by Thai exporters when accessing the ASEAN market.

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