

# **Potential Gains to Thailand from Joining the Bangkok Agreement Preferential Trade Arrangement**

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## **Abstract**

Formed in 1975, the Bangkok Agreement (BA) was the oldest preferential trade arrangement (PTA) in Asia-Pacific that aims to boost trade volumes among developing countries. Currently, there are six member countries: Bangladesh, India, Lao People's Democratic Republic, Republic of Korea, and Sri Lanka. China is the latest member who just acceded to the agreement in 2001. However, the intra-member trade in the Bangkok Agreement region has remained relatively small. This, therefore, attributes to the limited number of concessions for success of this trade bloc. Nevertheless, the decision of Thailand for joining the Bangkok Agreement should be studied more for its possible outcomes. This paper analyzes the potential gains if Thailand decides to be a member of the Bangkok Agreement. This paper calculate some indicators and estimate a pool gravity model to quantify the possible gains to Thailand if it decides to join the Bangkok Agreement PTA. Due to comparative advantage and potential of trading on "Textile, Wearing Apparel and Leather Industries", "Manufacture of Chemical, Petroleum, Coal, Rubber and Plastic Product", "Manufacture of Paper and Paper Products, Printing, and Publishing" and "Basic Metal Industries", trade creation can be expected to exist in these industries within the Bangkok Agreement. The Agriculture sector, Mining sector, Manufacture of Food, Beverage, and Tobacco, and other industries such as Pearls and precious stones, Furniture, and other accessories are still the below potential industries in which Thailand should aim for further negotiations.

**Keyword: Thailand, Bangkok Agreement, Preferential Trade Arrangements**