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US Tariffs Threaten to Slow Thai Export Growth Despite Strong Mid-Year Performance

Thailand's export sector, which posted a robust 13% growth rate in the first seven months of 2025, now faces headwinds following the imposition of a 19% US import tariff. July exports surged to US$28.6 billion, representing an 11% year-on-year increase, driven largely by the manufacturing sector—particularly electronics such as computers and integrated circuits, which expanded by 61% and 55% respectively. Excluding volatile items such as gold and oil-related products, exports climbed 16.6%, underscoring the breadth of Thailand's export momentum.

Agricultural shipments also contributed to the positive performance, with gains in frozen fruit, processed poultry, pet food, and cane sugar. Poultry exports in particular benefited from stronger Chinese demand, as Beijing curtailed imports from Brazil and Argentina due to avian flu concerns. However, rice and rubber shipments declined for the third consecutive month, pressured by India's lifting of its rice export ban and protective measures adopted by the Philippines. Analysts forecast that poultry will remain a bright spot for Thailand's trade outlook, supported by Chinese demand and favorable supply dynamics.

In this regard, both Kasikorn Securities (KS) and Maybank Securities warn that the outlook is set to moderate as the US tariffs take effect. The automotive sector is seen as particularly vulnerable, given that Thai automobile and parts exports will face higher duties relative to competitors in Japan and South Korea, who are subject to only 15% tariffs. Imports also showed mixed signals: overall inbound shipments grew 5.1% year-on-year, but growth in electronic parts slowed, indicating potential weakness in integrated circuits and printed circuit boards.

Despite the solid July performance, analysts caution that uncertainty looms for the remainder of 2025. Product-specific global tariffs announced by Washington and heightened scrutiny of key export industries may erode Thailand's competitive edge. Still, opportunities remain in niche sectors such as poultry, where Thai exporters like GFPT are well-positioned to gain market share following China's continued restrictions on South American suppliers. Companies with significant exposure to the US market should therefore closely monitor tariff developments, diversify export destinations where possible, and assess the legal and commercial implications of shifting trade policies on supply chains and market access.

Should you have any question, please do not hesitate to contact us via info@bgloballaw.com