

Thailand Races to Seal US Trade Deal as Tariff Deadline Looms

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Thailand is moving swiftly to finalize a trade agreement with the United States in a last-ditch effort to avoid steep tariffs that could hit its export-driven economy hard. The Thai government has proposed sweeping concessions aimed at reducing its US\$46 billion trade surplus with the United States by 70% over the next five years and achieving a balanced trade relationship within eight years.

Finance Minister Pichai Chunhavajira shared details of the proposal in an interview with Bloomberg. He explained that Washington's threatened 36% levy on Thai imports would take effect on July 9 if no compromise is reached. For now, a 90-day pause has capped tariffs at 10%, giving Thailand a narrow window to negotiate better terms.

“Our best-case scenario is keeping the rate at 10%,” Pichai said. “But even 10% to 20% would be manageable.”

Thailand’s revised offer is expected to be submitted before the deadline. If approved, most import duties and non-tariff barriers on United States goods would be lifted right away, with the remaining restrictions eased gradually. Pichai emphasized that these changes would not hurt Thai farmers or local producers, since the imports largely cover products not sufficiently produced domestically.

“What we offered is a win-win,” he noted. “The United States can export more to Thailand, while we improve our trade processes and reduce red tape.”

The urgency is clear: failure to secure a deal could trigger higher tariffs, threatening to slash export volumes and shave up to 1% off Thailand’s economic growth. Neighboring Vietnam recently finalized its agreement with Washington after the United States imposed tariffs of 20% on general goods and 40% on re-routed foreign products.

To strengthen its bargaining position, Thailand is also pledging to buy more American products, including liquefied natural gas from Alaska and up to 80 Boeing aircraft for Thai Airways. Major Thai petrochemical firms have committed to importing more United States ethanol, while state-owned energy company PTT Plc is considering long-term contracts for additional gas purchases.

With the country already grappling with Southeast Asia’s highest household debt and subdued domestic spending, Thai officials see a favorable trade deal as essential to protecting the fragile recovery.

Beyond economic stability, leaders also hope an agreement will help restore investor confidence after recent political turbulence involving the suspension of Prime Minister Paetongtarn Shinawatra.

As the deadline approaches, Thailand is racing against time to secure terms that will shield its industries and preserve growth.

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