

FTA Utilization Rebounds, but Gains Remain Narrow

Key Takeaways:

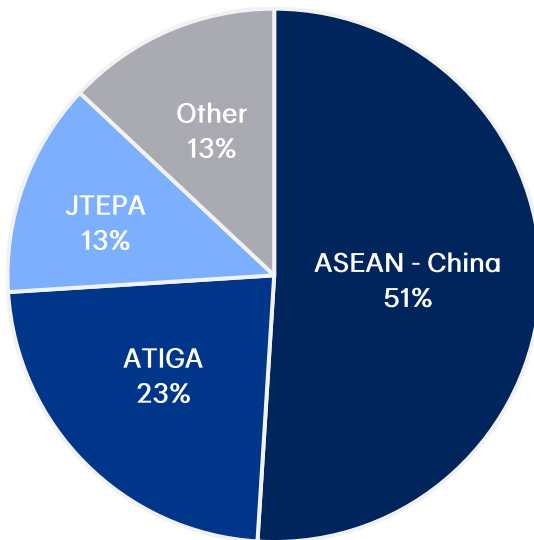
- Thailand’s FTA utilization rose 5.4% year on year in February 2026 to around 153 billion baht
- The share of preferential utilization relative to total imports fell to 15.1% from 17.2% a year earlier
- Growth was driven mainly by industrial products such as structural steel, electrical equipment, machinery, and passenger cars
- Agricultural imports weakened sharply, especially cassava and animal feed corn
- China accounted for more than half of Thailand’s total FTA utilization
- The rebound still looks selective rather than broad-based

Thailand’s use of preferential tariffs under free trade agreements showed signs of recovery in February 2026, but the improvement was far from broad-based.

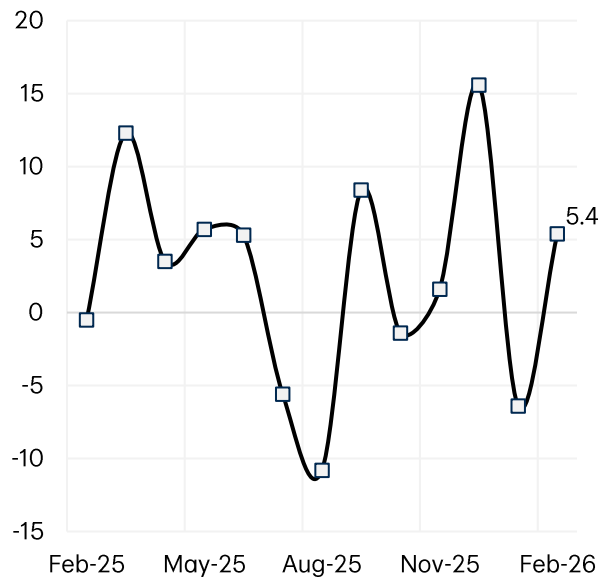
The total value of imports using FTA privileges rose 5.4% year on year to around 153 billion baht. At first glance, that looks like a sign that trade activity is improving. But once the data is broken down, it becomes clear that most of the gains came from a relatively small number of industrial products, while many other categories remained weak.

At the same time, the share of preferential utilization relative to total imports fell to 15.1%, down from 17.2% a year earlier. In other words, even though more imports were using FTA privileges in absolute terms, preferential trade accounted for a smaller share of Thailand’s overall import structure.

Share of Preferential Tariff Utilization in Total Trade



Growth of Preferential Utilization (YoY%)



Source: Department of Foreign Trade (DFT), Ministry of Commerce.

That is an important distinction. A broad-based recovery would normally mean more sectors, more products, and more trading partners making greater use of FTAs. Instead, the latest figures suggest that Thailand's utilization remains concentrated in a few areas.

Industrial Products Are Carrying the Rebound

The strongest gains came from industrial and manufacturing-related goods.

Structural steel saw the sharpest increase, with imports more than doubling from a year earlier. Passenger cars also recorded solid growth, while electrical control equipment surged by more than 113%.

Looking beyond the individual products, the same pattern appeared across several industrial sectors. Iron and steel products continued to expand, especially structural steel, which has now shown sustained growth for several months. Electrical appliances also performed well, driven by stronger demand for cables, batteries, and control equipment. Machinery products added further support, with refrigerators, forklifts, conveyor systems, and industrial equipment all posting gains.

These are the kinds of products that tend to move alongside factory investment, energy systems, and manufacturing activity. That suggests demand remains reasonably firm in sectors tied to industrial upgrading and production.

But the rebound still looks narrow. The recovery led by a few industrial products is very different from one that is spread across the broader import base.

Agricultural Imports Remain a Weak Spot

While industrial goods improved, agricultural imports continued to drag on overall utilization.

Cassava imports fell by more than 58% from a year earlier, while animal feed corn dropped by nearly 78%. Coated steel sheets also declined sharply.

Part of this weakness appears to reflect softer demand, but it may also point to changing sourcing patterns across the region. Imports from neighboring economies such as Laos and Myanmar declined, especially in agricultural products.

The result is that gains in industrial imports were partly offset by weakness elsewhere. That is one reason the overall recovery in FTA utilization still looks fragile.

China Continues to Dominate

Another clear pattern in the data is how heavily Thailand still relies on a small number of trading partners.

China accounted for 53.1% of Thailand's total FTA utilization in February. Japan followed at 14.0%, while Vietnam accounted for 5.8%.

That means more than half of Thailand's preferential imports still depend on one country.

At the agreement level, ASEAN-China, ATIGA, and the Thailand-Japan Economic Partnership Agreement remained the main frameworks supporting utilization. Other agreements were much weaker. ASEAN-

Korea utilization fell by 13.7%, largely because of lower imports of steel and synthetic rubber. ASEAN-India and Thailand-Australia also recorded declines, mainly in agricultural goods and beverages.

This suggests that Thailand's FTA usage is still being driven more by demand for specific products than by the overall breadth of its trade agreements.

Rebound Signals, but Structural Risks Persist

Overall, the February data points to a partial rebound in FTA utilization, supported mainly by growth in industrial and technology-related imports. However, the decline in utilization relating to total imports, combined with continued concentration across products and trading partners, suggests that the underlying momentum remains fragile.

The heavy reliance on China is another source of risk. China accounted for more than half of Thailand's total FTA utilization in February, highlighting how dependent Thailand remains on a single market for preferential imports.

Such concentration creates vulnerability. When production, technology, and supply chains are heavily concentrated in only a few economies, disruptions can more easily translate into shortages, delays, or price volatility.

For now, the rebound in FTA utilization appears real, but still narrow. Without broader participation across sectors and trading partners, Thailand's trade structure is likely to remain concentrated and exposed to external shocks

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