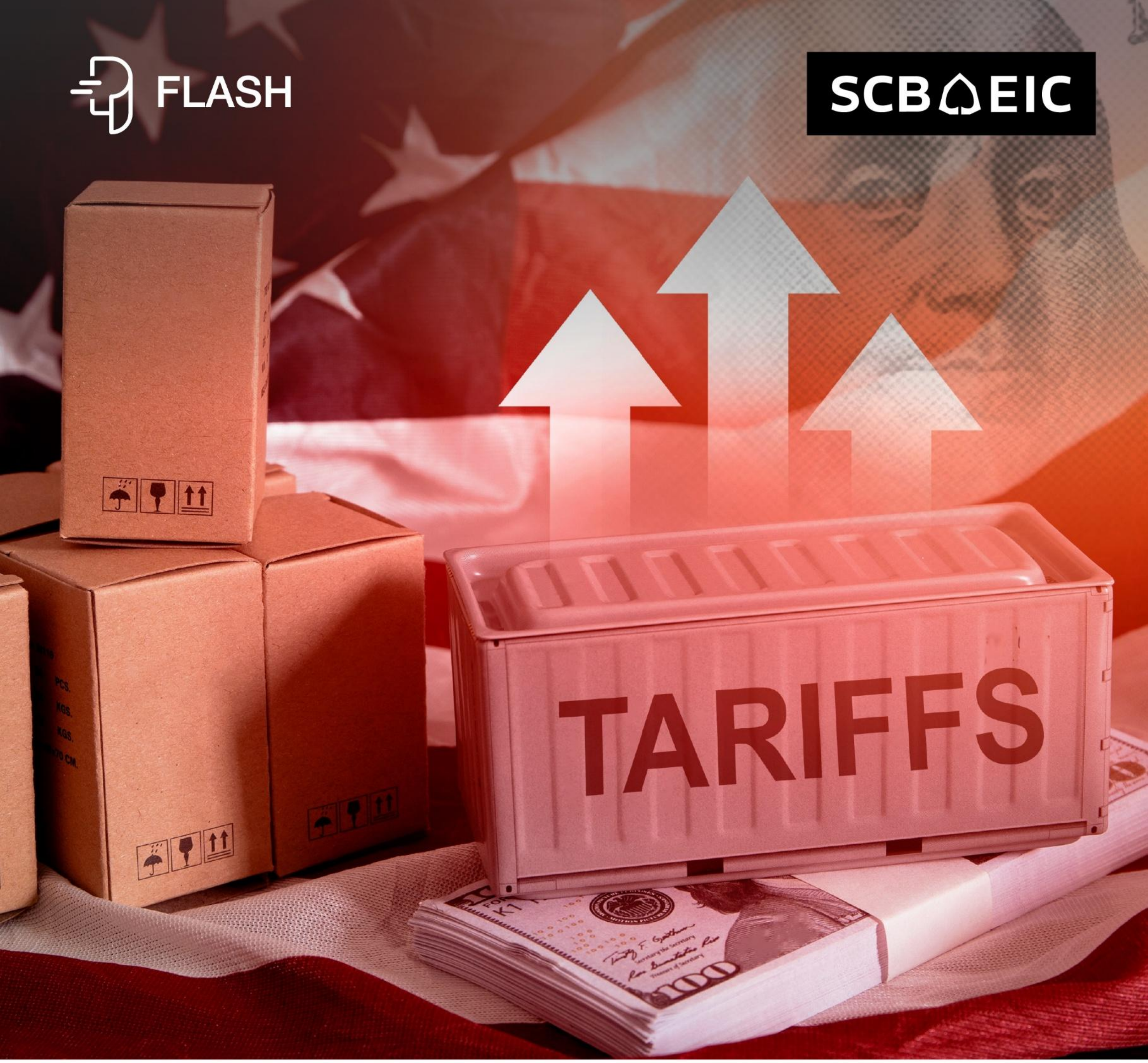

Exports surged in June, but a spike in imports widened the trade deficit,

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24 July 2026

Exports surged in June, but a spike in imports widened the trade deficit, while the US imposed a 12.5% Section 301 tariff on Thailand as expected.

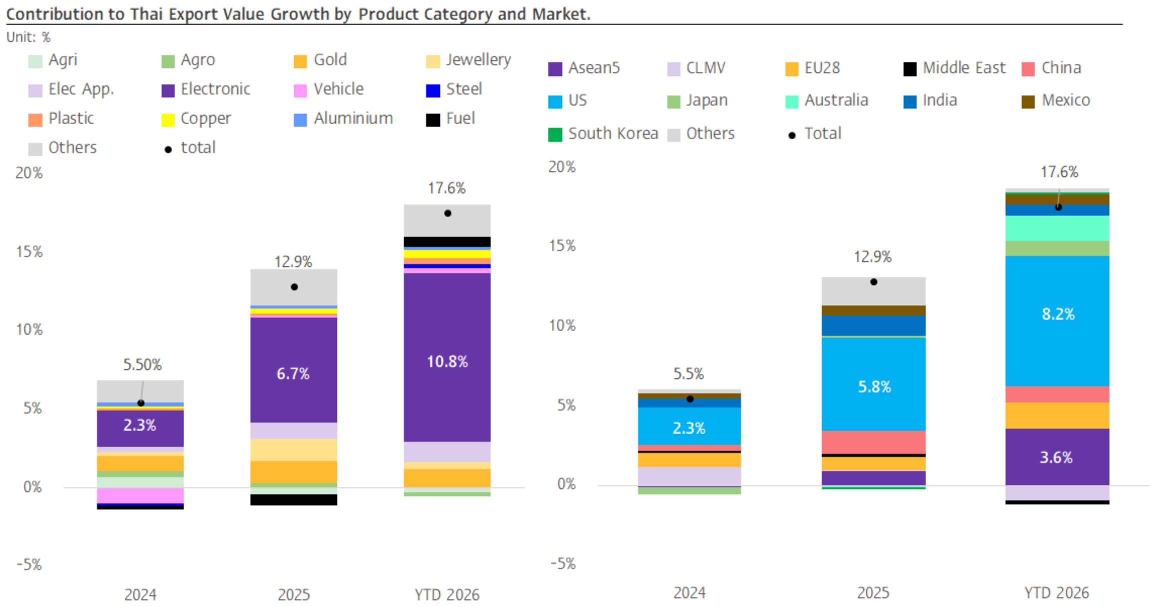
Key summary

- **Exports in June 2026 expanded strongly by 20.8%YOY, mainly supported by electronic products and continued robust exports to the US market,** reflecting the benefits of the AI investment cycle and front-loading shipments ahead of the implementation of US additional tariff measures.
- **Despite strong export growth, the customs-basis trade balance still recorded a large deficit of USD -6.5 billion in June 2026, as imports accelerated sharply by 50.3%YOY**, driven mainly by imports of gold, capital goods, raw materials, and fuel products.
- **The US began implementing Section 301 tariff measures related to forced labor, with Thailand subject to a 12.5% tariff,** up from the previous temporary 10% under Section 122. However, the near-term impact on Thai exports is likely to be limited, as the tariff increase is relatively modest and many of Thailand's key export categories remain exempt, particularly electronic products and certain agricultural products. As a result, the competitiveness of Thai products in the US market is unlikely to change significantly in the near term.
- **Looking ahead, the key risk may not lie in the tariff rate itself, but rather in the Section 301 investigation into structural excess capacity, under which Thailand is among the 16 countries under scrutiny.** This could lead to tighter verification of country of origin, rules of origin, and supply chain transparency.

Exports in June expanded strongly above market expectations but are likely to slow going forward. Thai export value in June 2026 stood at USD 34,655.92 million, expanding by 20.8%YOY and accelerating from 10.6% in the previous month. The figure was close to SCB EIC's estimate but well above the market consensus (SCB EIC estimated 20.5%, while the Reuters Poll median was 16.9%). Export growth this month continued to be supported by two key factors. **(1) The global electronics upcycle**, driven by AI investment trends and demand for related products. Electronic product exports expanded strongly by 66%, marking the 27th consecutive month of growth. **(2) Exports to the US grew strongly** by 44.3%. In particular, electronic product exports to the US surged by 72.9%, while other product categories excluding electronics expanded by 19.1%, reflecting demand for Thai products as well as front-loading imports ahead of a new round of import tariffs. Electronic product exports and exports to the US contributed (CTG) 14.7% and 9.7%, respectively, to Thai export growth this month, out of total export growth of 20.8%.

SCB EIC views that Thai exports are likely to continue expanding well, supported by the global electronics upcycle. However, overall export growth in H2/2026 is expected to gradually slow as the boost from front-loading shipments ahead of tariff barriers fades and the base effect becomes less favorable due to the higher base in H2 last year. Looking ahead, risks to exports to the US under Section 301 will be associated with tighter scrutiny of country of origin and supply chain credibility (Figures 1 and 6).

Figure 1: Electronic Products and the US and ASEAN-5 Markets Supported Thai Export Growth in H1/2026.



Source: SCB EIC analysis based on data from the Ministry of Commerce.

The US Began Imposing Section 301 Tariffs Related to Forced Labor, with Thailand Subject to a 12.5% Tariff.

USTR Imposed Tariffs of 10% or 12.5% on Key Trading Partners.

USTR announced additional import tariffs under Section 301 on 60 economies over forced labor-related concerns, including the absence of sufficiently effective laws or measures among trading partners to prevent imports of goods produced using forced labor. The measures took effect on July 24, coinciding with the expiration of the temporary 10% import tariff under Section 122. As a result, the Section 301 measures replaced the previous temporary tariff regime.

The US stated that the measures are intended to encourage trading partners to improve labor standards and enhance supply chain transparency. USTR did not limit the tariffs solely to products directly alleged to involve forced labor but applied them broadly to all import products from the economies under investigation, except for products exempted in the Annex to the announcement.

USTR classified the affected economies into three main groups:

- **Economies subject to an <u>additional</u> tariff of 10%** comprise those that the US considers to have already implemented measures prohibiting imports of goods produced using forced labor, those with trade agreements with the US under the Agreement on Reciprocal Trade (ART), and those that have introduced partial measures to mitigate such risks to some extent, including Cambodia, Canada, India, Indonesia, Malaysia, Mexico, and the UK.

- **Economies subject to an additional tariff of 12.5%** comprise those that USTR considers having insufficient measures to prevent and monitor imports of goods produced using forced labor. Thailand is included in this group, together with other economies such as Vietnam, China, Singapore, and the Philippines.
- **Economies subject to a net-of-MFN tariff rate of 10% or 12.5%** are not charged the full additional tariff. Instead, the total import tariff is calculated to result in an effective rate equivalent to the specified target rate of 10% or 12.5%. The target tariff rate for the EU and Taiwan is set at 10%, while the target rate for Japan, South Korea, and Switzerland is set at 12.5%.

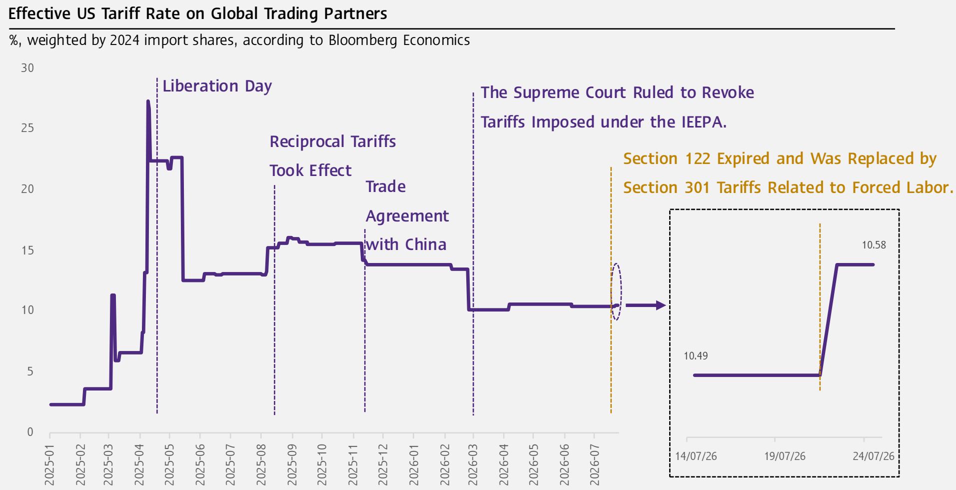
The latest Section 301 tariffs leave the US effective tariff rate largely unchanged. Bloomberg Economics estimates that the effective tariff rate will increase by only 0.1 percentage point, from 10.5% to 10.6%, remaining below the 13.5% level recorded before the US Supreme Court suspended tariffs imposed under the IEEPA (Figure 2).

Thailand is subject to a 12.5% tariff, higher than the rates imposed on neighboring countries with trade agreements with the US.

Under this measure, Thai products not included in the exemption list will be subject to an additional US import tariff of 12.5% under Section 301, on top of the normal import tariff applicable to each product (MFN). This rate is higher than that imposed on some neighboring countries, including Cambodia, Indonesia, and Malaysia, which are subject to an additional tariff of 10%.

Although Thailand is classified in the 12.5% tariff group, the USTR announcement specifies exempted products under Annex I and Annex II. Thai products classified under the specified HTSUS codes and meeting the conditions set out in the announcement will not be subject to the additional 12.5% Section 301 tariff. Exempted product categories include certain agricultural and food products, selected raw materials and natural resources, semiconductor manufacturing equipment, and certain electronic products (Figure 3).

Figure 2: The Overall US Import Tariff Rate Remained Largely Unchanged.



Source: SCB EIC analysis based on data from Bloomberg Economics and USTR.

Figure 3: Many of Thailand's Key Export Products to the US Remain Exempt from the 12.5% Tariff.

Product Categories Subject to US Import Tariffs as of July 24, 2026

① Product-Specific Tariffs (Sectoral Tariffs),
Effective from March 2025

Product / sector	Rate
Steel, Aluminum, Certain Steel Products, and Certain Copper Products	25–50%
Automobiles, Parts, and HeavyDuty Trucks	25%
Patent-Protected Drugs and Related Pharmaceutical Ingredients (Companies with investment plans in the US are subject to a 20% tariff, which may increase to 100% in 2030.)	100%
Wood and Processed Wood Products	10%
Certain Advanced Chips (AI Chips, such as Nvidia's H200 and AMD's MI325X)	25%
Home Furnishings, such as Kitchen Cabinets and Bathroom Vanities, Effective January 1, 2027	25–50%
Electrical Appliances with Steel and Aluminum Content Exceeding 15%. Electrical appliances with steel and aluminum content of no more than 15% will be classified under category (2) and subject to a 10% tariff. (The component -based tariff on steel was revoked in April 2026.)	25%

② General Merchandise Tariffs
under the Temporary Section 122 Measure

10% on All Trading Partners for 150 Days (February–July 24, 2026), Applicable to All Products Not Covered under Categories (1) and (3)

Effective July 24 (US time)

② General Merchandise Tariffs
under Section 301 "Forced Labor"

- **10%** — **Economies Subject to an Additional 10%** Tariff, such as Cambodia, Canada, India, Indonesia, Malaysia, Mexico, and the UK
- **12.5%** — **Economies Subject to an Additional 12.5%** Tariff, with Thailand in This Group Alongside Several Other Economies, Including Vietnam, China, Singapore, and the Philippines
- **10% NET / 12.5% NET** — **Economies Subject to a Net Tariff Rate of 10%** or 12.5%, Calculated Net of MFN Tariffs
  10% Net: EU and Taiwan 12.5%
  Net: Japan, South Korea, and Switzerland

③ Tariff Exemptions
Essential Goods and Products Under Investigation

Under USTR Investigation, with Tariffs Planned for Future Implementation

Products the US Seeks to Reshore, as an Immediate Increase in Import Tariffs Would Have a Significant Impact on US Industries

- Electronics and Semiconductors
- Certain Critical Minerals
- Commercial Aircraft
- Robotics and Industrial Machinery
- Generic Drugs

Products Affecting the Cost of Living and US Farmers

- Textiles from Economies Covered under CAFTA-DR (Central America)
- Energy, Natural Resources, and Fertilizers
- Products Covered under USMCA
- Certain Agricultural Products, such as Coffee, Bananas, and Beef

Source: SCB EIC analysis based on data from USTR, PIIE, and the White House.

The 12.5% tariff rate imposed on Thailand by the US is in line with SCB EIC's expectations. SCB EIC therefore maintains its export outlook, although risks remain from Section 301 tariffs related to excess capacity.

SCB EIC previously assessed that Thailand faced a risk of being subject to an additional 12.5% import tariff under Section 301 in relation to forced labor, consistent with USTR's latest announcement. As a result, the outlook for Thai exports and exports to the US remains broadly unchanged.

SCB EIC maintains its forecast that Thai merchandise export value will grow by 10% in 2026, supported by exports of electronic products and AI-related products, which remain underpinned by the global technology investment cycle. However, export growth is likely to slow in H2 due to the high base effect from the previous year and lingering uncertainty surrounding US import tariff measures.

Although this tariff measure is not expected to materially affect Thailand's export outlook, risks from US import tariff measures remain, particularly the Section 301 investigation into structural excess capacity, under which Thailand is among the 16 economies under US scrutiny. Should the US introduce additional measures, the impact could become more industry-specific, particularly for products perceived to be associated with excess production capacity or at risk of being diverted from China through third countries before being shipped onward to the US (transshipment).

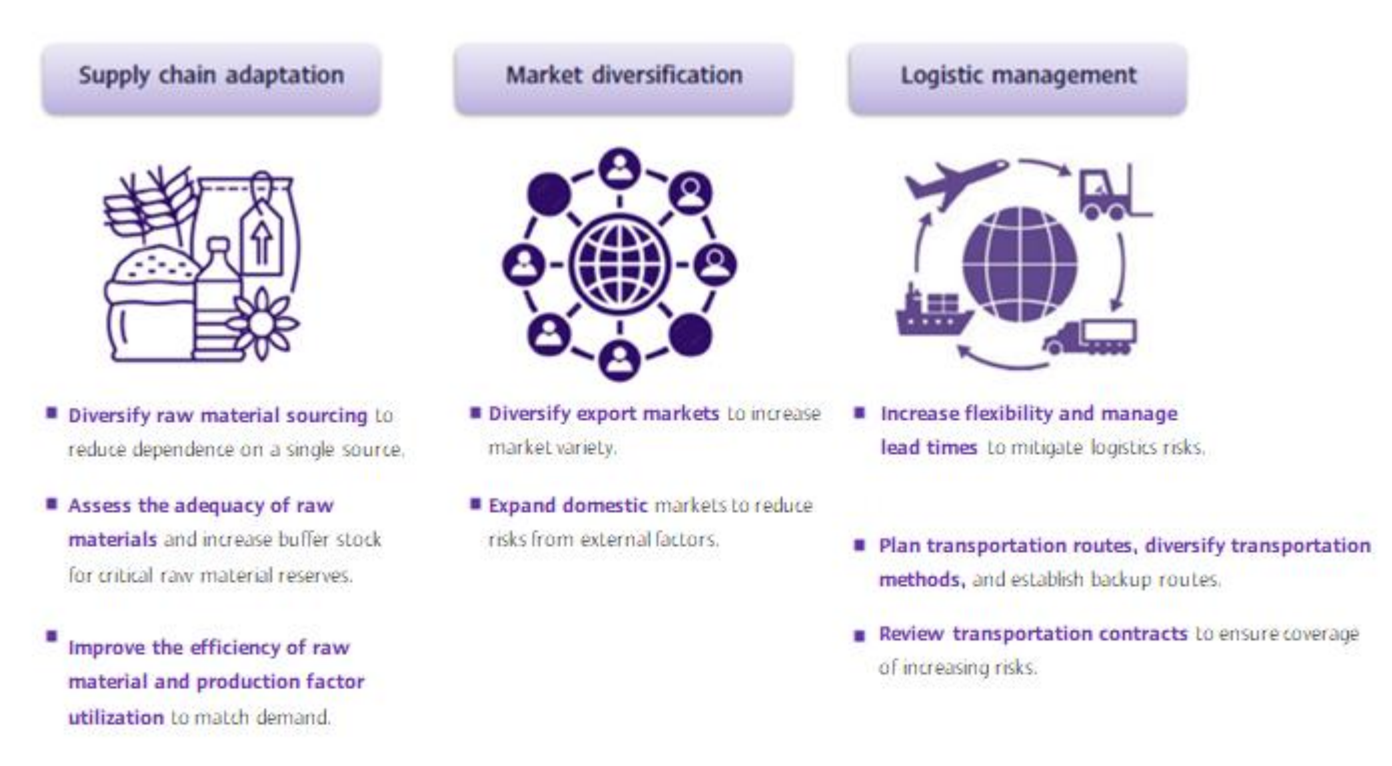
Product categories warranting close monitoring include tires, rubber products, machinery and equipment, automobiles, and automotive parts and components. In addition to existing risks from tariffs, anti-dumping measures, and intense competition, these products are also likely to face tighter scrutiny, particularly regarding country of origin, rules of origin, and supply chain traceability. As a result, Thai exporters will face higher regulatory compliance costs and potentially longer customs clearance procedures to demonstrate that production and value added genuinely take place in Thailand.

Implications for Thai Businesses

The implementation of Section 301 measures, which impose a 12.5% tariff on US imports from Thailand—up from 10% under the previous measure**—is expected to have only a limited impact on Thai businesses. The tariff increase is relatively modest and remains broadly comparable to the rates applied to Thailand's key regional competitors. Moreover, several major Thai export categories continue to be exempt from the additional tariffs, leaving the price competitiveness of Thai products in the US market largely unchanged in the near term.**

However, the key risk for Thai businesses going forward may not lie in the tariff rate itself, but rather in the uncertainty surrounding global trade policies and increasingly stringent supply chain scrutiny. This reflects a shift in international competition from one based primarily on cost and price toward one centered on product origin, participation in global supply chains, transparency in production processes, and the ability to generate domestic value added. As a result, excessive reliance on any single export market or industry will become increasingly risky and could weigh on long-term business growth.

Figure 4: Adaptation Strategies for Thai Businesses amid the Changing Global Trade Landscape



Source: SCB EIC analysis.

Thai businesses should accelerate the development of new growth engines to strengthen competitiveness and reduce vulnerability to global trade volatility through proactive measures in three areas:

- **Strengthen domestic supply chains** by increasing the use of locally produced raw materials, components, and technologies (local content) in strategic industries such as electronics, semiconductors, electric vehicles, and digital equipment. This would reduce reliance on imports and mitigate risks related to allegations of origin circumvention (Transshipment) or being classified as a production base associated with excess capacity.

- **Diversify markets and trading partners** by reducing reliance on a small number of major markets and expanding into high-potential markets such as India, the Middle East, Africa, and ASEAN. Thai businesses should also leverage free trade agreements (FTAs) and regional economic agreements to strengthen the resilience of Thailand's export sector.
- **Develop Thailand into a regional trade and logistics services hub** by upgrading logistics services, digital supply chains, customs procedures, certification of origin, and integrated trade services. This would strengthen Thailand's role as a trade facilitator linking global supply chains and generate service-sector income alongside manufacturing.

In summary, although the latest Section 301 tariff measures are likely to have only a limited impact on Thai businesses in the near term, they provide an important signal that the global trade landscape is entering an era in which competitiveness will increasingly be determined by supply chain resilience, the ability to generate domestic value added, and readiness to comply with international trade standards. **Accelerating adaptation today will therefore not only help mitigate risks from future trade barriers and uncertainty, but also create an opportunity to upgrade Thailand's economic structure toward sustainable growth, underpinned by technology, innovation, and supply chains with strong long-term potential.**

Import value in June 2026 expanded far more rapidly than exports and reached its highest level in five years. Import value stood at USD 41,190.6 million, expanding by 50.3%YOY, compared with 35.1% in the previous month, and significantly exceeding expectations (SCB EIC forecast: 40.4%; Reuters Poll median: 37.1%). Key import categories this month were: **(1) raw materials and intermediate goods, which expanded strongly by 71.2%** (CTG: 29.4%). Imports of equipment and electrical and electronic components surged by 124.1% (CTG: 13.1%) for use in export production and domestic consumption, while gold imports rose by 191.7% (CTG: 7.2%); **(2) capital goods, which expanded by 42.7%** (CTG: 12.4%). Imports of electrical machinery and components, and computers, equipment, and components increased by 64.1% and 52.8%, respectively (CTG: 6.6% and 2.2%), in line with rising investment in technology-related industries such as data centers; and **(3) fuel products, which expanded strongly by 39.5%** (CTG: 5.3%), although growth slowed markedly from the early stages of the war, when imports surged by 129.3% and 94.6% in April and May, respectively (Figures 5 and 6).

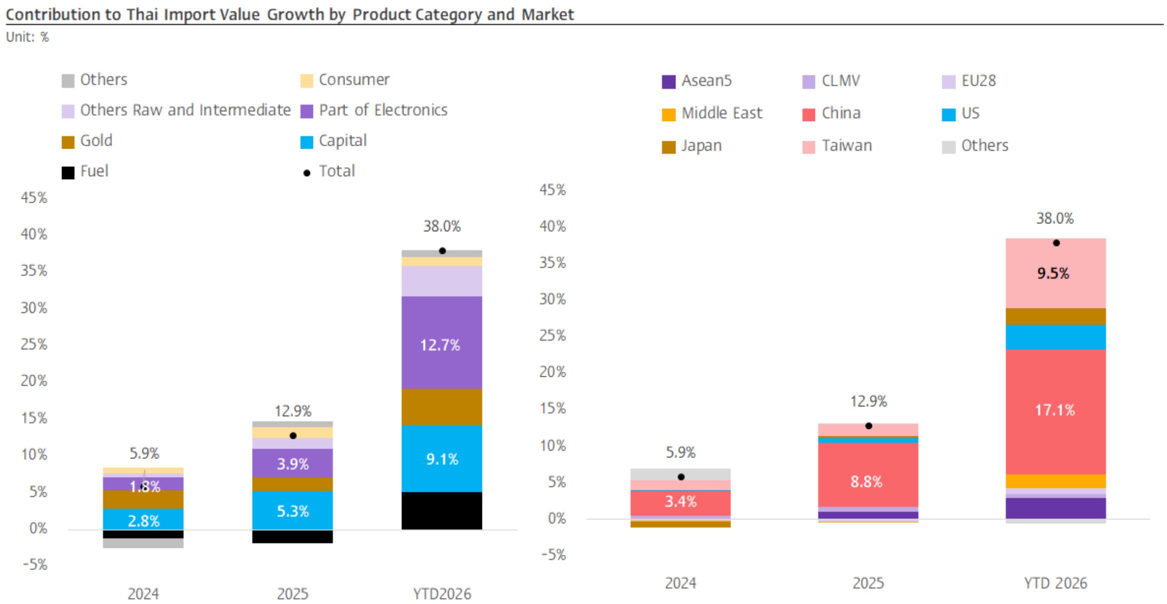
The trade balance remained in a large deficit this month, with gold imports exerting significant pressure. Although pressures from the war have begun to ease, risks from oil prices remain elevated.

The customs-basis trade balance recorded a deficit of USD -6,534.7 million in June 2026, larger than market expectations (SCB EIC forecast and Reuters Poll median: USD -4,000 million). Although the trade deficit improved from USD -10,021.3 million in April, when it was severely affected by the Middle East war, it remained wider than the USD -5,711.4 million deficit recorded in May.

SCB EIC assesses that the wider trade deficit this month was driven primarily by the sharp acceleration in gold imports rather than by the direct impact of the Middle East war. This is reflected in the trade balance excluding gold, which recorded a deficit of only USD -3,924.1 million, improving from deficits of USD -4,353.5 million and USD -9,462 million in May and April, respectively. In H1, Thailand recorded a cumulative trade deficit of USD -31,744 million.

Looking ahead, the trade balance remains at risk of further deterioration as the Middle East war has intensified sharply, pushing crude oil prices back to around USD 100 per barrel. This risk is particularly significant for Thailand, given its high net energy import dependence of around 8-10% of GDP.

Figure 5: Electronic Equipment and Components and Capital Goods Were the Main Import Categories in H1/2026, while China and Taiwan Were the Key Import Markets



Source: SCB EIC analysis based on data from the Ministry of Commerce.

Figure 6: Thai Export and Import Value by Product Category and Key Markets

Thai Export Value by Product Category and Market

Unit: %YOY (2025 share)

Product Category	2025	2026Q1	2026Q2	May-26	Jun-26	YTD
Total	13.1%	17.4%	17.7%	10.5%	20.8%	17.6%
Total (ex. gold) (96.2%)	12.1%	15.5%	18.5%	9.1%	24.4%	17.0%
1. Agricultural (8.2%)	-3.3%	-7.1%	0.0%	-3.7%	-10.8%	-3.0%
2. Agro (7.2%)	4.6%	1.6%	-7.9%	-13.4%	-0.9%	-3.5%
3. Manufacturing (82.1%)	17.5%	21.3%	21.9%	14.4%	25.1%	21.6%
Electrical appliances (9.6%)	10.8%	13.8%	11.8%	2.7%	19.8%	12.8%
Electronic Products (21.6%)	38.3%	54.3%	52.9%	32.5%	66.0%	53.5%
Auto & parts (9.3%)	1.2%	3.5%	-0.8%	-15.2%	8.0%	1.4%
4. Mining and fuel (2.6%)	-19.7%	9.3%	35.2%	24.2%	67.5%	22.1%
Refined fuel (2.2%)	-19.8%	7.5%	44.2%	30.1%	80.9%	25.6%

Country	2025	2026Q1	2026Q2	May-26	Jun-26	YTD
Total	13.1%	17.4%	17.7%	10.5%	20.8%	17.6%
U.S. (21.3%)	32.0%	41.8%	40.4%	33.4%	44.3%	41.1%
China (11.7%)	12.9%	9.8%	6.9%	-2.6%	4.9%	8.1%
ASEAN 5 (12.6%)	7.0%	24.3%	34.8%	29.5%	40.5%	29.6%
CLMV (9%)	1.1%	-6.4%	-12.0%	-16.2%	-5.6%	-9.3%
Japan (6.9%)	1.1%	7.0%	18.9%	11.5%	22.7%	12.9%
EU 28 (9%)	8.7%	19.7%	18.4%	15.8%	21.9%	19.0%
Middle East (3.7%)	5.4%	-13.2%	0.8%	-4.4%	-6.8%	-6.6%
India (4.7%)	35.0%	20.4%	-5.1%	-10.3%	-8.0%	10.0%

Thai Import Value by Product Category and Market

Unit: %YOY (2025 share)

Product Category	2025	2026Q1	2026Q2	May-26	Jun-26	YTD
Total	12.6%	32.4%	43.3%	35.1%	50.3%	38.0%
Total (ex. gold)	11.3%	25.7%	44.5%	38.5%	44.8%	35.3%
Fuel products (16%)	-13.9%	-8.7%	87.7%	94.6%	39.5%	37.9%
Capital goods (25.4%)	20.9%	34.6%	33.0%	24.2%	42.7%	33.8%
Raw and intermediate materials (41.8%)	17.5%	56.1%	47.1%	34.3%	71.2%	51.3%
Consumer goods (11.5%)	12.2%	8.7%	11.7%	9.6%	12.3%	10.1%
Vehicles and logistics equipment (3.9%)	8.4%	9.6%	22.6%	12.9%	41.2%	16.2%
Arms and ammunition (1.4%)	32.1%	8.3%	31.1%	26.8%	22.2%	16.7%

Country	2025	2026Q1	2026Q2	May-26	Jun-26	YTD
Total Imports	12.6%	32.4%	43.3%	35.1%	50.3%	38.0%
U.S. (6.1%)	8.1%	12.0%	58.2%	71.7%	53.0%	36.1%
China (31.2%)	33.5%	37.0%	40.7%	36.3%	49.5%	39.0%
ASEAN 5 (10.6%)	8.7%	19.8%	35.3%	22.8%	39.0%	27.4%
CLMV (5.4%)	12.5%	0.3%	21.7%	30.9%	11.5%	10.5%
Japan (8.6%)	3.2%	10.6%	3.1%	6.6%	-3.2%	6.7%
EU 28 (6.1%)	-3.5%	9.1%	22.2%	27.9%	17.6%	15.8%
Taiwan (7.4%)	24.3%	177.6%	104.8%	47.2%	187.3%	133.5%
Middle East (8%)	-2.4%	20.3%	27.0%	6.7%	7.6%	23.2%

Source: SCB EIC analysis based on data from the Ministry of Commerce.

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