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Enhancing Thailand-Australia Economic and Development Cooperation¹

Seksan Anantasirikiat²

Since the establishment of diplomatic relationship in 1952, Thailand and Australia have achieved impressive developments in the areas of political-security and economic development as well as people-to-people ties.

In 2005, the two countries signed the Thailand-Australia Free Trade Agreement (TAFTA) that helps boost two-way trade and investment activities. In addition to the TAFTA, the two countries also benefited from multilateral frameworks, including Regional Comprehensive Strategic Partnership (RCEP) and the Agreement Establishing the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA). Thailand and Australia signed a Joint Declaration elevating the Australia-Thailand bilateral relationship to a Strategic Partnership in 2020. To commemorate the

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² Senior Researcher, International Studies Center (ISC).

70th anniversary of diplomatic relations in 2022, the [Strategic Economic Cooperation Agreement \(SECA\)](#) was signed with the objective of fostering bilateral economic engagements by complementing the implementation of the TAFTA in eight key sectors, namely agriculture, tourism, healthcare, education, digital trade and digital economy, creative economy, green economy and two-way investment.

According to [Australia's Department of Foreign Affairs and Trade \(DFAT\)](#), Thailand's main exports to Australia in 2023 were goods vehicles, passenger motor vehicles, and heating and cooling equipment. Australia is a major supplier of coal to Thailand, and Thailand is a significant market for Australian aluminum and metal. Interestingly, the value of Thai investment in Australia (USD 9.3 billion) is higher than Australian investment in Thailand (USD 3.7 billion).

From my perspective, Australia has taken practical and relevant approach in engaging with Thailand and ASEAN by prioritising institutionalisation of regional and bilateral mechanisms. First, the [ASEAN-Australia Centre](#) was established as a deliverable of the ASEAN-Australia Special Summit to commemorate the 50th dialogue relationship and has been in operation since 1 July 2024. The Centre aims to strengthen cooperation in four areas, namely literacy, economic linkages, education and cultural connections. It also opens for grant application to support the implementation of the aforementioned areas.

At the Summit, the Honourable Anthony Albanese, Prime Minister of Australia, announced [“a partnership for the future”](#) that provides financial support to develop ASEAN regionally and bilaterally, such as USD 2 billion for Southeast Asia Investment Financing Facility to concretise Australian private sector investment in ASEAN, USD 140 million through the Partnerships for Infrastructure programme to support infrastructure development and USD 64

million for Australia's Southeast Asia Maritime Partnerships Initiative to enhance Australia's practical support for maritime capacity-building in the region.

Enhancing people-to-people ties was also prioritised in the package. The Australian government planned to provide more than 120 scholarships and fellowships under the Aus4ASEAN project. Ten senior executives of the Australian private sector were appointed as "business champions" who facilitate greater links between Australia and ASEAN. In Thailand, the Australian government appointed Mr. Peter Fox, Executive Chairman of [Linfox](#), which is the largest privately owned logistics company in the Asia-Pacific region that employs approximately 24,000 people in ASEAN. Thailand has the highest number of Linfox employees in the region.

With regard to bilateral relationship, [institutional cooperation](#) between the governments of the two countries has been increasing. To name some of them, Australia's Department of Home Affairs agreed to establish National Security Dialogue with the National Security Council (NSC) of Thailand. Export Finance Australia signed the memorandum of understanding (MOU) with Thailand's EXIM Bank to develop strategic co-financing arrangements. In September 2024, [Thailand-Australia Strategic Economic Dialogue](#) was organised for the first time in Bangkok. The Dialogue serves as a platform to exchange views on how to improve two-way strategic growth and economic resilience between the two countries.

At the policy level, Thailand's Foreign Minister Maris Sangiampongsa co-chaired the 2nd Thailand-Australian Biennial Foreign Ministers' Meeting with Senator the Honourable Penny Wong, Minister for Foreign Affairs of Australia at the Government House, Adelaide, on 11 December 2024. At the meeting, the Ministers agreed to foster future cooperation on human security with the focus on food and energy, economic resilience, supply chain value in agriculture and education.

Not only government-to-government engagements but also business-to-business links have been enhanced. According to an [interview](#) of the Australian Ambassador to Thailand, Dr. Angela Macdonald, five business delegations visited Thailand in 2024 to attend technology-related events in Bangkok, including Techsauce Global Summit and Sustainability Expo. To increase business opportunities for Thai businesspeople, the Australian government has extended the period of stay for Business Visitor Visa from three to five years. The government is also in the process of extending ten-year Frequent Traveller stream to cover Thai nationals.

To enhance Thailand-Australia economic and development cooperation, I wish to propose the following ideas.

First area is digital connectivity. Australia should consider adding Thailand to the eligible country list for Australian technology investors to receive support from the government under the [Landing Pads and Dealroom](#) projects. The Thai government is in the process of constructing the digital megaproject [“Digital Valley”](#) in Si Racha District, Chon Buri Province. The Digital Valley will serve as one-stop service for technology investors. It is anticipated to be the largest Digital Valley in the region. More importantly, the government will provide various incentives to attract the digital expats and companies, including corporate tax exemption for 13 years, lowest personal income tax rate, regulatory sandbox and research development, smart visa, easy access and transportation for visitors and customers in the future, etc. These developments will help enable Thailand to be qualified for the projects.

Second, the two countries should seek an innovative way for digital development at the local level. A possible model is to create “digital twin city” to promote technical cooperation, knowledge sharing and personnel exchanges. For example, Sydney is positioned as “digital metropolis” that prioritises smart infrastructure, green initiatives and digital services. With these

qualifications, Chon Buri Province is a perfect match due to shared similar interests. Melbourne is famous for “innovation and connectivity” with the focus on Internet of Things integration, public transportation and citizen engagement. In Thailand, Khon Kaen City shares similar characteristics.

Third, the development of Bio-Circular-Green (BCG) Economy should be a priority for functional cooperation between Thailand and Australia. One area is to establish a research consortium on food, water and energy security with researchers from Thailand and Australia. Also, the two countries should create networks of innovators, startups, MSMEs and entrepreneurs in the clusters of health, AI, robotics and emerging technologies. Two excellent examples are: (1) an ongoing collaboration between the Faculty of Medicine Ramathibodi Hospital and Macquarie University on the [ASEAN Hearing Hub](#) project to help improve hearing capability for deaf person and (2) an ongoing collaboration on [“Biologics and Pharmaceuticals Manufacturing in Thailand for Equitable Access of Medicine \(BPM-TEAM\)”](#) between Australia’s Commonwealth Scientific and Industrial Research Organisation (CSIRO) and Thailand’s National Centre for Genetic Engineering and Biotechnology (BIOTEC), National Science and Technology Development Agency (NSTDA), Government Pharmaceutical Organisation (GPO) and National Biopharmaceutical Facility at King Mongkut’s University of Technology Thonburi (NBF@KMUTT). In the future, Thailand should explore possible collaboration with Australian universities to upskill/reskill Thai nationals living in Australia as the country is home to approximately 100,000 Thai people.

Fourth, the two countries should seek the opportunity to deepen and widen infrastructure development projects in the region. An excellent example of Australia’s interests and efforts in the region is the first [Thai-Lao Friendship Bridge](#) that commemorated the 30th anniversary of its opening in 2024. Supported by the Australian government, the Bridge is a symbol of sustainable

relationship between the three countries. In December 2024, a [news release](#) stated that Export Finance Australia is providing a USD 79 million loan to a major renewable energy project in Thailand to enable Gulf Energy to develop 8 solar and 4 solar plus battery energy storage system (BESS) projects, with a total capacity of 649 Megawatts. This project is acknowledged as the first energy infrastructure project in Thailand and the first large-scale deployments of BESS technology in the region.

Last but not least, Thailand's Ambassador to Australia Arjaree Sriratanaban stated that Thailand and Australia should expand their cooperation beyond bilateral dimension. The two countries could explore joint development cooperation with the Pacific Islands. Two other areas I wish to propose is (1) the capacity building programs for preparing Timor-Leste for the future membership in ASEAN and (2) financial and technical support for the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) as development partner. As the Mekong Subregion faces challenges to climate and cyber security, Australian assistance is relevant due to the country's expertise and experiences in working with the region on combating transnational crime, building climate resilience and developing infrastructure. Various programs under the [Mekong-Australia Partnership \(MAP\)](#) are concrete evidence, such as the establishment of fish passages in Lao PDR and Cambodia to support fish migration with the ultimate goal of food security and the collaboration with Thailand and Viet Nam to provide practical ideas and tools for women entrepreneurs in doing business by promoting gender equality.

The ongoing institutionalisation lays a solid foundation for untapping future economic and development potentials. With friendship and goodwill, Thailand and Australia will be able to maintain a momentum for building stronger economic and development cooperation that is beneficial to their people and the region.

ศูนย์ศึกษาระหว่างประเทศ
(International Studies Center - ISC)
isc.mfa.go.th | isc@mfa.go.th