

Preparing for Thailand 4.0

By **H.E. SOMKID JATUSRIPITAK**

DEPUTY PRIME MINISTER OF THE KINGDOM OF THAILAND



SOMKID JATUSRIPITAK has been the Deputy Prime Minister of Thailand since 2015. He has also served as Minister of Finance and Minister of Commerce in previous governments. He holds a Bachelor's Degree in Economics from Thammasat University, an MBA (Finance) from the National Institute of Development Administration and a Ph.D. in Business Administration from the J.L. Kellogg Graduate School of Management at Northwestern University, USA.

I am pleased to be back in the UK. I had several opportunities to visit the UK under previous governments, when I have led several business delegations on Road Shows, especially following the recovery from the Asian Financial Crisis in 1997. During those trips, I also had the opportunity to meet former British Prime Ministers. After a ten year absence, I am pleased to be back, this time I accompany Prime Minister Prayut Chan-o-cha, who has asked me to assist in the recovery of the Thai economy. In fact, I am sometimes referred to as “Mr. Crisis”, not because I initiated any crisis, but because I strive to turn a crisis into an opportunity for reform.

It was also a decade ago that the term “Asia Rising” was first coined but it was never fully realised until now. Given their dynamism and rapid economic growth, many Asian countries are now moving into the spotlight. This is not only due to their burgeoning markets with well-trained human resources and a growing middle class, but also their important role in the global supply chain. These countries include China, Japan, India, South Korea, and the ASEAN as a whole.

Thailand may not be a large country, but no one can deny our potential - being a country endowed with plentiful resources located at the center of mainland Southeast Asia and CLMV (Cambodia, Lao PDR, Myanmar, Viet Nam), which is also the heart of the supply chain and logistics of Asia. When China announced the Belt and Road Initiative, which attracted attention around the world, Thailand stood out, as we are strategically located on the route that links the one belt on the mainland and the maritime Silk Road on the sea.

Since assuming the helm of Government four years ago, Prime Minister General Prayut Chan-O-Cha, whilst working with all sectors of society to achieve national reconciliation, has sought to undertake much needed reform to move the country forward. On the economic front, the Government has enacted measures that simultaneously renewed confidence and stimulated the economy. The Kingdom is expected to grow over 4.2 per cent this year, a vast improvement from GDP growth of less than one per cent in 2014. Investment, tourism, and exports, which are stronger than ever, play a significant role in driving Thailand's economy.

Even though Thailand is on the road to recovery, we have reached a crossroads where the big questions are:

how to grow sustainably? How will Thailand escape from the middle income trap and resolve the income disparity that most developing countries are facing? And most importantly, how will Thailand retain its importance as part of Asia's ascension?

To answer the above questions, the Thai Government has initiated many policies considered vital in addressing these challenges and mark an important turning point in our national developmental strategy. Allow me to highlight three important policies.

Firstly, Thailand is undertaking economic and social reform to ensure sustainable development over the next 20 years. This effort is encapsulated in the 20-year National Strategy (2017-2036), as decreed by the new constitution. The goal of the Strategy is to set guidelines and benchmarks for development in order to ensure stability in policy formulation and smooth implementation of the next four National Economic and Social Development Plans. These will be done through the ‘Pracharat’ mechanism, based on tripartite collaboration between the public sector, the private sector, and local communities, or Public – Private – People Partnerships, to support quality economic advancement and market creation in each province. This has now become a developmental model that has spread throughout the country. The equilibrium created will help ensure sustainable growth and more inclusive development not overly dependent on external factors.

Secondly, Thailand has announced a number of mega investment projects for transport and logistics infrastructure including construction of roads, expressways, mass rapid transit systems, high speed rail networks as well as construction and development of new airports, seaports, and logistics hubs over the next five years. More importantly, we aim to attract foreign investment through development of the Eastern Economic Corridor (EEC), which is a special economic zone located in the provinces of Chachoengsao, Chonburi and Rayong. The goal of the EEC is to facilitate and attract investment in 11 innovative targeted industries in order to drive the country with ‘New Engines of Growth’. Total infrastructure investment in the EEC during the first five years is projected to reach US\$43 billion. Within the EEC, the Government plans to set up the Eastern Economic Corridor of Innovation (EECi) as


an innovation city with a supporting ecosystem for integrated research and development and innovation.

The EEC is underpinned by the EEC Act promulgated this past May, which will pave the way for the establishment of special economic promotion zones for targeted industries, whereby various approval processes will be expedited and special incentives granted. These include special privileges related to land ownership, foreign exchange transactions, tax exemption and deduction as well as employment of foreign workers. More importantly, it underpins the continuity of the EEC by law. To date, many global companies such as Airbus, Bridgestone, Lazada, Hitachi, Fujifilm, BMW, Toyota, Huawei, Alibaba - to name a few - have already expressed interests in investing in the EEC. We therefore hope British companies will also invest in the EEC.

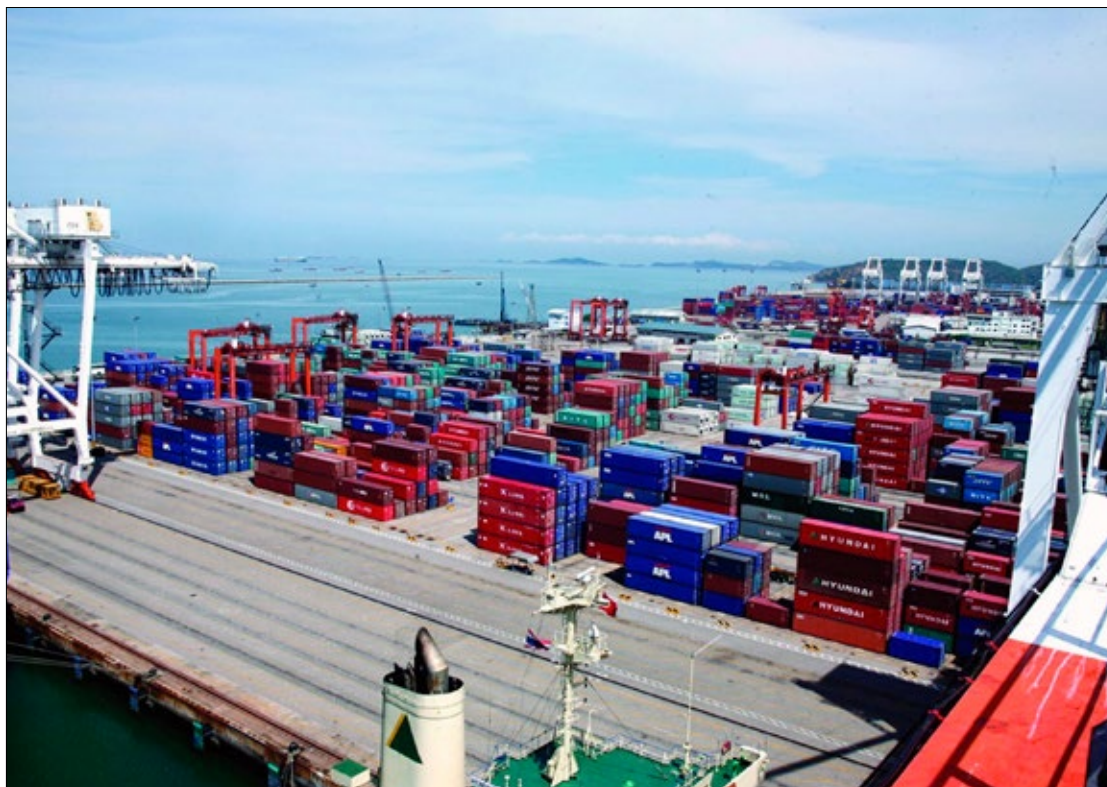
Thirdly, after jump starting the Thai economy with mega investment projects, we will transition into the digital age under the Thailand 4.0 initiative. This is an economic development model that aims to transform Thailand's economy toward a more value-based and innovation-driven economy. The model will follow the directions of the 20-year National Strategy by balancing strength from within and connecting the country to the global community under the principle of the Sufficiency Economy Philosophy, which is consistent with the United Nations' Sustainable Development Goals. With the Thailand 4.0 model,

we are heading towards an entrepreneurial economy that will promote startups and empower traditional businesses to become smart enterprises. This model stresses the importance of inclusiveness as Thailand moves closer towards "Society 4.0".

What has been outlined above is therefore a strategy to lead Thailand into the 4.0 era. This Government is confident that these strategic moves will be an important turning point for the country. The objective is not only to reform but also to transform the country so that it is ready for the future. It will build strength from within while at the same time boost our global competitiveness. Most importantly, Thailand will be strategically placed to take advantage of all the opportunities that will emerge in the midst of changing global geopolitics.

At the same time, the UK is also undertaking a brave and decisive change. Brexit will be an extraordinary change, not only for the UK but for whole world. The UK must now connect to the world, which should not be a difficult task given that the UK is a world leader in science and technology, startups and creativity. The current UK government's 'Global Britain' is a timely policy. Similarly, Thailand is also undertaking changes of our own and we also aim to connect to the world. Moreover, we are strategically located in the centre of mainland Southeast Asia and we are located between China and India. In this regard Thailand offers to be a gateway for the UK to connect to the Asia, so that the UK can also join the "Asia Rising" wave. 

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Expanding the deep sea port at Laem Chabang is a key component of the Eastern Economic Corridor initiative