

Unlocking Thailand's full potential

By **H.E. SONTIRAT SONTIJIRAWONG**

MINISTER OF COMMERCE, KINGDOM OF THAILAND



SONTIRAT SONTIJIRAWONG has been the Minister of Commerce of the Kingdom of Thailand since November 2017. Prior to his current position he was Deputy Minister of Minister of Commerce, he has previously held various roles in the National Reform Steering Assembly and Ministry of Industry. He holds a BA and MBA from Chulalongkorn University.

The path to economic development is fraught with many pitfalls and Thailand has not been fortunate enough to sidestep the middle-income trap for well over 20 years. Now that the world is on the cusp of huge, transformative shifts, there has never been a more urgent and serious need for a new strategy to pull away from the trap and unlock Thailand's full potential, which is why the Thai Government has come up with a development model called "*Thailand 4.0*".

Having progressed from agriculture to light industry and then to heavy industry, *Thailand 4.0* will result in a value-based economy driven by innovation, technology and creativity. It aims to achieve economic prosperity that is both socially inclusive and environmentally sustainable. To shift into a new era defined by innovative technology-based manufacturing and services, priority has been given to 10 targeted industries in which Thailand has great potential and our comparative advantage in biodiversity and cultural diversity can be brought to bear. These industries are called "S-curve and New S-curve". The first 5 S-curves are existing industries, namely (1) next-generation automotive (2) smart electronics (3) medical and wellness tourism (4) agriculture and bio-technology and (5) food for the future. The 5 new S-Curve industries consist of (6) robotics (7) aviation and logistics (8) biofuels and bio-chemicals (9) digital and (10) medical hub.

With the goal of achieving *Thailand 4.0*, the Thai Government is taking various measures to attract foreign investment in these targeted industries such as corporate income tax exemption for up to 15 years, expanded shareholding options for foreigners, land-ownership options for investors, exemption from import duties for imported machinery, and visas and work permits for foreign professionals allowing for expanded work opportunity in the country. Moreover, SMART VISAs are available for investors, executives, talented individuals and those involved in start-up incubators and accelerators, in particular those working in these industries.

Strategically located at the heart of Southeast Asia, Thailand is the ideal gateway to the region. Accordingly, the Government has established the Eastern Economic Corridor (EEC), a 13,000 square km special economic zone covering three eastern provinces to enhance regional connectivity and serve as a hub for the

development of the targeted industries. With world-class transportation infrastructure and logistics facilities under construction, including high-speed train, commercial ports, an international airport and aviation hub for maintenance and the trained human resources to serve the fast-growing regional supply chain and logistics industry, the EEC aims to become one of ASEAN's leading special economic zone.

Ministry of Commerce 4.0

Amidst the global economic slowdown, fluctuations, risks and uncertainly, the Thai economy has managed to hold its own reasonably well in the past 4 years. Through all the challenges, the Ministry of Commerce has been working tirelessly towards the realisation of *Thailand 4.0* and achieving the Government's goal of "stability, prosperity and sustainability" with our vision of "growth from the grassroots towards a new economy by 2021". In line with Thailand's 20-year National Strategic Plan, the Ministry has also adopted a long-term 20-year plan with our sights aimed at the advancement of trade for the well-being of the people. The plan sees Thai authorities acting not merely as regulators but rather facilitators to assist businesses, especially local and SMEs. In pursuing our three objectives of competitiveness, connectivity and cohesiveness, the Thai economy will escape the middle income trap through the promotion of fair, inclusive, and sustainable trade.

To ensure that Thailand moves forward without leaving anyone behind, the Ministry of Commerce pays particular attention to local and grassroots economic development. A key strategy is to enhance capability among micro-businesses and community enterprises and expand market opportunity through alliance networks and social enterprise. For a concrete example of the Ministry's work, one simply needs to visit one of the several "Talad Tong Chom" (must-visit markets). These are local markets which have been upgraded to highlight the unique culture and identity of the local communities they are based in. In addition, geographical indication (GI) product registration is given priority as a policy that can add value to products and generate income for local communities.

In preparing for "digital Thailand", the Ministry of Commerce is seeking to enhance the digital competitiveness of Thai SMEs and transform

them into Smart Enterprises. Start-ups and SMEs are linked together through the Ministry's Smart Start-up Projects. Furthermore, the New Economy Academy (NEA) has been established by the Ministry of Commerce as a digitally-driven and e-commerce-based knowledge centre that provides practical training and development programmes to current and aspiring entrepreneurs. Online trade and e-market platforms have never been more important, which is why we have created the website "Thaitrade.com", Thailand's premier e-marketplace connecting Thai sellers, particularly SMEs, with international buyers. In addition, the Ministry has organised extensive workshops to ensure that entrepreneurs run their online businesses with maximum efficiency.

Major legal reforms of trade and investment related laws and regulations under the purview of Ministry of Commerce have been undertaken with the aim of putting Thailand on track to achieve international standards. These include the enactment of the new Competition Act to ensure free and fair competition in the market and several amendments to the Foreign Business Act to facilitate foreign investors. In full recognition of the importance of effective intellectual property protection for an innovation-driven economy, the Copyright Right Act has been enhanced and strengthened and the Patent Act has been amended with a focus on streamlining the patent registration process. The creation of an online marketplace called an "IP Mart" and an e-filing system for the application and examination of patents and trademarks, and accession to the Madrid Protocol on Trademarks since November 2017 are examples of the meaningful steps the Ministry of Commerce has taken in this vital area to support *Thailand 4.0*.

While there is still much more to be done, some of our efforts have already paid off. In the World Bank's ease of doing business ranking for 2018, Thailand stands in 26th place, having leapt from the 46th place in the previous year.

With wide-ranging and far-reaching reforms guided by a vision for the future that is nothing short of bold and ambitious, we are confident that Thailand will be successful in its transformation towards version 4.0.

International Trade and Thailand-UK relations

The Ministry of Commerce has been at the forefront in pushing ahead with negotiations on

free-trade agreements as well as pursuing strategic partnerships with various key trade and investment partners to develop mutually beneficial relationships and enhance economic opportunities abroad. In light of this, Thailand sees great potential in the warm and long-standing ties it has with the UK as one of its largest trading partners in Europe. Last year's value of bilateral trade amounted to US\$7,019 million, growing almost twenty per cent from the previous year. The markets of the UK and Thailand hold great potential for each other. There is also much high-value investment between the two countries. The UK's direct investment in Thailand in the past decade amounted to over US\$18 billion. Thailand, meanwhile, is an emerging and dynamic investor in the UK in areas ranging from restaurants to Premier League football clubs, with direct investment from Thailand in the UK for past 12 years valued at US\$9.165 billion. British companies have long contributed significantly to the Thai economy.

The UK-Thailand bilateral economic relationship stands to gain immensely from the aforementioned *Thailand 4.0* policy. The policy has unleashed new trade and investment opportunities, particularly in the areas of innovation and high technology in which the UK is world-renowned. There is definitely much potential for cooperation to be taken to the next level.

Meanwhile, the Thai-UK Business Leadership Council (TUBLC), a private sector group, launched in 2016, is working eagerly to identify potential business opportunities and partnerships in the two countries. Given the strong foundation on which Thai-UK cooperation can be further built upon, the future looks set to hold many great things for the two countries. 

In the World Bank's ease of doing business ranking for 2018, Thailand is in 26th place

HE Somkid Jatusripitak, Deputy Prime Minister of the Kingdom of Thailand at the Grand Opening of the New Economy Academy

