



Trade Digest

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World Bank Identifies Human Capital as Key to Thailand's Growth and Equality

The latest edition of The Thailand Economic Monitor published by the World Bank in January 2019 analyzes the country's economic performance, competitiveness, and challenges. The 2019 edition focuses on challenges and opportunities in enhancing human capital and reducing inequality.

Even though the world has experienced elevated economic tension from the China-US trade dispute, the Thai economy has remained resilient with 4.1 percent expansion in 2018. The report also suggests that, despite external factors, the Thai economy is projected to grow by 3.8 percent in 2019 and 3.9 percent in 2020 due to strong domestic demand. This is against envisaged global growth of 2.9 percent in 2019 and 2.8 in 2020-21. The report also indicates that domestic consumption in Thailand expanded by 5 percent in the third quarter of 2018, marking the highest growth rate in 22 quarters.

Apart from the overall economic projection, the report identifies the main challenges, suggesting that inequality remains a significant issue in Thailand and should become a national priority. In addition, the report refers to the Human Capital Index (HCI) as Thailand scored 0.6 out of a possible 1.0, implying that a child born in Thailand today will only be 60% as productive as a future worker with a complete education and full health. In comparison, Thailand's HCI score exceeds the global average at 0.57, reflecting the country's performance in five factors of the HCI: child survival, school enrollment, quality of learning, healthy growth, and adult survival.

Even though Thailand's HCI score is above the global average, there are two main challenges highlighted by the report: adult survival rates and inferior quality of education. The report points out that Thailand's survival rate in adults age 15-60 is lower than in half of the measured countries worldwide. Furthermore, the quality of education also needs to be improved as the report suggests that approximately 1 million poor children are suffering from inferior education.

To improve the condition of Thailand's human capital, the World Bank suggests that the country focus on improving school-based management as well as on increasing efficiency in public education expenditure. For adult survival rates, Thailand should promote a healthier solution through prevention and reducing risk factors.

EU Announces the Lifting of the Thai Fisheries' Yellow Card

The EU Commissioner for Environment, Maritime Affairs and Fisheries of the European Commission has delisted Thailand from the group of countries to have received a warning in recognition of Thailand's substantive progress in tackling illegal, unreported and unregulated (IUU) fishing.

The European commission acknowledged that Thailand had successfully addressed the shortcomings in its fisheries' legal and administrative systems. Accordingly, it was formally announced on 8 January 2019 that the yellow card in place since April 2015 as a warning that the country was not tackling its unregulated, illegal and unreported fishing was finally being lifted. The decision reverses the first step of a process that could have led to a complete import ban of marine fisheries products into the EU from Thailand.

The yellow card issued by the EU prompted Thailand to improve its fishing industry to meet international standards. Since the issuance of Thailand's yellow card in 2015, the commission and Thailand have engaged in a constructive process of cooperation and dialogue. The implemented measures along the process include Thailand amending its fisheries' legal framework to bring it in line with international law of the sea instruments; reinforcing compliance with its obligations as a flag, port, coastal and market state, including clear definitions in its legislation and the setting up of a deterrent regime of sanctions; and reinforcing the mechanisms of control of the national fishing fleet and enhancing its monitoring, control and surveillance systems. These have resulted in a major upgrade of Thai fisheries governance, in accordance with the international commitments of the country.

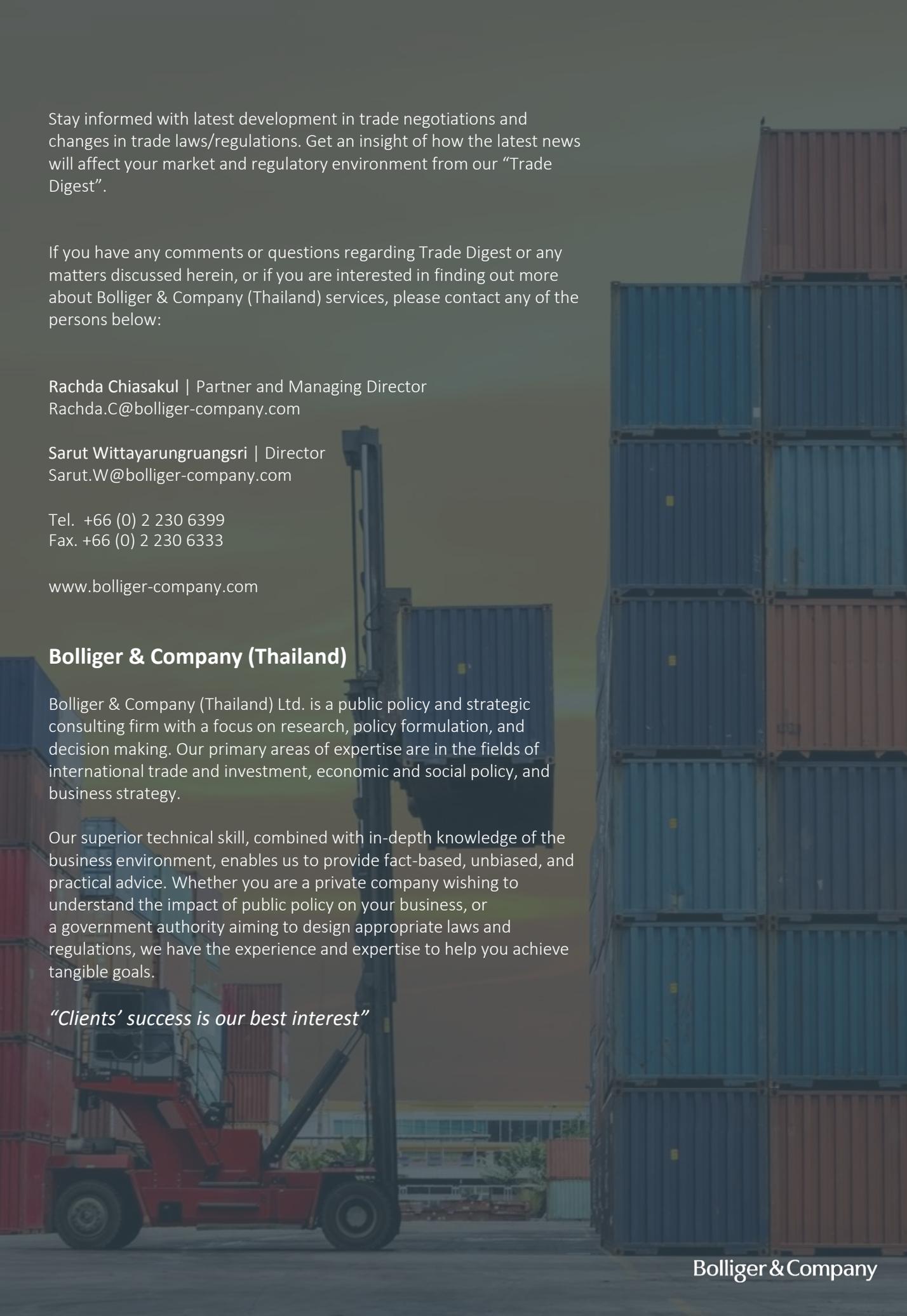


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The EU decision to lift its yellow card status on Thai fishing industry practices reflects significant progress made by the Thai government in recent years and regains the country's positive image with regard to marine food products. Obviously, the direct impact will be a boost in Thai fishery export volumes to the EU, which are expected to have an effect in the next six months to one year. The enhancement of consumer sentiment towards Thai products would also have spillover benefits in terms of opportunities in other international markets as well as other industries in the production chain.



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If you have any comments or questions regarding Trade Digest or any matters discussed herein, or if you are interested in finding out more about Bolliger & Company (Thailand) services, please contact any of the persons below:

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