

Trade Digest

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Thai Economy Set for Stronger Growth in 2018

According to the World Bank's Thailand Economic Monitor Report, Thailand's economy is expected to increase by 4.1% this year, its fastest growth since 2012.

In the latest edition of the bi-annual Thailand Economic Monitor Report released on 9 April 2018, it was reported that the country's economic recovery is expanding in 2018, with economic growth exceeding 4% this year for the first time since 2012, up from the 3.6% predicted last August. While rapid export growth continues to fuel the country's economy, an increase in capacity utilization and acceleration in capital goods imports suggest a domestic demand recovery.

Ulrich Zachau, World Bank Director for Regional Partnerships Thailand and Malaysia, observed that with its structural reforms, Thailand has the potential to increase productivity and grow faster. He stated that education, skill reform, infrastructure investment, and increasing competition, particularly in the service sector, will be keys for boosting innovation and lifting the country onto a new path of higher long-term growth. He also highlighted the importance of innovation for productivity and long-term growth. Ranked 52nd out of 128 nations in the 2017 Global Innovation Index, Thailand today has the opportunity to attract entrepreneurs and innovative investment within the country through its innovation-friendly policies.

In addition, The World Bank also listed Thailand's priority areas for implementation, including strengthening its competition policy, opening and liberalizing services, establishing a national data strategy, improving intellectual property rights, and continuing skills reforms.

Mexico to Forge Closer Cooperation with Thailand

Acknowledging Asia's growing economies, Mexico has expressed its desire to use Thailand as a gateway to Asia and forge closer ties in food, bioeconomy, automotive, medical and pharmaceuticals sectors through investment in the Eastern Economic

Corridor (EEC). According to H.E. Mr. Jaime Virgilio Nualart Sanchez, Mexico's Ambassador to Thailand, Mexico has already established a consulate in Rayong, one of the three EEC provinces, and the country aims to seek further collaboration with Thailand.

After meeting with Mexico's Ambassador to Thailand on 20 April 2018, Mr. Kobsak Pootrakool, Minister attached to the Prime Minister's Office, welcomed Mexico's interest, pointing out that many companies with a Mexican interest are already located in Thailand, including Metalsa Thailand Co, a maker of truck parts; Kid Edutainment Holding Thailand Co, a learning center for children; Cosmocel Thailand Ltd, a fertilizer vender; Hyperbaric Services Thailand Co, which sells diving equipment; and Cemex Thailand Co, a cement maker. Having expressed significant interest in cooperating with Thailand, Mexico expects the economic collaboration to progress further in the near future, said Mr. Nualart.

Thailand, likewise, aims to use Mexico as a gateway to Latin America, especially the members of the Pacific Alliance, a Latin American trade bloc comprised of Chile, Colombia, Mexico and Peru, all of which border the Pacific Ocean. In January 2018, several Thai firms already invested in Mexico, including Indorama Ventures Plc and PPT Exploration and Production Plc, which won an oil field concession in Veracruz.

Moreover, Thailand may seek Mexico's support in understanding more of and potentially participating in the Comprehensive and Progressive Agreement for the Trans-Pacific Partnership (CPTPP), a newly formed bloc of the eleven Pacific Rim nations that excludes the United States. After the United States withdrew from the previous TPP deal in January 2017, the agreement was revised and signed on 8 March 2018 by the eleven Pacific Rim countries, which are Singapore, Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru and Vietnam.

In conclusion, Mexico is forging closer ties with Thailand, which it plans to use as a gateway to Asia with preferential market entry into China, India, and the members of the Association of Southeast Asian Nations (ASEAN). The cooperation between the two countries can be an effective tool to strengthen and accelerate economic development for both countries.

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Jack Ma Signs Four MoUs with Thailand on EEC investment

Alibaba Group Chairman, Jack Ma, and a group of the company's executives visited Prime Minister Gen Prayut Chan-o-cha at the Government House in Bangkok on Thursday April 19, 2018 to sign four memorandum of understanding (MoUs) on investment and development projects.

The 4 MoUs signed with the Ministry of Industry include:

1. MoU on an 11-billion baht investment project for the setting up of a smart digital hub in the Eastern Economic Corridor (EEC) to facilitate trade between Thailand, China, Laos, Myanmar, Cambodia and Vietnam. The center will use Alibaba's logistics information technology which will help in the shipment of products between Thailand and China and the rest of the world. It is expected that the project will hugely benefit Thai SMEs, give them increased access to the regional market.
2. MoU on personnel development in the fields of e-Commerce with Alibaba joining its Thai counterparts in the development of talented people in e-Commerce. The Alibaba Group will work with the Department of Industrial Promotion and the Department of International Trade Promotion to provide e-Commerce knowledge to Thai entrepreneurs.
3. MoU on skill development in e-Commerce for Thai SMEs and startups. The Alibaba Group and the Ministry of Industry will work together to launch a digital e-Commerce skills development program to raise the competitiveness of those running startup companies as well as SMEs.
4. MoU on cooperation with the Tourism Authority of Thailand to set up an online tourism platform to promote both major and minor tourist destinations across Thailand.

To sum up, it is expected that such investment in building a smart digital hub center will help facilitate logistics with the expectation of better serving shipments between Thailand and China, as well as border trade with Cambodia, Laos, Myanmar and Vietnam. Also, running schools for e-Commerce development will help Thai SMEs and rural entrepreneurs improve their skills and competitiveness. Regarding online tourism platform, Alibaba's collaboration with Thailand will further promote less popular travel destinations of Thailand to Chinese tourists.

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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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