

# Trade Digest

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## Data Value Chain: a lucrative opportunity for Asia and Thailand

As countries around the world adapt to digital disruption, the digital economy becomes an increasingly crucial development area for the governments of many countries, including Thailand. Earlier this month, the United Nations Conference on Trade and Development (UNCTAD) launched the Digital Economy Report (DER) to examine the scope of value creation and report on the current situation of the digital economy in developing countries.

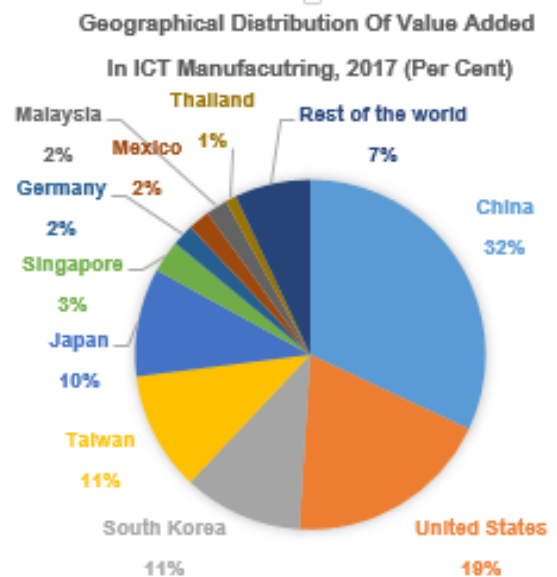
On a global scale, the report shows that the world has undergone a rapid evolution as evidenced by the growth of the Global Internet protocol (IP) traffic from about 100 gigabytes (GB) per day in 1992 to more than 45,000 GB per second in 2017. The report also predicts that by 2022, the global IP traffic will be more than 150,700 GB per second due to the increase of internet penetration and higher adoption of Internet of things (IoT) technology.

With more traffic taking place online, digital data and information have become a valuable economic resource for development, leading to an entirely new “data value chain.” Unlike the traditional economic value creation which focuses mainly on production and distribution, the digital economy and data value chain rely on two main drivers: platformization and monetization. With the changing nature of value creation, businesses are competing beyond collecting and analyzing data. In fact, the ultimate end of the data value chain is to gain “digital intelligence” which will help inform business owners in their decision-making and innovation efforts.

Apart from introducing a new value creation model in the digital economy, the DER report also includes its evaluation of measuring value in the digital economy to understand the global value chains that relate to the digital economy. The report

estimates that the size of the global digital economy to be worth anywhere from 4.5 to 15.5 percent of the world GDP, depending on the definition, while global employment in the ICT sector also experienced an increase from 34 million in 2010 to more than 39 million in 2015.

One of the key indicators for measuring the value of the digital economy is the value added in ICT manufacturing. As global ICT manufacturing is highly concentrated, 10 economies contributed to more than 93 percent of the total global value added in ICT manufacturing. Among these 10 economies are 7 Asian countries, with China, South Korea, Taiwan, Japan, Singapore, Malaysia, and Thailand accounting for 70 percent of the global value chains related to electronics.



Source: Digital Economy Report, UNCTAD

For Thailand, the country holds around 1 percent of the global distribution of value added in ICT manufacturing in 2017. The country also ranks among the top 10 economies with the highest value added in ICT manufacturing as a share of its GDP, with more than 2 percent contributing from the ICT sector. Meanwhile, the country's digital ranking also



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improved in 2018 as Thailand was placed 39th out of 63 countries by the IMD World Digital Competitiveness Ranking. Mobile broadband subscribers, banking and financial services and high-tech exports (%) are Thailand's main strengths with the country ranked 3rd, the 11th, and the 13th respectively.

Under the Thailand Digital Economy and Society Development Plan, the country aims to develop its digital economy through four phases: Digital Foundation; Digital Thailand: Inclusion; Digital Thailand: Full Transformation; and Global Digital Leadership. Looking at the long-term view, Thailand hopes to become a developed nation within 20 years, with key strengths in the digital economy and innovation.

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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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