

## Thailand Driven by New Hopes



Thai authorities and top-notch business executives are bullish on the post-pandemic economic outlook, driven by signs of recovery in exports and tourism, and new economic directions that will push Thailand towards new chapters in a sustainable manner.

At “Thailand Focus 2022: The New Hope,” the annual flagship event recently organized by the Stock Exchange of Thailand (SET), Minister of Finance Arkhom Termpittayapaisith, Bank of Thailand Governor Dr. Sethaput Suthiwartnarueput, and leading business executives took the stage to create confidence in Thailand's economy. The event was attended by 154 international investors from 71 institutions.

**SET President Dr. Pakorn Peetathawatchai** said in his welcome remarks that this year’s event demonstrated the resilience of the Thai economy and capital market in withstanding challenges, successfully recovering from the pandemic, and adapting to new opportunities. New businesses for the new economy and global trends are created as all have learned lessons and adapted with sustainability principles in mind.

In the opening speech titled “Thailand’s Economic Reopening and Enhancing Competitive Advantage”, Minister Arkhom stressed Thailand’s economic resilience despite the COVID-19 pandemic and geopolitical tensions that push up commodity prices.

“Despite fears of world recession, our economy will remain strong with stability, both fiscal and financial,” he said, adding there is an ample room for more stimulus measures and transform the economy in the post-pandemic era.

As of June, Thailand's public debts stood at 61.06 percent of GDP, well below the 70 percent ceiling. As a plus, borrowing cost remains historically low, facilitating the government in financing the debt.

**Minister Arkhom** pointed out the opportunities to adjust policies to address social disparity and climate change impacts. More focus has been put to transform the economy to be more inclusive, balanced, and environmental-friendly, with Bio-Circular-Green Economy (BCG) and commitment to achieve net zero emissions by 2065 at the center.

To create more growth in the future, the government will emphasize four areas: 1) continuous investment in physical and non-physical infrastructure; 2) acceleration of Eastern Economic Corridor (EEC) with private sector participation; 3) green growth in all sectors; and 4) financial resources mobilization.

In his keynote address "Normalizing Policy to Ensure a Smooth Take-off", **Governor Sethaput** stressed the need for "gradual and measured" approach based on holistic and integrated monetary and financial policies, under the policy objective to ensure a smooth takeoff and prevent risks that come along the way.

"By "gradual", we don't see the need to undertake aggressive rate or large rate hike in policy meetings. It doesn't fit with our circumstances. It doesn't fit with our conditions. "Measured" means policy decision will be calibrated given the economic conditions that prevail at the time," he said.

Meanwhile, inflation is high and expected to remain well above the target until the middle of next year.

Governor Sethaput said that the monetary policy is not behind the curve. Specifically, the Monetary Policy Committee (MPC) raised the interest rate even when the economy had not yet returned to the pre-COVID level earlier than most countries. Moreover, inflation was totally driven by supply side constraints not demand side pressure, indicating a low chance of wage price spiral.

"Aggressive rate hikes, rapid normalization might make sense in some countries. But the right policy response is country specific and should reflect the nature of inflation in the country, the cyclical position of the country, where you are in the economic cycle, and the structural features of the economy," he concluded.

**Bangkok Governor Dr. Chadchart Sittipunt** gave a speech on "Reopening Bangkok", where he elaborated the policies that will make the capital city more attractive for both residents, investors and visitors.

He said that Bangkok is a wise choice to locate businesses, given its low cost of living compared to some Asian cities, greater mobility, multicultural society and long history that will support work-life balance, as well as other supporting facilities. He vowed to increase green space and deal with corruption and problematic business procedures. New towns linking Bangkok and EEC are envisioned to reap EEC benefits.

### **“Strengthening Thailand Investment Opportunities in Strategic Industries” panel**

**Dr. Ratchanee Wattanawisitporn, Executive Director of Foreign Investment Marketing Division, Board of Investment**, elaborated more on BCG model designed to be Thailand’s main economic base that will create unlimited opportunities and generate USD 120.81 billion (THB 4.4 trillion) over the next 6 years. Electric vehicle (EV) is another focus area, with the 30:30 EV Vision to achieve 30 percent of EV production in 2030.

**Federation of Thai Industries (FTI) Vice Chairman Wiwat Hemmondharop** said that the FTI eyes strengthening the economy by leveraging industrial knowhow to lift the agricultural sector to another level. The sector contributes 10 percent of GDP but employs 22 percent of labor force, while the industrial sector contributes 32 percent of GDP and employs 30 percent of labor force.

He said that agricultural products accounted for only 6 percent of Thailand’s exports but the sector shows opportunities thanks to plant varieties, while Thai manufacturers are crossing over to next-gen industries that include S-Curve, BCG and those dealing with climate impacts.

Thai industrialists are also eager to see Thailand as the center of EV production and see huge opportunities arising from BCG, electronics, medical tourism and robotics.

**Frasers Property (Thailand) Country Chief Executive Officer Thanapol Sirithanachai** said that due to the Zero-COVID policy in China, Chinese investors are moving out to find location that can support their supply chain. Thailand comes third in terms of warehouse location after Singapore and the US, and co-chain facilities that incorporate robotics and house canteen and sport facility are drawing these investors.

### **“Dynamic Growth in the Global Food Tech Industry” panel**

**Charoen Pokphand Foods plc (CPF) Chief Executive Officer Prasit Boondoungprasert** emphasized the need for food companies to embrace technology and innovation, as that will redefine the industry and ensure sufficient food for global population.

“The only way to remain competitive is to adopt all technology and innovations available.... Personally, I think we can feed them all because of technological and genetic improvement,” he said.

**Betagro pcl Chief Executive and President Vasit Taepaisitphongse** said that his business group has adopted IoT in the upper value chain and robotics in various stages, which supports production, ensures safety and prevents disease transmission. Betagro is exploring new applicable technology and anticipates the application of more agricultural biotechnology that supports molecular markers, molecular diagnostics and others.

“All consumers want food safety and transparency. And blockchain and other innovations can add value to our value chain,” he said.

**Mega Lifesciences pcl (MEGA) Chief Executive Officer Vivek Dhawan** pointed out that all consumers’ concerns about climate and food especially when global population lives longer and non-communicable diseases remain life-threatening as ever. As consumers are concerned about animal health and their own health, that paves way for plant-based food and other products that will make them healthy and are better for the environment.

### **"Thailand-Destination of Living" panel**

**Tourism Authority of Thailand Deputy Governor Siripakorn Cheawsamoot** said that Thailand redefined its position to focus more on high-value tourists rather than arrivals. The new tourism ecosystems are to ensure Thailand’s tourism receipts will reach USD 41.19 billion (THB1.5 trillion) from 7-10 million tourists in 2022, compared to USD 82.37 billion (THB 3 trillion) from 3.2 million tourists in 2019.

The tourist numbers are expected to hit 20 million in 2023 who will generate USD 65.90 billion (THB 2.4 trillion); and 25 million in 2024 or 64 percent of pre-COVID level who will generate USD 82.37 billion (THB 3 trillion).

The “Amazing New Chapters” campaign is planned for 2022-2023, highlighting 5F (including food, festival and films) and 4M (including music and museum), to promote both short-haul and long-haul tourism. “Everything in Thailand has improved after COVID. From A-Z, Thailand has it all.”

**Origin Property pcl (ORI) Chief Executive Officer Peerapong Jaroon-Ek** agreed that Thailand has good food, low cost of living, affordable property prices and very high-standard healthcare.

“These can be selling points for a global retirement center,” he said.

He said that if Thailand wants to remain the top choice, it should upgrade advanced technology facilities, enhance worker skills, enable service quality to meet world-class standards, and launch policies that will drive demand.

**Bangkok Dusit Medical Services pcl (BDMS) President Poramaporn Prasarttong-osoth** foresees a bright future of medical tourism. In the global stage, Thailand is ranked the third with US\$600 million revenue in 2020. Though the pandemic introduced new services like teleconsultation and homecare, it raises awareness in wellness.

“Wellness involves real estate, homecare and nutrition. Thailand shows opportunities in all these angles.”

**Digital Council Thailand Director Atip Asvanund** sees Thailand as a new destination for professional expats following the 10-year waiver of capital gains tax for startups that will draw back startups from Singapore as well as the 10-year Long Term Resident Visa. Good news is the government is working on incentives to draw freelance workers.

“The only problem is how we can bring expats with digital skills. These policies really help foreigners who want to work in Thailand and Thai professionals who work for a foreign company in a foreign country.”

### “Delivery of Sustainable Growth with Innovation” panel

**Bangchak Corporation plc (BCP) President and Group Chief Executive Officer Chaiwat Kovavisarach** said that BCP sets the goal to achieve carbon neutrality in 2030 and Net Zero emissions in 2050. To get there, the government is urged to give a push, by expediting green transition, capping on carbon emissions from heavy emitters, diverting fund to frontier renewable technology and standardizing carbon certification.

He added that the energy sector is facing the trilemma concerning the issues of security, affordability and sustainability. In this scenario, BCP sets to be more active in EV charging stations, which are now more than 100 in provinces. It has started bio-based production, community-styled service stations and an electric motorcycle swap scheme targeting 2,000 users in Bangkok this year. These “new economies” are expected to contribute a half of EBITDA in 2030 from one third at present.

**SCG Packaging plc (SCGP) Chief Executive Officer Wichan Jitpukdee** said that the company has the “ESG 4 Plus” pathway to Net Zero emissions in 2050 that requires the company to achieve Net Zero in 2050, go green with products containing recyclable contents, reskill workforce, embrace collaboration with other partners, and as a plus gain trust through transparency in overall operations.

ESG is the heart of SCGP Business Circular Model, resulting in 99 percent of products being recyclable, composable and reusable. With 145 partners, used packaging is collected at 480 drop points and remanufactured. The company is also influencing others through “Community Love Waste” Project, engaging 67 communities in waste segregation and setting the target to achieve 100 percent recyclability in 2025.

**Gulf Energy Development plc (GULF) Chief Executive Officer Sarath Ratanavadi** said that for sustainability, the company has decided to diversify into infrastructure business. It is taking over a telecom company to gain access to data out of a belief that digitalization will be part of the future as it has been influencing the energy sector in various ways including the calculation of wind turbine sizes.

GULF may engage with Blockchain technology or partner with a crypto currency company, as they may play a significant role in the development of future technology. The firm has also invested in venture capitals across the world, focusing on energy and technology.

“We have to try to find the balance between the traditional world, the new world and the future world,” he said, adding that otherwise, the company probably cannot catch up with changes that are fast.