



THAILAND ROADMAP...TO ASEAN COMMUNITY

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THAMMASAT FACULTY OF ECONOMICS, THA PRA CHAN

ASEAN Charter
The motto of ASEAN is
"One Vision, One Identity, One Community".

ASEAN Community

APSC Blueprint

Political Development,
Protection and
Promotion of Human
Right, Cohesive,
Peaceful and Resilient
Region

AEC Blueprint

Single Market and
Production Base,
Competitive Economic
Region, Equitable Economic
Development and Integration
to the Global Economy

ASCC Blueprint

Human Development,
Social Welfare, Poverty
Alleviation, ASEAN
Identity Building,
Environmental
Sustainability

Master Plan on ASEAN Connectivity (MPAC)

Physical Connectivity

- Land, Maritime and Air Infrastructure Development
- ICT
- Energy

Institutional Connectivity

- Free flow of goods, service, and investment
- Transport Facilitation
- Free Flow of Skilled Labor and Human Resource Development
- Cross Border Procedures

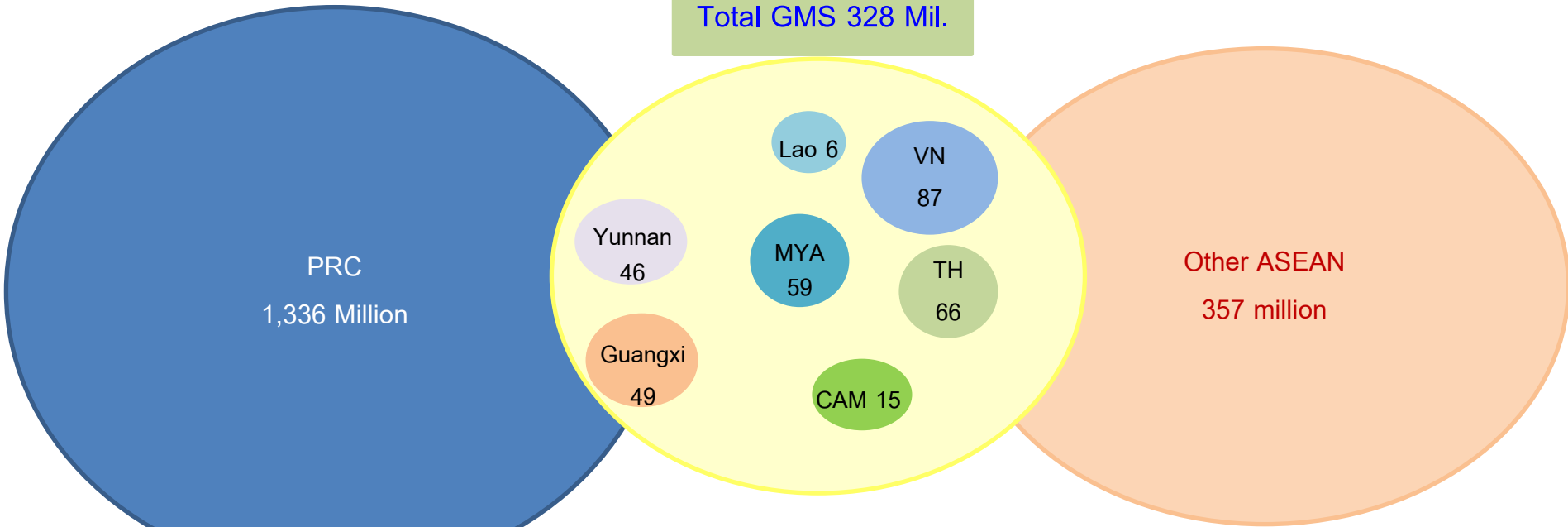
People to People Connectivity

- Education and Culture
- Tourisms

Population of ASEAN: Sizable Market

Almost 600 Million People

Total GMS 328 Mil.



AEC ...becoming a “Common Market and Integrated Production Base”

Encourage but protect the intra-ASEAN investment under the National Treatment

Trade-Related Tax Reduction to 0% in 2010, and 2015 for CLMV countries



Early Liberalization of Services Industry, 4 categories (e-ASEAN, health, tourism, logistics)

Capital markets linkage
- Bond Market
Development – Capital Account Liberalization

MRA was officially signed for 7 categories of profession (engineer, nurse, architect, explorer, medicine, dentist, and accountant)

The advantages of AEC for Thailand

- Geographically, Thailand is in the center of ASEAN, its location is close to most ASEAN member countries.
- In recent years, ASEAN becomes more important for Thailand in terms of trade, investment and tourism.



- Trade Liberalization among the member countries of ASEAN, makes ASEAN No. 1 export market for Thailand since 2002, and Thailand's second largest import market since 1997 (only second to Japan). Thailand has have a trade surplus with ASEAN since 1993.
- Foreign Direct Investment (FDI) from ASEAN is accounted for 20 percent of total FDI
- Number of ASEAN tourists travelling to Thailand is accounted for 30 percent of total foreign tourists (Malaysian tourist is the highest).



→ Shared resources/ trade partnership leads to cost reduction.

Advantages of AEC for Thailand



..Thailand in the center of ASEAN...

| Country | GDP (Mil USD) | Country | Income per head (USD) | Country | FDI inflow (Mil USD) |
|--------------------|----------------|--------------------|-----------------------|--------------------|----------------------|
| 1. Indonesia | 846,821 | 1. Singapore | 50,130 | 1. Singapore | 63,997 |
| 2. Thailand | 345,811 | 2. Brunei | 38,703 | 2. Indonesia | 19,242 |
| 3. Malaysia | 287,923 | 3. Malaysia | 9,941 | 3. Malaysia | 12,001 |
| 4. Singapore | 259,858 | 4. Thailand | 5,116 | 4. Thailand | 7,778 |
| 5. Philippines | 224,337 | 5. Indonesia | 3,563 | 5. Vietnam | 7,430 |
| ASEAN | 2,178,148 | ASEAN | 3,601 | ASEAN | 114,111 |

| Economic Linkages (2012) | % | Value/Number |
|------------------------------|-------|-----------------|
| Thailand imported from ASEAN | 16.30 | 40,357 Mil.USD |
| Thailand exporting to ASEAN | 24.70 | 56,691 Mil. USD |
| Thailand investing in ASEAN | 26 | 3,098 Mil.USD |
| ASEAN investing in Thailand | 2 | 213 Mil.USD |
| ASEAN tourists in Thailand | 28 | 6,281,153 Mil. |

Competitiveness



Middle tier and rank 4 in ASEAN after Singapore, Malaysia, Brunei

Structural Weakness



- Efficiency of private sector
- Enabling factors
- Infrastructure (transportation, S&T health, education)



Thailand Conditions Prior to ASEAN Community

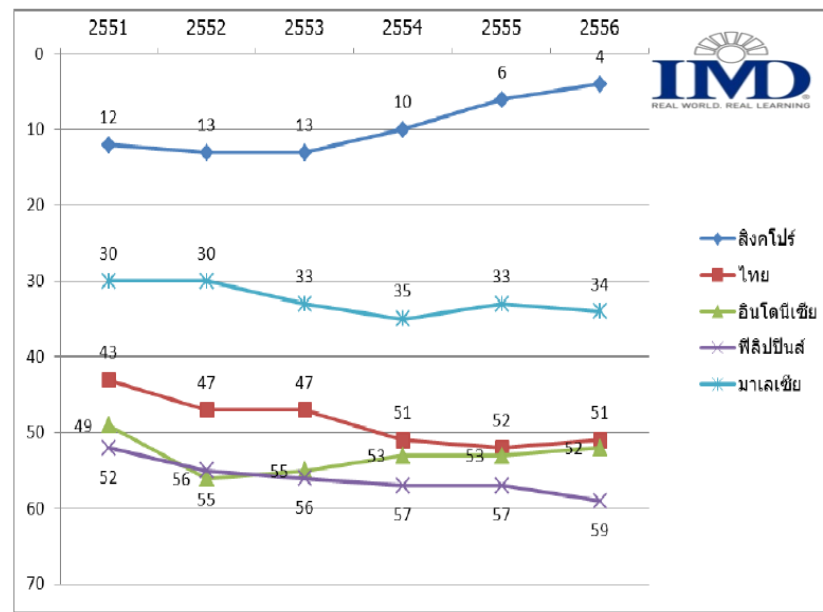
Education Quality



| Ranking | Country |
|---------|-------------|
| 3 | Singapore |
| 14 | Malaysia |
| 25 | Brunei |
| 45 | Philippines |
| 47 | Indonesia |
| 58 | Cambodia |
| 72 | Vietnam |
| 78 | Thailand |

Source : The Global Information Technology Report 2013 World Economic Forum

Comparison of International Competitiveness on Education (2008-13)



Source : IMD World Competitiveness Yearbook , 2013-2008

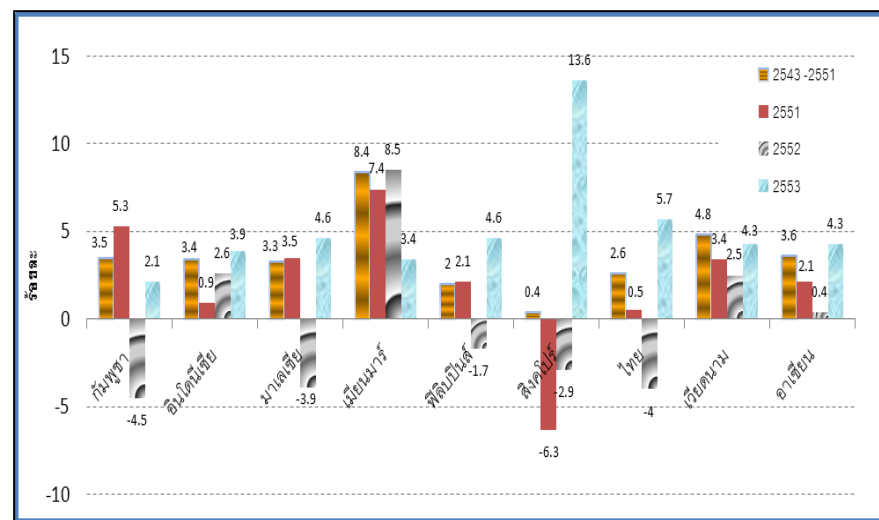
Thailand Conditions Prior to ASEAN Community (Cont.)

O-NET scores in 2012 in main subjects

| | 2012 |
|-----------------|-------|
| Grade 6 | |
| Thai | 45.68 |
| Math | 35.77 |
| English | 36.98 |
| Science | 37.46 |
| Social | 44.22 |
| Grade 9 | |
| Thai | 54.48 |
| Math | 26.95 |
| English | 28.71 |
| Science | 35.37 |
| Social | 47.12 |
| Grade 12 | |
| Thai | 47.18 |
| Math | 22.72 |
| English | 22.12 |
| Science | 33.09 |
| Social | 36.26 |

Source : Ministry of Education

Growth rate of labor productivity in 2000-2008, 2008, 2009 and 2010



Source : IMD World Competitiveness Yearbook , 2013-2008

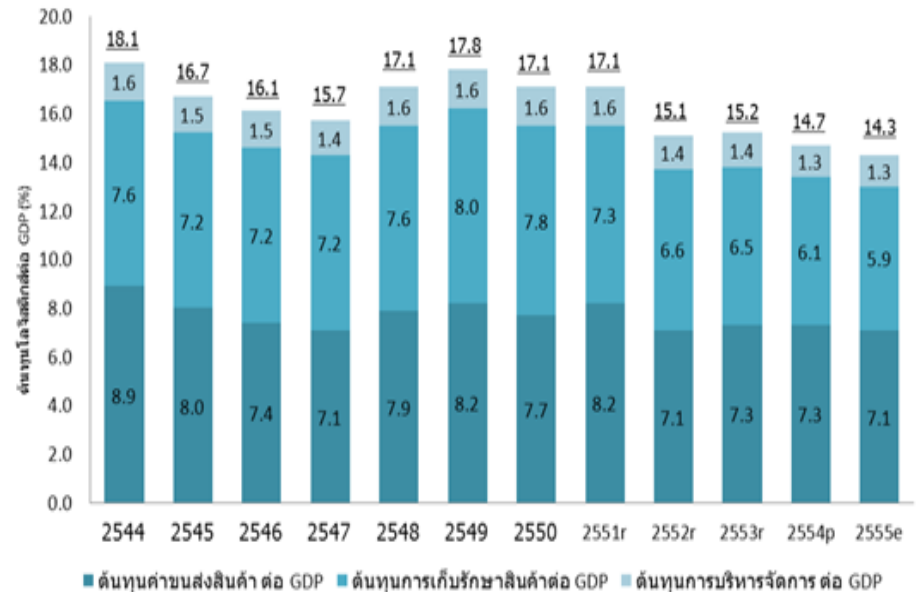
Thailand Conditions Prior to ASEAN Community (Cont.)

Proportion of population by age group in 2013

| Country | under 15 y.o. | 15-64 y.o. | above 65 y.o. |
|-----------------|---------------|-------------|---------------|
| Brunie | 25.3 | 70.7 | 4.0 |
| Cambodia | 30.1 | 65.7 | 4.2 |
| Indonesia | 26.1 | 68.1 | 5.8 |
| Laos | 32.1 | 63.9 | 4.0 |
| Malaysia | 29.1 | 65.6 | 5.3 |
| Myanmar | 24.4 | 70.3 | 5.4 |
| Philippines | 34.3 | 61.8 | 3.8 |
| Singapore | 15.6 | 73.9 | 10.5 |
| Thailand | 18.7 | 71.4 | 9.9 |
| Vietnam | 22.8 | 71.1 | 6.1 |
| Average | 26.2 | 67.9 | 5.9 |

Source : World Population Prospect, the 2010 Revision, United Nations

Ratio of logistic cost to GDP, 2011-2012



Source : NESDB

Consolidation of Country and ASEAN Strategies

Leading to 30 main development issues

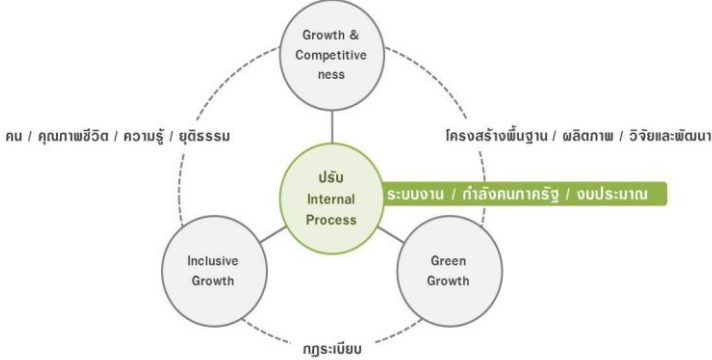


Urgent Measures

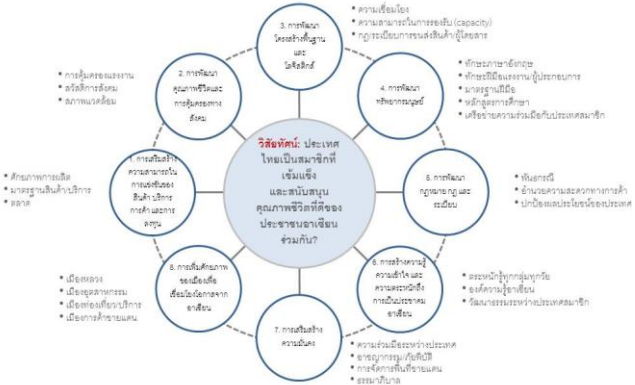
Strategic goals

- (1) Increasing revenue from existing production base
- (2) Creating new revenue from new opportunities
- (3) Enhancing production efficiency
- (4) Reducing expenses and allocation of budget in 2014

Country Strategy



ASEAN Strategy



Key Constraints and Difficulties facing by Thailand and ASEAN

For Thailand : (1) Process of legislation/law amendment (2) implementation of complex customs procedures such as ASW (3) Liberalization of trade and service and (4) Improvement of technical regulation and standard.

For ASEAN : (1) Most of ASEAN's FDI coming from non-ASEAN investors, (2) Insufficient utilization of capital markets for country development, (3) Competition among ASEAN countries in international trade



Transport & Logistics

Inefficiency of service, and its slow improvement, unclear laws and regulations



Infrastructure & International Trade

Inefficiency of border crossing points, transmodal system (road-to-rail), and cross border trade laws and regulations



Labor Productivity

Labor's constraints in skill and quality development and English language.



Social Protection

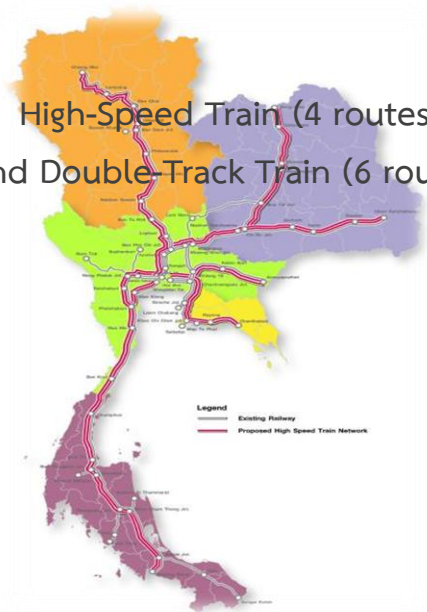
Existing regulation, policy and welfare system are not allowed illegal labor's accessibility to social protection.

Immediate Actions 2013-2015

Increase efficiency in transportation system to lower business cost,

Economic Issue : facilitate transportation of goods and people, and to improve physical connectivity between Thailand and ASEAN countries.

High-Speed Train (4 routes)
and Double-Track Train (6 routes)



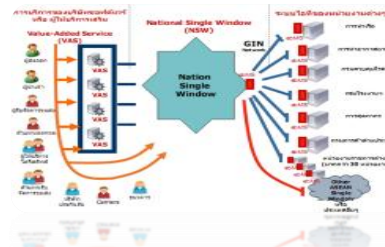
Connect domestic highways with ASEAN highway networks and construct Bang Yai-Kanchanaburi Motorway to maximize potential of Dawei-ESB corridor



Develop and upgrade all major border crossing points



Expedite full implementation of Cross Border Transport Agreement (CBTA)



Integrate National Single Window (NSW) into Government agencies' system



Enact and improve laws related to trade transport and service

Immediate Actions 2013-2015



Socio-Cultural Issues:



- Improve skills in English and other ASEAN languages.
- Pilot mutual acceptance of curriculum standard with ASEAN countries
- Enhance social protection
- Closer cooperation with other ASEAN countries in environmental management

Political Security Issues:



- Improve justice system and laws
- Promote transparency in public and private sector.
- Counter drugs problems
- Combat terrorism, crime, and illegal migration
- Apply E-Government and E-Service
- Set up ASEAN Unit and prepare for coordination with ASEAN countries

Thailand's Future after ASEAN Community

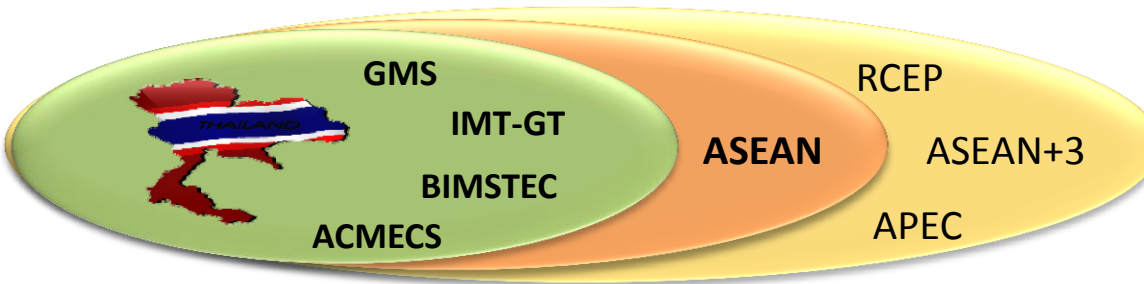




www.nesdb.go.th

Thailand's Regional Perspective

Vision: Building Economic Partnership
within the Region



Goal:

1. Strengthening role of Thailand in regional trade and investment
2. Increasing cross border trade and investment from Thailand to neighboring countries up to 15% (Trade) and 10% (Investment) per year
3. Creating supply chain linkages within the region
4. Reducing domestic and international transaction cost and improve its standard

Strategy:

1. To promote Transport and Logistics linkages at subregional level
2. To create Investment and production bases
3. To prepare for ASEAN Community
4. To build economic partnership within the region in the areas of HRD and labor movement
5. To Jointly cooperate on preventing of drugs protection, communicable diseases control, terrorism and natural disasters.
6. To promote environmental friendly cooperation activities

