
THAILAND'S NEW S-CURVE: THE POTENTIAL OF 4 EXISTING INDUSTRIES

**AN ANALYSIS USING GLOBAL
INPUT-OUTPUT TABLE**

THAILAND's NEW S-CURVE

- THAI ECONOMIC ministers will shortly embark on an international roadshow to promote foreign investment in Thailand's 10 "future" industries, according to Deputy Prime Minister Somkid Jatusripitak.
- "Next year is the year of investment. We've already provided a lot of incentives and confidence has returned due to various stimulus measures implemented in the past three months.
- "If the private sector does not invest next year, then what are you saving the money for?" Somkid asked. The Cabinet approved a list of **10 industries** as Thailand's new economic growth engines, including next-generation cars; smart electronics; affluent, medical and wellness tourism; agriculture and biotechnology; food; robotics for industry; logistics and aviation; biofuels; and biochemical, digital and medical sectors.

THAILAND's NEW S-CURVE

- The Finance Ministry is currently working on details of **extra tax and non-tax incentives** for the **10 targeted industries**. In order to attract investors, the incentives will go beyond the Board of Investment's privileges that they already receive.
- The measures could include the establishment of funds to support private investment, corporate income-tax exemption for 10-15 years and reduction or exemption from personal income tax for researchers or experts.

THAILAND's NEW S-CURVE

- **"The new economic S-curve [future industries] has been identified [for Thailand] and we will show and elaborate during the roadshow,"** Somkid said.
- Somkid said the private sector has to **invest** in order to **increase the country's competitiveness** and for gross domestic product to expand.
- He believes the economy this year **could expand more than 3 per cent** due to stimulus measures worth around Bt500 billion.
- **"If GDP is to expand by 5 per cent, the private sector must invest more than 10 per cent of GDP per year,"** he said.

THAILAND's NEW S-CURVE

INFRASTRUCTURE PROBLEM..**LOW INVESTMENT**..SLOW ECONOMIC GROWTH..UNABLE TO COMPETE

The past 10 years: low investment..hinder growth rate

Lower investment growth rate **9% → 2%**
Investment for repair or improvement...not...for building a new things

Lower rate of GDP growth **5% → 3%**
Low income and Thai's exporter competitiveness

The past 10 years: low FDI to Thailand

Share of FDI in Thailand compare to ASEAN countries from
30% → 20%
Lower 6% annually

THAILAND'S NEW S-CURVE

THAILAND'S MISSION: **INCREASE INVESTMENT 10% ANNUALLY** FOR ENHANCING POWER OF THE COUNTRY

Increase in investment 10 % → increase in GDP 5-6%

Condition

- 1) It has to be investment that double up **"create value add"**
 - Future industry (Agricultural–Industry–Service)
- 2) It has to be investment that **"generate balancing"**
 - Planning for future industry (human–environment–technology)
 - Reduce income distribution problem (expand the investment to outside Bangkok)

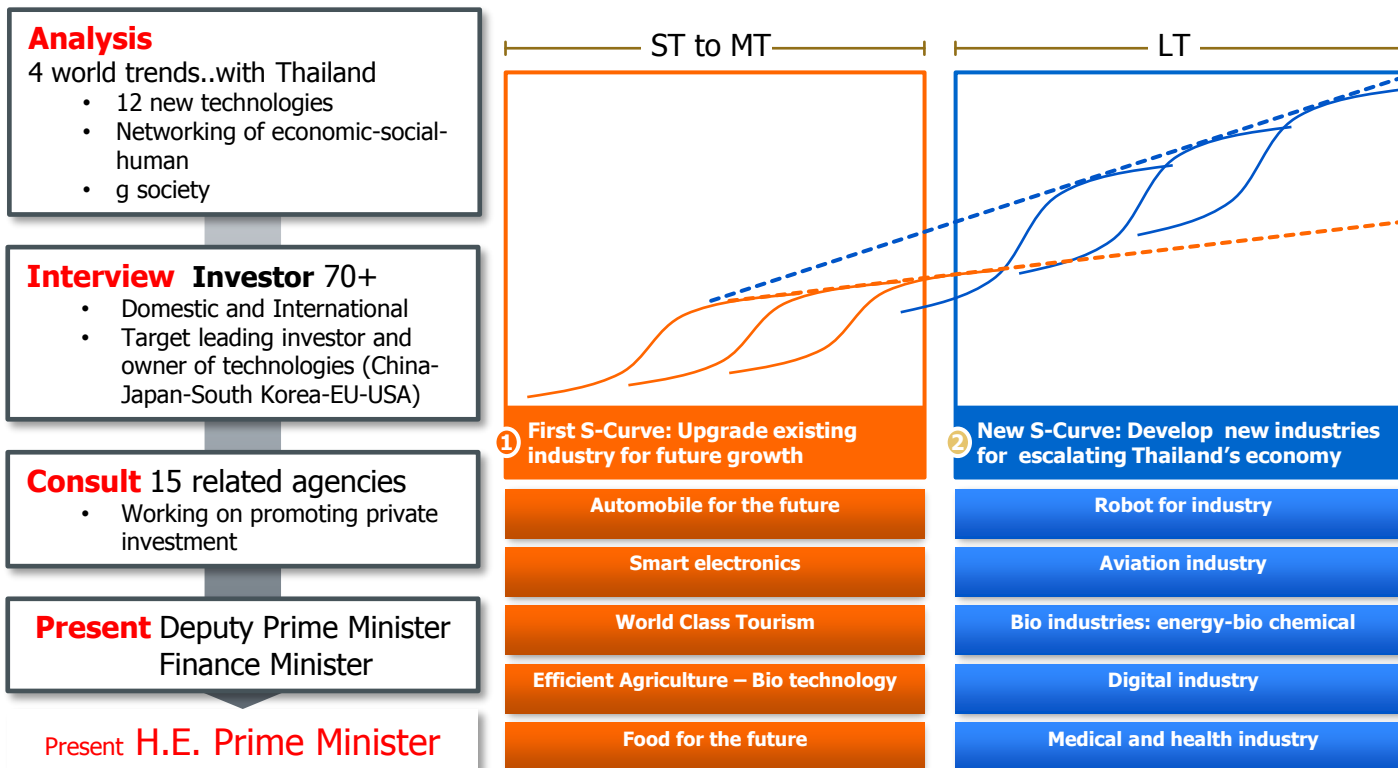
For escalating to be developed country in 2032...Thailand needs 6% GDP growth per year



Remarks: Past (2000-5) investment 1% GDP increase 0.7%
Now (2006-14) investment 1% GDP increase only 0.3%

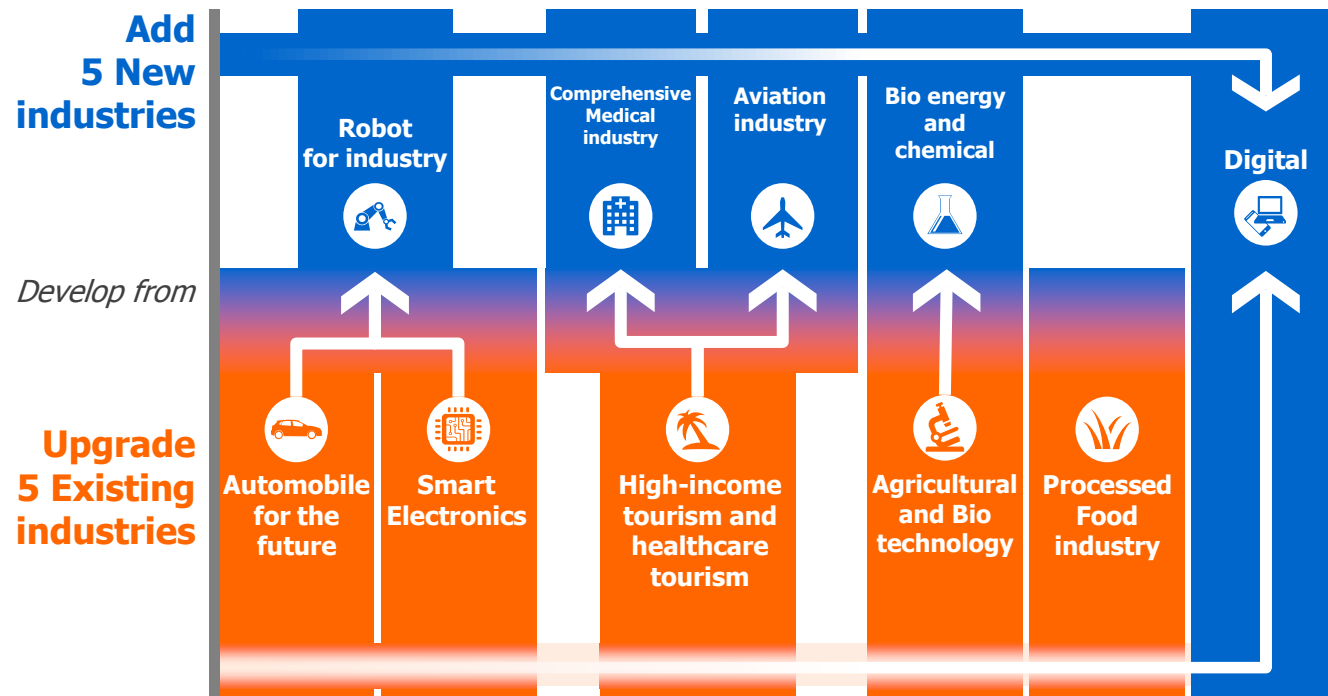
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5+5 TARGET INDUSTRIES.. **ENHANCE EXISTING 5 INDUSTRIES +NEW 5 INDUSTRIES**



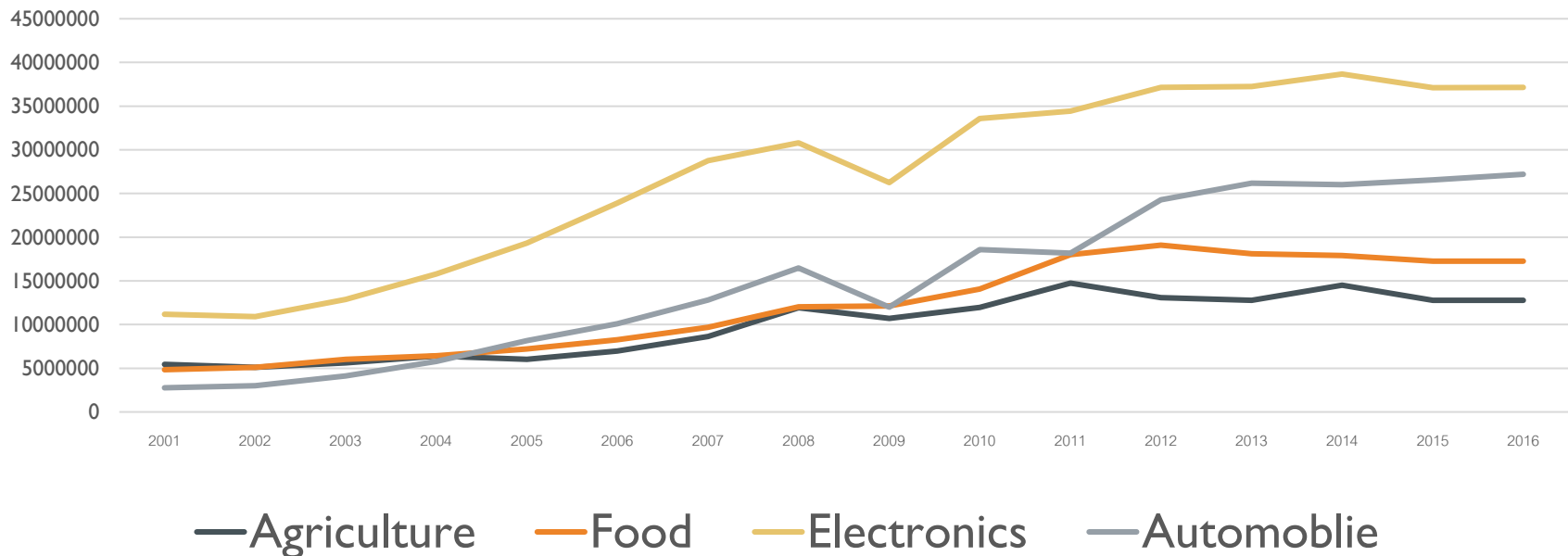
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NEW INDUSTRIES DEVELOPMENT STEMS FROM ADVANCEMENT OF THE EXISTING INDUSTRIES



THAILAND's NEW S-CURVE

Thailand's value of export (Dollars Thousand)



- **Electronics** has the largest export size in the case of Thailand.
- In 2008, there was a **global financial crisis** which cause all export of 4 sectors drop, but the volatilities are different.
- In overall sectors, the value of export are increased.

THAILAND's NEW S-CURVE

SECTORAL GDP CALCULATION

New GDP 2030, in 2014 USD mn.														Value add to gross output ratio		Indirect multiplier ²		Induced multiplier ¹	
Sectors	Baseline in 2014	Normal case from HIS in 2030			Global top decide	Indirect/Induced effect				Gross output (THB mn)	Multiplier (THB mn)	Total multiplier, USD 2005							
	Real GDP in 2014 USD mn.	Real GDP in 2014 USD mn.	CAGR 2014-2030	Real GDP 2030		Increase fr. 2014	Increase fr. 2030	Increase fr. 2030 (THB mn)	VA/ GO ratio										
Agriculture	30,697.19	43,981.51	2.27%	3.73%	33,616.99	24,464.11	11,179.78	279,583.23	X 0.39 =	463,887.67	0.40 =	184,304.44	9,765.42						
Food	15,226.95	27,404.81	3.74%	5.07%	33,616.99	18,390.04	6,212.18	155,353.82	X 0.01 =	492,795.23	0.45 =	209,156.24	13,251.22						
Mining	2,755.54	4,296.04	2.81%		4,296.04						0.68 =	337,441.40							
Oil & gas	6,874.03	3,289.69	-4.50%		3,289.69						0.40 =	196,466.39							
Textile & apparel	4,329.90	5,976.76	2.04%		5,976.76														
Chemicals	4,552.13	6,845.22	2.58%		6,845.22														
Rubber & plastic products	6,179.09	10,492.13	3.36%		10,492.13														
Mineral-based products	6,092.67	10,913.39	3.71%		10,913.39														
Basic & fabricated metals	3,493.85	6,898.44	4.34%		6,898.44														
Electronics	18,303.87	34,334.15	4.01%	6.12%	47,327.68	29,023.81	12,993.53	324,941.32	X 0.03 =	1,237,008.73	0.74 =	912,067.42	34,516.51						
Automotive	21,144.70	43,006.86	4.54%	5.99%	53,619.53	32,474.82	10,612.66	265,400.79	X 0.01 =	1,568,544.41	0.39 =	478,644.61							
Other manufacturing	4,782.93	9,541.10	4.41%		9,541.10														
Manufacturing residual	22,224.99	26,133.59	1.02%		26,133.59						0.83 =	1,303,143.62	48,507.99						
Utilities	11,662.13	20,805.03	3.68%		20,805.03						0.42 =	651,302.34							
Construction	8,852.46	17,620.55	4.40%		17,620.55														
Wholesale	31,293.38	55,074.30	3.60%		55,074.30														
Retail	11,346.09	19,481.06	3.44%		19,481.06														
Sale of motor vehicle	9,817.10	17,823.02	3.80%		17,823.02														
Transport	28,778.45	54,635.08	4.09%		54,635.08														
Finance	28,373.94	53,205.82	4.01%		53,205.82														
Public	4,825.09	10,800.54	5.17%		10,800.54														
Education	14,185.59	24,721.01	3.53%		24,721.01														
Real estate	26,686.83	48,488.26	3.80%		48,488.26														
Healthcare	5,922.63	12,465.11	4.76%		12,465.11														
Social and private household	9,484.38	18,020.54	4.09%		18,020.54														
Tourism	17,716.09	32,577.28	3.88%	5.69%	42,924.83	25,208.74	10,347.54	258,770.67	X 0.00 =	481,024.38	0.46 =	10,135.12							
Other discrepancies as a result of grouping	11,961.01	11,961.01	N/A								0.39 =	186,102.47							
Grand total	367,5563.00	630,792.31	3.43%		670,177.00														

1 From supply chain

2 From spending of employee

Source: Eastern Economic Corridor (EEC) Office

THAILAND's NEW S-CURVE

RESEARCH METHODS

We can apply analytical techniques to examine [Thailand's competitiveness](#) of [existing 4 export sectors](#) that are on the S-Curve strategy. These techniques include:

- (1) Historical trends (flows of trade)
- (2) Quadrant analysis from TradeMap
- (3) Global Backward and Forward Multipliers (comparing across years)
- (4) Local Backward and Forward Multipliers (comparing across years)
- (5) Sectors' share on GDP (comparing across years)
- (6) OECD's TiVA indicators
- (7) Economic Complexity Index (comparing across years)
- (8) Visualization obtained from Network Analysis and GePhi
- (9) Centrality indices (PageRank and Eigenvector Centrality) obtained from Network Analysis and GePhi
- (10) Other combinations of indicators or tools (e.g. quadrant analyses using combinations of other key variables)