

EE 459 : CASE ANALYSIS #1

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



Introduction



- 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.

Source: <http://www.nationmultimedia.com/business/Somkid-to-lead-roadshow-seeking-investments-in-10--30273275.html>

Introduction



- 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.

Source: <http://www.nationmultimedia.com/business/Somkid-to-lead-roadshow-seeking-investments-in-10--30273275.html>

Introduction



- **"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.

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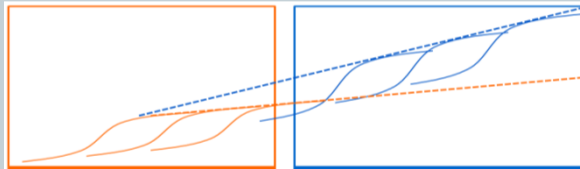
New S-Curve Industries



10 Targeted Industries and New S-Curve

Short-Run

Long-Run



- (1) **Automobile**
- (2) **Electronics**
- (3) Tourism
- (4) **Agriculture**
- (5) **Food**

- (1) Robotics
- (2) Aerospace
- (3) BioChemical
- (4) Digital Content
- (5) Healthcare

Research Questions



Task#1: Use 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 2000 and 2011)
- (4) Local Backward and Forward Multipliers (comparing 2000 and 2011)
- (5) Sectors' share on Thailand's GDP (comparing 2000 and 2011)
- (6) OECD's TiVA indicators
- (7) Economic Complexity Index
- (8) Other combinations of indicators or tools (e.g. quadrant analyses using combinations of other key variables)

Research Questions



Task#2: Use the following sets of data and tools to analyze the competitiveness of these 4 sectors in the case of Malaysia, Indonesia and Vietnam.

- (1) Historical trends (flows of trade)
- (2) Quadrant analysis from TradeMap
- (3) OECD's TiVA indicators
- (4) Economic Complexity Index
- (5) Other combinations of indicators or tools (e.g. quadrant analyses using combinations of other key variables)

Research Questions



- **Task#3:** Based on results obtained from Task #1 and #2, provide policy recommendations to the Ministry of Industry.
 - Have these 4 industries been the major growth contributors to Thai economy? Why?
 - Do Malaysia, Indonesia and Vietnam have the similar competitiveness in these 4 industries?
 - Should the government maintain their supports towards these 4 sectors? Why?