

THAILAND

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The Kingdom Maintains Its Winning Edge

As the first Asian country to establish formal diplomatic relations with the United States, the Kingdom of Thailand can now reflect on 183 years of friendship with an appreciation for the significant economic progress made despite challenging episodes in the Kingdom's history.

And as Thailand has become a reliable partner of the United States, it has also become an economic leader in Southeast Asia.

The road to progress was not smooth at first, but by the late 1980s, the country was making huge headway toward sustaining economic growth and reducing poverty. By the 1990s, the Thai economy was being hailed as one of the Asian economic tigers, together with Malaysia, Singapore, and Indonesia.

More would have undoubtedly been achieved were it not for the financial crisis that affected the region in 1997. In the aftermath of the crisis, Asian nations strengthened banking regulations, arguably more effectively than anywhere else in the world. Thailand emerged from the crisis stronger and built its reputation as the region's manufacturing center.



Don Pramudwinai, Minister of Foreign Affairs of Thailand

Amid lingering sociopolitical tensions, Thailand has remained the second-largest economy among the Association of Southeast Asian Nations (ASEAN) based on gross domestic product, and the thirtieth largest economy in the world.

"We partner in a broad range of cooperation, including military and security

cooperation, public health, education and science and technology cooperation," Minister of Foreign Affairs Don Pramudwinai said.

"What we would like to see more of is the two countries continuing to work together in areas of mutual benefit, not just for the U.S. and Thailand but also for the region, such as in military cooperation, the fight against HIV-AIDS, child and forced labor, human trafficking and education, science, technology and innovation," he added.

The Thai government looks to the next few years with great optimism, confident that its efforts will yield improved political stability and faster economic growth in the near future to the benefit of its entire people.

Building Confidence in Government

"The most important task

of this government is to restore confidence," said Minister of Commerce Apiradi Tantraporn, who admitted, however, that foreign investment had declined because of the political situation in the country.

Although exports and foreign direct investment have shrunk, the government remains resolute in stabilizing the economic and political climate in the country. "Since we took office during the second half of 2015, the national legislative office has passed 120 new reforms in order to improve the functioning of government offices and the legislature," said Tantraporn.

The government has stepped up its efforts to change the global perception of Thailand and convince multinational companies to establish their regional headquarters in the country. Last

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year, the Thailand Board of Investment approved investment applications valued at more than \$200 billion, up more than 10 percent from 2014. Although the new investments fell below target, they represent fresh ventures in advanced technologies and innovation. Those "industries of the future" fall within the new focus of the Board of Investment's cluster promotion scheme.

"Foreign direct investment is very important to Thailand, especially for high-tech products. The government is investing significantly in infrastructure to become more



Apiradi Tantraporn Minister of Commerce of Thailand

appealing to investors. To further support investment, the government is also improving taxation and speeding up the process of obtaining work permits," said Supant Mongkolsuthree, chairman of the Federation of Thai Industries (FTI). The FTI is a driving force in connecting the private and public sector. "Together with government, we are working on improving the ease of the doing business in Thailand. We support both local and foreign investors," Mongkolsuthree added.

The AEC and Beyond

The launch of the ASEAN Economic Community (AEC) at the end of 2015 ushered in a new era in the region. More than just a free trade zone, the AEC will create a single market and production base that will boost the competitiveness of its member countries.

With more than 600 million people, ASEAN's potential market is larger than that of the European Union and the North American Free Trade Area. However, there are a few hurdles that Thailand, like its other neighbors, must overcome: particularly the improvement of English skills in its local workforce and the return to democratic rule in the country.

As a founding member of the ASEAN, Thailand is expected to play a critical role in ensuring the success of the AEC. The government appears committed to this objective and the private sector has in the past few years also become an equal driving force in this ambitious project.

"I see an opportunity for the local players in Asia to connect and collaborate with the key active players. ASEAN'S activities over the next decade will enhance overall connectivity throughout the region," stressed Thapana Sirivadhanabhakdi, chief executive officer of Thai Beverage, the largest company in its sector in the country.

"In the next era, there will be more of a regional focus and better collaboration between the players and the investors. And Thailand plays a crucial role in that," Sirivadhanabhakdi added.

Thailand still enjoys a certain reputational strength. In 2015, for the fifth straight year, Bangkok was named one of the top two Global Destination Cities by MasterCard. The Thai capital and London have shared the top two spots since the annual ranking began. More direct flights to China, Japan, and India have only increased economic and investment opportunities.

"I see Thailand as an opportunity to link to the Mekong region, but that's not to say that the domestic market doesn't have potential as well. Definitely I recommend to people to invest more in this region. The demographics speak for themselves," said Jeremy King, chief executive



Thai Beverage CEO Thapana Sirivadhanabhakdi

officer of Siam Knight Fund Management Securities.

Although Singapore and Malaysia edge out their ASEAN neighbors in the latest ranking of economic competitiveness by the World Economic Forum, Thailand continues its steady rise up the table.

"If Thailand is to promote

itself as a production hub, it will bring in more investment. I also see investment in services come in. We need to get ready for this, especially as a law firm, in order to manage the impact," said Florean Laurean, managing director of McWalden & Bailey, which specializes in corporate & business investment, litigation, real estate and immigration, tax & accounting, intellectual property.

"If you look at the AEC, it is creating a singular market and increasing opportunities for business. This is a huge economic integration and there will be challenges. The important thing is that this economic bloc is going to increase and sustain competitiveness (in the region)," Laurean added.

So with the right policies and continued optimism, the country may find itself very close to the top. ■

Creativity Meets Purpose

Because of its geographic location, Thailand has upheld its reputation as an economic hub in Asia for many decades. And recently, the country has made its mark around the world for its thriving creative industries, with Thai designers - from architects to fashion designers - becoming well-known names for their inventiveness.

For Design 103 Chairman Chuchawal Pringpuangkeo, fame and fortune was never his priority.

"We are not working for money. We are not working for fame. We want to build something that will fit the needs of our clients," he said.

After spending time in the United States, Pringpuangkeo realized that his skills would be utilized better back in Thailand: "I felt that people in Thailand needed my help more than in the States."

After returning to Thailand

in 1968, Pringpuangkeo opened his design firm hoping it would build the country's creative sector. Design 103 was envisioned to become more than just a consultancy but more as creative collaborators.

"We want to establish ourselves as our clients' partner; not the architect, not the designer. But, we want to be your partner. When they succeed, we succeed," said Pringpuangkeo.

As a one-stop creative service, Design 103 looks toward the future with much optimism. As ASEAN launched its Economic Community at the start of this year, Design 103 is excited over opportunities to work with clients around Southeast Asia as the firm strives to become the No. 1 design firm in Thailand and the ASEAN region. ■

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