THAILAND 4.0 AND ECONOMIC COOPERATION WITH CHINA

SOMSAK TAMBUNLERTCHAI, PH.D.

The Sixth Thai-Chinese Strategic Research Seminar
Xiamen, China

November 8-9, 2017
Outline

• Introduction
• Thailand 4.0
• China’s Belt and Road Initiative
• Thailand-China Economic Relations
• How Cooperation with China Can Contribute to Thailand 4.0
• Concluding Remarks
Thailand 4.0

• Objectives:
  Security, Prosperity, Sustainability

• Policy:
  Move towards value and innovation-based economy
Before 1960

- Agriculture and cottage industries

Since 1960

- Industrialization based mainly on import-substitution and light industries

Around 1980 - Present

- Export-oriented and machinery-related industries

Thailand 4.0

- New model for economic development to gear the country towards long-term growth and prosperity, well-being and sustainability. Transforming all sectors of the economy to innovative- and value-based industries.
Thailand 4.0

• **Agriculture:**
  • From traditional farming to smart farming

• **Manufacturing:**
  • "Smart factories" utilizing modern technology

• **Services:**
  • High value-added services
Thailand 4.0 : Target Industries

First S-curve:
1. Next generation automotive
2. Smart electronics
3. Affluent, medical and wellness tourism
4. Agriculture and biotechnology
5. Food for the future

New S-curve:
1. Robotics
2. Aviation and logistics
3. Biofuel and petrochemicals
4. Digital industries
5. Medical hub
Thailand 4.0 : Policy Measures

- Promotion of R&D and innovation
- Promotion of domestic and foreign investment
- Creation of special economic zones (SEZs)
- Enhancing technological and human-resource capabilities
- Taking advantage of Thailand's geographical location to connect with other countries and regions of the world
Thailand 4.0 : Policy Measures

• Special Economic Zones (SEZs)
  • SEZs along the border
  • Eastern Economic Corridor (EEC): Extension of the Eastern Seaboard Development Program implemented in the 1980s

• EEC Development Plan
  • Promoting investment in industries with advanced technology
  • Upgrading infrastructures: airport, deep-sea port, railways, highways, industrial estates, etc.
Thailand 4.0 : Policy Measures

• Parallel Plans
  • 20 years National Strategic Plan (2017-2036)
  • 12th National Economic and Social Development Plan (2017-2021)

• Thailand 4.0 policies are commendable, but much effort is needed for successful implementation
Thailand 4.0: Constraints and Challenges

- Limitations on technology and manpower capabilities

- Existence of large numbers of small enterprises and farms with low technology and innovation capabilities

- Past experiences: lack of concrete measures, continuity, and coordination in policy implementation
China’s Belt and Road Initiative (BRI)

• Two major segments:
  • Silk Road Economic Belt
  • 21st Century Maritime Silk Road

• Benefits:
  • Promotion of economic growth, trade and investment, infrastructures building, connectivity and cultural exchange; enhancing better policy cooperation and coordination among countries in different parts of the world
Other Related Initiatives by China

- Asian Infrastructure Investment Bank (AIIB)
- Silk Road Fund
- New Development Bank by BRICS States

- All these initiatives are helpful in promoting world economic growth and development
BRI : Benefits to China

• More productive utilization of accumulated foreign-exchange reserves to build infrastructures, railways and other construction projects overseas

• Help to secure raw materials and to find market outlets for China's products, while also benefit other countries' economic development
BRI and the Marshall Plan

• There are differences, but

• Both are programs for win-win international cooperation

• Nonetheless, suspicions and criticisms on BRI are not lacking
Thailand-China Economic Relations

• China is Thailand's major trade and investment partner and the largest source of tourist arrivals

• There are numerous official cooperation projects, some through ASEAN, GMS platforms
How Cooperation with China Can Contribute to Thailand 4.0

• Trade, investment, tourism and economic growth

• Industrial upgrading and technology transfer

• Enhanced connectivity
How Cooperation with China Can Contribute to Thailand 4.0

- Learn from China
  - Study China's economic reform experiences e.g. rural and urban development, upgrading industrial structure

- Cooperation in science and technology, human resource development, alternative energy development, and environment protection

- China 13th Five-Year Plan and Made in China 2025 policies are worth particular attention
Concluding Remarks

• How to study China?
  • Learn from China's experiences
  • More in depth analysis of Thailand-China relations
  • Study China by province and region
  • Following China's development trends
  • Thailand needs to create more China experts and better coordinate studies on China.
• NRCT can play a role
Thank You For Your Attention!

Somsak Tambunlertchai, Ph.D.

Contact Info:
Faculty of Economics, Thammasat University, Bangkok, Thailand
somsak.tambunlertchai@gmail.com