



Huaqiao University

Does China's direct investment in Thailand promote the upgrading of Thailand's technological level?

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Outline

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- The EEC and the BRI
- The current situation of China's direct investment in Thailand
- Comparison between China and Japan on Thai Investment
- Empirical analysis
- Future prospects

Introduction

- Thailand strives to enter the 4.0 era. That is, to develop high value-added industries through innovation and technology application, and to promote the transformation and upgrading of Thailand's economy, leap over the middle-income trap and enhance competitiveness. It is "the 4.0 high value-added economic model of Thailand".

Introduction

- In the 4.0 reform, the state investment policy will be tilted to the five major fields of "core technology, talents, infrastructure, enterprises and target industries". "The ten target industry will become a new engine for Thailand's economic development." The five major industries of the new generation of automobile manufacturing, intelligent electronics, high-end tourism and medical tourism, agriculture and biotechnology, and food processing are the dominant industries in Thailand, and there are five future industries, including industrial robots, aviation and logistics, bio energy and bio chemical, digital economy, medical center.

Introduction

- In order to attract more foreign investment, the Thailand government has also announced the latest preferential policies, the eligible high-tech enterprises, such as biotechnology, nanotechnology and digital information technology, to Thailand. According to their scientific and technological levels, the maximum tax relief period for enterprise income tax can be extended from 8 years to 13 years, after maturity. It can also continue to enjoy a maximum of 10 years to pay only 50% enterprise income tax concessions.

Introduction

- With its advantageous geographical location, favorable foreign investment environment and preferential policies, Thailand has attracted a large number of Chinese enterprises to invest in Thailand. The establishment of the ASEAN community will bring a rare opportunity for the development of Chinese enterprises in the areas of tariff reduction and elimination of trade barriers. China has a broad investment prospect in Thailand, which will bring good benefits to the development of the two countries.

The EEC and the BRI

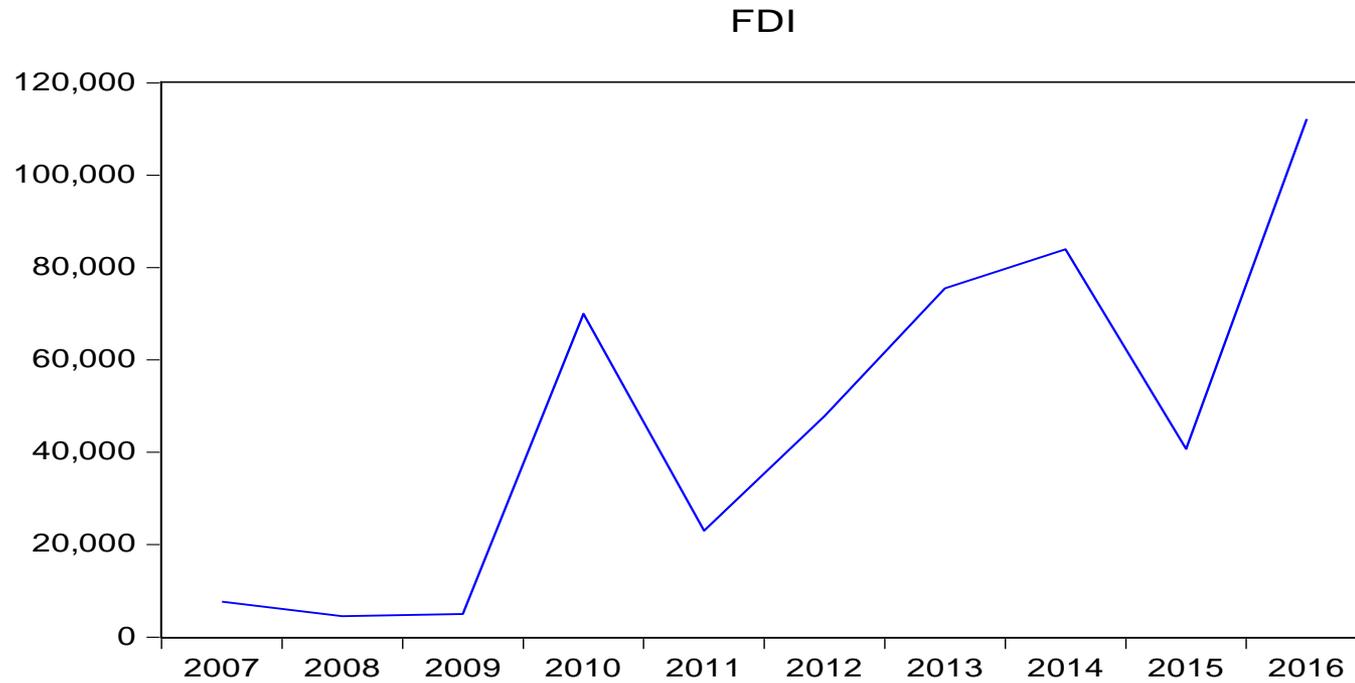
- the Eastern Economic Corridor in the east of Thailand is highly compatible with the "Belt and Road initiative," and Thailand supports the implementation of the "Belt and Road initiative." At the same time, the government of Thailand has increased its publicity along the road with the EEC. Previously, Thailand Deputy Prime Minister attended the Bangkok Hongkong Shanghai, the Bangkok Hongkong - Shanghai, the strategic partner of the region, which emphasized that through China and Thailand, the Thailand "Eastern Economic Corridor" had a connection with China, and invited entrepreneurs to invest in Thai to help the development of Thailand.

The EEC and the BRI

- 2.1 trade status and internal advantages
- 2.1.1 frequent trade contacts and obvious regional advantages

China's direct investment in Thailand has increased rapidly in terms of investment and investment. From 2007 to 2016, China's direct investment in Thailand rose from \$76 million 410 thousand to US \$1 billion 121 million 690 thousand, ranking the top twenty of regional investment. The investment industry will focus on equipment manufacturing, wholesale and retail, and financial sectors. The lower proportion of investment will have broad room for improvement.

The EEC and the BRI



The EEC and the BRI

- 2.1.2 broad prospects for the market and Thailand policy support
- Thailand has a huge demand for Chinese products. In 2013, bilateral trade between China and Thailand reached 64 billion 440 million US dollars, accounting for 13.61% of Thailand's total foreign trade.
- The government of Thailand attaches importance to the introduction of foreign capital and has issued a large number of preferential policies to attract foreign direct investment.

The EEC and the BRI

- 2.2 industry inferiority and market threat
- The technical and technological level of Thailand's foreign investment industry is low, which is concentrated in the resource intensive and labor intensive industries. The value-added of the product is low, and it is at the bottom of the value chain. Low prices are subject to anti-dumping investigations and higher barriers to entry. The field of foreign investment is single, the barriers to entry are low, and all developed economies are taking advantage of the low end market, which has great impact on Chinese enterprises.

The EEC and the BRI

- 2.3 adjust and upgrade the industrial structure, and improve the investment insurance mechanism
- Strengthen the understanding of local customs, religious beliefs, social habits of the company human management, as far as possible to meet the requirements of the staff of the party and protect the interests of the employees. Avoid the use of green land to attract the host country's discontent, adjust the processing mode and the strategic development pattern, and maintain the local ecological environment as much as possible under the necessary strategic resources, and adhere to the road of sustainable development.

The EEC and the BRI

- For the development of mature industry, China can make use of the manufacturing experience accumulated over the years in China, and cooperate with Thailand's good social resources to maximize the utilization efficiency of resources and optimize the level of resource allocation. For high risk and large investment, long cycle of recovery, such as infrastructure construction, can be invested in BOT mode.

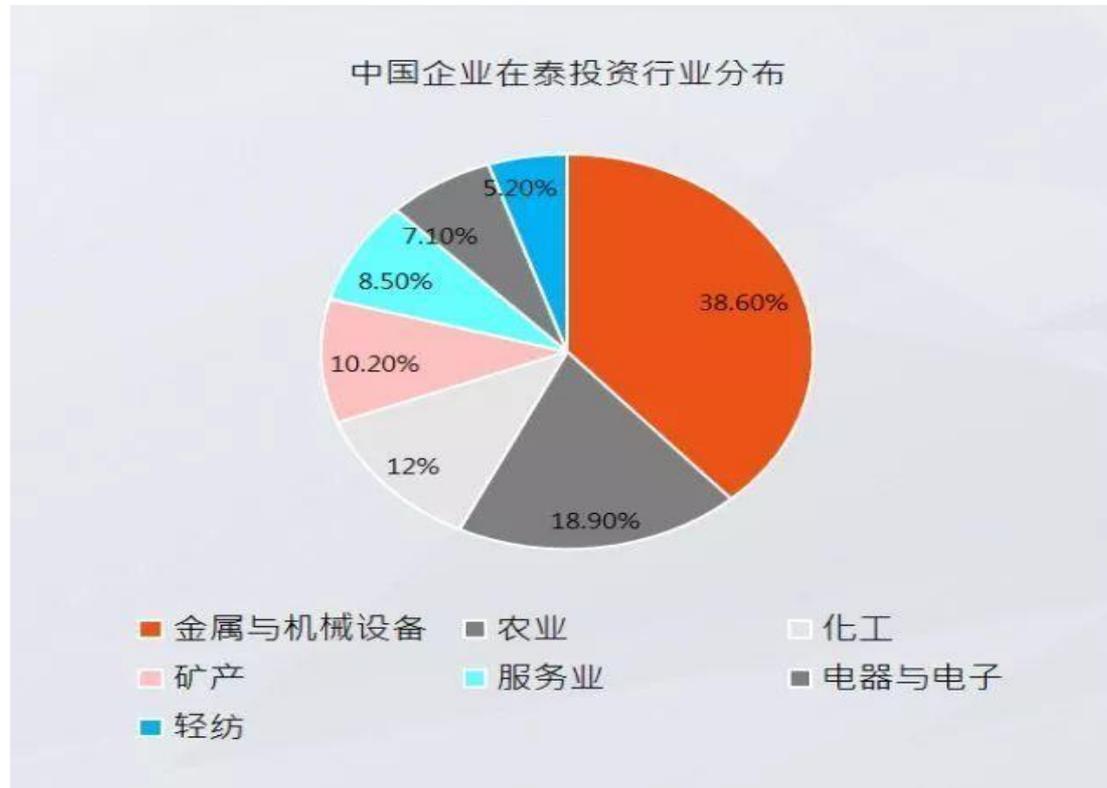
The current situation of China's direct investment in Thailand

- 3.1 the form and industry distribution of Chinese enterprises investing in Thailand
- (1) Chinese invested enterprises set up in Thailand by China's state-owned manufacturing enterprises, banks, telecommunications, aviation and transportation industries, and state-owned civil construction enterprises.
- (2) China's private invested manufacturing enterprises and civil construction enterprises, advertising, finance and insurance, Internet Co and other Chinese funded enterprises set up in Thailand.

The current situation of China's direct investment in Thailand

- (3) the Chinese company is located in the overseas office of Thailand to carry out some Chinese companies in order to develop the information collection business for the development of overseas business activities and the investment enterprises of the customer relationship maintenance business.
- (4) the Chinese enterprises, which are invested by overseas Chinese living in Thailand, have little financial connection with their own companies, but it will involve business relations.

The current situation of China's direct investment in Thailand



The current situation of China's direct investment in Thailand

- 3.2 the history of investment
- (1) trade between China and Thailand.
- (2) China's manufacturing industry has invested in Thailand.
- (3) Through hundreds of years of investment and development, many Chinese have mastered most of Thailand's asset capital and become politicians and business leaders.

The current situation of China's direct investment in Thailand

- 3.3 cumulative investment
- According to the statistics of the Ministry of Commerce, China has invested 22 billion 980 million US dollars in Thailand in 1975-2014 years, ranking fifth in Japan, the EU, the United States and Singapore. According to statistics from Thailand (BOI), China's investment in Thailand has shown a linear growth and has been on a steady growth since 2012.

The current situation of China's direct investment in Thailand

- 3.4 the main driving force for Chinese manufacturing enterprise to invest in Thailand
- (1) diversifying the origin of Chinese products
- (2) the need for the international development of the enterprise itself. Foothold and expanding the local market in Thailand, using the Thailand market as springboard to radiate the Southeast Asian market and even the global market.
- (3) taking advantage of the advantages of Thailand's regenerative resources
- (4) industrial chain drive

The current situation of China's direct investment in Thailand

- 3.5 successful investment cases of Chinese manufacturing enterprises in Thailand
- (1) the Zhongce rubber
- (2) the Xintai wheel
- (3) SAIC, Linglong tires
- (4) Haier
- (5) Jiangsu Trina Solar and Zhongli Teng Hui
- (6) Hangzhou Fortis optical cable
- (7) Zhejiang Dun an
- (8) HOLLEY (Thailand)

Comparison between China and Japan on Thai Investment

- 4.1 China and Japan's investment in Thai
- 4.1.1 investment form
- At present, Japanese enterprises in Thailand can be roughly divided into the following four states:
- (1) Japanese state-owned banks and investment companies invest in Thailand's economic assistance or interest free loans.
- (2) manufacturing companies, commercial companies, aviation and transportation companies, civil construction companies, advertising companies, finance and insurance companies, etc., in Japan, are established in Thailand.

Comparison between China and Japan on Thai Investment

- (3) Japanese companies are located in foreign offices abroad to carry out Japanese investment enterprises for the development of information collection and liaison services for the development of overseas business activities.
- (4) Japanese invested enterprises which invested by overseas Japanese in Thailand, but these enterprises have nothing to do with Japanese companies.

Comparison between China and Japan on Thai Investment

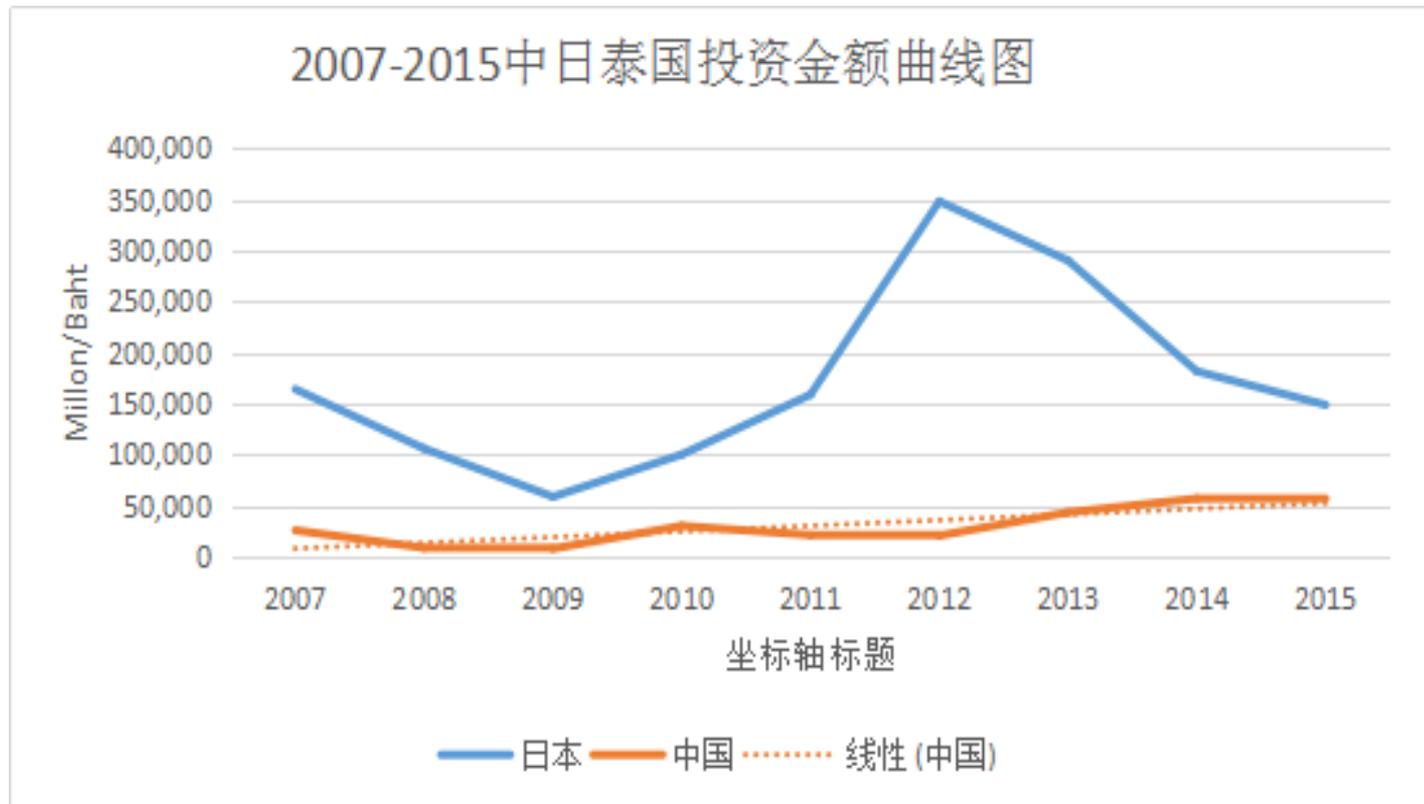
- At present, Chinese enterprises in Thailand can be roughly divided into the following four states:
- (1) China's state-owned investment enterprises in Thailand, such as state-owned manufacturing enterprises, banks, aviation and transportation companies, and state-owned civil construction enterprises.
- (2) China's private manufacturing enterprises and civil construction enterprises, advertising, finance and insurance, Internet Co and other Chinese funded enterprises set up in Thailand.

Comparison between China and Japan on Thai Investment

- (3) the Chinese company is located in the overseas office of Thailand to carry out some Chinese companies in order to develop the information collection business for the development of overseas business activities and the investment enterprises of the customer relationship maintenance business.
- (4) the Chinese enterprises invested by overseas Chinese living in Thailand have no financial relations with their own companies, but it will involve business relations.

Comparison between China and Japan on Thai Investment

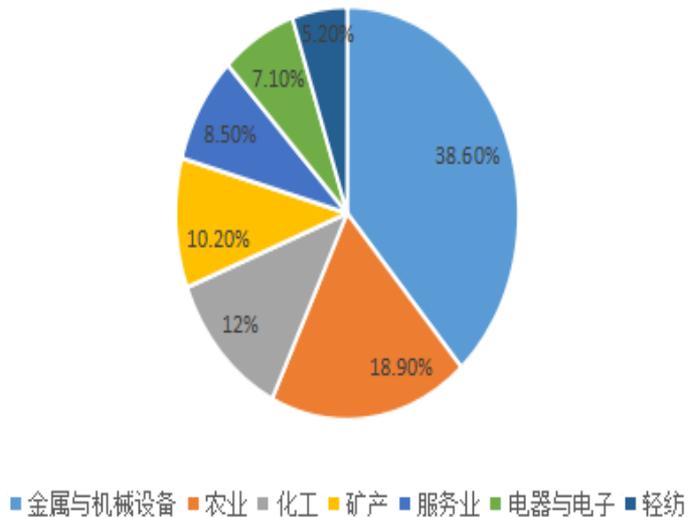
➤ 4.1.2 cumulative investment



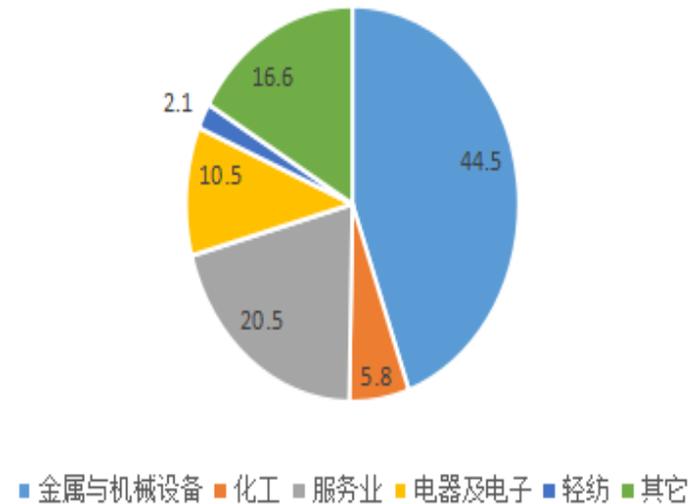
Comparison between China and Japan on Thai Investment

➤ 4.1.3 Chinese and Japanese enterprises distribution

中国企业在泰投资行业分布



日本企业在泰投资行业分布



Comparison between China and Japan on Thai Investment

- 4.2. Comparison of the investment advantages of between China and Japan on Thailand
- 4.2.1 comparative advantage analysis of Japan's investment in Thailand
- 4.2.2 comparative advantage analysis of China's investment in Thailand

Empirical analysis

➤ correlation coefficient

➤ Cif-pa	Cif-par	Cif-paa
0.779248749	0.560773045	0.725516741

➤ Cif-pg	Cif-pgr	Cif-pga
0.698229676	0.111149028	0.888639595

➤ China's investment in Thailand has a highly positive correlation with Thailand's patent application and authorization.

Empirical analysis

➤ regression

➤ Cif-pa	Cif-par	Cif-paa
0.6936***	0.6709***	0.5382***

➤ Cif-pg	Cif-pgr	Cif-pga
0.5038***	0.4282***	0.4329***

➤ The regression coefficient is very significant, which shows that China's investment in Thailand will help improve Thailand's innovation level.

Empirical analysis

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Future prospects

- 6.1 China and Thailand and global economic trends have accelerated China's investment in Thailand.
- 6.2 the advantages of China's investment in Thailand is obvious
- 6.3 Thailand's location and policy advantages and cultural environment become the first stop for Chinese enterprises to go out.
- 6.4 the bottleneck of Chinese enterprises to invest in Thailand

Thank you for your listening!

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