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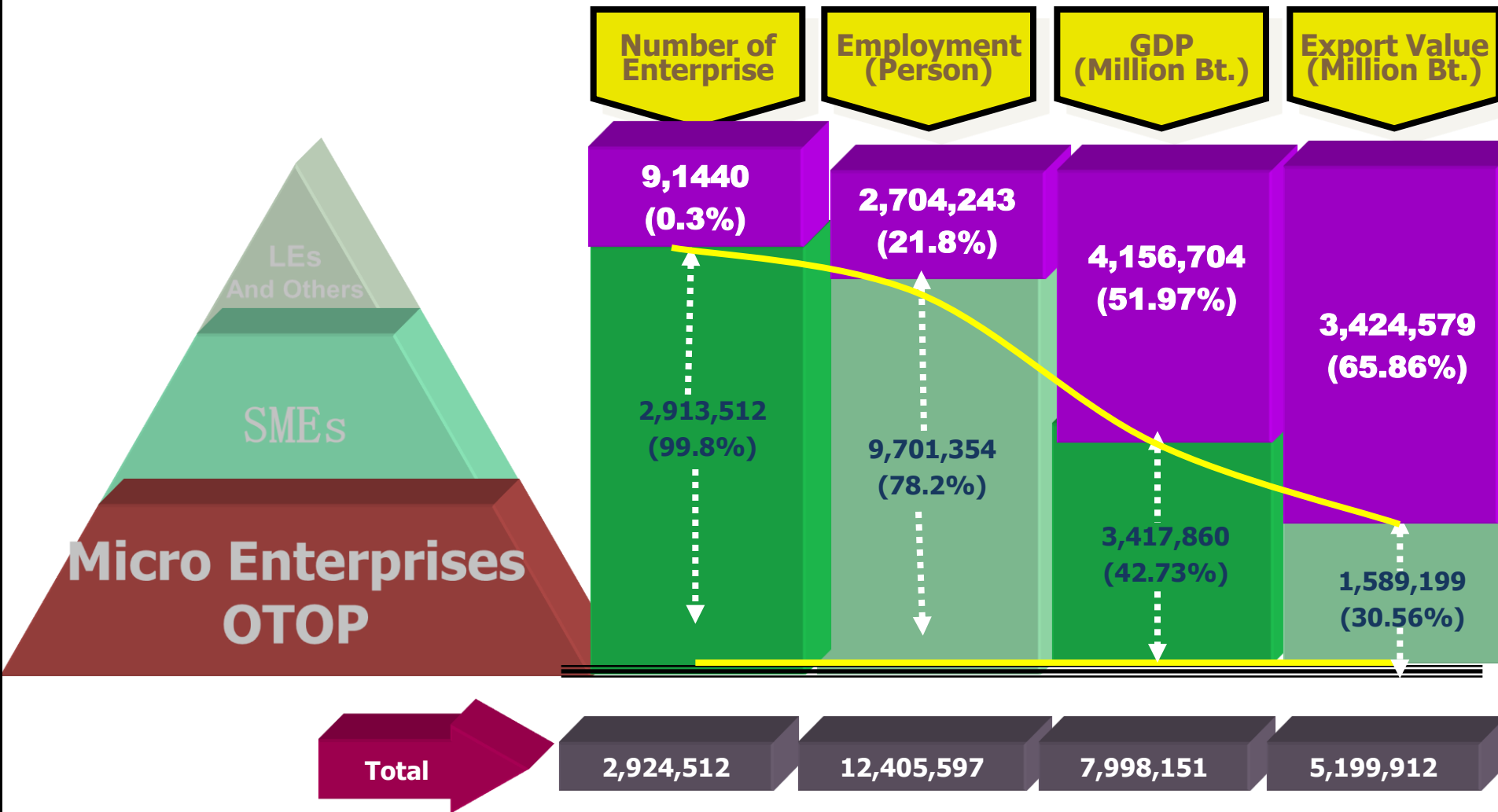
Fostering SMEs' Competitiveness via Network and Cluster

**CICA Business Forum and SMEs Networking
2 April 2012, Marmara Taksim Hotel, Istanbul, Turkey**

Definition of Thai SMEs

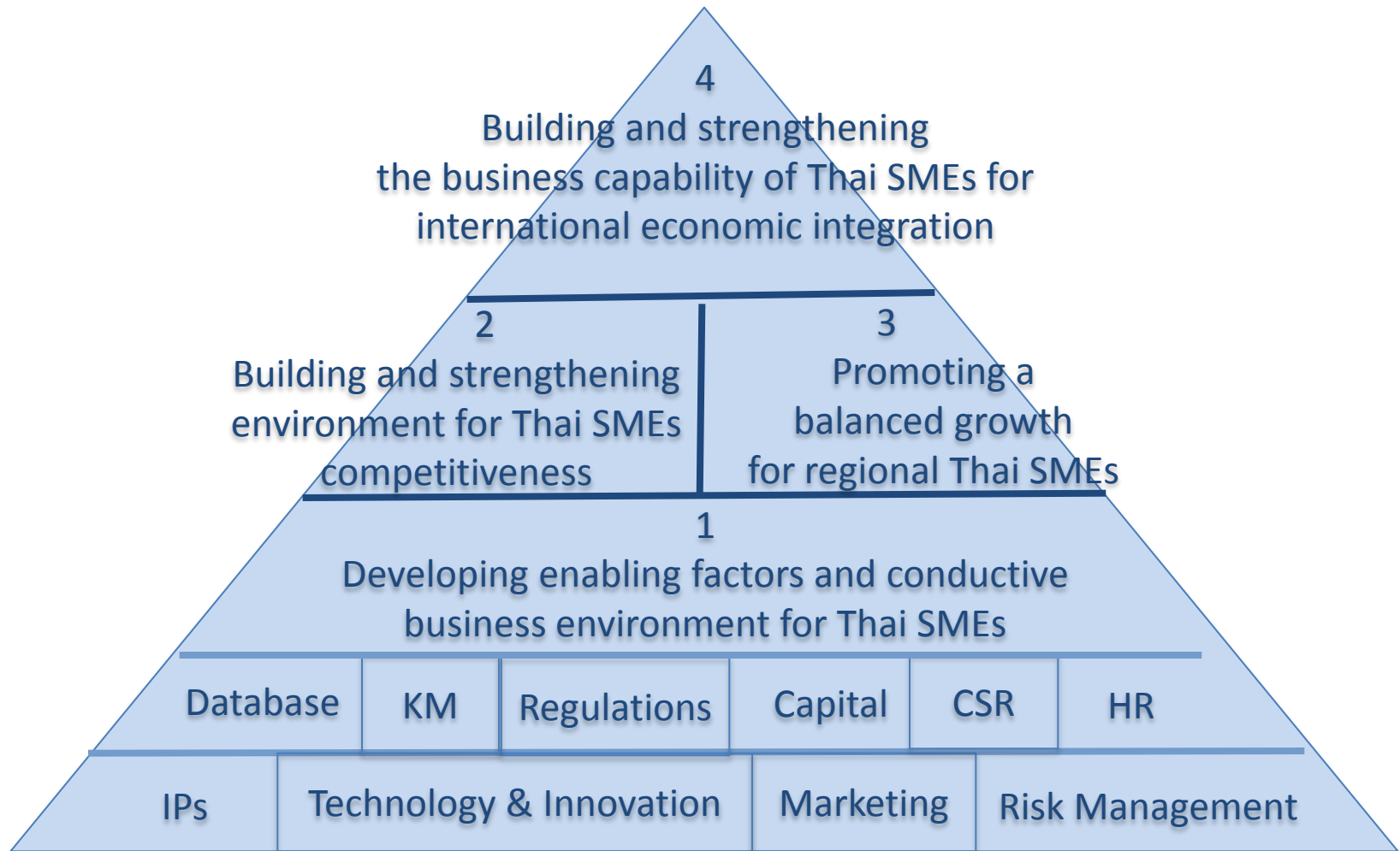
Enterprise Size \ Sector		Manufacturing	Wholesales	Retails	Services
SE	Employment (Persons)	≤ 50	≤ 25	≤ 15	≤ 50
	Fixed Asset (million baht)	≤ 50	≤ 50	≤ 30	≤ 50
ME	Employment (Persons)	51 - 200	26 - 50	16 - 30	51 - 200
	Fixed Asset (million baht)	Over 50 ≤ 200	Over 50 ≤ 100	Over 30 ≤ 60	Over 50 ≤ 200

Economic Significance of SMEs, 2010



- 1) 2,605 enterprises didn't declare their fixed asset or number of employment so sizes were unknown
- 2) GDP in the figure was only the non-agricultural sector, accounting for 88.4% of the overall and 5.3% of which represented other types of enterprises unable to identify their size.
- 3) GDP of agricultural sector was 1,052.564 mln. bt or 11.6% of overall GDP.
- 4) Export value of 3.58% was from export transactions unable to identify the exporter size.

Thailand's 3rd Master Plan on SMEs Promotion (2012-2016)



Manufacturing

Service

Trade

During 2001-2010, dissolution rate was 32,000 / year
Damage value was around 24,000 mln. baht / year

Sustainable Growth

Moving to
Value creation

Value Creation

Progress

Low
productivity

Developing

Business
Competitiveness

**Cluster
Based
Approach**

Low knowledge
& expertise

Start-up

Business
Foundation

**Firm Based
Approach**

Training

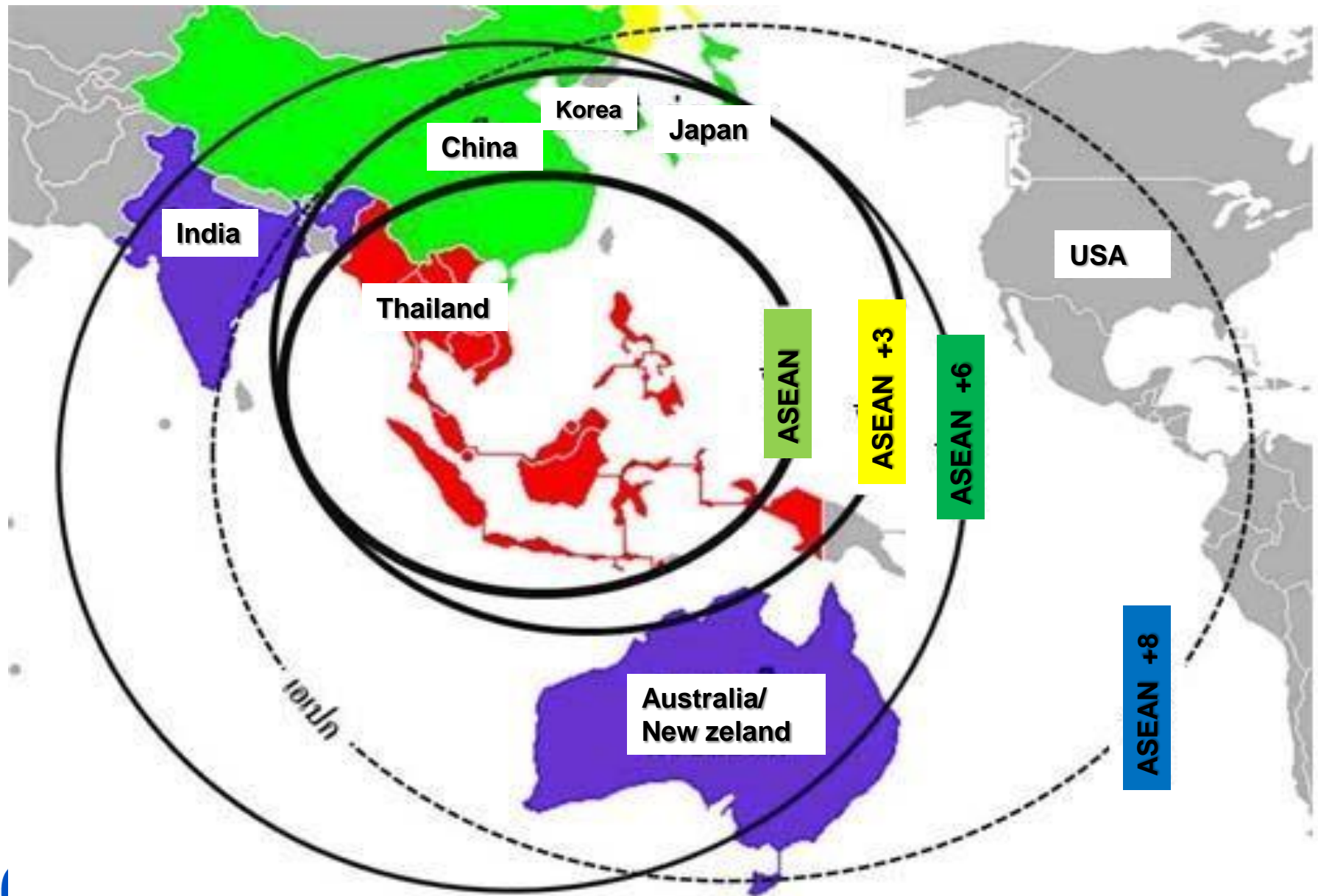
Consult &
Mentoring

Business
Diagnosis

Tools for
Development Support

Development of Network & Clusters

ASEAN++



Opportunity in ASEAN Economic Community (AEC)

Larger potential market

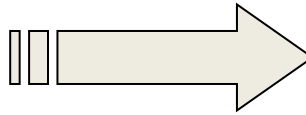
AEC	Compared to
Total population of 580 million people	Population exceed of EU
GDP1.5 trillion US	Equal to South Korea
International Trade value of 1.6 trillion US	6 Times larger than Thailand alone
Foreign direct investment of billion US	60% of China
Total Foreign tourist million	2nd rank after France

Source of raw materials

Increase in bargaining power

Asean Economic Community

AEC



**Single Market and
Production Base**

- To create stable prosperous and highly competitive ASEAN economic region by the year 2010 - 2015
- Free flow of goods, services, investment, and skilled labor
- Freer flow of capital

Measures used to systematically integrated sectors

- Tariff elimination
- Non-tariff barriers reduction
- Harmonization of standards / licensing
- Mutual recognition arrangement (MRA)
- Customs and trade regulations facilitation
- Outsourcing & industrial complementation
- Investment and service liberalization
- Trade facilitation
- More business – friendly environment

Role of ASEAN in the future's world trade

- **ASEAN+3 (ASEAN+ China, Japan, Korea)**
 - Total population is over 2,000 million people
 - Total GDP is 9 trillion USD, or account for 16% of World GDP
 - Mutual benefit value approximately 228,000 million USD
- **ASEAN+6 (+3, India, Australia, New Zealand)**
 - Mutual benefit value approximately 285,000 million USD
- **ASEAN+8 (+6 , USA, Russia)**
- **In the next 5 year, ASEAN++ will be the biggest economic cooperation located strategically on 2 ocean**

AEC 2015 expected benefits for Business

Planned opportunities coming from the implementation of AEC 2015, assuming that all measures are implemented

Lower business costs:

- Free flow of goods and services and investments under AEC 2015 through the lifting of tariffs and other trade barriers, resulting in lower business transaction costs
- Proximity between ASEAN markets translates to faster delivery time and lower logistics costs

Lower production and distribution cost:

- Companies can relocate their R&D centres, production/distribution facilities to yield optimal cost efficiency
- Setting up regional manufacturing clusters in partnership with MNCs or other ASEAN companies
- Outsource secondary work to other companies in lower cost centres
- Already today, labour cost in Indonesia, Philippines etc are lower than China

Lower employment cost through free movement of talent:

- Beneficial for smaller countries like Singapore to fight talent crunch
- Internationalism of work force can raise creativity and innovation

More business opportunities:

- FDI will go up because an integrated market is attractive for foreign SME's, not only MNC's
- New partnerships with foreign companies for marketing, distribution, production
- Technology pipelines with foreign companies
- Large environmental engineering projects become viable (recycling, waste management, water etc)

Thank you

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