

Beyond TAFTA

How Australian trade and investment can contribute to Thailand's competitiveness and prosperity

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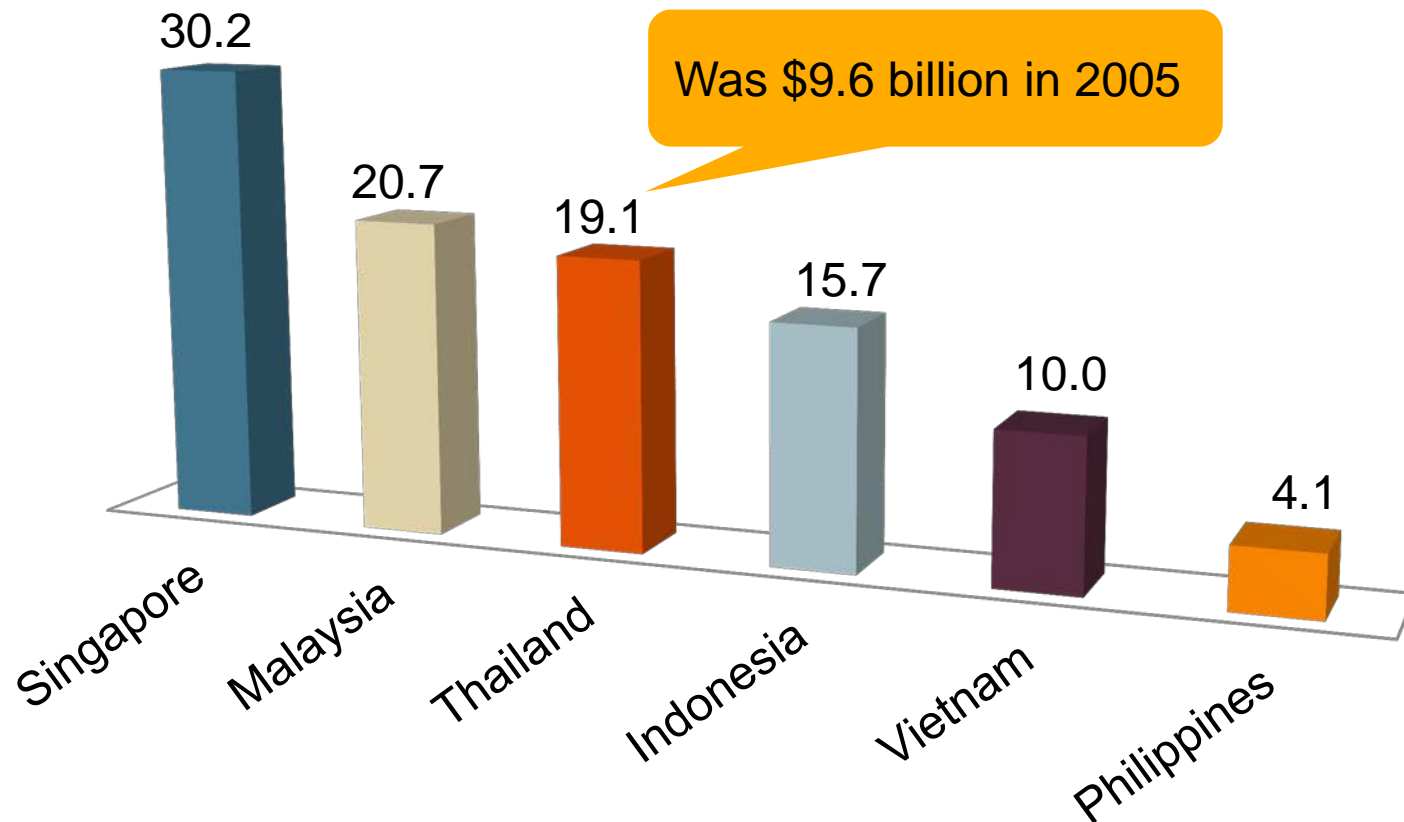


Australian Government
Australian Trade Commission










Australia's trading relationship with Thailand is healthy

Bi-lateral trade in goods and services between Australia and selected ASEAN, 2014 (A\$ billions)










Australian exports to Thailand (\$5.17 billion)

Multiple of Exports of Selected Items 2006-14

Item	Multiple of exports 2006-2014	Value (\$m)
Beef		47
Other Meats		27
Wheat		154
Packaged food		58
Alcoholic beverages		21
Coal		279
Crude petroleum		1,731

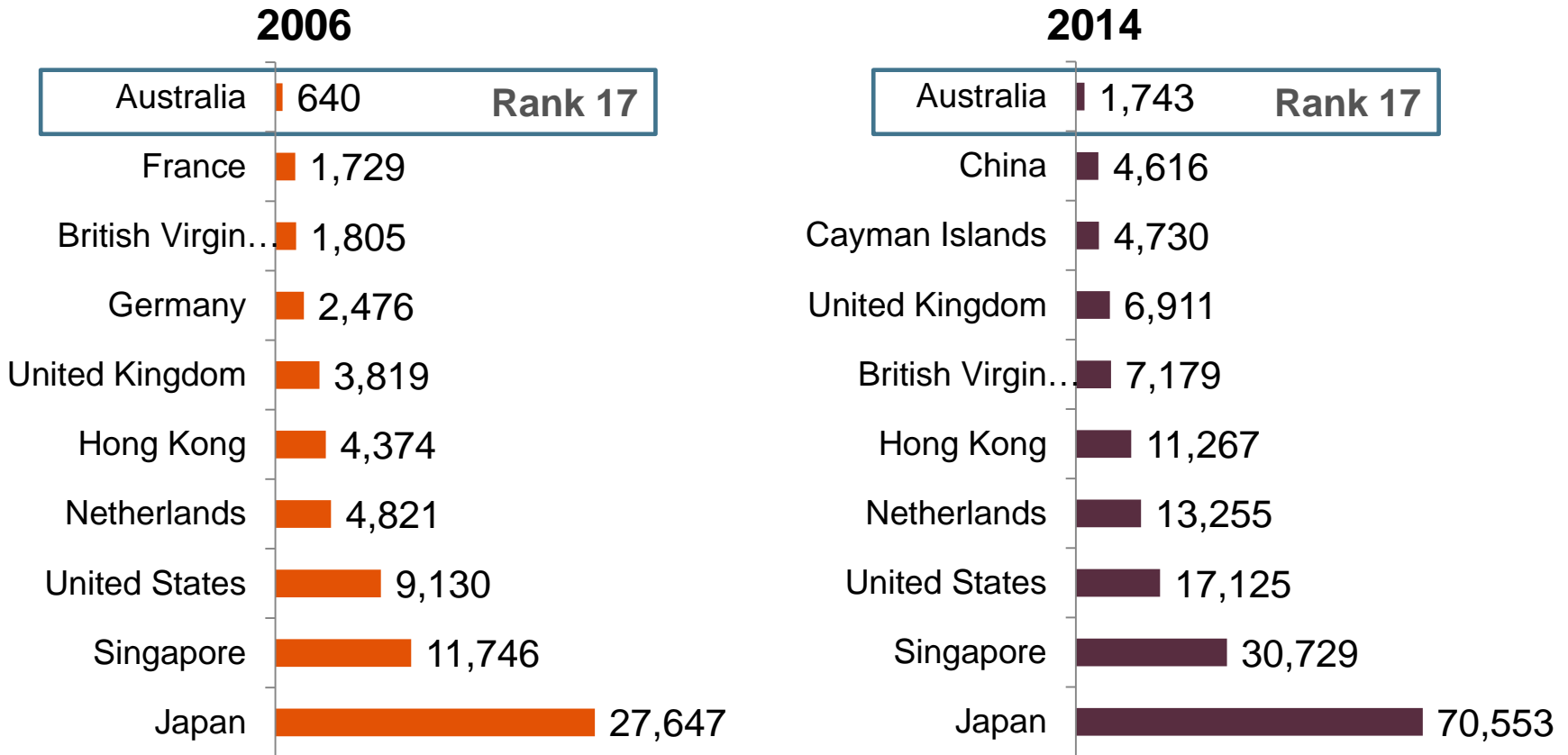
Australian imports from Thailand (\$10.9 billion)

Multiple of Imports of Selected Items 2006-14

Item	Multiple of imports 2006-2014	Value(\$m)
Packaged food		128
Rubber		310
Paper		107
Iron, steel & aluminium structures		243
Cars & Trucks		4,510
Optical goods		149
Polymers		148

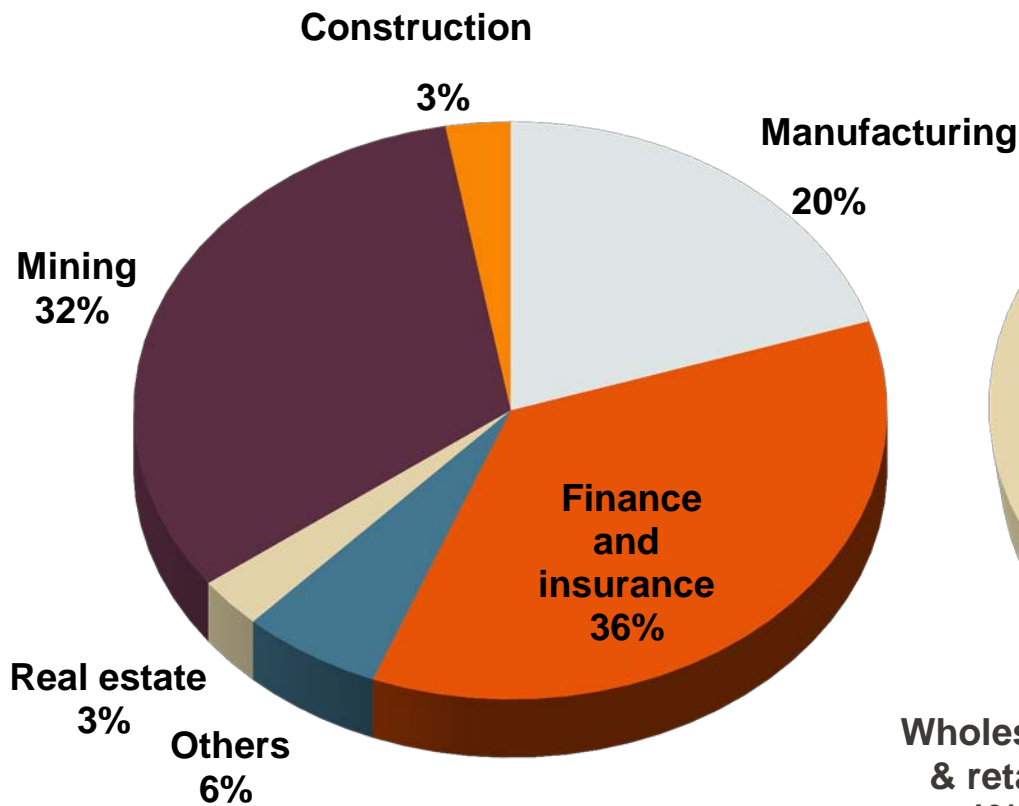
Investment: Top 20, but with plenty of Upside

Australian FDI Stock in Thailand (\$US Millions)



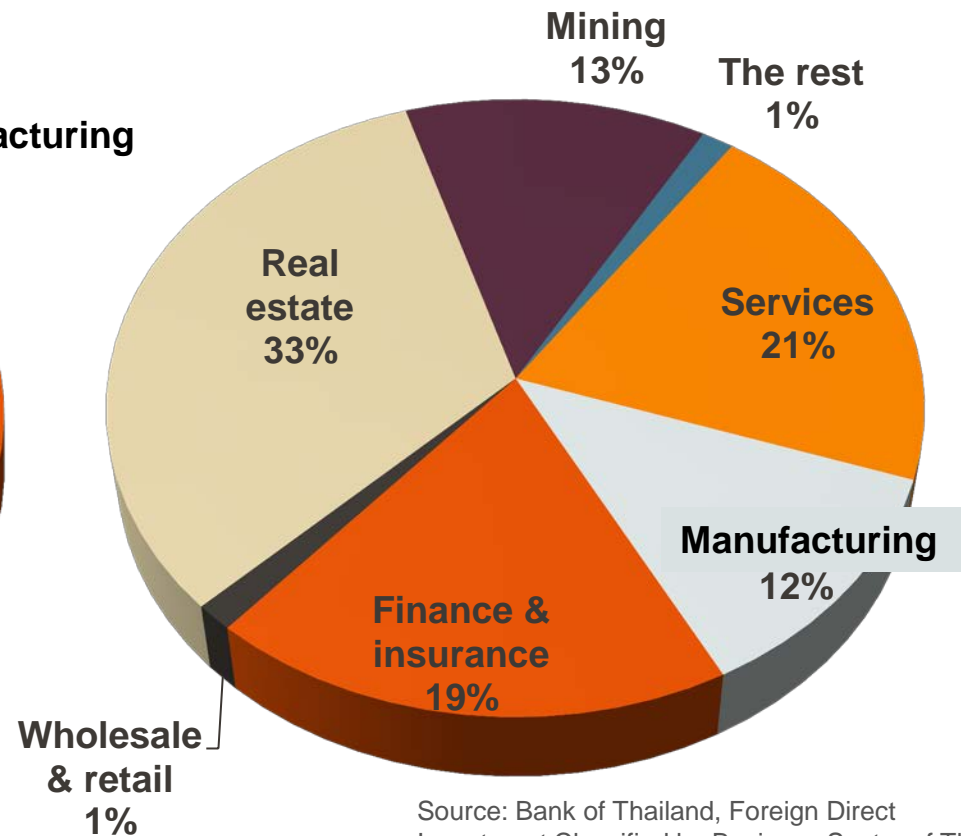
How we invest globally vs How we invest in Thailand

Australian FDI Stock Abroad 2014



Source: ABS 53520 – International Investment Position, Australia: Supplementary Statistics. 2014, Table 17a.

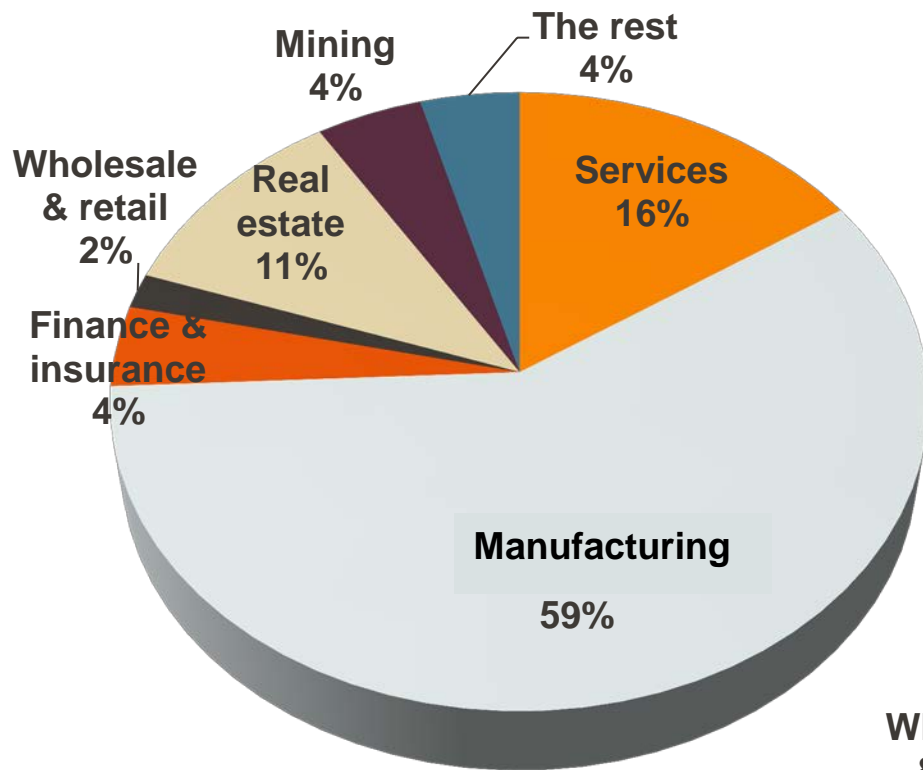
Australian FDI Stock in Thailand 2014



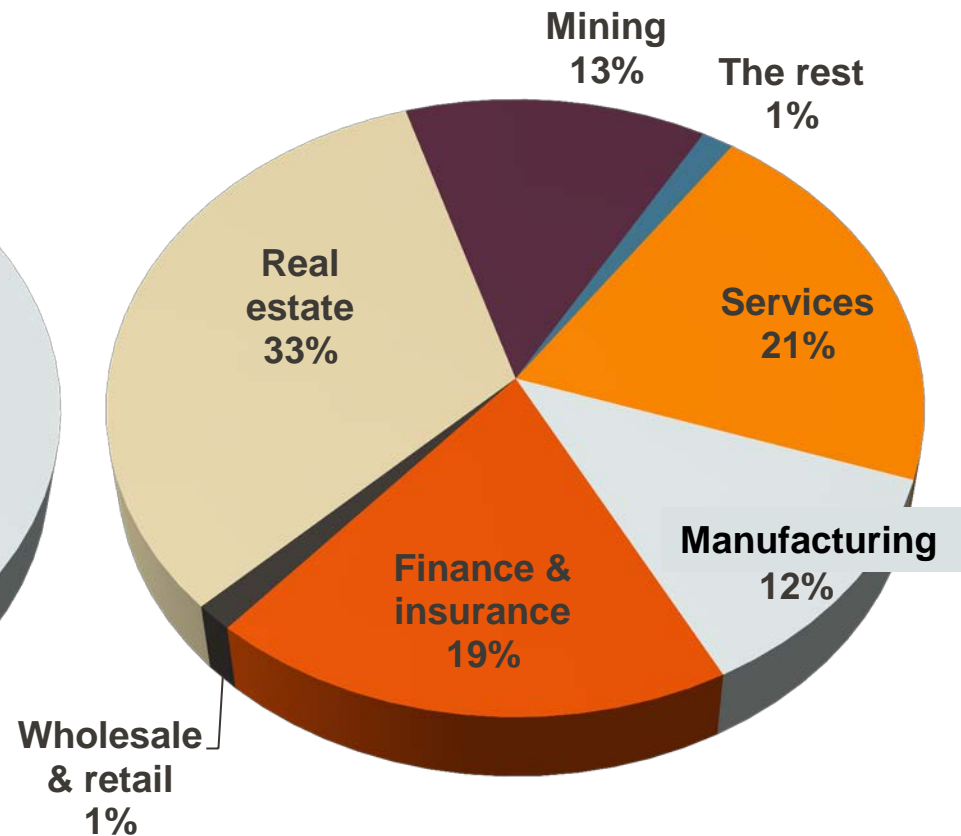
Source: Bank of Thailand, Foreign Direct Investment Classified by Business Sector of Thai Enterprises

How Australian investment in Thailand is changing

Australian FDI Stock in Thailand 2006

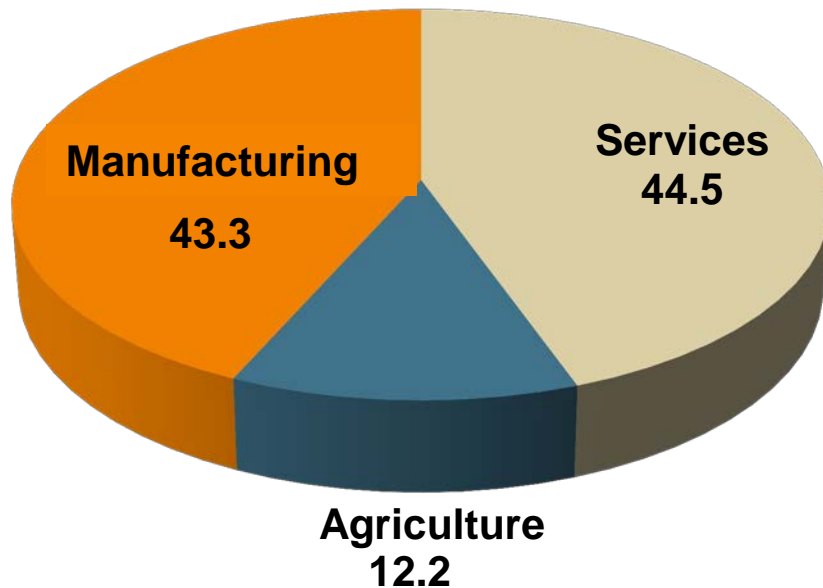


Australian FDI Stock in Thailand 2014



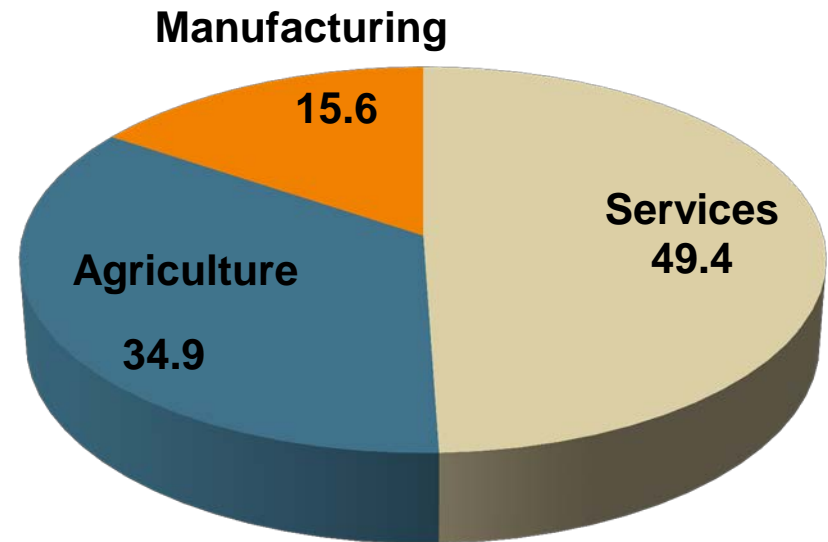
Thailand has an “unbalanced” economy

**Economic structure-
GDP composition by sector**



Source: [CIA World Factbook](#)

**Employment structure -
Percentage of people employed**



Source: TDRI

3 Paths for Thailand to escape the dreaded “Middle Income Trap”

1. Modernise agricultural production

- Land use reallocation, modern technology and methods

2. Develop knowledge-based, high skill, value-added services industry

- ICT, Finance, Business Services, Medical Services

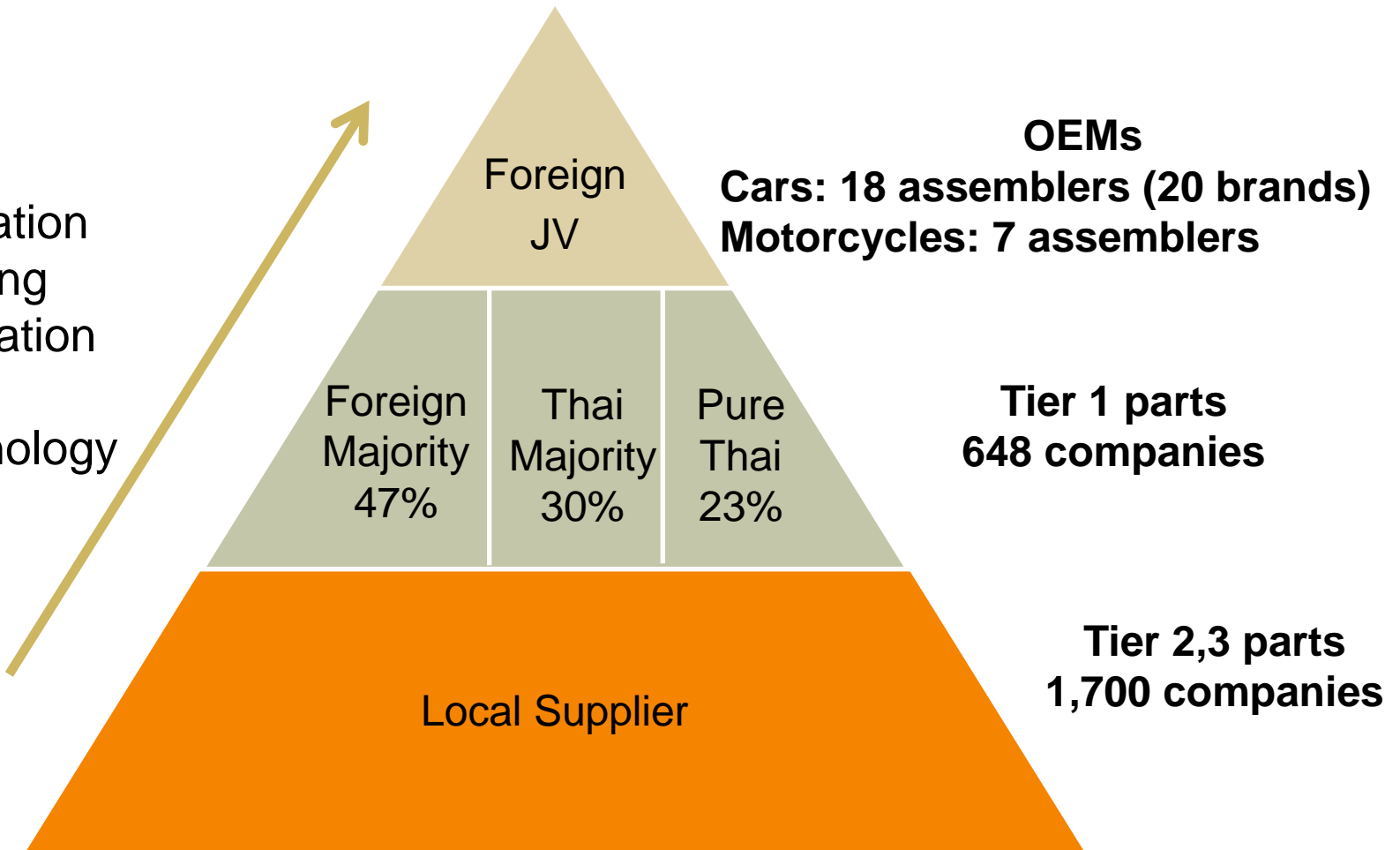
3. Higher value-added manufacturing & industrialization

- Infrastructure, innovation stimulation (esp. design and branding)

“Moving up the value chain”

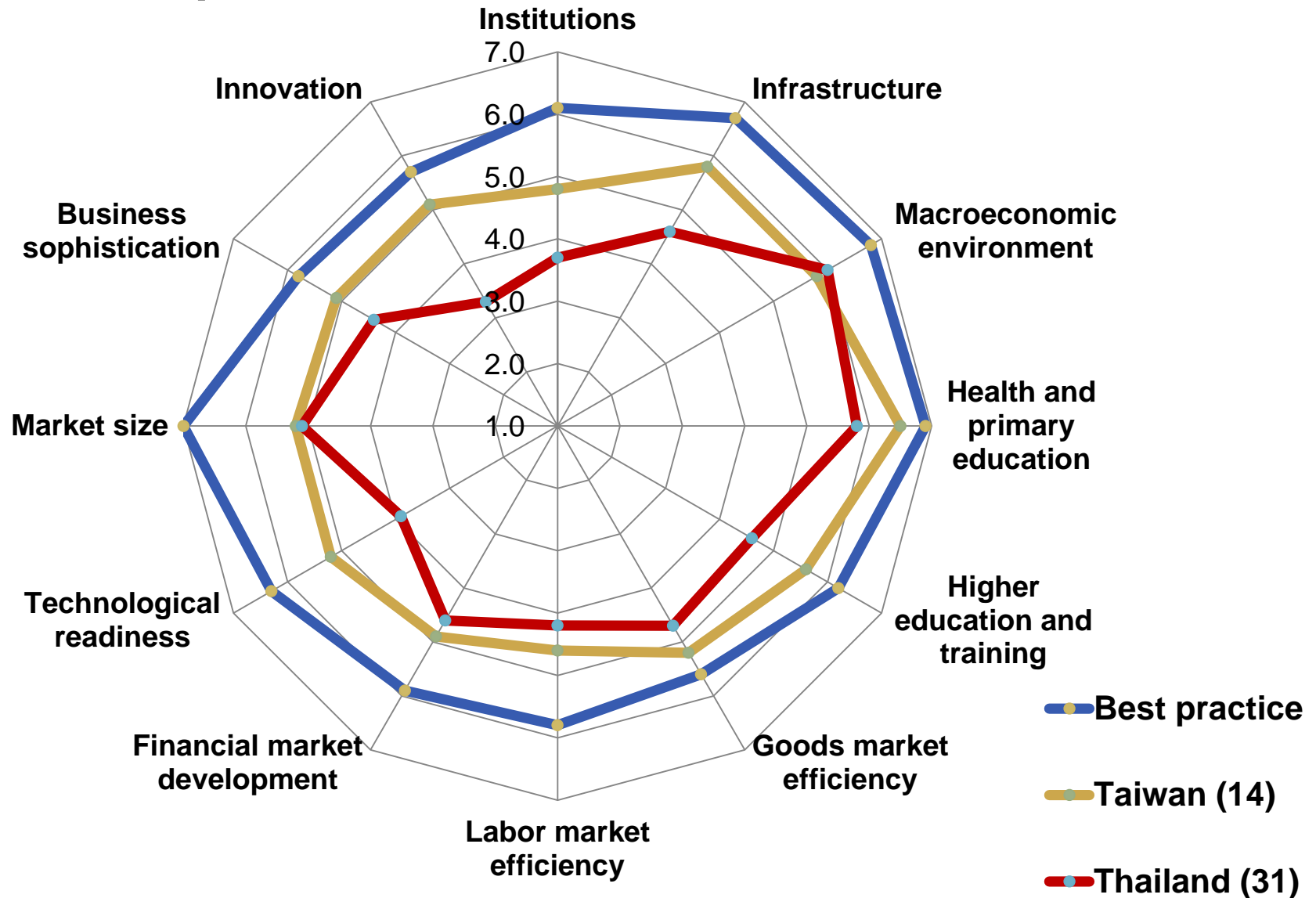
Structure of the Thai Automotive Industry

- Education
- Training
- Innovation
- IP
- Technology



Source: Thailand Automotive Institute (2015)

WEF Competitiveness Index



What's this got to do with Australia?

- The 3 paths to prosperity:
 - Modern Agriculture ✓
 - Knowledge based Services ✓
 - Higher Value Added Manufacturing & Industrialization ✓
- We have Australian companies operating in these sectors in Thailand – but more needed!
- The common thread across all of these – education and skills development – is one of Australia's great strengths
- Innovation and services liberalisation are key

The Power of Innovation

- The world's largest taxi company
....owns no vehicles
- The most popular media owner
.....creates no content
- The largest accommodation provider
....owns no real estate



Australia, ASEAN and Thailand

- ASEAN is the “third great sphere” of opportunity for Australia
- Our 2nd largest trading partner (15% of total trade)
- 81 million today in the “consuming class” (>US\$7,500 in PPP)
- Thailand’s challenges in its “regional hub” aspiration:
 - remain regionally competitive
 - Vietnam, Indonesia and Philippines hot on its heels
 - attract FDI in new high value added sectors, incl services
 - innovate and educate
 - overcome ageing and low growth headwinds

Summary & Thoughts

- Australia's trading relationship with Thailand is strong and both countries have benefitted under TAFTA
- Australia's investment in Thailand is small but growing steadily
- Areas in which Thailand most urgently needs to address its competitiveness:
 - ✓ Innovation
 - ✓ Education and training
 - ✓ Technology & infrastructure

and
- 3 potential paths to prosperity for Thailand:
 - ✓ Modernisation of agriculture
 - ✓ Knowledge based services
 - ✓ High value added manufacturing and industrialization

are sectors of demonstrated Australian capability and strength

