

The Middle Income Trap and Thai Corporate Strategy in the Era of AEC (Digest Version)

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2. The Middle-income Trap in Thailand
3. Big Firms and Revival of Family Business
4. New Strategies of Thai Big Corporations
5. Alternative to the East Asian Model

Part 1

Economic Performance
and Trade Structure

Economic Performance of Thailand

Annual growth rate on average :

- ☞ 3.94% between 2000 and 2014.
- ☞ depression in 2008 world-wide financial crisis, 2011 flood, and 2014 political unrest.

Main elements contributing to the growth :

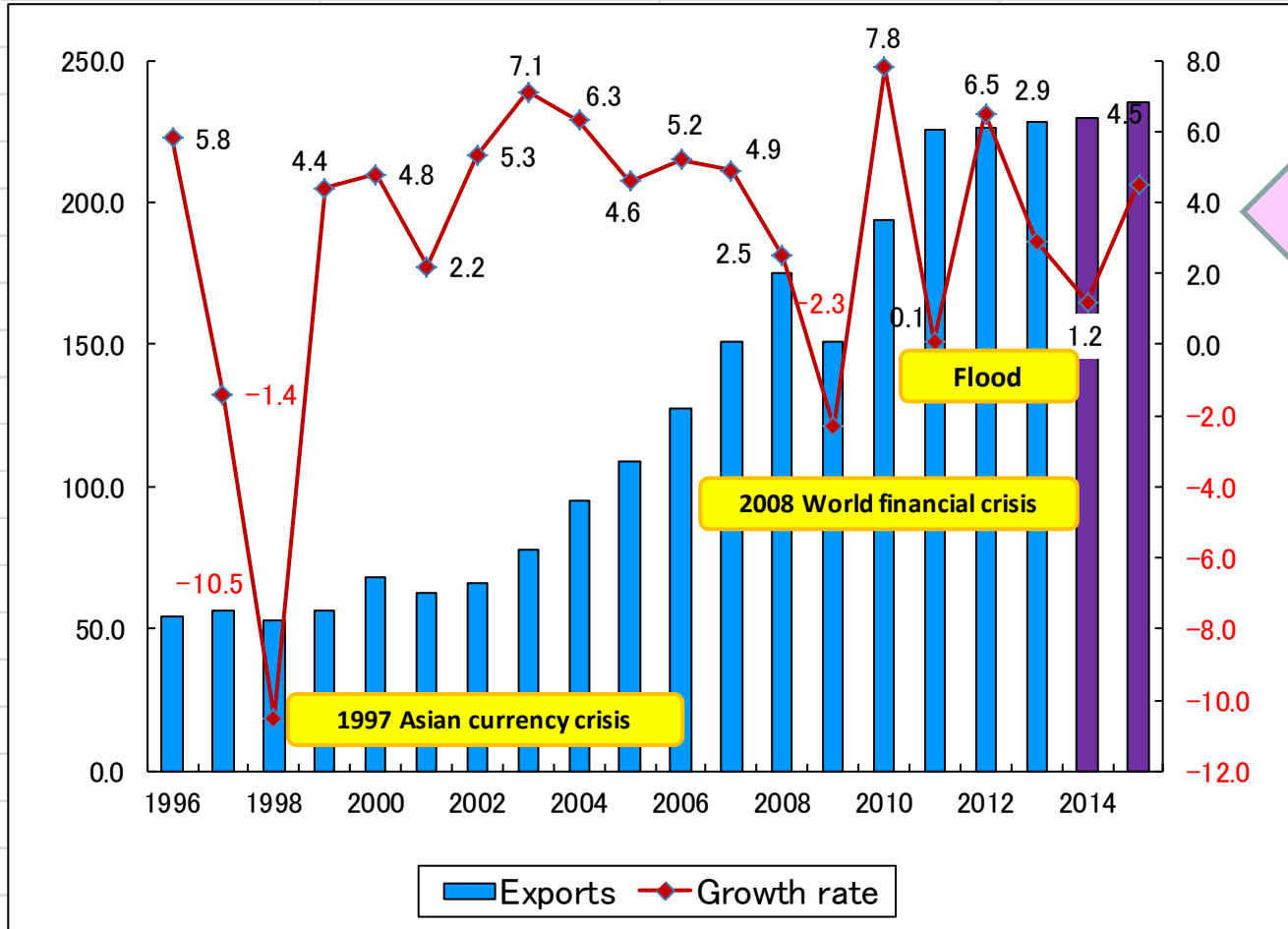
- ☞ exports and domestic consumption (demand for automobiles and housing)

Changes in trade structure:

- ☞ rise of ASEAN+China; decline of Japan, USA
- ☞ rise of IT products, automobile, decline of labor intensive ones (garments, footwear)

1-1 Overview of Thailand Economy, 1996-2015

Figure 1-1 Overview of Thailand Economy, 1996-2015 (US\$ Billion, %)



Slow-pace growth in exports since 2012

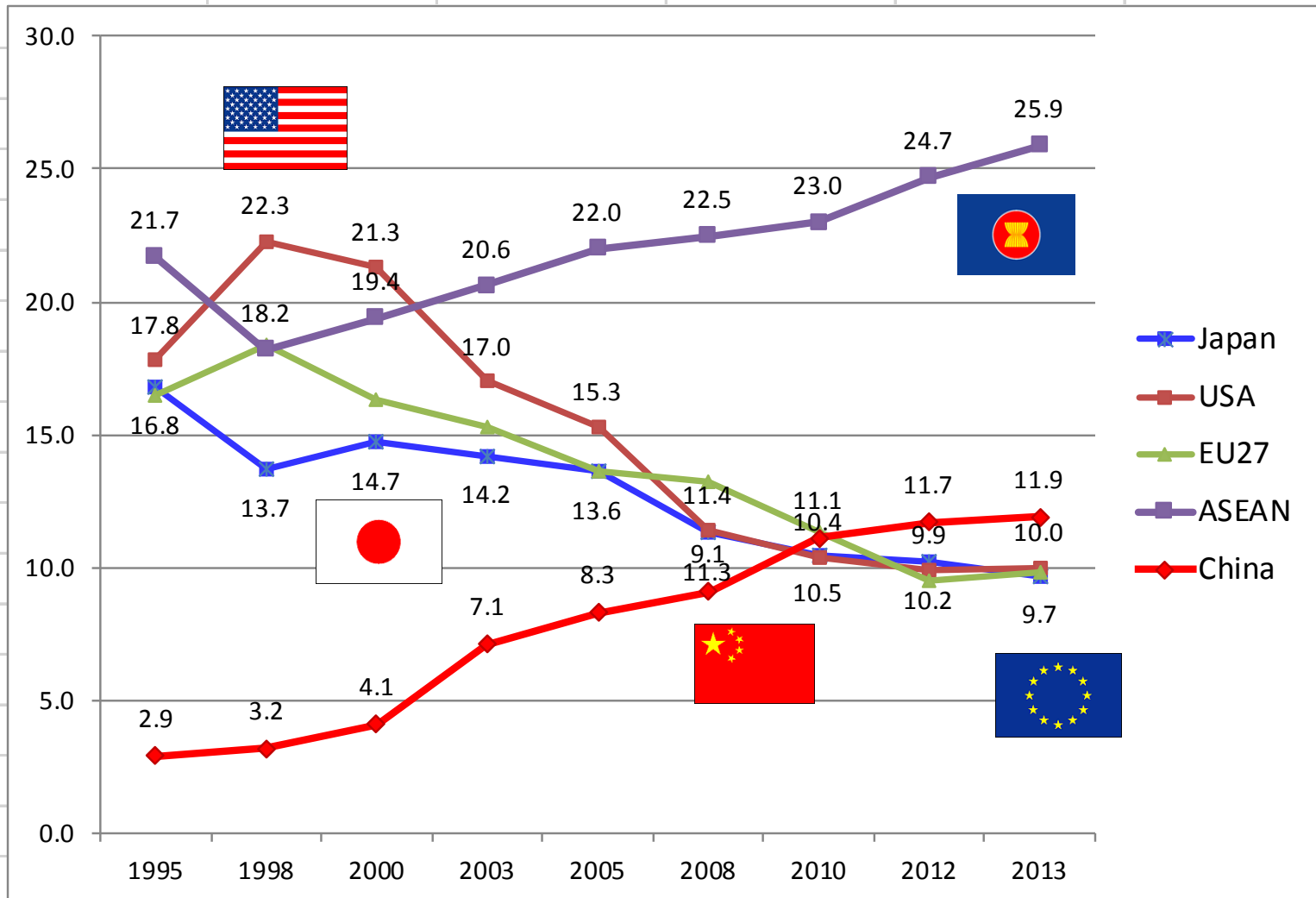
[Notes] (1) The scale of export is shown in a left-hand side, while growth rate in a right-hand side.

(2) Growth rates in 2014 and 2015 are addressed by NESDB in November 2014.

[Source] Compiled by Suehiro on the basis of Bank of Thailand website.

1-3 Destination of Thailand Exports, 1995-2013

Figure 1-3 Major Destination of Thailand Exports, 1995-2013 (%)



[Source] Compiled by Suehiro on the basis of Bank of Thailand website.

1-4. Diversification of Exportable Commodities, 1981-2014

1-4 Changes in Export Structure by Major Commodities Group, 1981-2014

		advantages for local firms			foreign firms' advantage	
Year	Export Total	Composition of Major Commodity Groups, 1981-2014 (%)				
	Million Baht	Agriculture	Agro industry	Garments	Electronics	Automobile
1981	153,001	49.4	9.0	7.4	4.3	0.1
1985	193,366	40.7	12.6	11.0	4.7	0.2
1990	589,813	22.2	12.0	13.3	14.2	0.7
1996	1,378,902	12.5	12.2	10.0	22.4	1.9
2000	2,730,943	7.4	10.8	8.2	26.1	4.6
2005	4,406,673	7.4	10.2	6.1	22.4	8.7
2008	5,831,086	9.3	10.5	4.1	18.1	11.1
2010	6,060,184	9.1	11.3	4.1	17.5	11.7
2013	6,927,604	8.2	12.1	3.3	14.3	13.8
*2014/1-11	6,697,098	8.7	12.0	3.3	14.6	13.9

[Notes] (1) Agriculture include rice, tapioca, natural rubber, frozen chickens, frozen shrimps etc.

(2) Agro include sugar, canned tuna, canned fruits etc. (3) Garments include yarns and fabrics.

(4) Electronics include computer parts, integrated circuits and telecommunication equipments.

[Sources] 1981-1990: Ministry of Commerce ; 1996-2014: Bank of Thailand website

Economic Problems Facing Thailand

- Stagnant in exports:

- Increase of minimum wage level:

 - ☞ uniformly introduced “300 baht per day”

- The end of demographic bonus, the coming of aging society with smaller number of children.

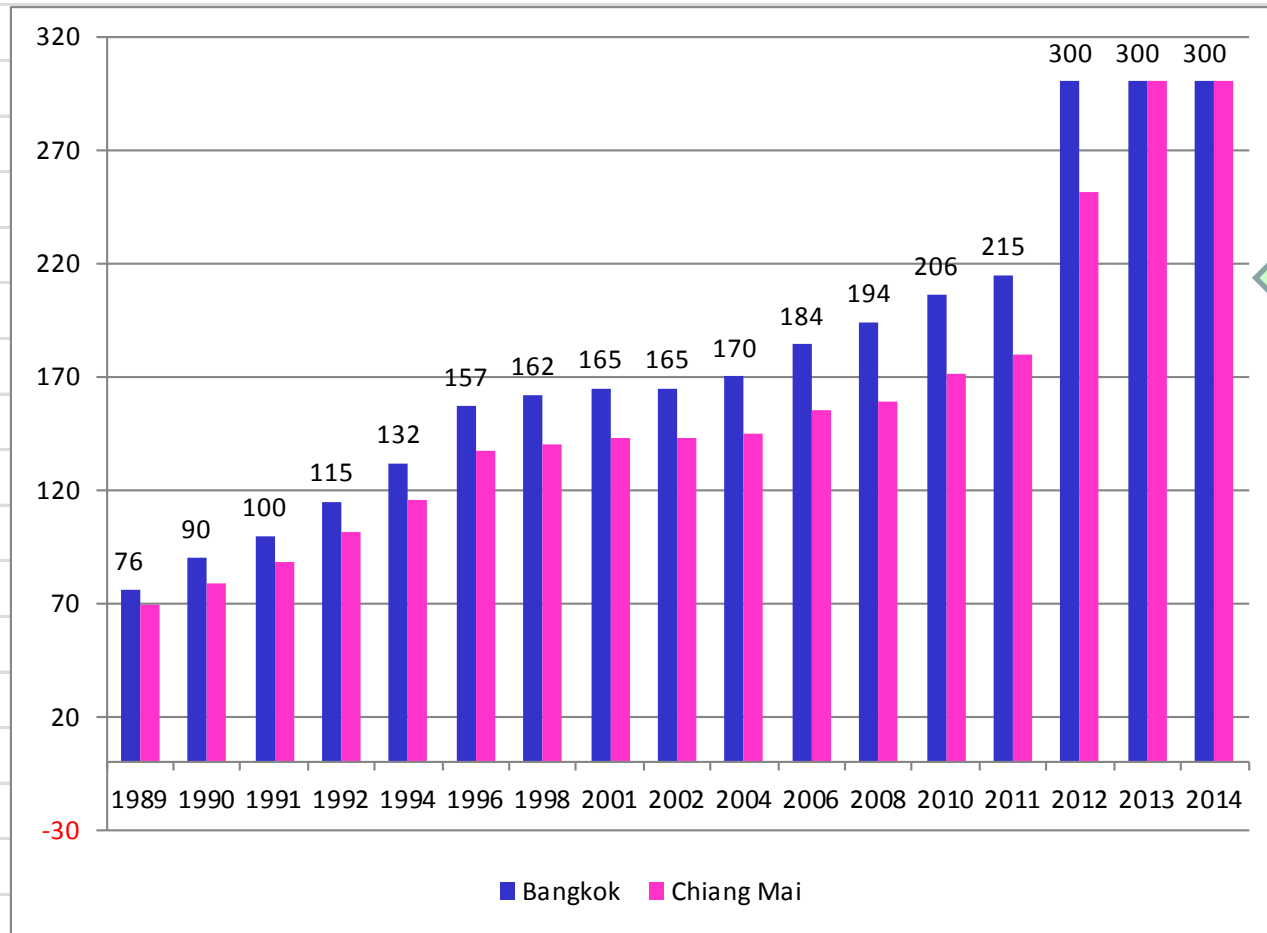
 - ☞ the annual growth rate of working-age population is decreasing.

- The absolute shortage of labor force in unskilled labor markets.

 - ☞ depending on migrant workers from Myanmar, Laos and Cambodia, **1.8 million persons**

1-5. Changes in Minimum Wage Level (Baht per day), Bangkok and Chiang Mai, 1989-2014

Figure 1-5 Increase of Minimum Wage Level, 1989-2014. (Baht per day)



Political decision of setting 300 baht in order to upgrade economic structure

[Sources] Ministry of Labour, *Year Book of Labour Statistics*, do., *Yearbook of Labour Protection and Welfare Statistics*, various issues.

Part 2

The Middle-income Trap
in Thailand

What is the Middle-Income Trap?

1. “East Asian Miracle” is a Myth, because their economic success are due mainly to continuous input of both cheap labor force and capital including foreign capital (low-cost-advantage).
2. Rising wage-level and re-allocation of FDI will inevitably lead East Asian countries to the so-called middle income trap (👉 slow-down of growth rates).
3. China or other emerging East Asia cannot compete with lower income countries because of rising wage on one hand, they are unable to compete with higher income countries because of lower value production and little innovation on the other.

2-1. Thailand and China entered into a group of upper middle-income countries in 2010

WE2-1 Years of Asian Economies Shifting to High-Income or Upper Middle-Income Countries

Item Country	Grouping	Per Capita Nominal GNI (2012)	Per Capita Nominal GNI (1995)	The year of entering into a group		
				High-Income	Upper Middle- Income	Lower Middle- Income
Japan	High-Income	47,870	41,350	1967	Before 1962	...
Singapore	High-Income	47,210	22,420	1981	Before 1962	...
Hong Kong	High-Income	36,560	22,619	1978	Before 1962	...
Taiwan	High-Income	20,083	12,648	1988	1973	Before 1962
Korea, Republic	High-Income	22,670	10,770	1993	1978	Before 1962
Malaysia	Upper Middle	9,820	4,010	—	1979-86, 1991	Before 1962, 1987-90
China	Upper Middle	5,720	530	—	2010	1998
Thailand	Upper Middle	5,210	2,720	—	2010	1966
Indonesia	Lower Middle	3,420	980	—	—	1979
Philippines	Lower Middle	2,500	1,030	—	—	Before 1962
India	Lower Middle	1,550	370	—	—	2007
Vietnam	Lower Middle	1,550	288	—	—	2008
Laos	Lower Middle	1,270	360	—	—	2010

[Source] Suehiro, Akira. [2014]. *Studies on Emerging Asian Economies: Beyond the Catch-up Industrialization*, Iwanami Publisher, p.128 (in Japanese). Up-dating the figure of per capita GNI in 2012.

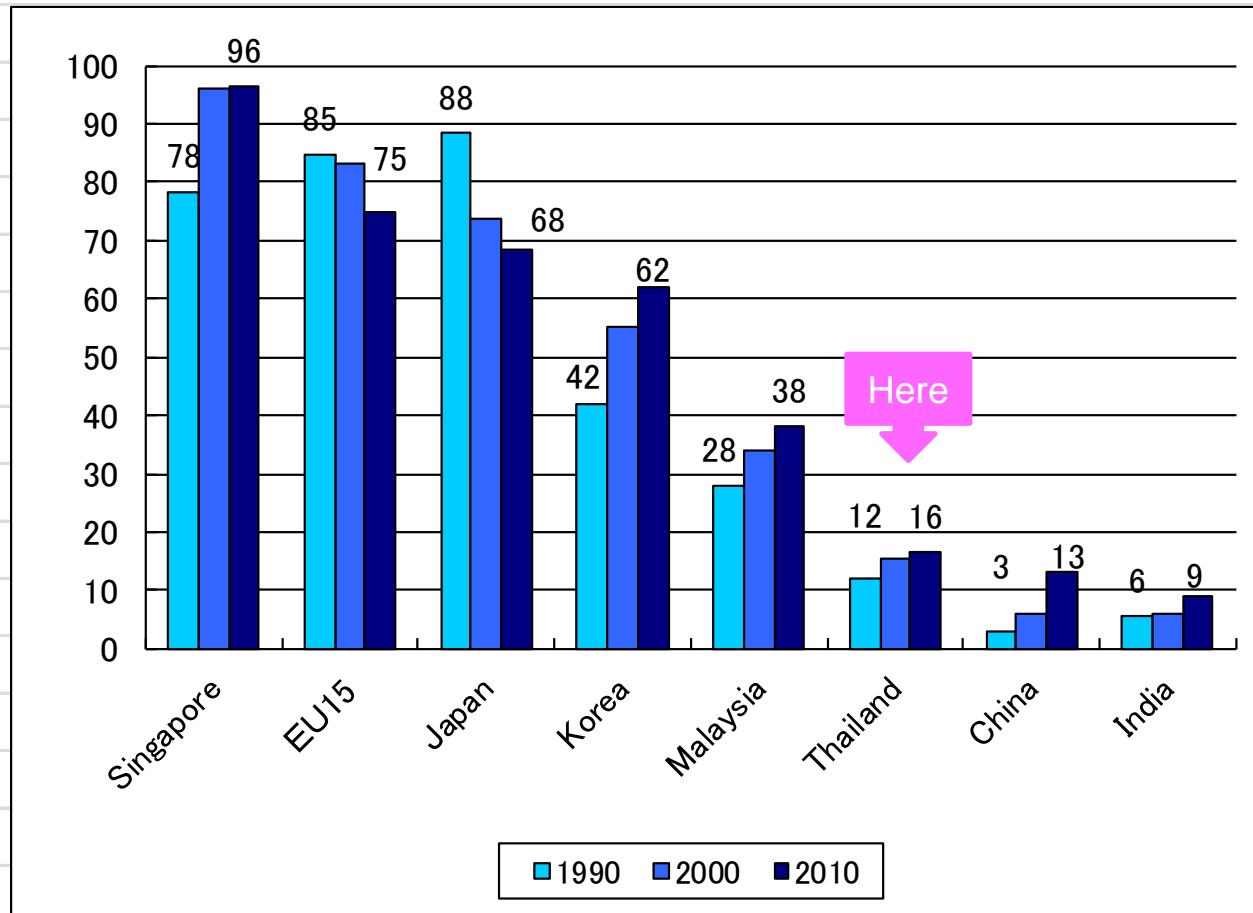
Avoiding the Middle-Income Trap

Most of emerging Asian countries have faced **the limitation of input-driven growth pattern rather than the middle-income trap.**

1. Increasing wage level
2. Declining annual growth rate of labor productivity
3. Big gap in worker's productivity between emerging Asian countries including Thailand and USA
4. Very lower level of R&D expenditure in Thailand against NIES and China

2-3. Slow-pace Catch-up with USA in Labor Productivity

Figure 2-3 Value Added per Worker in 1990, 2000, 2010: USA figure = 100



[Source] Depicted by Suehiro on the basis of Asian Productivity Organization [2012], *APO Productivity Databook 2012*, pp.63 and 66.

2-4. Low Level of Innovation, Compared to NIES

Table 2-4 R&D Expenditure and R&D Personnel in NIES, ASEAN, OECD: 1999 and 2010

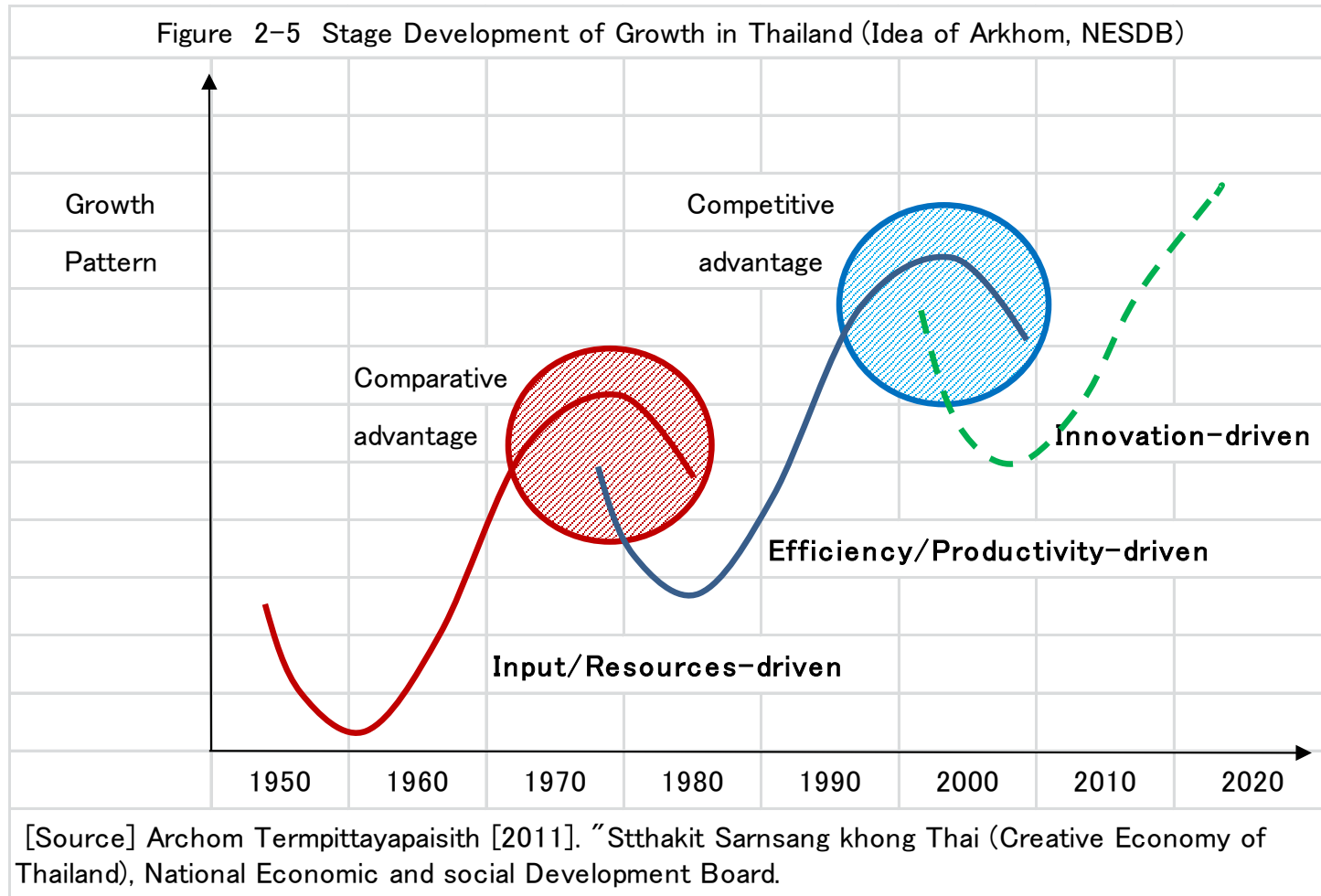
Country, Region	R&D expenditure against nominal GDP (%)		R&D expenditure per capita (US dollar)		R&Dの民間要員 (100万人当たり)	
	1999	2010	1999	2010	1999	2010
Japan	3.15	3.36	1,120	1,326	4,851	4,840
Korea	2.47	3.74	214	768	1,677	4,660
Taiwan	2.05	2.90	267	539	3,146	6,390
Singapore	1.87	2.09	397	937	2,447	3,780
China	0.83	1.77	7	78	277	1,400
Malaysia	0.40	0.79	13	66	160	190
Thailand	0.12	0.24	2	9	40	130
Philippines	0.08	0.10	1	2	23	70
Indonesia	0.09	0.03	1	1	n.a.	n.a.
Sweden	3.67	3.40	992	1,675	4,958	5,840
USA	2.62	2.88	892	1,307	n.a.	n.a.
Germany	2.38	2.82	620	1,132	3,512	4,160
France	2.19	2.26	538	920	2,799	3,620
United Kingdom	1.83	1.76	435	642	2,528	2,290

[Sources] For 1999, IMD. *The World Competitiveness Yearbook 2001* (pp.494, 496, 497), for 2010年, IMD. *The World Competitiveness Yearbook 2013* (pp.445, 446, 449).

What are Competitive Advantages in Thai Industries?

- Core industries in the global supply chain
 - IT products and automobiles, but they are completely put under the control of foreign capital.
- Creative Economy proposed by the NESDB
 - Archom, secretary-general of the National Economic and Social Development Board (NESDB)
 - from low-cost-advantage to unique industries with “Thainess” such as tourism, Thai foods, spa, entertainments, movies, animation, fashion, city planning etc.
- New investment promotion by the government
 - energy, natural resources, hospitality and wellness

2-5. Creative Economy of Thailand Addressed by NESDB



Part 3
**Big Firms and
Revival of
Family Business**

3-1. Who Controls the 20 Largest Firms in Thailand?

Table 3-1 The 20 Largest Companies in Thailand, 2010 (Million Baht)

*GLC Government-Linked Companies, *MNC Multinational Corporations, *CPB Crown Property Bureau

*FAB Family Business Group

Rank	Company Name	Class.	Owner	Type of business	Revenue
1	PTT PLC	GLC	PTT	Oil, petrochemical	1,943,858
2	YLG Bullion	MNC	YLG Group	Gold trade	453,477
3	Toyota Motor Thailand	MNC	Toyota Motor	Automobile	394,249
4	Siam Cement PLC	CPB	SCC Group	Cement, materials for construction	334,249
5	Thai Oil PLC	GLC	PTT	Oil refining	324,351
6	Toyota Motor Asia Pacific Engineering	MNC	Toyota Motor	Automobile	304,145
7	Star Petroleum Refining PLC	GLC	PTT	Oil refining	241,352
8	IRPC PLC	GLC	PTT	Petrochemicals	223,801
9	Hua Seng Heng Goldsmith 金取引	FAB	和成興行	Gold trade	206,892
10	Indorama Ventures PLC	FAB	Indorama Group	Petrochemicals	195,768
11	Charoen Pokphand Foods PLC	FAB	CP Group	Agroindustry	195,053
12	Western Digital	MNC	Western Digital	Electronics	185,133
13	Thai Airways International PLC	GLC	Thai Airways	Aviation service	184,270
14	ESSO (Thailand) PLC	MNC	Exxon Mobil	Oil refining	179,774
15	Isuzu Motors Co. (Thailand) Ltd.	MNC	Isuzu Motor	Automobile	153,699
16	Honda Automobile (Thailand)	MNC	Honda Motor	Automobile	150,680
17	Ek-chai Distribution テスコロータス	MNC	Tesco	Modern retail;	148,046
18	PTT Exploration & Production PLC	GLC	PTT	Oil exploration	147,572
19	TDC Gold (Technology Development Center)	FAB	TDC Gold	Gold trade	145,637
20	Mitsubishi Motors (Thailand)	MNC	Mitsubishi Motor	Automobile	145,374

[Source] Made by Suehiro on the basis of Arip Publish, *Business Plus Special Issue: Top 1000 Companies 2012-2013*.

3-2. Decline and Revival of Family Business, 1989-2010

Table 3-2 The 100 Largest Companies in Thailand, by Ownership Pattern, 1989-2010 (Million Bahts, %)

Ownership Pattern	1989	1997	2000	2004	2010
(1) Number of Firms (total 100)					
Number of firms	100	100	100	100	100
① State enterprises (listed)	5.0	9.0	13.0	14.0	14.0
② Crown Property Bureau	7.0	5.0	5.0	7.0	8.0
③ Family-owned (Zaibatsu)	50.0	46.0	32.0	19.0	24.0
④ Widely-held firms (Independent)	3.0	5.0	3.0	5.0	3.0
⑤ Foreign firms (MNC)	33.0	30.0	47.0	55.0	51.0
--Japanese firms	17.0	18.0	20.0	28.0	24.0
(2) Distribution of sales or turnover (Million Baht)					
Sales or Turnover	719,145	2,439,113	2,847,566	4,979,761	11,650,651
① State enterprises (listed)	14.9	15.7	19.3	32.7	31.6
② Crown Property Bureau	7.5	4.7	4.7	4.8	6.4
③ Family-owned (Zaibatsu)	42.6	48.3	27.9	11.6	18.3
④ Widely-held firms (Independent)	3.0	2.1	1.2	2.8	2.0
⑤ Foreign firms (MNC)	32.0	29.2	46.9	48.1	41.8
--Japanese firms	14.8	18.4	16.4	24.1	19.8

[Note] Crown Property Bureau include the Siam Cement Group (SCG) and the Siam Commercial Bank Group (SCB).

[Source] Arranged by Suehiro on the basis of his own company database of Thailand 1979-2014.



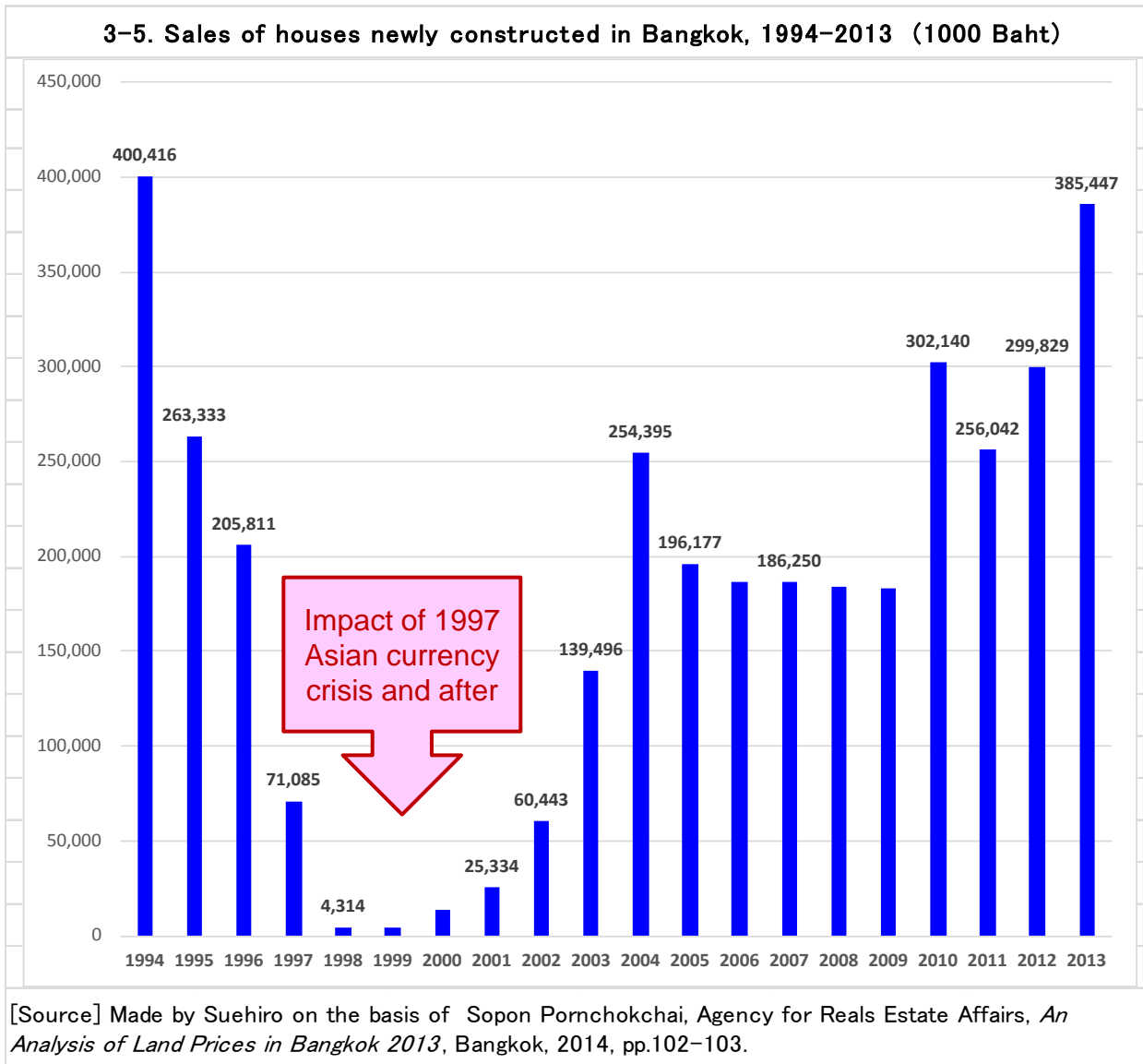
3-4. 7-Eleven: Thailand is the 2nd Position in the World, Following Japan, 2006-2015

Table 3-4 Growth of 7-Eleven in Asian Countries, 2006-2015

Country/ region	Year of the first shop	Dec. 2006	Sept. 2011	Aug. 2014	Jan. 2015
Japan	1973	11,735	14,005	16,375	17,206
Thailand	1989	3,785	6,206	7,651	8,127
Korea	1989	1,421	4,755	7,085	7,231
Taiwan	1979	4,385	4,783	4,966	5,040
China	2004	1,055	1,732	2,010	2,064
Malaysia	1984	838	1,305	1,581	1,745
Philippines	1988	368 (2008)	...	1,049	1,282
Hong Kong	1981	966	966
Singapore	1983	345	556	528	493
Indonesia	2009	0	...	158	187
USA	1946	7,800

[Source] Made by Suehiro on the basis of the homepage of 7-Eleven, Inc.

3-5. The Return of Housing Boom in Bangkok since 2004



Revival of Family Business in Service Sector

Backgrounds:

- ① Progress of urbanization and the growth of urban middle class in Thailand
- ② Globalization and the growth of wealthy class in emerging Asian countries.

Development of new service sector:

- ① Department stores, **mega shopping centers**.
- ② Convenience stores, fast foods, restaurants
- ③ **Housing**, condominium, hotels
- ④ Hospital, health services (including **medical tourism from the Middle East**)

3-6. Family Business Targets Agro Industry and Service Industry

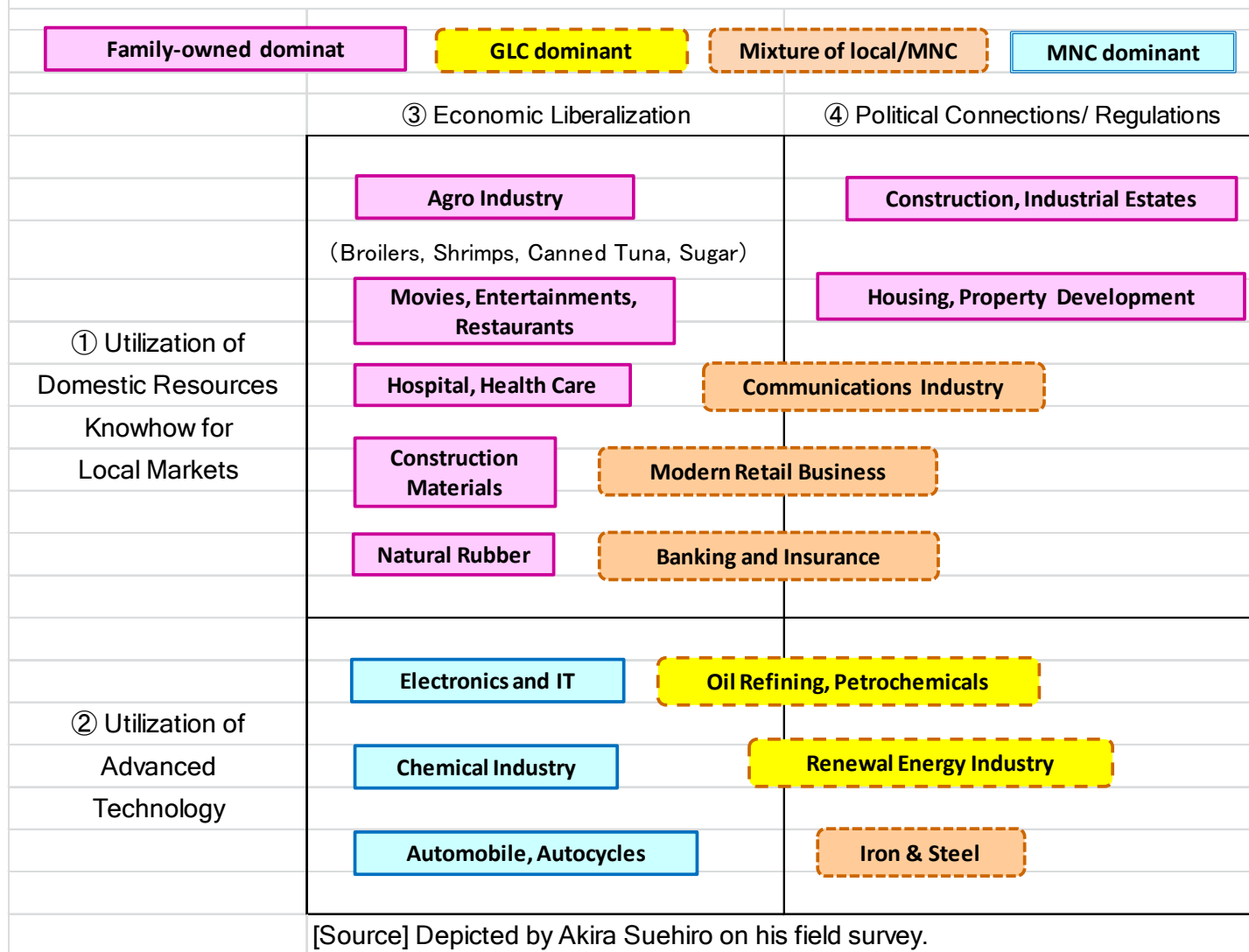
Table 3-6 Major Family Businesses in Agro Industry and Service Sector, as of 2014

Category	Type of business	Group Name (specific company)
Agro industry	Beverages, beer, spft drink	TCC (Thai Beverage, Oishi), Boon Rawd (Singha)
	Rice, silo, warehousing	CP (CP Intertrade), Capital Rice, Asian Golden Rice
	Sugar + Ethanol	Mitr Phol, Thai Roon Ruang, Kwang Soon Lee
	Natural rubber	CP (CP Foods), Thai Hua Rubber, Bundit
	Broiler chickens	CP (CP Foods), Betagro, Laemthong
	Canned tuna, shrimps	Thai Union Frozen Products (TUF) , Sri Trang Agriculture
Property, housing and industrial estates	Construction	Italian-Thai Development, Ch. Karnchang
	Property	L&H, CP (CP Land), TCC (Univentures, TCC Land)
	Housing	Pruksa Real Estate, Supalai, Quality House
	Industrial estate	Saha Group, Amata, Hemaraj
Shopping centers and other service industries	Convenience store	CP (CP All: 7-Eleven), Central (Familymart), Saha Group
	Supermarkets, C&C	CP (Siam Makro), Central (CPN), Siam Future
	Departmentstore	Central (Central, Robinson), The Mall, TCC
	Restaurants	Central (CRC), MK Restaurant, Saha Group
	Fast foods	Mahakijisiri (Nesle coffee), Minor Group (Piza Hut)
	Hotel	Central (CENTEL), CP (CP Land), Dusit Thani
	Hospital, health service	BGH (Bangkok Dusit Medical Service), Thonburi Hospital
Entertainments	Cinema	Major Cineplex
	TV Programme	BEC World, Grammy, Kantana

[Source] Compiled by Akira Suehiro on the basis of his field survey.

3-7. Industrial Segmentation among Three Groups

Figure 3-7 Who Controls Which Type of Industries?: Essential Determinants



Part 4

New Strategies of Thai Big Corporations

Reorganization of Thai Big Family Businesses

- **Group 1: Growing bigger and bigger (Big 5)**
 - PTT (former Petroleum Authority of Thailand).
 - SCG (Siam Cement Group), CP Group, TCC Group (Thai Beverage), Indorama
- **Group 2: Revival and further expansion**
 - Central Group, Saha, Singha, agribusiness
- **Group 3: Newly emerging groups**
 - energy, housing, medical/health services
- **Group 4: Collapse**
 - crops merchants, automobiles, steel

WE4-1 The 20 Largest Family Business in Thailand, 1997 and 2010 (Million Baht)

A group with # indicates collapse of business after the 1997 Asian currency crisis, while a group with * shows business reduction.

Rank	Year of 1997		Rank	Year of 2010			
	Name of Group	Revenues		Name of Group	Type of business	Nos.	Revenues
1st	Siam Cement Group	213,346	1st	Siam Cement Group	Construction materials, petrochemicals	24	839,309
2nd	Bangkok Bank	194,999	2nd	CP Group	Agro, retail, ICT	15	644,823
3rd	CP Group	141,145	3rd	Indorama Group	Chemicals, petrochemicals	5	272,568
4th	Thai Farmers Bank*	139,279	4th	TCC Group	Biverage, property	30	264,887
5th	Siam Commercial Bank	125,983	5th	Hua Seng Heng	Gold trading	1	206,892
6th	TCC Group	117,942	6th	Bangkok Bank	Banking and insurance	5	161,364
7th	Bank of Ayudhya*	91,741	7th	Boon Rawd Brewery	Beer, soft drinks	5	149,512
8th	Boon Rawd Brewery	78,763	8th	Banpu/Mitr Phol	Mining, sugar, ethanol	5	131,798
9th	TPI Group #	67,816	9th	Central Group	Modern retail, hotel	11	130,485
10th	Central Group	48,676	10th	Siam Commercial Bank	Banking and insurance	6	125,983
11th	Shin Group*	48,584	11th	Thai Union Frozen	Agro industry, canned tuna	6	113,359
12th	Saha (SPI)	46,458	12th	Sahaviriya	Steel, property	5	112,087
13th	UCOM*	41,764	13th	Sri Trang Agro	Agro industry, canned tuna	2	97,059
14th	Italian-Thai	40,821	14th	Land & Houses	Housing	5	77,505
15th	MMC Sittipol*	38,555	15th	Saha (SPI)	Consumer goods, property	12	74,900
16th	Siam Motors*	35,851	16th	SMC Polymer	Petrochemicals	3	73,286
17th	Metro Group #	35,325	17th	Betagro	Agro, broiler chickens	6	62,059
18th	Soon Hua Seng #	34,859	18th	Bangkok Dusit Medical	Hospitals, health services	4	54,424
19th	Bangkok Metropolitan Bank #	32,971	19th	Thai Life Insurance	Life insurance	2	54,147
20th	Osothsapha	32,227	20th	TFI/Nescafe	Coffee, packaging	4	49,149

[Sources] Compiled by Suehiro on the basis of his Thailand Company Database 1979-2014.

Strategy and Means to Expand Business

① Selection and concentration

→ from zaibatsu-type to specific industry

② Utilization of land as strategic assets

→ collateral for banking loans, property funds

③ M&A employed to expand businesses

→ the same core industries outside Thailand

④ Response to the start of AEC in 2015/16 (ASEAN Economic Community)

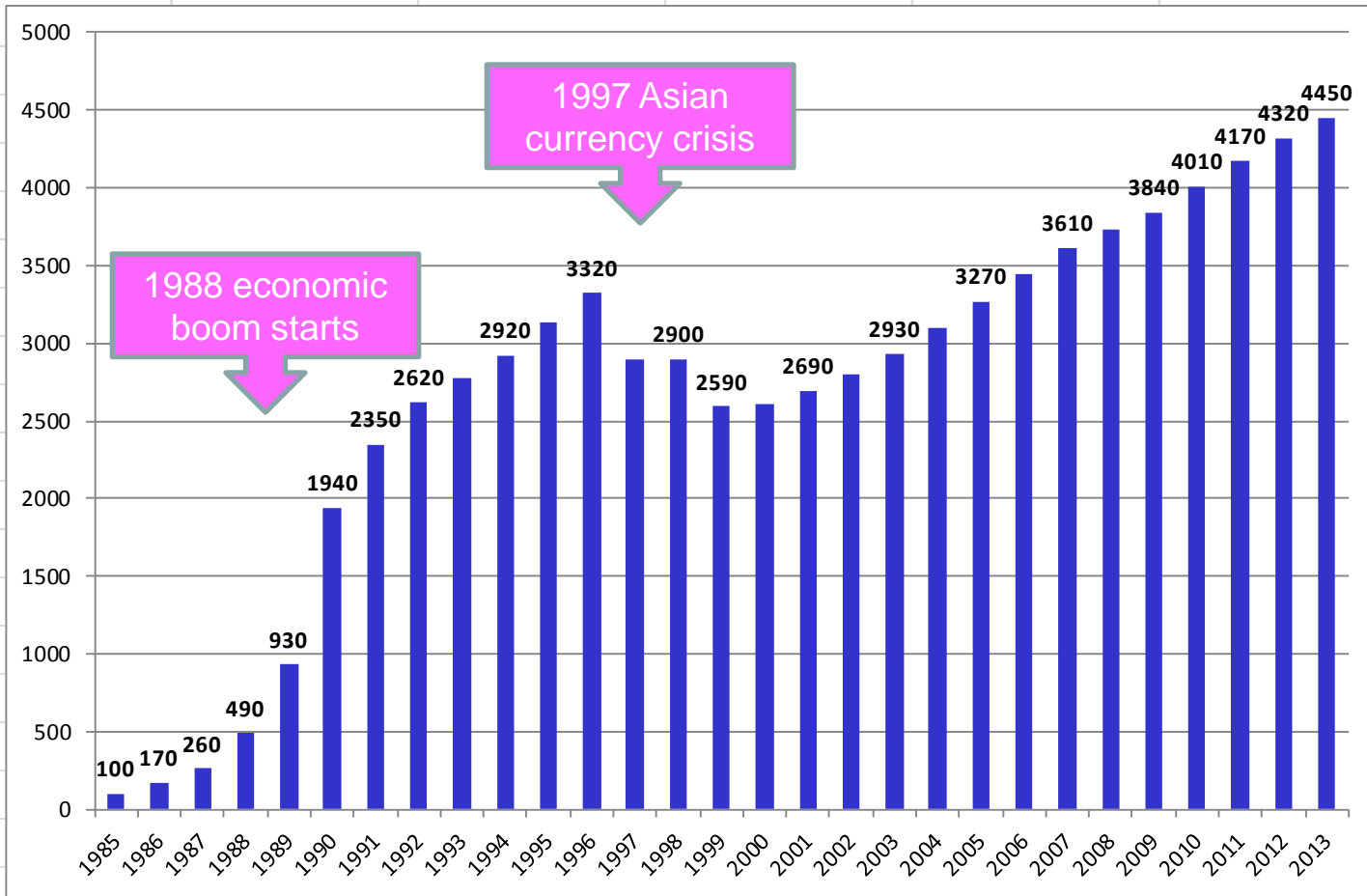
→ targeting the markets in **CLMV and ASEAN**

⑤ Strategic alliance with Chinese firms

→ both in Thailand and in mainland China

4-4. Increase of Land Price in Bangkok Area, 1985=100

Figure 4-4 Increase of Land Price in Bangkok, 1985-2013 (The year of 1985=100)



(出所) Agency for Real Estate Affairs, *Bangkok Land Prices Change, 1994-2013: Chronological Research*, presented by Dr. Sapon Pornchokchai on January 28, 2014,

4-6. M&A of Major Thai Family Businesses, 2010-2013

WE4--6 M&A of Major Thai Family Business, 2010-2013

Month/Year	Group	M&A Type	Firms Acquired	Type of business	Value	
					Million Baht	Million dollar
July. 2010	Banpu	Acquisition	Centennial Coal (largest mining company in New Southwales of AU)	Coal mining	60,000	1,905
July. 2010	TUF	Acquisition	MWBrands SAS (largest canned tuna mfg in France)	Canned tuna	28,500	884
Aug. 2010	Sahaviriya	Acquisition	Blast furnace division of Corus Group PLC (UK) .	Blast furnace	14,800	469
Dec. 2010	BGH	Acquisition	Health Network PLC (Payatai, Memorial 7hospitals)	Hospital	10,000	317
Sept. 2011	Central	Acquisition	La Rinascente SpA (Italian old-branded hotel chain)	Hotel chain	12,000	372
Sept. 2011	SCG	Investment	PT.Chandra Asri Petrochemical (inegrated firm in Indonesia)	Petrochemicals	13,600	425
Feb. 2012	Indorama	Acquisition	Chemical division of Old World Industries, LLC (USA)	Ethylene	24,400	795
July. 2012	TCC Group	Acquisition	Fraser & Neave Ltd. (Singapore, younger brother of PM Lee Shenlong)	Beverage	70,000	2,210
Sept. 2012	TCC Group	Acquisition	Golden Land Property PLC	Property	10,400	340
Dec. 2012	CP Group	Investment	Ping An Insurance (平安保險、2nd largest in China) 15%	Life Insurance	288,000	9,386
April. 2013	CP Group	Acquisition	Siam Makro (SHV Holdings in Hollanda)	Global retail	121,500	3,980

(注) BGH: Bangkok Dusit Medical Services PLC; SCG: Siam Cement Group

[Sources] Compiled by Suehiro on the basis of UNCTAD, *World Investment Report*, Appendix Thailand; Information included into annual reports of each group.

4-7. Targets of Thai Firms are the Markets in CLMV

WE4-7 Overseas Investment in Asia by Thai Major Business Groups (as of 2013)

◎ Core site, ○ Production/sales, ■ Liason office, △ Planning in investment; F = Firms

Country/Region	Siam Cement	CP/CPF	Betagro	Mitr-Phol	TCC/ BJC	Italian-Thai Development
	Construction materials	Agro industry	Agro industry	Sugar biomass	Glass bottles	Construction contract
China	○2F	◎6F, 58 feedmilling/ broiler factories	◎	deinvestment	△	
Hong Kong		○9F			○3F	
Taiwan		○5F				○2F
Viet Nam	◎13F	○1F	○	△	◎3F	○1F
Myanmar	○3F	△	○	△	■1F	◎ Dawei
Cambodia	○5F	○1F	◎	○	■1F	■
Laos	○3F	○1F	○	○	△	○
Malaysia	○2F	◎6F			◎2F	○2F
Singapore	◎10F					
Indonesia	◎16F					○1F
Philippines	◎8F	○2F				○2F
India		○1F				◎4F

[Note] CP/CPF: Charoen Pokphand Foods PLC; TCC/BJC: Berli-Jucker PLC.

[Sources] Interview research by Suehiro; Annual Reports of each company.

4-10. Strategic Corporate Alliance between Thailand and China

WE4-10 Strategic Alliance between Thai Firms and Chinese Firms, 2007-2015

Type of Business	Year/Month	Forms	Place	Thailand	China
(1) Energy, Natural Resources					
Undersea oil	Feb. 2008	Alliance	Myanmar	PTT Group	CNOOC (SE) 中国海洋石油
Atomic power plant	Oct. 2007	Tech. assistance	Thailand	EGCO	CLP Power, Cantong
Biomass	May. 2010	Joint venture	China	Mitr Phol Sugar	Funan Sugar 扶南製糖所
Solar power plant	May. 2014	Construction	Thailand	EGAT	Consosium
(2) Automobiles, Tyre					
Compact car	Jan. 2009	Joint venture	Thailand	CP Group	Chery Auto 奇瑞汽車
Tyre	Dec. 2010	Joint venture	Thailand	Thai Hua Rubber	Hangzhou Rubber 杭州中策
Automobile	Dec. 2012	Joint venture	Thailand	CP Group	Shanghai Motor 上海汽車
Carriage for railway	July. 2010	Purchase	Thailand	Bangkok Mass Transit	長春軌道車
(3) Information Communications Technology					
Home appliance	2007年4月	Acquisition	Thailand	Sanyo Universal	Hier 海靈
Communications	Aug. 2013	Single	Thailand		Huawei 華為技術
Communications	Dec. 2013	Planning	Thailand		Baidu 百度
Communications	July 2014.	Alliance	Thailand	CP Group	China Mobile 中國移動通信
(4) Property Development, Industrial Estates					
Industrial estate	Mar. 2011	Joint venture	Thailand	Amata Corporation	Holy Group
Property business	April. 2013	Joint venture	Thailand	CP Group	Greenland (Shanghai)
Property business	Jan. 2015	Investment	China	CP Group	CITIC 中信
(5) Banking, Insurance					
Banking	Jan. 2010	Alliance	China/Thailand	Kasikorn Bank	China Minsheng Banking Corp. 中國民生銀行
Banking	Mar. 2011	Alliance	China/Thailand	Bangkok Bank	ICBC. Industrial and Commerical Bank of China 中國工商銀行
Life insurance	Dec. 2012	Investment	China	CP Group	Ping An Insurance 平安保險

[Sources] Compiled by Akira Suehiro on the basis of Thai news papers.

Part 5
Alternative to
the East Asian Model

The East Asian Model and Another Way

- Catch-up type industrialization has requested a country to promote continuous innovation and to upgrade industrial structure.

→ Japan, following Korea and Taiwan, and now China. **But Thailand has poor technological base in manufacturing sector.**

- Needs 43 years for Thailand to catch up with the average per capita income of the OECD.

Thailand should **not** aim at becoming a high-income country, **but should seek for its own positioning** in non-manufacturing sector such as agro industry and service sector

Thank you for your attention



Udonthani city in Northeastern Thailand, Dec. 3, 2014