

9 Things You Want to Know about Thai SMEs Internationally

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1. Thai definition of SMEs is different from 9 other members, we have only Size S and M while the rest classified them into Micro, Small, and Medium Enterprises.
2. Thai SMEs hold great significance in Thai economy numbering 99.8% of total establishments (compared to other ASEAN members ranging from 88.8% to 99.9%) and providing 99.3% of total employment (compared to other members ranging from 51.7% to 97.2%)
3. International Trade Data of Thai SMEs (latest available for 2014; source: OSMEP)
 - 3.1 Export share of GDP of SMEs is 36.80 percent. The export share of SMEs to total export has declined over the last 5 years (2010-2014) accounting for 26.25 percent in 2014.
 - 3.2 In 2014 Total Thai exporting enterprises number 36,065 while 24,543 of these are SMEs. Total importing enterprises number 77,081 while 46,124 of these are SMEs.
 - 3.3 In 2014, the top 20 countries that Thai SMEs exported to account for 79.88 percent of their total exports with China, Japan and the U.S. as major markets accounting for 11.04, 9.56 and 10.51 percent; and positive growth rate of 10.78, 7.95 and 10.48 percent respectively. The top 20 countries that Thai SMEs imported from account for 88.72 percent of their total imports with China, Japan and the U.S. as major sources accounting for 27.90, 14.80 and 6.49 percent and growth rate of 10.14, -1.6, and -3.34 percent respectively.
 - 3.4 The top 3 export categories by value in 2014 are machinery; computer, electrical equipment and components; and vehicles and components. The top 3 export categories with the highest growth rate is jewelry; plastic and plastic products; and Machinery. The top 3 import categories by value are fuel, petroleum and petroleum products; electrical equipment and parts; and machinery. These categories of exports and imports are also major ones for their trade with ASEAN members.
 - 3.5 Trade of SMEs with ASEAN members in 2014
4. ASEAN: Strategic Goals, Desired Outcomes and Country Champion which Thailand will responsible for 2 categories: promote productivity (i) technology and innovation (ii) enhance market access and internationalization
5. The current SMEs promotion strategic plan of the Thai government is for 2012-2016 consisting of 4 strategies, 2 of which deal with international aspect. Strategy 2.3 emphasizes the cooperation at the special economic zone of border areas under the economic cooperation agreement with neighboring countries, while Strategy 3 sets out the formation of international cooperation network, and business alliances linking supply chains within the

regional ASEAN level and at global level.

6. To undertake joint-venture with Thai SMEs, foreign investor should be well aware of the current BOI industrial promotion policy with following 6 main points:

6.1 Promote investment that helps enhance national competitiveness by encouraging R&D, innovation, value creation in the agricultural, industrial and services sectors, SMEs, fair competition and inclusive growth.

6.2 Promote activities that are environment-friendly, save energy or use alternative energy to drive balanced and sustainable growth 3. Promote clusters to create investment concentration in accordance with regional potential and strengthen value chains.

6.3 Promote investment in border provinces in Southern Thailand to help develop the local economy, which will support efforts to enhance security in the area.

6.4 Promote special economic zones, especially in border areas, both inside and outside industrial estates, to create economic connectivity with neighboring countries and to prepare for entry into the ASEAN Economic Community (AEC).

6.5 Promote Thai overseas investment to enhance the competitiveness of Thai businesses and Thailand's role in the global economy.

7. The industrial development vision of Thailand as laid down by the Ministry of Industry points to a major shift from the Age 3.0 of heavy industry driven by efficiency to the Age 4.0 of industry based on innovation from upstream to downstream toward sustainability in 3 dimensions of 1) economic--income, 2) social--wealth distribution and community well-being, and 3) environmental—environmental-friendly. The derived policy aims to strengthen SMEs and OTOP enterprises in 4 aspects: namely Digital Marketing/Technology, product/production standard upgrading, promotion of new start-ups in regional areas with the establishment of SMEs/OTOP incubation center, and provision of Fund/Venture Capital.

8. The target product group to be promoted for Thai SMEs to expand their market into ASEAN members are For Thai SMEs in ASEAN automotive, agriculture and energy, entertainment, tourism, wellness, telecommunication, lifestyle (product/service) and construction.

9. The government has set up service centers for the promotion of SMEs to facilitate exports, investment overseas and linking them along supply chain with large international companies. These include:

Department of International Trade Promotion: www.ditp.go.th Department of Trade Negotiation: www.dtn.go.th
Board of Investment (BOI): www.boi.go.th

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Topics

- 9 Things You Want to Know about Thai SMEs Internationally
- Case Study – Border Trade Laos – Cambodia - Myanmar



1) Definition of SMEs: Thailand v.s. ASEAN Member States

	Thailand				Viet Nam		
	Manufacturing	Wholesale	Retail	Other Service	Agriculture	Manufacturing	Service
Micro enterprises							
No. of workers (up to)	n/a	n/a	n/a	n/a	< 10	< 10	< 10
Other criteria (up to)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Small enterprises							
No. of workers (up to)	< 50	< 25	< 15	< 50	< 200	< 200	< 50
Other criteria (up to)	Fix Asset (THB) < 50 million	Fix Asset (THB) < 50 million	Fix Asset (THB) < 30 million	Fix Asset (THB) < 50 million	Capital (VND) < 20 billion	Capital (VND) < 20 billion	Capital (VND) < 10 billion
Medium enterprises							
No. of workers (up to)	< 200	< 50	< 30	< 200	< 300	< 300	< 100
Other criteria (up to)	Fix Asset (THB) < 200 million	Fix Asset (THB) < 100 million	Fix Asset (THB) < 60 million	Fix Asset (THB) < 200 million	Capital (VND) < 100 billion	Capital (VND) < 100 billion	Capital (VND) < 50 billion

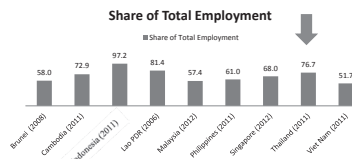
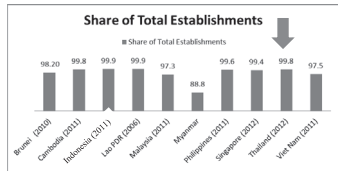
(Source: ASEAN Member States)

1) Definition of SMEs: Thailand v.s. ASEAN Member States (con't)

	Brunei Darussalam	Cambodia	Indonesia	Laos PDR	Malaysia	Philippines	Singapore
					Manufacturing	Service and Other	
Micro enterprises							
No. of workers (up to)	< 4	< 10	n/a	n/a	< 5	< 5	n/a
Other criteria (up to)	Sales Varying by sector	Asset (USD) < 50	Asset (IDR) < 50 million Sales (IDR) < 300 million	n/a	Sales (RM) < 300,000	Asset (PHP) < 3 million	n/a
Small enterprises							
No. of workers (up to)	< 19	< 50	n/a	< 10	< 75	< 30	n/a
Other criteria (up to)	Sales Varying by sector	Asset (USD) < 250,000	Asset (IDR) < 500 million Sales (IDR) < 2,500 million	Asset (LAK) < 250 million Sales (LAK) < 400 million	Sales (RM) < 15 million	Sales (RM) < 3 million	Asset (PHP) < 15 million
Medium enterprises							
No. of workers (up to)	< 99	< 100	n/a	< 50	< 200	< 75	n/a
Other criteria (up to)	Sales Varying by sector	Asset (USD) < 500,000	Asset (IDR) < 10,000 million Sales (IDR) < 50,000 million	Asset (LAK) < 2,000 million Sales (LAK) < 1,000 million	Sales (RM) < 50 million	Sales (RM) < 20 million	Asset (PHP) < 100 million

(Source: ASEAN Member States)

2. Establishments and Employment to Thai Economy compare to ASEAN Member States



3. International Trade Data of Thai SMEs

3.1 Number of Thai SMEs: Exporting/Importing 2012 - 2014

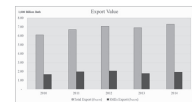
	2012	2013	2014	Increase/Decrease
Total Number of Thai Exporting Enterprises				
SE	20,344	21,411	21,689	258
ME	2,794	2,865	2,874	9
LE	2,249	2,746	2,721	-25
na.	13,374	10,753	8,801	-1,952
SMEs	23,138	24,276	24,543	267
Total	38,761	37,775	36,065	-1,710
Total Number of Thai Importing Enterprises				
SE	36,064	42,089	42,321	232
ME	3,662	3,645	3,803	-42
LE	3,308	3,538	3,456	-82
na.	6,163	30,892	27,501	-3,391
SMEs	39,726	45,934	46,124	190
Total	49,287	80,364	77,081	-3,283

3.2 Export-Import Share of GDP of ThaiSMEs and Growth Rate



Items	2010	2011	2012	2013	2014
SMEs Export Share to Total GDP(%)	27.30	29.39	29.16	25.65	26.25

Source: Office of Small and Medium Enterprise, Sept 2015.



3.2 Export Share

3.3 Top 5 Export Destination of Thai SMEs



No	Destination Country	2012		2013		2014		Ratio (2013,%)		Growth 2014/13(%)	
		SMEs	Total	SMEs	Total	SMEs	Total	SMEs	Total	SMEs	Total
1	China	227,469.98	829,846.56	211,298.66	824,553.05	234,073.92	806,131.29	12.21	11.04	10.78	(2.23)
2	Japan	204,756.91	725,043.64	171,042.14	671,645.75	184,644.50	698,558.31	9.63	9.56	7.95	4.01
3	United States	166,776.65	703,861.82	134,506.88	694,239.61	148,606.04	767,456.64	7.75	40.51	10.49	10.55
4	Hong Kong	142,821.13	404,989.07	132,905.71	399,296.84	121,193.38	404,690.86	6.32	5.54	(8.81)	1.35
5	Malaysia	97,454.75	383,673.07	90,293.80	393,337.78	97,539.87	409,599.60	5.09	5.61	8.02	4.13

3.4 The top 3 export categories by value in 2014 are machinery, computer, electrical equipment and components; and vehicles and components. The top 3 export categories with the highest growth rate is jewelry, plastic and plastic products; and Machinery. The top 3 import categories by value are fuel, petroleum and petroleum products; electrical equipment and parts; and machinery.

Source: Office of Small and Medium Enterprise, Sept 2015.

3.5 Trade of Thai's SMEs with ASEAN Member States



unit: million baht

Country	2012		2013		2014		Growth 2014/2013(%)	
	SMEs	Total	SMEs	Total	SMEs	Total	SMEs	Total
BRUNEI DARUSSALAM	-22.98	-7,868.66	651.57	-11,871.72	145.55	-16,636.06	-77.66	-40.13
CAMBODIA	47,211.83	106,381.45	51,579.74	117,678.79	49,098.18	126,232.49	-4.81	7.27
INDONESIA	34,891.67	93,408.16	22,353.11	80,172.76	19,740.80	68,729.52	-11.81	-14.27
LAO REPUBLIC	39,747.23	72,120.22	36,244.64	71,828.99	43,525.41	83,208.66	20.09	15.85
MALAYSIA	-17,363.35	-25,897.31	-5,332.70	-13,061.12	-8,976.52	-4,754.35	31.06	63.6
MYANMAR	50,892.95	-18,110.68	51,621.13	-8,137.05	60,421.90	8,534.82	17.05	197.79
PHILIPPINES	13,420.58	64,940.03	13,693.71	72,048.90	21,559.18	103,444.48	57.44	43.58
SINGAPORE	-20,268.46	89,838.07	6,588.05	88,962.17	-1,165.61	78,348.58	-113.81	-11.93
VIETNAM	30,358.47	106,975.47	34,163.82	117,514.99	36,048.05	125,049.42	5.52	6.41
Trade Balance	152,705.95	484,387.74	213,540.86	514,134.71	225,677.93	672,567.58	5.68	11.36

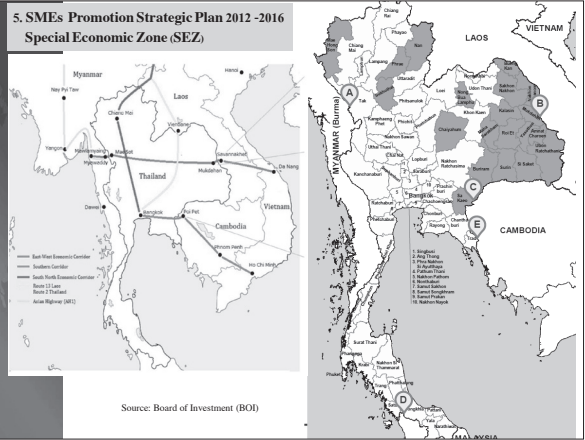
Source: Office of Small and Medium Enterprise, Sept 2015.

4. ASEAN: Strategic Goals, Desired Outcomes, Country Champion

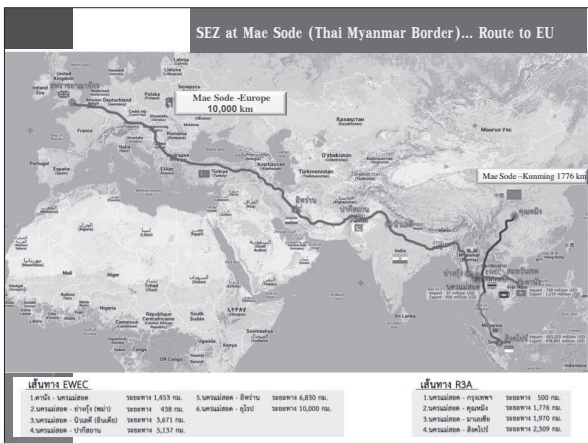


STRATEGIC GOALS	DESIRED OUTCOMES	COUNTRY CHAMPION
A) Promote Productivity, Technology and Innovation	A-1) Productivity will be enhanced	Thailand
	A-2) Industry clusters will be enhanced	Vietnam
B) Increase Access to Finance	A-3) Innovation will be promoted as a key competitive advantage	Malaysia, Lao PDR
	B-1) Institutional framework for access to finance will be developed and enhanced	
C) Enhance Market Access and Internationalization	B-2) Financial inclusion and finance will be promoted, and the ability of MSMEs to engage in the financial system will be enhanced	Singapore, Thailand
	C-1) Support schemes for market access and integration into the Global Supply Chain will be further developed	
D) Enhance Policy and Regulatory Environment	C-2) Export capacity will be promoted	Cambodia, Indonesia
	D-1) Trade and governmental cooperation in terms of policy and regulation will be enhanced	
E) Promote Entrepreneurship & Human Capital Development	D-2) MSMEs' interests will be promoted and involvement in the decision-making processes will be enhanced	Brunei Darussalam, The Philippines, Myanmar
	D-3) Obtaining of permits and business registration will be streamlined	
	E-1) Entrepreneurial education and learning programmes will be instituted	
	E-2) Human capital development for MSMEs will be enhanced especially for women and youth	

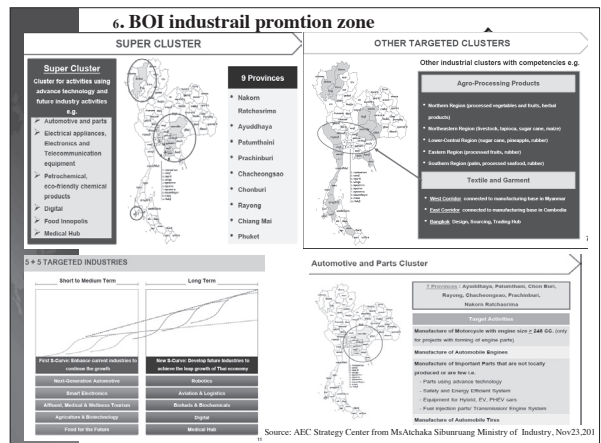
5. SMEs Promotion Strategic Plan 2012-2016 Special Economic Zone (SEZ)



SEZ at Mae Sode (Thai Myanmar Border)... Route to EU



6. BOI industrial promotion zone



4 Incentives for SMEs (2/2)



Condition for Thai SMEs

- The total share of Thai shareholders shall not be less than 51 percent.
- The total fixed asset or investment (excluding cost of land and working capital) of a company, including both BOI promoted and Non-BOI promoted projects, must not exceed 200 million baht.

Relaxation on criteria for Thai SMEs

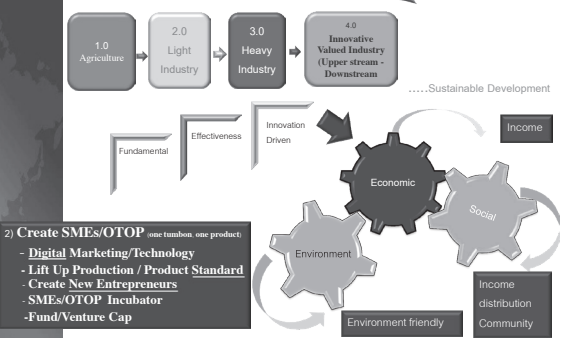
- The investment capital must not exceed 500,000 baht, excluding the cost of land and working capital (reduced from 1 million baht).
- The utilization of domestic used machinery older than 10 years is allowed. Investment in new machinery is required with a value of at least 50 percent of the total value of machinery in the promoted project.

Incentives

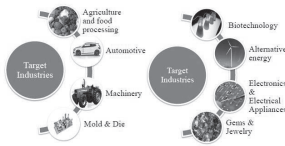
- 2 years additional CIT exemption
- If SMEs apply for the merit-based incentives for competitiveness enhancement, only half of the expenditures/investment specified in the competitiveness enhancement measure is required for SMEs in order to fulfill the conditions.

** The application must be submitted within 2017 **

7. Direction of Industry Development in THAILAND



8 Sectors of Opportunity



Source: Ministry of Industry

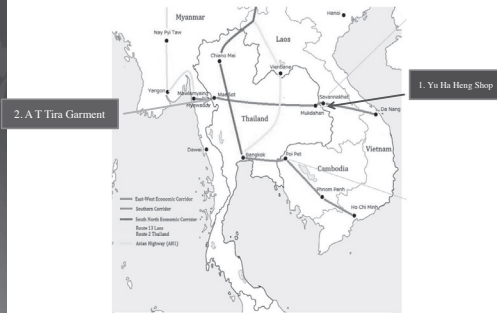
- Target Product group for Thai SMEs in ASEAN**
1. Automotive
 2. Agriculture and Energy
 3. Entertainment
 4. Tourism
 5. Wellness
 6. Telecommunication
 7. Lifestyle (product/service)
 8. Construction

Source: Office of Small and Medium Enterprise.

9. Thai government has set up service centers for the promotion of SMEs to facilitate exports, investment overseas and linking them along supply chain with large international companies.

Department of International Trade Promotion:
www.ditp.go.th Tel. 0-25077999
 Department of Trade Negotiation: www.dtn.go.th One Stop Center Tel. 0-25120123
 Board of Investment (BOI): www.boi.go.th Tel. 0-25338111.

Case Study



Case 1: Yu Ha Heng Shop



Established 1996
 Customer: Thai – Laos – Vietnam
 Location: Mukdahan province
 Key Success Factor:
 New product/New customer
 Understand consumer behavior
 Social Network : Line
 Long term relationship

2. Plao-ta-wan Organic Herb Co. Ltd.



Reddiamond herb



Year:1980
 Market: Thailand, Cambodia
 Key Success Factor:
 Exhibitions, Trade show
 R&D
 Understand Consumer Behavior

3. A. T. Tira Garment



Mr Chaijaturak Tirawan



Established:2002
 Product: Garment Factory
 Customer: Thailand
 Location: Mae Sod Tak Province
 Strategic Location

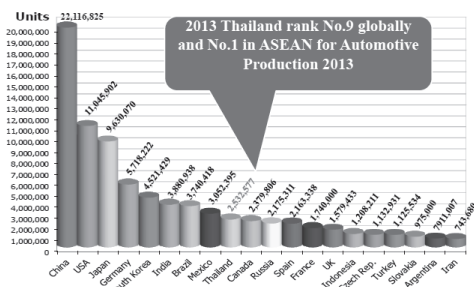


Key Success
 Target customer
 Relationship
 On time
 Business Plan
 Motivation - worker

Thank you!



World Ranking of Automotive Production by Country



Source : International Organization of Motor Vehicle Manufacturers, OICA (As of April 2014)

Focuses of Food Innopolis*



1

- Attract world class food companies to invest in Thailand

2

- Promote and support large companies and SMEs in Thailand to expand to global value chain

3

- Produce high value added food products and services

4

- Create new jobs and highly skilled professionals related to food industry

*GlobalFoodInnovationHub, GatewaytoASIA, LinkagetoASEAN

FOCUSED SECTORS OF FOOD INNOPOLIS



- Functional Food & Nutraceuticals
- Halal Food
- Premium Seafood & Aquaculture
- Essential Nutrition & Food Ingredients
- Healthy Fat & Oils
- Fruits & Vegetables (Organic)
- Supporting Business for Food Innovation (IT, Packaging, Design, Consultancy)

Target Companies - MNCs



Target Companies - Thai SMEs

