

講演 3

SMEs in Thailand

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1. Definition of SMEs

Thai SMEs are categorized by Number of employees and value of total fixed assets (Excluding land).

Type	Small		Medium	
	No. of Employee	Fixed Asset Excluding Land (THB Mil.)	No. of Employee	Fixed Asset Excluding Land (THB Mil.)
Manufacturing	50 or less	50 or less	51-200	>50 to 200
Services	50 or less	50 or less	51-200	>50 to 200
Wholesale	25 or less	50 or less	26-50	>50 to 100
Retail	15 or less	30 or less	16-30	>30 to 60

2. Number of SMEs

In 2014, number of SMEs in Thailand were 2,736,744, or 99.73% of the total number of enterprises. The majority of the enterprise are small sized enterprises accounting for 99.26% of the country's total number of enterprises while the medium sized enterprises were accounted for 0.47%.

Type	2013		2014	
	Amount	Share to Total Enterprises	Amount	Share to Total Enterprises
SMEs	2,716,038	99.73	2,736,744	99.73
SE	2,703,393	99.27	2,723,932	99.26
ME	12,645	0.46	12,812	0.47
LE	6,966	0.01	7,062	0.26
Undefined	392	0.01	392	0.01
Total	2,723,396	100.00	2,744,198	100.00

Regarding to the classification of enterprises by sector, the highest number of SMEs was 1,159,715 enterprises consisting of wholesale, retail, and automobile repair sectors, equivalent to 99.58% of all enterprises in this sectors. Secondly, there were 1,036,598 SMEs in the service sector constituting 99.28% of all enterprises in this sectors. Thirdly, the number of SMEs in the manufacturing sector was 495,077 or 98.57% of all the country's

SMEs in the manufacturing sector. Finally, in the agricultural sector, there were 32,081 SMEs or 99.26% of all the country's SMEs in the agricultural sector.

		wholesale, retail, & automobile repair	Services	Manufac- turing	Agri-culture	Un-defined	Total
SEs	2014	1,159,715	1,036,598	495,077	32,081	461	2,723,932
MEs	2014	2,924	5,220	4,497	171	-	12,812
SMEs	2014	1,162,639	1,041,818	499,574	32,252	461	2,736,744
Total	2014	1,164,605	1,044,166	502,255	32,319	853	2,744,198

3. Employment of SMEs

In 2014, the number of people employed by enterprises of all sizes totaled 13,078,147. Of this number, SMEs employed 10,501,166 people, or 80.30% of overall employment. For the employment classification by sector, the service sector had the highest number of employees totaling 4,701,144 or 80.53% of all the country's employment in the service sector.

Regarding employment by SMEs by size of business in 2014, it was found that employment by SMEs in the manufacturing sector was merely 23.09% of all employment while the service sector had the highest proportion of employment at 44.77% of all employment of SMEs. According to wholesale, retail trade and the repair of motor vehicles sectors, employment accounted for 31.57% of all employment of SMEs.

2014	SEs	MEs	LEs	SMEs	Total
Agriculture and Mining	105,274	6,983	3,688	112,257	115,945
Manufacturing	1,927,193	397,747	1,183,460	2,324,940	3,508,400
Electrics and Water	41,267	7,232	6,059	48,499	54,558
Wholesale and Retailing	3,235,553	79,932	245,889	3,315,485	3,561,374
Construction	685,683	40,528	49,550	726,211	775,761
Transportation and Warehouse	331,615	51,618	97,967	383,233	481,200
Hotel & Restaurants	915,792	87,902	185,745	1,003,694	1,189,439
Other Services	2,282,724	304,123	803,591	2,586,847	3,390,438
Undefined					1032
Total	9,525,101	976,065	2,575,949	10,501,166	13,078,147
Ratio to Total Enterprises	72.83	7.46	19.70	80.30	100.00
Ratio to Total SMEs	90.71	9.29			

4. Gross Domestic Product (GDP) of SMEs

The GDP contribution of SMEs in 2014 was 5,212,004 million baht or 39.6% of the country's overall GDP, which small enterprises contribute to 27.8% of total GDP and medium enterprises contribute to 11.8% of total GDP respectively.

	SE	ME	SME	LE	Total
GDP Value (Trillion Baht)	3.65	1.56	5.21	5.74	13.15
Proportion to Overall GDP (%)	27.8	11.8	39.6	43.6	100.0
Growth Rate (%)	0.2	0.2	0.2	1.4	0.9

Regarding to the GDP structure of SMEs in 2014, the service sector was the most important economic activity accounting for 41.3%. Second was the trade and maintenance sector at 27.9%, followed by the manufacturing sector at 23.5% respectively.

Economic Activity*	Overall		SMEs	
	Proportion to overall GDP (%)	Growth Rate (%)	Proportion to overall GDP (%)	Growth Rate (%)
Manufacturing	27.7	-0.4	23.5	-0.4
Trade and Maintenance	13.9	0.7	27.9	0.7
Service	38.8	2.4	41.3	0.8
Other Sectors**	9.1	-1.1	7.3	-3.9

Note: * Not including the agricultural sector

5. Government policy to support SMEs

The Thai government emphasizes on SMEs as a major economic development of the country. There are several government agencies responsible for SME promotion in terms of measures, projects and services provided to SMEs in various aspects for business operations. There are also benefits regarding to tax and investment in different areas. SME promotion schemes under the current government are as follow;

○ Financial Policy

- **Soft Loans & Credit:** It aims to alleviate the problem of access to finance for SMEs, enhance liquidity to SMEs that can survive and conduct their business in a sluggish economy. Loans are given to SMEs at a low rate of 4 per cent per annum for seven years.
- **Credit Guarantee Scheme:** Thai Credit Guarantee Corporation (TCG) is a state-owned specialized financial institution and to provide support to SMEs through guarantee service for the SMEs that have potentials but lack collateral security in order to enable them to acquire the required amounts of loans from financial institutions.
- **Venture Capital for SME-OTOP:** Government banks provide another source capital for SMEs through joint investment with Start-up of high growth potential.

○ Trade and Investment Policy

- Incentive for Invest in Special Economic Zone
- Tax Incentive for Selected SMEs from BOI
- Incentive for SMEs to export or invest in foreign countries

○ SMEs Development Policy

- Support policy for SMEs innovation

- Incubation center services
- **Tax Policy**
 - Tax Incentive to encourage SMEs to register within tax system

The newest policy launched on 8 September, 2015 aimed to encourage and support start-up SMEs. There are 5 mainly measures as follow;

- **Low Interest Rate Credit** : Loans for liquidity and working capital for SMEs
- **Portfolio Guarantee Scheme (PGS-5)** for new entrepreneur by Thai Credit Guarantee Corporation (TCG)
- **SMEs Private Equity Trust Fund** The 2-billion-baht venture capital fund led by Government Savings Bank (GSB) to invest in SMEs with high growth potential.
- **Income Tax reduction** for Existing SMEs having profit more than 300,000 baht (Reduce to 10% for 2015-2016 tax year)
- **Income Tax Exception for New Start-Up** (for 5 consecutive years), and also for small SMEs having profit less than 300,000 baht.

Source:

White Paper on Small and Medium Enterprises of Thailand in 2015, OSMED, Thailand


New Start-Up Policy, Ministry of Finance, Thailand

National Agenda: SMEs Policy, Bank of Thailand


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SMEs in Thailand


SME Center
 University of the Thai Chamber of Commerce


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Source: OSEMD, Thailand


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Number of SMEs

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Number of SMEs by Sector

	Year	Wholesale and Retailing	Services	Manufacturing	Agriculture	Undefined	Total
		SEs	2013: 1,152,795 2014: 1,159,715	2013: 1,023,581 2014: 1,036,598	2013: 493,617 2014: 495,077	2013: 33,363 2014: 32,081	2013: 37 2014: 461
MEs	2013: 2,896 2014: 2,924	2013: 5,111 2014: 5,220	2013: 4,465 2014: 4,497	2013: 173 2014: 171	2013: - 2014: -	2013: 12,645 2014: 12,812	
SMEs	2013: 1,155,691 2014: 1,162,639	2013: 1,028,692 2014: 1,041,818	2013: 498,082 2014: 499,574	2013: 33,536 2014: 32,252	2013: 37 2014: 461	2013: 2,716,038 2014: 2,736,744	
LEs	2013: 1,935 2014: 1,966	2013: 2,289 2014: 2,348	2013: 2,675 2014: 2,681	2013: 67 2014: 67	2013: - 2014: -	2013: 6,966 2014: 7,062	
Undefined	2013: - 2014: -	2013: - 2014: -	2013: - 2014: -	2013: - 2014: -	2013: 392 2014: 392	2013: 392 2014: 392	
Total	2013: 1,157,626 2014: 1,164,605	2013: 1,030,981 2014: 1,044,166	2013: 500,757 2014: 502,255	2013: 33,603 2014: 32,319	2013: 429 2014: 853	2013: 2,723,396 2014: 2,744,198	


Source: OSEMD, Thailand


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SME Size and Job Creation

Type	2013		2014	
	Amount	Share to Total Enterprises	Amount	Share to Total Enterprises
SMEs	10,235,239	20.08	10,501,166	80.30
Small Enterprises	9,273,480	72.56	9,525,101	72.83
Medium Enterprise	961,759	7.53	976,065	7.46
Large Enterprise	2,544,412	19.91	2,575,949	19.70
Undefined	1,032	0.01	1,032	0.01
Total	12,780,692	100.00	13,078,147	100.00


Source: OSEMD, Thailand


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Job Creation by Sector

	2014	SEs	MEs	LEs	SMEs	Total
Agriculture and Mining	105,274	6,983	3,688	112,257	115,945	
Manufacturing	1,927,193	397,747	1,183,460	2,324,940	3,508,400	
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Construction	685,683	40,528	49,550	726,211	775,761	
Wholesale and Retailing	3,235,553	79,932	245,889	3,315,485	3,561,374	
Transportation and Warehouse	331,615	51,618	97,967	383,233	481,200	
Hotel & Restaurants	915,792	87,902	185,745	1,003,694	1,189,439	
Services	2,282,724	304,123	803,591	2,586,847	3,390,438	
Total	9,525,101	976,065	2,575,949	10,501,166	13,077,115	

Source: OSEMD, Thailand


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GDP of SMEs

Total GDP of SMEs in year 2014 = 5.2 Million Baht
 (39.6% of Total GDP)

GDP of SMEs (Share by Sector)

Year	Services	Manufacturing	Trading & Repairing	Construction	Mining	Electrics, Gas & Water
2007	38.0	25.4	28.3	19.1	1.9	1.9
2008	38.4	25.7	28.4	19.1	1.9	1.9
2009	37.8	25.0	29.6	19.1	1.9	1.9
2010	36.7	26.4	29.3	19.1	1.9	1.9
2011	38.2	25.0	29.3	19.1	1.9	1.9
2012	39.3	23.9	29.0	19.1	1.9	1.9
2013	40.7	23.5	28.2	19.1	1.9	1.9
2014	41.3	23.5	27.9	19.1	1.9	1.9

Source: OSEMD, Thailand

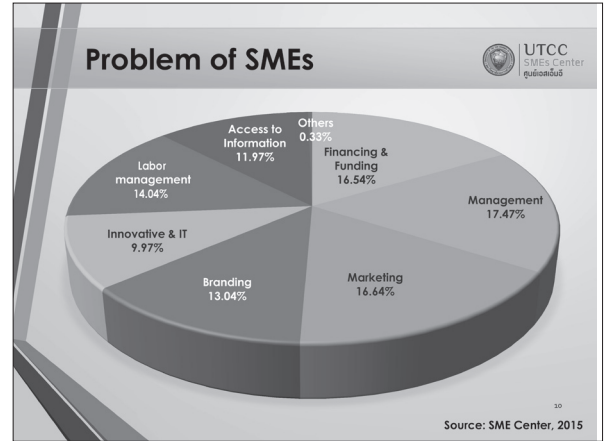

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Problem of SMEs in Thailand

Problem of SMEs

- Management
- Marketing
- Financing and Funding Access
- Labor Management
- Branding
- Access to Information/Government Scheme
- Innovation and IT

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Government Policy for SMEs

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Government Policy for SMEs

- Financial Policy
 - Soft Loans & Credit
 - Credit Guarantee Scheme
 - Venture Capital for SME-OTOP
- Trade and Investment Policy
 - Incentive for Invest in Special Economic Zone
 - Tax Incentive for Selected SMEs from BOI
 - Incentive for SMEs exporter
- SMEs Development Policy
 - Support policy for SMEs innovation
- Tax Policy
 - Tax Incentive to encourage SMEs to register within tax system

Source: Bank of Thailand, 2015

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SME/Start Up Supported Policy

5 Measures to Support Start-Up SMEs (Sep.,2015)

- Low Interest Rate Credit for liquidity purpose
- Portfolio Guarantee Scheme (PGS-5)
- SMEs Private Equity Trust Fund worth 2,000 Million Baht
- Income Tax reduction for Existing SMEs (Reduce to 10% for 2015-2016 tax year)
- Income Tax Exception for New Start-Up (for 5 consecutive years)

Source: Ministry of Finance, 2015

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The Office of SMEs Promotion (OSMEP)

Authority Stipulated by the SMEs Promotion Act, B.E. 2543 (2000)

Vision: "To be Thailand's Key Policy Maker on SMEs Promotion and Central Agency to Coordinate All Working Systems to Propel the SMEs Promotion Work."

Mission

- Formulating SMEs Promotion Master Plan and SMEs Promotion Action Plan and producing policy recommendations for the improvement of laws and regulations in concern with the SMEs.
- Propelling, supporting and developing the SME promotion systems and integrating the SME promotion works of all public and private agencies, domestically and internationally, to ensure their accomplishment in line with the SMEs Promotion Master Plan and the SMEs Promotion Action Plan.
- Developing SME knowledge and database to support SME policy recommendations and SME promotion work.
- Administering the SMEs Promotion Fund so as to be a tool for an effective SME promotion.

Source: OSEMD, Thailand

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The Thai Chamber of Commerce

Vision: "To be the leading business institution, working with integrity, efficiency and wide networking in driving the Thai economy, society and education into the global community with clear and sustainable direction."

Mission

- Knowledge sharing: Create and share knowledge to all sectors of the business system
- Competency Enhancement: developing skills and competitiveness of enterprises in all sectors, especially SME
- Connectivity and Collaboration: developing networks and partnerships with public and private sector in both regional and global business for all sectors.
- Good governance and CSR: enhancing good governance and accountability in the implementation of sustainable business practices
- Organization Development: developing organizations to be an effective organization and have a good image to society.

Source: the Thai Chamber of Commerce

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The Thai Chamber of Commerce

Rules & Duties

- Cooperation with Government Sector
- Provincial Economical Development
- Cooperation and Promotion of Trade with Foreign Countries:
- Education: the College of Commerce (1940) had change its status to University of the Thai Chamber of Commerce in 1984.
- Coordination with other Boards

Small and Medium Enterprises Committee

- Discuss and analyze feedback from SMEs to develop and provide services to SMEs by cooperating with the relevant authorities.
- Study and recommend on SMEs development about business structure, model, and development system that facilitate to increase SMEs competitiveness.
- Join activities with other agencies and organizations involved in promote and develop SMEs in order to enhance the capacity and competitiveness of SMEs.

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