

Opening lecture by
His Excellency Dr. Dhiravat Bhumichitr, Ambassador of Thailand
On ‘Thailand 4.0 – Economic and Societal Transformation’
At the Annual Meeting and Symposium of the Deutsch-Thailändische Gesellschaft
April 21st, 2018, Bonn-Bad Godesberg

Distinguished Professor Dr. Krass, Honorary Consul Zorn, Ambassador Barendonck,

Dear members of the Deutsch-Thailändische Gesellschaft,

Dear friends of Thailand

Ladies and Gentlemen,

Thank you for your kind invitation. It is my pleasure and honour to deliver an opening remark titled ‘Thailand 4.0 – Economic and Societal Transformation’ at the annual meeting and symposium of the Deutsch-Thailändische Gesellschaft, here in Bonn today. It is always a great pleasure for me to meet old friends and return to the city in which I used to work and live almost 20 years ago. Indeed, it is one of the German cities that have also undergone a huge transformation in the last few decades: from a small university town to the capital city and finally an international city that is usually associated with climate change and global warming, which is yet another transformation, but one of a global and geo-historical scale.

Indeed, the world in the 21st century is one of rapid and fundamental transformations, whether regarding nature, economy, politics, or society. Looking back at the beginning of this century after the financial crisis of 1997 – 1998, Asia was emerging as a champion of globalization. Asian countries have won the competition of geography and economy of scale to be the world’s product hub. Nowadays, in the age of disruptive technologies and digitalization, Asia is competing for talents and technologies to become a world’s innovation hub.

Ladies and gentlemen,

How is Thailand performing in this fast-changing environment? How can Thailand remain a close and invaluable partner to our old friends, like Germany?

Some statistics show that Thailand is a vanguard in this transformation process. According to the 2017 report by the International Federation of Robotics, Thailand had the second highest robot density in Southeast Asia, the fifth highest in Asia with 45 robots per 10,000 employees in 2017. The number of robots is expected to grow by 19% annually until 2020, the third highest in Asia, and double as high as in Germany. Digital technologies have become part of the daily life. Thai clients increasingly go online for financial transaction, use Uberapp on their smartphones to call and track taxis and UBEREATS to get food from their

favorite restaurants. E-commerce is expanding fast. More and more government services are provided online. Thais usually rank top three in Asia when it comes to the use of social media for personal and commercial purpose. This figure clearly shows a rapid modernization that is taking place across all sectors.

Does that mean we are about to achieve a type of development we wish for our next generations?

All of us know that Thailand has experienced a lost decade in terms of economic growth. Although the GDP growth has picked up last year and will continue to expand between 4 – 5 % this year, it will take at least a decade for Thailand to overcome the so-called ‘Middle Income Trap’, a task which can be more difficult to achieve with Thailand entering an ageing society, facing with negative consequences of climate change and sustainable growth, and most importantly with glaring differences between the haves and the don’t-haves. We can say that Thailand is caught not only in the ‘Middle Income Trap’, but also in ‘inequality trap’ and ‘unsustainability trap’.

The way forward clearly cannot be ‘business-as-usual’. We urgently need a comprehensive reform. That is a key reason for the government to initiate a development strategy called Thailand 4.0 focusing on comprehensive economic, societal and human capital development. Thailand 4.0 is a model established to **support Thailand’s stability, sustainability and resilience**, and to **accelerate innovation creation and adoption process to ensure that this process results in sustainable and equitable growth**.

But please don’t get irritated by the term 4.0. While the reason Thailand takes the term ‘4.0’ into our national development strategy comes from the fact that Germany, the origin of ‘Industrie 4.0’ has been playing the role of ‘partner and pioneer’ for Thailand’s industrial development, Thailand 4.0 is broader than digitalization of manufacturing, big data, IoT, clouds and fintech, and is not just about economy. Thailand 4.0 touches upon the whole society and contains a comprehensive package policy measures. It is part of our 20-year national development plan.

If you ask Thai people about Thailand 4.0, it is very unlikely that you will receive similar answers. Some Thais may even criticize the concept of Thailand 4.0. But this is normal or even desirable for such a large-scale transformation process that people discuss or even dispute about it, because Thailand 4.0 is an on-going cycle process of ‘planning-implementing-evaluating-and-(re-)adjusting’ where the mobilization of all parts of the society is most crucial. Nevertheless, Thailand 4.0 gives a clear direction for the future development of the country.

Ladies and gentlemen,

Please allow me to explain about the 3 key aspects of economic and societal transformation that Thailand 4.0 wants to bring about: First, Thailand 4.0 should move Thailand from a value-added economy to a **value-creating economy driven by innovation**; Second: Thailand 4.0 should make economic and technological advancement work for all, so that **no one is left behind**; Third: Thailand 4.0 is a **citizen-centered approach** that should lead to the well-being of Thai people.

For the first aspect, to become a value-creating economy for Thailand with its limited resources means a tremendous increase in productivity through innovation and new business models. The most prominent policy measure concerns the fostering of technologies creation and adoption in 10 targeted businesses, the so-called s-curved industries. They can be divided into two segments: 1) First S-curve or five existing industrial sectors, which can be developed by **adding value** through advanced technologies. These are next-generation automotive, smart electronics, medical tourism, smart agriculture, and biotechnology and food Innovation; and 2) New S-curve or 5 sectors which can serve as **growth engines to accelerate Thailand's future growth**. These are automation and robotics, aerospace and logistics, bio-energy and bio-chemicals, digital economy, and medical healthcare.

These measures are complemented by the building of special economic area called Eastern Economic Corridor, or EEC, an area that encompasses 3 provinces of Chachoengsao, Chonburi and Rayong and the city of Pattaya, a total of 13,258 square km's. EEC includes Eastern Economic Corridor of Innovation (EECi) and Eastern Economic Corridor of digital (EECd), in which tailor-made infrastructures being built to offer of-the-art ecosystem for innovative businesses of all sizes. Moreover, the Government is also working closely with business sectors to provide special incentives for investment in R&D, promote R&D – Business Links. It also offers tailored support fund for innovation, improves the protection of intellectual property rights, strengthens digital infrastructure and provides special services for SMEs & Startups. Finally, Thailand is reforming its education system to improve the quality of Thai universities and strengthen vocational training, also in cooperation with Germany.

To summarize, one can describe the first aspect of transformation as a move towards innovative growth.

Ladies and Gentlemen,

Many sectors in Thailand recognize the ample need to create a more equitable society where no one is left behind. Thailand 4.0 therefore must address imbalances manifested in

income and wealth distribution and focus on opportunity creation for all Thais and a better livelihood that is in harmony with environment and community.

Thailand 4.0 wants to create an economic system that emphasizes the quality of resource distribution for balanced development. Therefore, 5 of the 10 s-curve industries have a direct link to the well-being of the people and the planet: smart agriculture, biotechnology, food Innovation, bio-energy and bio-chemicals, and healthcare. That is also why the smallest and often weakest member of the society: farmers and communities in rural areas are a centerpiece of the policy and cooperation between government, local communities and business. Together, they implement countless projects for smart farming and smart community enterprises around the country. Productivity must not exist for its own sake. It must be shared and created sustainably. Thailand 4.0 does not aim at promoting smart farmers that do not share wisdom and strength with the community and do not care about the environment.

To support economic equality and sustainability, the tax system has been informed, revised land and inheritance tax schemes have been introduced to help the weakest in the society and create a sense of solidarity. Land reform and land redistribution are now being accelerated. Fights against 'grey' areas in the economy, where violation of labor rights and environmental standards was prevailing, such as in fisheries, are being seriously taken up.

In moving towards Thailand 4.0, every sector must step forward in unison. The transformation of the social ecosystem requires a horizontal working structure with ample collaborative elements. Contrary to vertical structure that emphasizes government authority, the role of rural community in management and good governance has now become indispensable. In my opinion, the measures I mentioned earlier cannot be implemented without local communities. Little by little, farmers, especially women in their families, and in rural communities are being empowered, more resilient and more self-reliant.

Again to summarize, this second aspect of transformation can be seen as a move towards regenerative growth.

Ladies and gentlemen,

In the age of globalization, capital was the central element that drove growth. In the age of digitalization, knowledge is the central element that will decide whether a country will be on the winner or loser side. Therefore, the third, but perhaps the most important transformation sparked by Thailand 4.0 is the development of the Thai people. This aspect of transformation can be described as inclusive growth.

Inclusive growth is key to create engaged citizens. In order to reach this, there are 3 key issues Thailand 4.0 focuses on.

The first is the use of digital technology to improve government service and to encourage people's participation in public administration. Thailand 4.0 is a policy framework that precisely makes use Thai people's affinity towards 'anything digital', from social media to new apps and e-commerce, by engaging and empowering citizens.

The second is about education and training. We are overwhelmed with an incredible amount of information. One of the most fascinating things that is happening on the Internet is the boundaries of disciplines are much less relevant. Nowadays, knowledge, expertise and skills are incredibly intertwined. The future of our education is competence-based curriculum that fosters creativity, innovation and empowerment. Thailand 4.0 wants to equip Thai people with appropriate skills and knowledge to make a productive use of this abundant flow of information in the digital age. At the same time, Thailand 4.0 also encompasses strategies that help prevent information abuse and increase transparency. Therefore, Thailand 4.0 helps upgrade people's living standard by providing adequate tool to access to information and by minimizing risks and threats of fake news and misinformation.

The third issue relating to inclusive growth concept in Thailand 4.0 deals with realization of the strategy itself. Thailand 4.0 must be realized through public-private partnership. Government projects and investments are increasingly being implemented with active participation and ownerships of private companies, local community and civil society, in order to increase ownership and make use of local wisdom. Without the cooperation of different sectors of society – from large entities down to individual families – the establishment of an inclusive economy will not be easy. And a fair and smoothly running democratic society cannot be built. The rule of law, social justice and civic education of the Thai people are key elements in Thailand 4.0.

Ladies and gentlemen,

I would like to conclude that Thailand 4.0 is a landmark change and a strategy that lays down a long-term foundation for generations to come. It is a historical comprehensive reform that the country is undertaking in order to remain strong and cohesive in the digital age. With inclusive participation of the Thai people, I am confident that Thailand 4.0 will transform Thailand's economy and society toward an innovative, sustainable and more equitable one.

I wish you a successful annual meeting and a thought-provoking symposium.

Thank you very much.