

press release

Public, private sectors optimistic on Thailand's post-covid outlook, eyed as manufacturing relocation destination with potential sectors discussed at Standard Chartered Bank (Thai)'s ASEAN Business Forum

24 September 2020 – The Thai economy is on a path to recovery after being impacted by the global Covid-19 pandemic and could see further upside as international companies consider Thailand as an investment destination amid the ongoing US-China trade war.

Thailand's economic expansion could be further propelled by growth in sectors including tourism, manufacturing, agriculture, real estate, investments in the country's Eastern Economic Corridor (EEC), renewable energy and digitalisation, according to a panel discussion at Standard Chartered Bank (Thai)'s ASEAN Business Forum: Thailand – Resilient and Ready for Trade.

“Over the past several months, Thailand has proved that the country is more than resilient and can persevere when facing both public health and economic challenges. The international communities have recognised Thailand as one of the most viable and trusted countries with strong public health affairs. Certainly, that has led to strong confidence in Thailand as a trusted destination for trade, investment and tourism,” said **Boonyarit Kalayanamit, Permanent Secretary, Thailand's Ministry of Commerce**.

“Thailand has strong potential to become a regional trade hub. The country's ideal geographical location and extensive infrastructure typically mean Thailand could serve as a product and distribution centre for the ASEAN countries and beyond,” added **Boonyarit** in his keynote address.

Relocation as a result of investment diversification

With the US-China trade war still simmering and as a result of the pandemic, international companies are shifting their investments and Thailand has emerged as a target destination.

Duangjai Asawachintachit, Secretary General, Thailand Board of Investment (BOI), said to support the potential relocation of investments and to be part of a resilient supply chain, the BOI has implemented a special investment stimulation package in order to tap these investments

looking for a safe haven. The EEC has been positioned as a new growth hub of ASEAN, supporting investments with a focus on sectors using higher technology and knowledge content.

“Productivity enhancement is now an important policy objective. We are incentivising companies to invest in automation and digitalisation to support their efforts in improving their efficiency, as well as in the use of renewable energy and the reduction of environmental impacts,” said **Duangjai**.

“Not only Chinese firms but also American, Japanese, Taiwanese and South Korean companies are relocating their business to this region,” said **Dr. Kirida Bhaopichitr, Director, Economic Intelligence Service (EIS), Thailand Development Research Institute**.

Tourism, hospitality, medical hub and real estate

International tourism, which accounts for around 12% of Thailand’s gross domestic product, is critical to the economic recovery but can only support the rebound if Thailand is reopened to the international market, said **Dr. Kirida**, adding that tourism should be developed to become a higher value industry.

“Actually, the pandemic has triggered Thailand to reposition its tourism sector. The country is refocusing its tourism key performance indicator, shifting to the amount of spending rather than the number of tourist arrivals,” echoed **Duangjai**.

Thailand’s Covid-19 response, which is widely recognised as an example of resilience and solidarity, has further positioned the country to become a regional medical hub.

The medical industry is one sector with enormous opportunities. Thailand is already the world’s fifth largest medical tourism market with 3.5 million medical tourists each year. With the medical innovation district located in central Bangkok, Thailand is open for investment that could enhance this industry further, said **Duangjai**.

Linked to the expected return of international investments and tourists, the real estate industry is also forecast to enjoy a revival.

Reliable source of energy

“Thailand is one of our most focused countries in the region. The country has set a benchmark in reliable electricity supply, the basis for investment, with digital infrastructure being put well in place,” said **Markus Lorenzini, President & CEO, Siemens Energy Limited Thailand**

(Cambodia, Laos & Myanmar), Head of Siemens Energy Generation Sales ASEAN, Managing Director of Siemens Power Operations Inc. Philippines (Siemens Energy).

As for power generation and related power transmission, Siemens is cautiously optimistic about future demand and future needs of energy infrastructure given the prospects for the EEC and the export industry, digitisation, renewable electricity and cross border electricity trade, added **Lorenzini**.

Digital industry as a result pandemic

Thailand already has a large electronic industry and the data storage industry has grown substantially because of the pandemic. Panellists at the forum agreed that digitalisation across sectors is a crucial catalyst needed for Thailand to attract more foreign investment and drive economic growth.

“We have been living with the New Normal. Digitalisation will continue to sharply expand. Online commerce/service, the from-home economy and telemedicine have become familiarised and the trend is on the rise,” added Dr. Kirida.

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