

Opening Remarks
by
H.E. Mr. Abhisit Vejjajiva
Prime Minister of the Kingdom of Thailand
at
A Seminar on “Thailand’s Investment Environment:
Looking Forward”
at
United Nations Convention Centre, Bangkok,
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Chairman of the Joint Standing Committee on Commerce, Industry and Banking,
Excellencies,
Distinguished Speakers,
Ladies and Gentlemen,

1. It is a great pleasure to be here this morning at this seminar on the theme “Thailand’s Investment Environment: Looking Forward” and to have the opportunity to speak to you about the investment environment in Thailand as well as to offer you some fresh ideas on new challenging investment opportunities.
2. Looking at the list of eminent speakers from the Joint Standing Committee on Commerce, Industry, and Banking, the Foreign Chambers of Commerce in Thailand and our friends at the Asian Development Bank and the World Bank Group, I am sure that this seminar will be a very interesting and constructive one.

Ladies and Gentlemen,

3. It has now been six months since my administration comes into office, and I can confidently say that the overall situation in Thailand has steadily improved. We have seen a number of positive changes to our country and also to the way that we are facing up to the challenges of the global economic crisis and preparing for the global recovery. This government has accomplished things that previously had only been mentioned in rhetoric but we have turned them into action – like free education and income support for the elderly. Numerous laws and international agreements have been approved by the Parliament in this short span of time. We have also overcome some difficult incidents domestically and fulfilled our international responsibilities.

4. On the political front, there is now clearly greater stability but the government recognises full well that for the investment environment to have a positive outlook we will continue to work very hard to achieve reconciliation. Only last week a report was submitted to me – a report of the committees set up by the parliament – which has put forward some recommendations concerning constitutional amendments and also political reform. I have since tabled this report for a consideration of Cabinet members so that they can take these recommendations back to their respective political parties. And we shall be working out on what would be the best resolution and how we should take this process forward to make sure that reconciliation is truly achieved. At the same time, despite a political environment, this government has never been distracted from what we see as a top most priority for the majority of the Thai people, which is to make sure that we look after the most vulnerable, the poorest through these difficult economic times as well as put in place a clear roadmap as to how we will achieve recovery as well as prepare the fundamentals of the economy when the global economy recovers.

5. And thanks to the first stimulus package which has already been implemented, we have helped many people in our society withstand the adverse effect of the current economic turmoil – possibly the worst in 80 years. And with almost all of the funds from the first package now having been disbursed, all projects are up and running according to plan. And we see clearly that people have already benefited from this package. Consumers' purchasing power has been sustained to some extent, children are having free basic education, and already more than 100,000 people have applied and have been trained in a programme "Tonkla Archeep" which provides them necessary skills for the market. And in general, we are seeing a positive response in terms of consumer's attitudes – more willingness now to spend their money and planning their purchases on durable goods and other consumer goods. This is surely in stark contrast to the situation just a few months ago when people were obviously very anxious economically and politically, and fearing that the worst of the economic crisis had not yet passed.

6. But as you know, the government has already moved from the first stimulus package to the second stimulus package. It is dubbed "Thai Kem-Kaeng", or in English "Investing from Strength to Strength". This latter package will be used to increase the strength of our people and socio-economic fabric, as well as to enhance the long-term competitiveness of our country through various "do-able" projects.

7. It is a 3-year 45 billion USD investment programme that is geared towards infrastructure investment – which has long been overdue in Thailand - especially in projects to improve water management and also our transportation and communications system. Part of this investment will also be used to improve our healthcare and educational facilities particularly in rural areas and also in service sector, particularly tourism sector. It also aims to encourage and

promote the role of creative economy in the economy as a whole. The Thai parliament has already approved the law to allow us to finance these activities and the government can start putting its projects into operation as early as next month.

8. And if you are wondering why the government has moved from the first to the second package so swiftly, the answer is very simple. We have no time to waste. We have to make sure that our people and our economy are ready when the global economic environment recovers. And when that time comes, all the investments capitals will be flooding into countries with capable workforces, supportive infrastructure and investor-friendly governmental policies. For this reason, my government will make every effort to ensure that Thailand is among these countries.

9. Investors can capitalise on our already open and investor-friendly environment, as well as our many attributes that have made Thailand a popular investment destination. They can also benefit from the increased capacity and incentives that we will put in place, so that their business can expand even more.

Ladies and Gentlemen,

10. The second stimulus package, which will be implemented next month, holds the key to Thailand's investment future. This package will provide 1.5 to 2 million jobs in a wide range of industries and business sectors. It is this package that will primarily give the investors plenty of fresh opportunities to invest in our Kingdom.

11. We are very well aware that during the crisis such as this one people often think that it is premature to talk about fresh investment opportunities, but the government recognises this, knowing that we have to take the lead, and the investment projects that we are engaging in are designed to "crowd in rather than crowd out" investment. Particularly, you will see fresh opportunities being thrown up once these investments have been made. We will be investing in a dual-track railway system, linking the North and North-East regions to the Gulf of Thailand. We will be enhancing communications networks within the country and facilitating exports. We will also be investing in Bangkok, particularly with the mass transit project. And with the massive investment in water management we will be also increasing the productivity of our agricultural sector which has a great potential to be a major exporter of food as well as a significant player in alternative fuel.

12. Also in area such as airports, despite the fact that we still call the Suvarnabhumi Airport the new airport, we are already planning for the increase of the capacity of this airport from 45 million to 60 million people a year.

13. And the financing for these projects come primarily domestically and also through public-private partnership. This is precisely where I believe that the

private sector for the next few years can actively participate in building up the strength of this country.

14. Moreover, we are now part of a thriving regional grouping. We offer investors opportunities not just for a country with 64 million people. But we want to serve as a gateway to other Southeast Asian countries and beyond. Indeed, if you factor in the fact that ASEAN is building a community, investment in Thailand will be investment for 560 million people. And if combined with the population of East Asia -- our very important dialogue partners: China, South Korea and Japan -- the opportunity for investment is gigantic. And this is not all. Let us not forget the links between Thailand and its various sub-regional arrangements, such as ACMECS, GMS and BIMSTEC, which essentially open up the door to South-Asia as well.

15. In this regard, we can build on the ASEAN Investment Day initiatives, which took place in Bali, Indonesia, between the 2nd and 5th of May earlier this year. We can also build on the ASEAN Free Trade Agreement and the materialisation of ASEAN Economic Community by 2015. Together with trade and investment agreements that ASEAN has signed with its dialogue partners, namely China, Japan, Korea, and soon to be India, we definitely have a strong foundation for the investment in this whole region to flourish.

16. But as we know, the business environment can only thrive when there is also financial stability. Despite the fact that most of the Asian countries did not have fundamental problems in their financial systems at the outset of the crisis, we nevertheless proceed with the building up of a surveillance mechanism and also to expand and multilateralise the Chiang Mai Initiative. The fund for this initiative has now been expanded to 120 billion USD and we hope that the multilateralisation of this scheme will be operational by the end of the year.

17. To encourage future investment in Thailand, we should not forget also that the Board of Investment continues to play a vital role. This year is still part of "Thailand's Investment Years 2008-2009", and several investment projects that are being offered with privileges and incentives, for instance in environmentally-friendly business, high-technology agro business and even medical food, should amply testify to investors what opportunities Thailand can offer, and ones that should not be missed. And with the government's strong support for developments in alternative energy, plenty of opportunity awaits your business in Thailand in this sector also.

18. Moreover, the government is aware that in recent years and also some long-standing practices do act as an obstacle to a completely business-friendly environment. This means that we are also reviewing some of the policies and have sent clear signals, for instance, on the issue of foreign business law and also explain clearly what reasons we have for pushing ahead with the retail sector law. And all the outstanding problems that continue as far as certain

investors are concerned, my government has taken all these issues very seriously and over the last six months have resolved the majority of them. In order to prevent other misunderstanding or complication or problems from surfacing in the future we aim to establish what we call a “One-Start-One Stop” centre, which will be operational in October. On Tuesday, the Cabinet has already approved the budget for the setting up of this centre which will essentially serve as a focal point, linking prospective investors to relevant Thai authorities, and help facilitate the setting of businesses in Thailand so that doing business here will be “easy and rewarding”.

19. As further incentives, the Board of Investment has revised promotion conditions for several activities, such as ship-building, solar cells production, medium and low-cost housing, international distribution centres, and so on. Other measures include extension of the duty-free importation period for certain products, removal of the cap on corporate income tax benefits for companies in any BOI-promoted sector. These are only a few examples of what the government will do in terms of promoting our investment environment.

20. And if we look further ahead, what we plan to do also is to revamp the regime of investment promotion done through the “special economic zone”. This “new investment scheme” will provide favourable conditions and incentives for investment in various sectors as well as boosting local specialty and expertise, ranging from agricultural industry across the country – rice, sugar, rubber, tapioca, and palm – to clean technology industry in the Eastern Seaboard; and from science and technology in Lad Krabang to countrywide eco and cultural tourism. There will also be special economic zones to promote border trade in the north, north-east, central and south of Thailand to bolster trade with our neighbouring countries. Needless to say, this “new investment”, once put into operation, will provide tremendous opportunity and a new direction for foreign and Thai businesses in Thailand.

Ladies and Gentlemen,

21. I hope to have given you a clear picture of what will come in terms Thailand’s investment environment as far as the public sector is concerned, and also our clear commitment to make sure that our economy continues to prosper as it has done over a number of decades with the important participation of the business sector.

22. As I always say, I count on you – the private sector – as the main driver of the economy. Without you, our economy will not thrive. Without you, there will be no innovations. The government has already taken a leading role during this crisis and we are going to provide support in whatever way we can to facilitate your business. I am sure that on the part of the private sector also a number of new initiatives will be needed and will be taken. I will sit down with

business executives and relevant ministers to hear your concerns and discuss what action we can take together to address whatever problems that remain. To this end, we will hope to work together for the prosperity of the country and for the success of your enterprises.

23. Thank you very much for your kind attention. I wish all of you a very successful seminar.
