

EXIM Thailand Urges Thai Investments Overseas to Build Production Base and Penetrate Markets Gearing Up for New Trade and Investment Paradigm

Mr. Pisit Serewiwattana, President of Export-Import Bank of Thailand (EXIM Thailand), said global foreign investments had expanded rapidly during the recent years, with 12% growth recorded in 2015, against the global trade growth of only 2.6%, which has signaled the declining role of global trade. According to the World Trade Organization (WTO), global trade in 2016 is predicted to expand merely 1.7%, lower than world GDP growth of 2.2% for the first time in 15 years with exclusion of 2009 when there was a US financial crisis. This has mainly been attributable to multi-national companies' reshoring of their production bases in the face of surging labor costs in developing countries, advancement of production technology which has increasingly enabled labor substitution, intensifying trade barriers from such movements as nationalism, trade protectionism, and non-tariff measures. These have been coupled by economic rebalancing policies taken by governments of several countries, China for example, with focus shifted from export reliance to stimulation of domestic economy.

EXIM Thailand President further said that Thailand's export value for the past three years had contracted at an average rate of 2% per year, in contrast with a 5% average growth rate of Thai direct investment outflow (TDI outflow). TDI outflow value has risen rapidly and outpaced foreign direct investment inflow (FDI inflow). This has signified **the increasing role of investment-induced trade overseas** in driving Thai economy and may help Thailand move out of the middle income trap toward being a high income country in the future. In view of this, Thai entrepreneurs and all parties concerned need to rebuild and realign their strategies and environment in a way that will promote Thai business potentials for expansion of businesses and investments overseas, as well as foster the competencies of Thai business entities in investments abroad so that they can grow and become multi-national companies in line with businesses in developed countries, such as Korea, which has a success story in encouraging Korean private entities, especially hi-tech ones, to expand investments overseas.

Mr. Pisit added that EXIM Thailand had extended its collaboration with several agencies, both public and private, domestically and abroad, in supporting high potential Thai entrepreneurs to expand their investments out of Thailand. These entrepreneurs need to be sufficiently funded and equipped with capability and competitiveness in respect of industry, trade and investment internationally, with access to in-depth data and information on rules and

regulations, trade partners, market-making channels, and domestic and international trade and investment networks. With social and cultural similarities, geographical proximity as well as understanding of consumer behavior, Asian countries could serve well as Thailand's attractive investment destination.

“According to the OECD study, 1 US dollar invested overseas can create 2 US dollars in export funds. Investments, therefore, play an increasingly significant role in the modern world today. EXIM Thailand is ready to support Thai entrepreneurs in their redefining of strategies for investments overseas with focus on penetrating trade markets in such countries and exploring opportunities to export raw materials and goods,” said Mr. Pisit.

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Public Relations Division
Office of Top Management

**For further information, please contact Public Relations Division, Office of Top Management
Tel. 0 2271 3700, 0 2278 0047, 0 2617 2111 ext. 1141-6**