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**An Analysis:
ASEAN Economic Community,
What is Thailand
in the ASEAN Market?**

Center for International Trade Studies,
University of the Thai Chamber of Commerce

**Look at the World, Look at Us
Help to Create A Smart Thailand**

Assist.Prof. Dr.Waralak Vongdoiwang Siricharoen

Viewing Brazil through Coffee

SEA-LAC Trade Center of the
University of the Thai Chamber of Commerce
and the Department of America and
South Pacific Affairs, the Ministry of Foreign Affairs



The Impact of
the ASEAN Economic Community (AEC) on
“Thai Rice”

Contents **June - August 2011**

3

Editor's Memo



**Thailand
Economic
& Business
Review**

4

The Impact of the
ASEAN Economic
Community (AEC)
on “Thai Rice”



04

9

An Analysis:
“After One Year of the
ASEAN Economic Community,
What is Thailand’s Status
in the ASEAN Market?”



09

14

Viewing Brazil
through Coffee

16

Look at the World,
Look at Us
Help to Create
A Smart Thailand



14

20

Trade and Services
Sentiment Index
May 2011



Editor's Memo

Rice is one of the most important products for both the Thai economy and our daily lives. It is the main food for domestic consumption and is also Thailand's principal source of foreign income. Even though Thailand is still the leading rice exporter of the world, it is now the second rice exporter in the ASEAN market, having been beaten for number one by Vietnam. In this 3rd quarter edition, the editorial team has included an analysis by the Center for International Studies, the University of the Thai Chamber of Commerce (UTCC), titled "The Impact of the ASEAN Economic Community (AEC) on Thai Rice". This is followed by "Viewing Brazil through Coffee" - studying Brazil's history through that nation's production and export of coffee. It was contributed by the Department of American and South Pacific Affairs, Ministry of Foreign Affairs, and The SEA-LAC Trade Center, UTCC. Next is a look at the ICT policy of Thailand by Assistant Professor Dr. Waralak Vongdoiwang Siricharoen, a full-time lecturer in the School of Business Administration at UTCC. Finally, readers will be able to follow Thailand's economic situation by using the "Trade and Sentiment Index, May 2011", created by the Center for Economic and Business Forecasting, UTCC.

The team of Thailand Economic & Business Review journal, UTCC, hopes our articles will be beneficial to you in the development of your businesses and organizations, and can help you prepare for the kingdom's entry into the ASEAN Economic Community (AEC) in 2015.

We thank you for your interest.

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CONTACT : Academic Service Center, University of the Thai Chamber of Commerce Tel. 02-697-6861-3

Public Relations Division, The Thai Chamber of Commerce Tel. 02-622-1860-76 ext. 401-407

The Impact of the ASEAN Economic Community (AEC) on “Thai Rice”

By the Center for International Trade Studies

Thailand is an important rice producer and exporter to the world, but the kingdom has lost the ASEAN rice market championship to Vietnam, which now has the largest market share. Are there any obstacles that cause Thailand to receive lower benefits from the AEC, and if so what are they?

Rice is one of the products that are most important to the Thai economy. Rice is the main food for domestic consumption and is also Thailand's principal source of foreign income. This can be seen in the fact that Thai rice exports in 2010 had a value of US\$5,399

million; Thailand had 47.41% of the world market share of global rice exports. Rice is the main source of Thai farm income for more than 3.7 million households¹ out of a total of 5.6 million agricultural households, which constitutes 66% of the total number of Thai

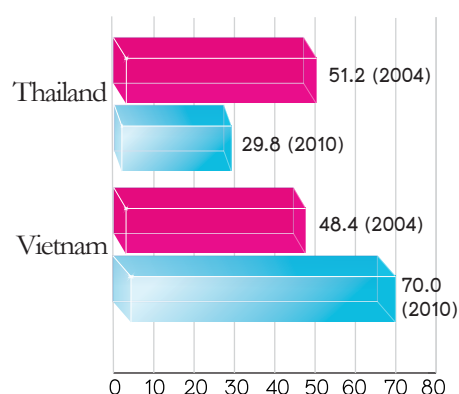
agricultural households. Besides being the prime export of Thailand, it is also the main export of Thailand's neighboring countries in ASEAN, for example Myanmar, Vietnam, Singapore and Cambodia. Vietnam is the country to watch, as it is a can produce rice in a large quantities and sells to the same international market as Thailand. Currently, Vietnam is Thailand's strongest competitor in the ASEAN market.

Thailand is the world's leading rice exporter, when considering only the ASEAN market; however, Thailand is the now the number two rice exporter in ASEAN, following behind Vietnam. In 2004 Thailand had a 51.2% market share, which was higher than Vietnam's share of 48.4%. But in 2010 it was found the Thai share of the ASEAN market had decreased sharply to only 29.8%, while Vietnam's market share had risen to 70.0% (as shown in the Chart 1).



¹ “Basics Agricultural Economics”, Agricultural Information Center, Office of Agricultural Economics

Chart 1: Rice Market Shares between Thailand and Vietnam in the ASEAN Market



Source : Global trade Atlas (2010)

From the above chart, it can be seen that Vietnam now controls the rice market in ASEAN, especially in the markets of Singapore, Malaysia and the Philippines², which traditionally had been important Thai export markets. However, the agreements of the establishment of the ASEAN Economic Community (AEC) specified that by 2010 the old countries in ASEAN - Thailand, Indonesia, Malaysia, Singapore, Philippines and Brunei - had to decrease their goods taxes to 0; by 2015 the countries in CLMV Group comprising of Vietnam, Myanmar, Cambodia and Laos will also have to decrease their goods taxes to zero. This means that Thailand and the other countries in ASEAN must decrease and eventually eliminate all customs duties. Since rice is one of the goods covered by the agreements, the rice tax had to be reduced by 2010, and it will have to be totally eliminated by 2015, according to each country's agreement.

Thailand is an important rice producer and exporter to the world and especially the ASEAN market, and had been anticipated that Thailand was likely to benefit from the agreements. However, as Vietnam now controls the rice market in ASEAN, Thailand faces a serious

Even though Thailand is the top rice exporter of the world, when considering only the ASEAN market, Thailand is the second to Vietnam within ASEAN."

obstacle and may receive fewer benefits from the AEC agreements. Thailand must quickly understand this and find ways to use the agreements more fruitfully. Unfortunately, a survey of the perception and understanding of Thai farmers and millers revealed that fully 100% of the farmers surveyed neither know about nor understand what the AEC agreements say. Some 86.6% of the rice millers answered that they knew about AEC, but only 10% of them said they understood what it means. This lack of knowledge must to be given serious priority, since if entrepreneurs lack understanding of AEC, it will be very difficult to comply with the agreements.

The reasons for this turn around must be studied, since when the customs duty is decreased and finally eliminated, Thailand will receive fewer benefits than it should. The impact of the rice customs duty decrease in AEC will be studied into the two cases below:

Case 1. Every country in ASEAN decreases its customs duty to 0 immediately.

Case 2. Each country in ASEAN decreases the customs duty to 0 by 2015 according to the agreements.

The details of the tax rate in each case are shown in table 1 from the study of the impact from the decrease of the rice customs duty in AEC:

Agreements of the Establishment of the ASEAN Economic Community : AEC

Specification of the goods tax decrease to 0 in 2010	Old ASEAN Countries: Thailand, Indonesia, Malaysia, Singapore, Philippines and Brunei
Specification of the goods tax decrease to 0 in 2015	Countries in CLMV Group: Vietnam, Myanmar, Cambodia and Laos

Table 1 Hypothesis Used in the Impact Analysis (Unit : %)

Tax rate	Tax rate base in 2010	Hypothesis used in the rice customs duty decrease	
		Case 1. Decrease taxes to 0.	Case 2. Tax rates in 2015
Brunei	0	0	0
Cambodia	5	0	5
Indonesia	30	0	25
Laos	5	0	0
Malaysia	20	0	20
Philippines	40	0	35
Myanmar	5	0	5
Singapore	0	0	0
Vietnam	20	0	0

Source : Ministry of Commerce (TARIFFS UNDER 2010 CEPT PACKAGE)

“100% of Thai farmers still neither know nor understand the AEC, and whilst 86.6% of millers know AEC only 10% of them understand the details of the agreements.”

1 The Rice Customs Duty Decrease's Impact on the Thai Economy

An analysis and comparison of the impact of the customs duty decrease in the ASEAN Free Trade Area between Thailand and Vietnam by using the GTAP Model has the following results. When the rice tax decrease of every country in ASEAN is 0, as in Case 1, it is anticipated that the GDP of Thailand will increase 0.02%. However, when compared to Vietnam, it is seen that the total GDP of Vietnam can grow up to 0.2%, which is much higher than Thailand's GDP growth. If we consider the GDP growth rate according to the categories of paddy and rice, it is found that the customs duty decrease to 0 would make the GDP of Thai paddy and rice increase by 0.61% and 0.76% respectively. Again, it is found that Vietnam should have a higher growth rate of 1.72% and 7.13%.

In the situation of Case 2, if there is a tax decrease in 2015 in

accordance with the agreement, it is anticipated that the total GDP of Thailand will have a growth rate just 0.004%, while Vietnam's be 0.03%. When looking at the GDP growth rate of Thai paddy and rice, it is found that they should have a growth rate of 0.10% and 0.12% respectively, while Vietnam's growth rate is 0.28% and 1.17%. It can thus be seen that **when there is a rice tax decrease in the ASEAN market, Vietnam will higher receive benefits and have more GDP growth rate than Thailand**, and when the rice customs duty decreases to 0 in every AEC country, Thailand and Vietnam will both receive increased profits. However, according to the tax decrease agreement in 2015, it is anticipated that Thailand will receive only slight benefits as is shown in Table 2.

2 Analysis of the Impact from the Tax Decrease on Export

When analyzing and comparing

the impact of the rice customs duty decrease according to the ASEAN Free Trade Agreements in Thailand and Vietnam, it is found that according to Case 1 when the customs duty of ASEAN countries become 0, Thailand to be able to export more rice to other countries. In addition, the market where Thailand has the most export growth rate is the Philippines, and it is anticipated the growth rate will be 35.70%. The second market is Indonesia, with a growth rate 25.31%. **However, when comparing the growth rate between Thailand and Vietnam, it can be seen that Vietnam has a greater export growth rate in the Philippines, possibly by as much as 116.0% - approximately 3 times the Thai growth rate.** Also, if we compare the growth rate of Thailand's main export market, the Philippines and Malaysia, it is seen that Thailand has a smaller growth rate than Vietnam for both markets, which have Vietnam dominating the markets. As to the Indonesian market, Thailand has a greater export growth rate when compared to Vietnam, since Thailand is the rice market holder in that country. Although the rice customs duty decrease will increase the overall Thai rice export growth rate, there are some markets where Thailand will have a decreasing export growth rate; for example, in Singapore and Brunei, since both two countries already have 0 customs duty rate. If the tax rate decreases according to Case 2, the export growth rates of both Thailand and Vietnam will have decreasing figures. In addition, the countries that will have more decreasing export are Cambodia and Myanmar, as these two have not reduced their taxes as shown in Table 3.

Table 2. Comparison of Impacts from the Tax Decrease on GDP of Thailand and Vietnam

Country	Growth rate					
	Case 1. 0 tax of every country			Case 2. Tax by the decrease agreement in 2015		
	Total GDP	Paddy GDP	Rice GDP	Total GDP	Paddy GDP	Rice GDP
Thailand	0.02	0.61	0.76	0.004	0.10	0.12
Vietnam	0.20	1.72	7.13	0.03	0.28	1.17

Note: Calculated from the GTAP Model and Social Rice Account Matrix Model

Source: Center for International Trade Studies

Table 3. Rice Export Growth Rate of Thailand and Vietnam in AEC (Unit : %)

Export Market	Case 1.0 tax of every country		Case 2. Tax by the decrease agreement in 2015	
	Thailand	Vietnam	Thailand	Vietnam
Cambodia	0.74	0.07	-0.01	-0.002
Indonesia	25.31	7.99	4.22	1.34
Laos	0.24	0.03	0.25	0.04
Myanmar	0.01	-	-0.00	-0.00
Malaysia	0.23	1.78	0.04	0.29
Philippines	35.70	116.03	5.95	19.35
Singapore	- 0.27	-0.24	-0.04	-0.04
Thailand	-	-	-	-
Vietnam	0.19	-	0.18	-
Brunei	-0.04	-0.01	-0.01	-0.00
AEC	6.90	13.96	1.18	2.33

Note: Calculated from the GTAP Model and Social Rice Account Matrix Model

Source: Center for International Trade Studies

economic system, the rice tax decreases of ASEAN countries will also affect Thai farmers' household income. In Case 1, when every type of taxes is 0, the Thai farmers household income will increase approximately by ฿1,403 per household, or 15.12% of the total increase of the household's income. Moreover, the income of non-farmers who are involved increases by ฿7,873 per household, or 84.88% of the total increase of the household's income. In Case 2, the Thai farmers' household income will increase approximately by ฿1,009 per household and the income of non-farmers who are involved increases by ฿5,665 per household, as is shown in Table 4 and Chart 2.

3 Analysis of Impacts on the Distribution of Farmer's Income

Apart from the impacts of the rice tax decrease by the ASEAN Agreements on Thailand's



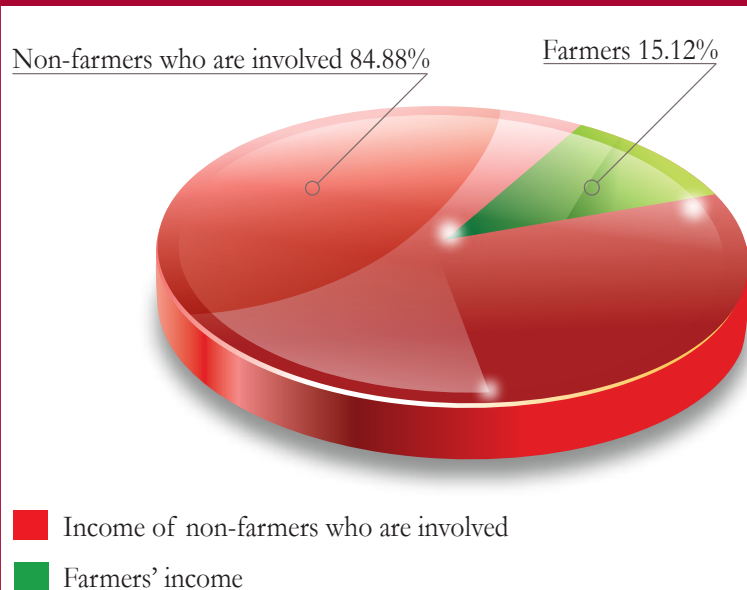
Table 4. Impact of the Tax Decrease on Thai Household Income, Categorized by Household Types
(Unit : Baht / Household / Year)

		After AEC			
Types of household	Before AEC	Case 1. 0 tax of every country		Case 2. Tax by the decrease agreement in 2015	
		Value	Difference	Value	Difference
Farmer's income	50,524	51,927	1,403	51,534	1,009
Income of non-farmers who are involved	321,709	329,583	7,873	327,375	5,665

Note: Calculated from the GTAP Model and Social Account Matrix Model

Source: Center for International Trade Studies (CITS)

Picture 2: Proportion of the Increase of Income of Thai Households Categorized by Household Types



From the studies' results as shown above, it can be seen that Thai rice exports to the ASEAN market have strong competitor in Vietnam. This is because Vietnam export rice in large quantities and has the same primary export markets as does Thailand. Vietnam is the holder of the rice export markets in several countries, especially the Philippines and Malaysia. Thus, when there the rice customs duty decrease takes place under the ASEAN Free Trade Agreements, it will result in Vietnam receiving greater benefits than Thailand in production, export and farmers income. Meanwhile, Thai farmers and Thai rice millers still lack knowledge and understanding of opening free trade issues. Then, how Thai rice growers and exporters should prepare for the situation. 📈



An Analysis: "After One Year of the ASEAN Economic Community, What is Thailand's Status in the ASEAN Market?"

Center for International Trade Studies, University of the Thai Chamber of Commerce

One year after the opening of the Free Trade agreement under which the goods tax rates of ASEAN member countries in the ASEAN Economic Community will decrease, it is time to examine what the direction of Thailand's international trade status will be. Which Thai export items will increase and which will decrease? An evaluation of international trade in the previous year of the most important agricultural and industrial goods reveals the following:

Trade Value among ASEAN Countries

Singapore is the main exporter

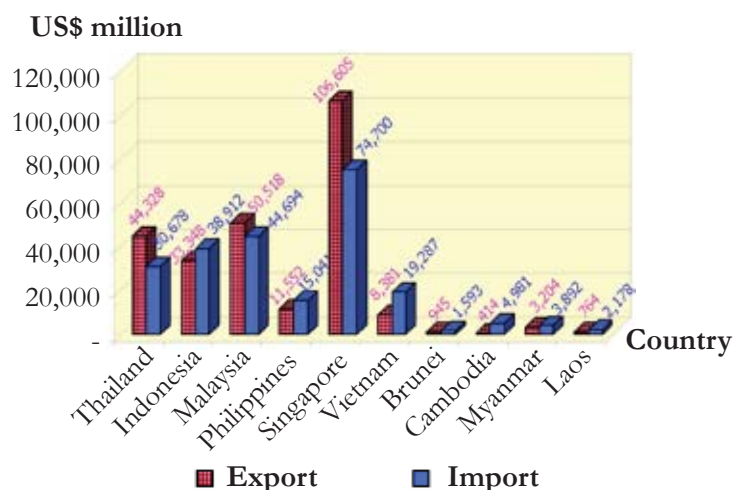
in the ASEAN market. In the export data of the 5 years from 2006-2010, Singapore has always been at the top of total exports, providing nearly 50.0% of the total export value to the ASEAN market of all of the ASEAN countries combined. In 2010 Singapore's export value totaled US\$106,605 million, an increase from the previous year of US\$19,554 million. Following behind Singapore were Malaysia, Thailand, and Indonesia in that order (Table 1 and Chart 1). With imports it is the same as with exports. Singapore still has the most total imports from ASEAN with US\$74,700 million, since Singapore emphasizes trading

rather than production. This results in Singapore having a trade balance of US\$31,906 million and also having the highest surplus trade balance in ASEAN (Table 2 and Chart 2). Second to Singapore was Malaysia, which had an import value from ASEAN in 2010 of US\$44,694 million, which was an increase over 2009 by US\$13,484 million. Malaysia had a decreasing surplus trade balance over the previous year of US\$5,824 million and fell to third place behind Thailand, which had a surplus trade balance of US\$13,650 million in 2010, as Thailand's export value had increased.

Table 1. Export - Import Value of Total Goods Categories of Each Country in the ASEAN Market in 2006-2010

Country	Export value					Import value				
	2006	2007	2008	2009	2010	2006	2007	2008	2009	2010
Thailand	27,210	34,842	40,112	32,369	44,328	23,717	27,152	30,434	24,871	30,678
Indonesia	18,483	22,292	27,171	24,624	33,348	18,971	23,792	40,968	27,722	38,912
Malaysia	41,751	45,008	51,306	40,537	50,518	31,939	35,869	38,022	31,210	44,694
Philippines	8,191	8,023	7,078	5,831	11,552	10,213	12,826	14,127	10,860	15,041
Singapore	83,914	95,070	108,530	81,695	106,605	62,381	65,833	74,779	59,075	74,700
Vietnam	5,490	7,023	8,546	7,658	8,381	11,718	14,718	18,248	15,786	19,287
Brunei	2,031	2,222	2,883	931	945	1,048	1,246	1,507	1,505	1,593
Cambodia	168	160	224	523	414	1,929	2,154	2,907	2,658	4,981
Myanmar	2,565	2,705	3,692	3,100	3,204	1,632	2,284	3,194	2,822	3,892
Laos	546	551	624	466	764	1,074	1,458	1,815	1,687	2,178
Total	190,349	217,896	250,166	197,734	260,059	164,622	187,332	226,001	178,196	235,956

Source: Global Trade Atlas, 2011



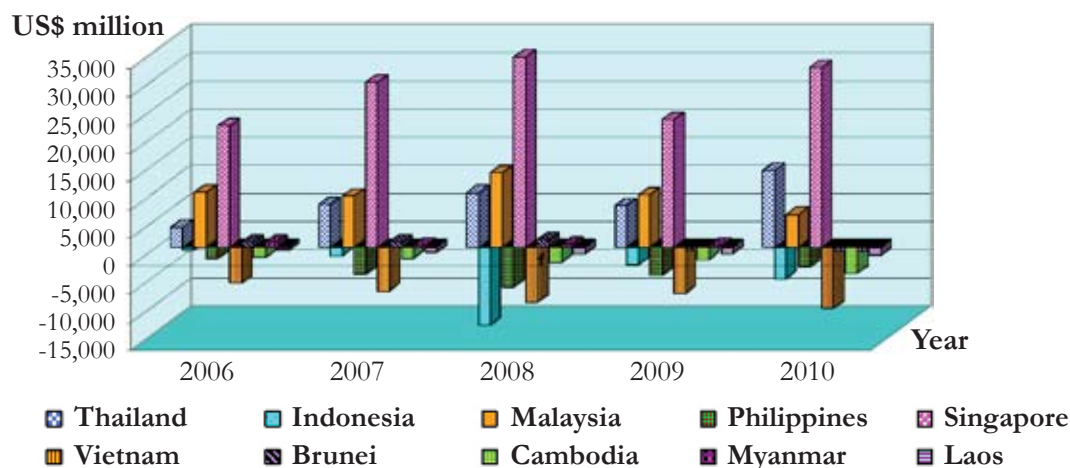
Source: Global Trade Atlas, 2011

Chart 1. Comparing the Export - Import Value of the Total Goods Categories of Each Country in the ASEAN Market in 2010

Table 2. Trade Balance of Each Country in the ASEAN Market in 2006 - 2010

Unit : US\$ million					
Country	2006	2007	2008	2009	2010
Thailand	3,493	7,690	9,678	7,498	13,650
Indonesia	-488	-1,500	-13,797	-3,098	-5,565
Malaysia	9,812	9,139	13,284	9,327	5,824
Philippines	-2,022	-4,804	-7,049	-5,029	-3,490
Singapore	21,533	29,237	33,751	22,620	31,906
Vietnam	-6,228	-7,695	-9,702	-8,128	-10,906
Brunei	983	976	1,376	-574	-648
Cambodia	-1,761	-1,994	-2,683	-2,135	-4,567
Myanmar	933	421	498	278	-688
Laos	-528	-907	-1,191	-1,221	-1,414

Source: Global Trade Atlas, 2011



Source: Global Trade Atlas, 2011

Chart 2. Comparing the Trade Balance of Each Country in the ASEAN Market in 2006-2010

Market Share of Each Goods Item of ASEAN Countries after One Year of the AEC

The market shares of the prime agricultural and industrial goods that ASEAN countries export to the ASEAN market both before and after the establishment of AEC, which has been in effect since January 1, 2010, are as follows:

● **Agricultural Goods.** Thailand's important goods are rice and para rubber:

▪ Rice

By comparing the market shares before and after the establishment of AEC, it can be seen that before AEC - that is in 2009 - Vietnam had the highest market share in the ASEAN group at 75.72%. The market

share then decreased by 4.34%; nevertheless, Vietnam still has the largest market share. Thailand is second with a market share of 22.37%, an increase after the AEC went into effect of 5.24%. Myanmar is now third, but with a decrease of 1.17%. Singapore increased its market share by 0.33%. (Table 3)

Table 3. Market Shares of Rice Export of ASEAN Countries to the ASEAN Market before and after the AEC's Opening

Unit: Percentage										
Country	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Before AEC	-	0.06	-	-	-	1.21	-	0.64	22.37	75.72
After AEC	-	-	-	-	-	0.04	-	0.97	27.61	71.38
Difference	-	-0.06	-	-	-	-1.17	-	0.33	5.24	-4.34

Source: Calculated from the database of Global Trade Atlas, 2011

▪ Para rubber

Para rubber is the one product of which Thailand has the largest market share, both before

and after the establishment of the AEC, though there was a noticeable decrease from 69.35% to 64.02%. Second was Indonesia, which also

saw its market share decrease by 1.27%. Vietnam was third but with a market share that increased in 2010 by 4.71%. (Table 4)

Table 4. Market Shares of Para Rubber Export of ASEAN Countries to the ASEAN Market before and after the AEC's Establishment

Unit: Percentage										
Country	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Before AEC	-	0.46	19.54	-	0.61	2.51	1.22	0.68	69.35	5.63
After AEC	-	0.83	18.27	-	0.48	4.01	1.74	0.31	64.02	10.34
Difference	-	0.37	-1.27	-	-0.13	1.5	0.53	-0.38	-5.33	4.71

Source: Calculated from the database of Global Trade Atlas, 2011

● Industrial Goods. The

important industrial goods that are exported to the ASEAN market are textiles and garments, motor vehicles and parts, and electrical appliances and electronics:

▪ Textiles and Garments

The market share of textiles and garments is still dominated by Thailand, and after the establishment of the AEC, Thailand's market share increased by 3.28%. Second is

Singapore, which saw its market share decrease by 2.58%. Indonesia is number three and also saw its market share decrease by 0.23%. Malaysia follows and had its market share by 1.10% (Table 5).

Table 5. Market Shares of Textiles and Garments of ASEAN Countries to the ASEAN Market before and after the AEC's Opening

Unit: Percentage										
Country	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Before AEC	0.7	0.67	17.68	0.1	16.42	0.4	0.67	23.59	31.22	8.55
After AEC	0.03	0.88	17.45	0.1	15.32	0.33	0.6	21.01	34.49	9.78
Difference	-0.7	0.2	-0.23	0	-1.1	-0.07	-0.07	-2.58	3.28	1.23

Source: Calculated from the database of Global Trade Atlas, 2011

▪ Motor Vehicles, Parts and Transportation Accessories

Thailand is the market share holder of motor vehicles and parts

in ASEAN, with 42.65% before the AEC and a market share that increased to 45.34% after its opening in 2010. Singapore is next but with a decreasing

market share after the AEC's opening. Singapore's share is 18.75% which is almost equal Indonesia's which saw an increase to 18.27% (Table 6).

Table 6. Market Shares of the Export of Motor Vehicles and Parts of ASEAN Countries to the ASEAN Market before and after AEC Opening

Unit: Percentage										
Country	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Before AEC	0.04	0.01	18.17	0.1	11.63	0.17	5.14	20.94	42.65	1.19
After AEC	0.02	0.56	18.27	0.1	9.97	0.01	6.02	18.75	45.34	1.02
Difference	-0	0.55	0.09	0	-1.66	-0.16	0.88	-2.19	2.69	-0.17

Source: Calculated from the database of Global Trade Atlas, 2011

▪ Machines, Electrical Appliances and Electronics

Singapore has the top market share, with 54.19% before AEC and a decreased share of

53.00% after the AEC. Malaysia, Thailand and Indonesia follow behind Singapore. Malaysia has a market share of 23.30% before the free trade opening, which decreased

to 22.94% afterwards. Thailand had a market share of 12.97% before the free trade opening, which increased to 13.82% when AEC began (Table 7).

Table 7. Market Shares of the Export of Machines, Electrical Appliances and Electronics of ASEAN Countries to the ASEAN Market before and after the AEC's Opening

Country	Unit: Percentage									
	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Before AEC	0.02	0	6	0	23.3	0.01	1.81	54.19	12.97	1.68
After AEC	0.02	0	6.3	0	22.94	0	2.11	53	13.82	1.77
Difference	0	0	0.3	0	-0.36	-0.01	0.3	-1.19	0.85	0.09

Source: Calculated from the database of Global Trade Atlas, 2011

Comparing Market Shares after One Year of Free Trade in the AEC

One year after the AEC's opening, there are only three countries that have so far benefited by increased market shares inside ASEAN. These are Thailand, Vietnam and Indonesia (Table 8). Thailand's market share has increased to 35.8%, as it can now export more of the following goods to ASEAN: electrical appliances and electronics, petroleum products and coal, and motor vehicles and parts; its market shares for these have increased 1.23%, 0.85% and 2.69% respectively.

Thailand also has the highest export growth rate at 39.5%. Second is Indonesia, which has an increased export growth rate of 36.4%, calculated as worth of US\$6,095 million. When considering the market shares, however, it is found that Thailand has an increased market share of only 3.9%, which is less than Vietnam, with an increased market share of 5.3%. Indonesia's goods have an increased market share and have considerable export value. These are in petroleum and coal, electrical appliances and electronics, and motor vehicles and parts.

Although Vietnam has increased

market shares, it has a greater export rate to ASEAN of only 9.3%. Vietnamese exports of petroleum products and coal have decreased considerably. Vietnamese fresh cassava has had an increase, but its export to ASEAN has little value (Table 7). Thus, it can be seen that after one year of AEC, Thailand's international trade has improved. This must be studied again next year, as in 2009 the world economic situation declining. It was recovering in 2010, which might be one factor that made the international trade situation of Thailand and other countries improve in 2010.




Table 8. Summary of the Market Share Comparison after One Year of the Opening of the ASEAN Economic Community

Item	Unit: Percentage									
	Brunei	Cambodia	Indonesia	Laos	Malaysia	Myanmar	Philippines	Singapore	Thailand	Vietnam
Rice	0.00	-0.06	0.00	0.00	0.00	-1.17	0.00	0.33	5.24	-4.34
Tapioca	0.00	-31.68	2.53	-0.69	-0.35	0.00	0.00	-0.35	22.24	8.29
Para rubber	0.00	0.37	-1.27	0.00	-0.13	1.50	0.53	-0.38	-5.33	4.71
Fruits and vegetables	0.00	0.16	-1.01	0.00	0.11	2.13	-0.97	0.41	-2.97	2.14
Fresh, cold and frozen fish	0.00	0.00	1.92	0.00	1.85	-2.87	-0.51	1.77	0.17	-2.34
Meat	0.00	0.00	0.00	0.00	0.37	0.00	0.00	2.65	2.74	-5.76
Agricultural sector	0.00	-31.20	2.17	-0.69	1.85	-0.40	-0.95	4.43	22.09	2.71
Sugar	0.00	0.00	-0.70	0.02	0.35	-0.10	-2.49	1.84	2.39	-1.31
Beverages and tobacco	0.00	-0.16	-1.05	0.06	1.18	0.00	0.05	-2.08	1.04	0.96
Textile and garment	-0.68	0.20	-0.23	0.03	-1.10	-0.07	-0.07	-2.58	3.28	1.23
Leather products	0.00	0.15	0.09	-0.02	-0.86	0.52	-2.67	1.42	1.51	-0.15
Wood products	0.00	0.04	1.83	-1.31	-1.94	0.32	-0.25	-0.76	0.78	1.29
Paper and printed materials	0.00	0.03	1.04	0.10	0.15	0.03	0.07	-0.65	-1.01	0.25
Petroleum and coal products	-0.54	0.00	1.56	0.27	-2.13	-1.48	-0.16	4.41	1.23	-3.16
Rubber products	0.00	0.00	-0.49	0.00	0.78	0.00	-0.31	-1.17	0.87	0.32
Plastic products	0.00	0.00	-0.65	0.00	-0.67	0.00	-0.34	1.53	-0.30	0.42
Steel and steel products	0.03	0.24	-0.06	0.00	0.34	-0.02	0.16	-3.88	0.37	2.81
Vehicles, parts and transportation equipment	-0.03	0.55	0.09	0.00	-1.66	-0.16	0.88	-2.19	2.69	-0.17
Machines, electrical appliances and electronics	0.00	0.00	0.30	0.01	-0.36	-0.01	0.30	-1.19	0.85	0.09
Industry sector	-1.21	1.05	1.73	-0.84	-5.93	-0.96	-4.82	-5.31	13.70	2.59
Total	-1.21	-30.16	3.91	-1.53	-4.08	-1.36	-5.77	-0.88	35.79	5.30

Source: Calculated from the database of Global Trade Atlas, 2011

Table 9. Summary of the Countries with Increased Market Share One Year before and after the Opening of the ASEAN Economic Community

	Value of ASEAN's Important Exports (US\$ million)		Change of Export Value 1 year after AEC took effect (US\$ million)	Expansion Rate (Percentage)	Market Share (Percentage)
	2009	2010			
Thailand	25,981	36,239	10,258	39.5	35.8
Vietnam	6,291	6,879	588	9.3	5.3
Indonesia	16,763	22,858	6,095	36.4	3.9

Source: Calculated from the database of Global Trade Atlas, 2011 

Viewing Brazil through Coffee¹



A cooperative project between the SEA-LAC Trade Center of the University of the Thai Chamber of Commerce and the Department of America and South Pacific Affairs, the Ministry of Foreign Affairs, for the dissemination of knowledge of trade and investment in Latin America

When speaking about coffee, many people automatically think of Brazil, the world's largest coffee exporter. Even though coffee did not originate in Brazil, coffee very much embodies the history of Brazil.

When the Portuguese first landed in Brazil in 1500, only native Indians lived there. These natives introduced the Europeans to various kinds of local beverages such as fruit juice, tea and an alcoholic drink made from tapioca. However, at that time there was no coffee cultivation in Brazil.

In 1727, a Brazilian military officer called Francisco de Melho Palheta was invited to mediate in the Guyana border dispute between the Netherlands and France. During that time, both of those countries grew coffee extensively, but it was strictly forbidden to take coffee out of the country. Palheta accepted the invitation immediately with the hope of getting some coffee beans for cultivation in Brazil. While Palheta was in Guyana, he had an affair with the French ruler's wife. After the dispute was successfully mediated, a celebration was arranged for him and at the party the French ruler's wife gave Palheta a bouquet of flowers in which coffee beans were hidden. Palheta's journey to the border was the starting point of

coffee cultivation in Brazil.

Belém City of Pará State in the northeast of Brazil was the first city in Brazil to grow coffee, followed by experiments in many other states. In 1770, coffee was grown in the area near Rio de Janeiro, which has a suitable environment for growing coffee. However, at that time Brazilians were not interested in growing coffee because they were still growing sugar cane, a cash crop, before coffee came to Brazil.

In the beginning, Brazilians did not grow coffee for trade but for their own consumption. Later on, merchants and investors in Rio de Janeiro State persuaded the Brazilian government to build the necessary infrastructure for expanding coffee cultivation. In response, the government increased the labor force and channels for transportation. Consequently, the area for coffee cultivation expanded outward from Rio de Janeiro to Paraíba Valley in São Paulo State, which later became the largest coffee export city in Brazil. From then on, as the world demand for coffee increased steadily, coffee became the economic crop and replaced sugar cane and the sugar industry. Growing coffee required less labor than sugar cane cultivation because sugar cane is a repeat crop, which is cut and allowed to grow out again, while coffee has a life

span of 30-40 years and does not have to be cut all the time.

Cultivation of coffee moved further and further away from the port, spurring development of the transportation system. The government built more railways in Rio de Janeiro and São Paulo States. In 1860, the total railways were only 223 kilometers long, but by 1885 they had increased to 6,930 kilometers. There was also railway construction to connect the plateau in east of São Paulo to Santos Port and this resulted in a considerable expansion of coffee cultivation territory.

Coffee cultivation in Brazil had an impact on the Brazilian society in those days. A new class called the Coffee Barons, who were the rulers and owners of large pieces of land, began to emerge, as well as a huge immigration of African slaves. Coffee cultivation became more popular in Brazil and coming along with it was the growth of slave trade. Brazil had little local labor and could not produce sufficient coffee to meet the demand of the world market, so the government had to buy a large number of slaves from Africa. In 1828, the number of slaves used for coffee cultivation in Brazil increased to more than 1 million, which was one third of the total population of Brazil.

The British government did

¹Compiled by Ms. Thanwarat Sanguansak, a Faculty of Arts student at Chulalongkorn University, who underwent training at the Department of America and South Pacific Affairs during March 14 - May 12, 2011



In the first three decades of the 20th century, the impact of World War I caused an economic downturn. Coffee production exceeded the demand, so coffee prices dropped. However, coffee was still important to Brazil's economy and politics. Coffee had a great impact on politics during 1889-1980, the period of "the Republica Velha" or the old republic of Brazil, so politics in this period was called "the coffee-with- milk" politics. Coffee and milk are the symbols of two powerful states from which politicians took turns being leaders of Brazil. These two states are Sao Paulo, the coffee plantation state and Minas Gerais, the dairy farm state.

Currently, Brazil is not the coffee producer with half of the market share as before, but it remains the number one coffee exporter in the world. Economically, coffee is still the country's most important agricultural product and is an important factor in creating employment.

The journey of coffee in Brazil started with smuggling coffee beans into the country, and then through many political events, class divisions and the use of slaves. Finally, coffee has become the immensely beneficial and most important export crop in Brazil. It introduced racial diversity that became molded together, and coffee has become part of Brazilian daily life.

not approve of the use of slaves in Brazil and exerted pressure by refusing to buy the coffee grown by those slaves. The pressure from England made it necessary for Brazil to issue a law in 1850 called Lei Eusébio de Queirós. This law prohibited the slave trade across the Atlantic. Even though Brazil bought fewer slaves from other countries, the slaves in Brazil did not disappear right away. It took more than 50 years to abolish slavery. This slavery abolition caused a labor crisis in coffee cultivation. As a result, a number of coffee growers pushed

the government to stimulate the immigration of foreign labor to help coffee cultivation. For several decades large numbers of immigrants came to Brazil to work in the coffee plantations, most of them were Italians, followed by Germans, Spanish, Arabs, Japanese and other races.

Having an appropriate environment for coffee cultivation - fertile land, proper climate and low wages-Brazil became the largest coffee exporter in the world. In the second half of the 19th century, coffee was Brazil's main export and accounted for 63% of Brazil's exports in 1891.

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Look at the World, Look at Us Help to Create A Smart Thailand



Assist.Prof.
Dr. Waralak Vongdoiwang Siricharoen
A full-time lecturer in the School of Science and Technology, University of the Thai Chamber of Commerce, she received a Doctorate in Technical Science from the School of Advanced Technologies, Asian Institute of Technology, Thailand, specializing in Software Engineering, Ontology and Human-Computer Interaction.

From the Second Master Plan of the Information and Communication Technology (ICT) of Thailand (2009-2013), the 2010 Framework of the Policy of Information Technology (IT) has been transformed into a strategic plan with the main purpose of developing and upgrading the economy of the country using ICT to develop human resources by increased application of ICT in education and training in order to concretely achieve the goal of ICT development.

In summary, the policy of the ICT development plan is to become **“Smart Thailand,” which means “the society that wisely develops and uses ICT according to the guidelines of the economic sufficiency philosophy. People at every level would be smart, information literate, have access to information and use it ethically, conscientiously, intelligently and perceptively for the benefit of themselves and the society. With smart governance, ICT management will support development into a sustainable and stable economy, and a knowledge-based innovative society.”** Strategies apply to 5 areas, namely e-Industry, e-Commerce, e-Government, e-Education and e-Society. The connections between all strategies and related factors are innovation, knowledge, research and development, science and technology, the development of human resources and telecommunication infrastructure. The main point is that if the strategies and factors are linked simultaneously, the result will be “the sustainable development” (Ministry of Information and Communication Technology, 2007).

One main point of **Strategy 3 for the development of ICT infrastructure is to increase efficiency in the network and resources management**, such as guidelines for reducing the digital divide. This problem can be clearly seen in provincial education institutions in Thailand. The in-depth study found

that computer and Internet usage in Thailand is still unsatisfactory although there are projects and measures to support the use of computers and the Internet in the education sector and community and district agencies. In 2006, the computer-student ratio was 1: 6,111, and the proportion of teachers who had IT training was 58.4%.

The main point of **Strategy 5**

“In 2006, the computer-student ratio was 1 : 6,111 and the proportion of teachers who had IT training was 58.4%.”

is to upgrade the competitiveness of the ICT industry in order to create economic value and gain income for the country. The current Thai society is aging, with the proportion of over 60-year-old population increasing from 10.8 in 2007 to 25.1 in 2014 (Ministry of Information and Communication Technology). Education quality is inadequate to keep up with adjustments necessary to change into a knowledge-based society and economy. The total picture is that Thais use and depend increasingly on technology in their daily lives, as

seen from the continuously increasing number of Internet and cell phone users.

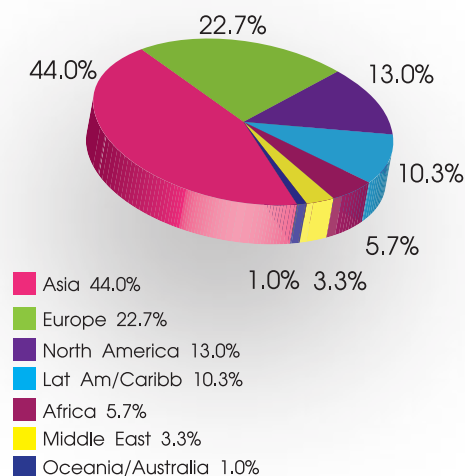
The continuous and extensive expansion of Internet usage has moved the world society into the Net Generation. The Internet growth in 2011 increased 5.82 times compared with 2000. As a result, more than 2,095 million, or about 30.2% of the total world population, use the Internet. In Asia, approximately 992 million, or 23.7% of the total population, use the Internet. As shown in Table 1, North America has the highest rate of Internet usage (78.3%), but Africa has the highest number of users with the growth rate of 2,527.4%, or an increase of 25 times. This is followed by the Middle East with a growth rate of 1,987%, or an increase of 19 times. Compared with the percentage of Internet users worldwide, Asia has the highest rate of 44%, followed by 22.7% and 13% for Europe and North Africa, respectively (Table 1 and Picture 1).

According to the world competitiveness ranking in 2011, the U.S. and Hong Kong are ranked 1st, and Singapore 3rd. In the overall picture, Thailand ranks in the middle-- 27th in the top 100 worldwide. However, other countries in Asia such as India, Indonesia and the Philippines, which rank 32nd, the 37th and 41st, respectively, are less competitive

¹ <http://www.internetworldstats.com/stats.htm>, estimated in March 2011, retrieved on June 11, 2011

² <http://www.internetworldstats.com/stats.htm>, estimated in March 2011, retrieved on June 11, 2011

Picture 1: Data of the World Internet Users Classified by Continents¹



than Thailand. Meanwhile, Hong Kong and Malaysia, which rank 1st and 3rd, respectively, are more highly competitive than Thailand.

Data on the world competitiveness ranking of higher education

“According to the world competitiveness ranking in 2011, the U.S. and Hong Kong are ranked 1st, and Singapore 3rd. In the overall picture, Thailand ranks in the middle-- 27th in the top 100 of the world.”

institutions regarding the efficiency of education curriculums management, and the labor market demand in Asia and Australia correspond to the world competitiveness ranking – Singapore still ranks 1st, and Thailand remains in 9th place. Surprisingly, according to this education index, although India has a lower competitiveness ranking than Thailand, it has higher efficiency in education. India ranks 4th, while Malaysia and Australia come 2nd and 3rd, respectively. The other remarkable point is that

countries with modern technologies like Korea (ranking 10th) and Japan (ranking 13th) have lower efficiency than would be expected by entrepreneurs compared with other countries in Asia, and Australia, that have an inferior technological structure, as shown in Picture 2.

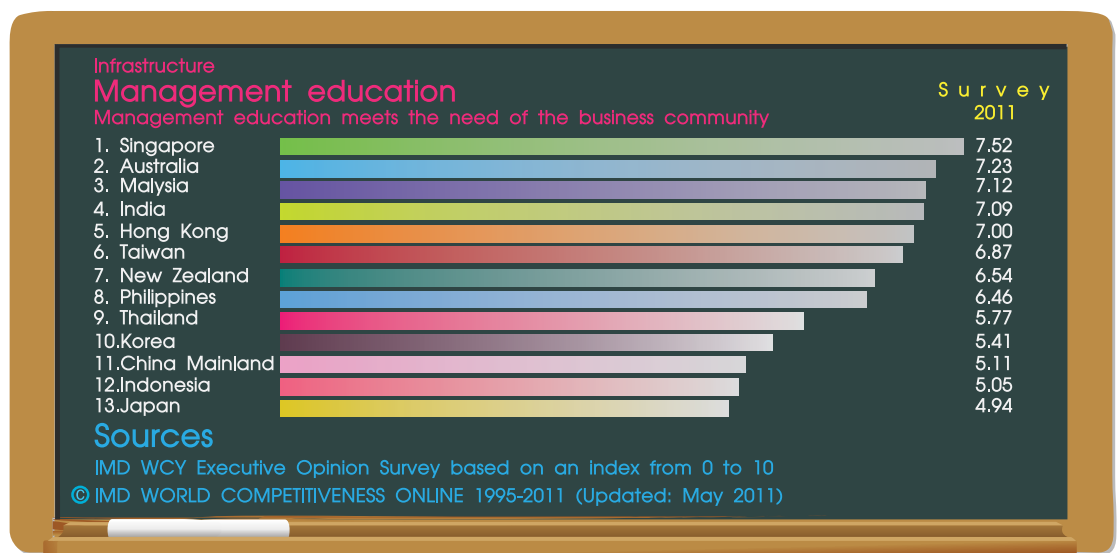
Certainly, **IT development is the key factor for increasing competitiveness and is the index of each country's competitiveness.**

Apart from the IT infrastructure, the development of human resources in this field is also important. In Table 2, the study of the status of IT personnel in Thailand found that about 70% of the personnel have low skills. In 2007, they were classified into 18 occupations/positions. The largest number is system operator, which is 45.83% of the total personnel, followed by computer system technician (8.29%) and programmer (6.74%). The smallest numbers were specialist groups in various fields ranging from 0.48% - 1.59% (depending on their expertise). The trend in Thailand is a continued high demand for IT personnel. For

Table 1: Data of World Internet Users¹

WORLD INTERNET USAGE AND POPULATION STATISTICS March 31, 2011						
World Region	Population (2011 Est.)	Internet Users Dec.31,2000	Internet Users Latest Data	Penetration (%Population)	Growth 2000-2011	Users% Of Table
Africa	1,037,524,058	4,514,400	118,609,620	11.4%	2,527.4%	5.7%
Asia	3,879,740,877	114,304,000	992,329,554	23.8%	706.9%	44.0%
Europe	816,426,346	105,096,093	476,213,935	58.3%	353.1%	22.7%
Middle East	216,258,843	3,284,800	68,553,666	31.7%	1,987.0%	3.3%
North America	347,394,870	108,096,800	272,066,000	78.3%	151.7%	13.0%
Latin America/Caribb	597,283,165	18,068,919	215,939,400	36.2%	1,037.4%	10.3%
Oceania/Australia	35,426,995	7,620,480	21,293,830	60.1%	179.4%	1.0%
WORLD TOTAL	6,930,055,154	360,985,492	2,095,006,005	30.2%	480.4%	100%

Picture 2: Efficiency Ranking of Education Systems in Asia and Australia Compared with the Demands of the Business Sector



instance, in 2009 the first 3 categories of personnel demanded by software industrial groups were 1) Programmer/Software Developer, 2) Software Engineer/Software Analyst & Designer, and 3) Database Administrator. The average demand was more than 20,000 personnel per year.

According to the data in 2005, the total number of graduates in IT education at higher education levels was 19,735, although there was still a quality problem in ICT education. Many entrepreneurs think that the current ICT curriculums of various universities cannot cope with the rapid technological changes. Consequently, it is the burden of entrepreneurs to supplement employee knowledge so that this labor force can work as required. Besides, Thailand has not clearly supported the system of ICT examination certification.

This Master Plan mentioned factors that are important to the national IT development and the author has summarized them in Picture 3.

Present and Future Education Trends

Professor Clayton Christensen of Harvard University, U.S.A, wrote a book on the inspection of education

and public health problems through the theories that he had previously set in 1997. In the book entitled "The Innovator's Dilemma", he talked about IT influence on business. In 2008, in the books entitled "Disrupting Class" and "Disrupting College" he wrote **"Modern education that uses IT, which is a modern tool, will tremendously change teaching methods because technology has a great influence on our living."** Data revealed that universities that use online teaching can admit a large number of students and this tendency will improve when technology advancement increases. For example, the current online learning system, which seems to be a complicated innovation for users, has given an opportunity for quick and obvious changes. Using appropriate IT in learning provides educational opportunity and makes learning more adjustable and flexible. Students are allowed to develop themselves in different ways and gain knowledge by different methods according to each student's needs, skills, varied abilities and intelligence (Christensen, 2011).

In the U.S., there has been a lot of investment in computers. In 1981, there was 1 computer for 125

students in school, in 1991 and 2000 the computer-student ratios were 1: 18 and 1: 3 (2 computers for every 5 students).²

At present, there are numerous communication devices connected to the Internet such as the iPad; the Apple technology that is now popular and may change people's lifestyles related to technology forever (Singer, 2010). This is an educational device that is more than a small and light portable computer screen suitable for seeing movies and playing video games. Education in this new age is not only sitting and listening to instructors' classroom lectures any more, but students can use various technologies to search for the data that a teacher is teaching about or to exchange ideas with each other in the classroom. In education, iPad technology is very useful; data sources on the Internet can be accessed quickly and there are many application programs that can be used with this modern equipment. One of these is the Wolfram Alpha. The main goal of this software program is to do online search for researchers (Singer, 2010). This can assist students in an unending search for the knowledge they need through the iPad or Smart Phone.

A research in India concluded that the integration of IT and various curriculums can make a significant difference in the development of students' problem-solving skills. This integration will be the center or the core for building professional personnel with more expertise for society (Sharma and Singh, 2011).

Conclusion

The data of the national IT policy plan and the observation of the real data of many countries such as the U.S. indicates that the reduction of technology disparity to enable people efficient access to technology will assist in the development of education because technology provides borderless learning.

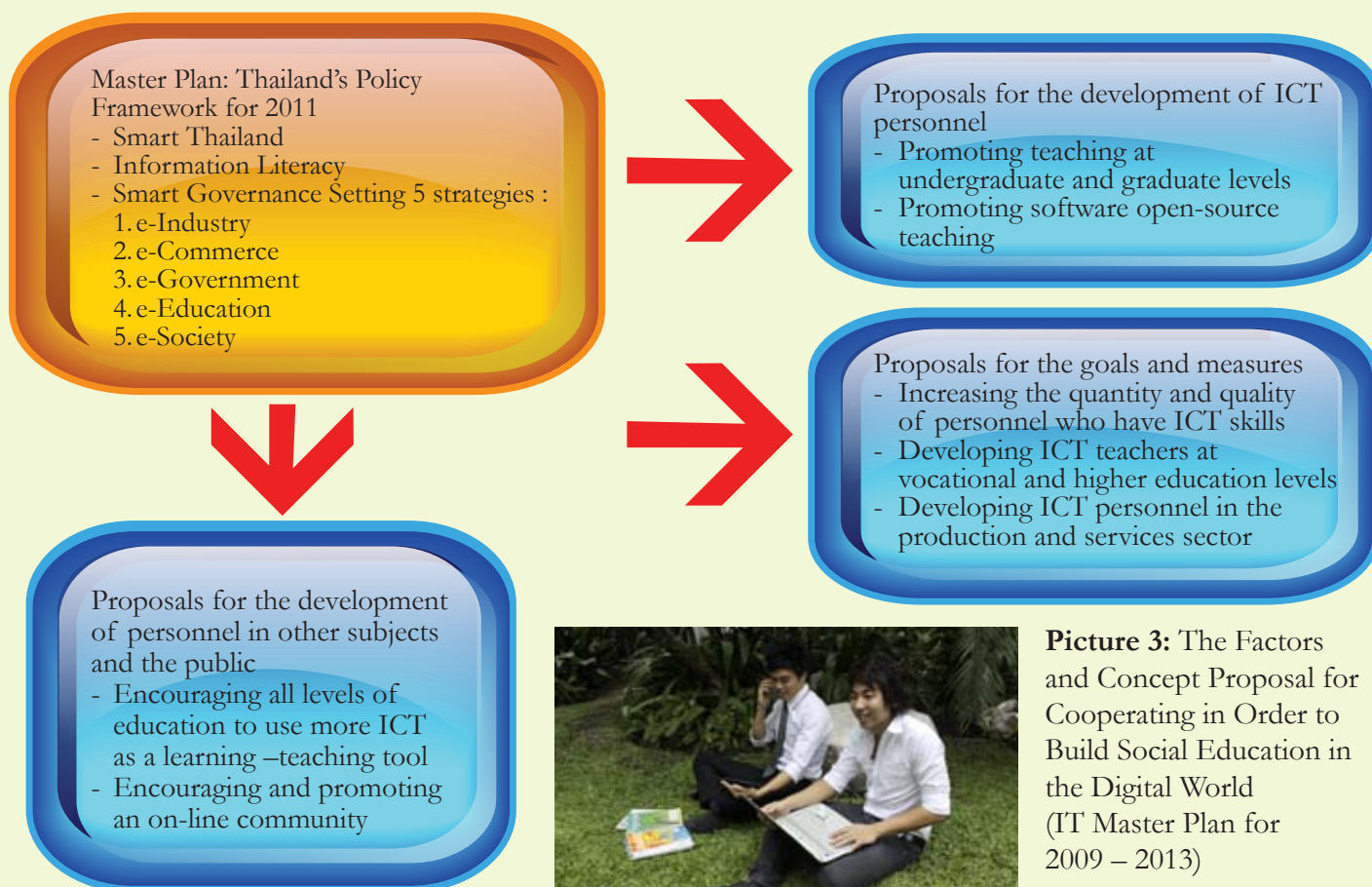
The data showing the large market demand for IT occupations

Table 2: Classification of IT Personnel in Thailand in 2007

Occupation/Position	Number	Percentage
System Operator	95,199	45.83
Others	44,278	21.32
System Technician	17,219	8.29
Programmer	13,993	6.74
Computer Trainer	3,634	1.75
System Manager	3,595	1.73
Data Communication Specialist	3,296	1.59
Database Specialist	3,263	1.57
Application Software Specialist	2,962	1.43
System Analyst & Designer	2,873	1.38
IT Security Specialist	2,871	1.38
CAD & CAM Specialist	2,865	1.38
Software Engineer	2,721	1.31
CIO	2,473	1.19
Project Manager	2,121	1.02
Web Master	1,723	0.83
IT Quality Assurance Specialist	1,622	0.78
Multimedia Software Specialist	993	0.48
Total Number	207,701	100

Source: Ministry of Information and Communication Technology, 2007

² http://www.pcworld.com/article/7024/computerstopeople_ratio_now_25.html, retrieved on June 12, 2011



are a trend that can be used as a guideline for educational institutions to produce students in that field in response to the national IT policy plan. These institutions should find a way to enhance students' efficiency, so that they will have satisfactory knowledge, ability and quality to meet expectations of entrepreneurs. The institutions should also increase or improve ICT curriculums to keep up with rapid changes. They should support and set up a system of certification examination that can clearly and effectively test ICT knowledge and skills, or add this test

as a requirement for graduation. This will create additional value and real quality for students and provides prospective graduates with the qualifications required by the current labor market.

ASEAN countries like Singapore, Malaysia, etc., began to open on-line education by inviting universities in the U.S. and Australia to join them in developing efficient curriculums so that students in the above countries would have modern knowledge and could do joint international research, which is another way to exchange knowledge. In Thailand, a group of

administrators of public or private university such as Sukhothai Thammathirat University and University of the Thai Chamber of Commerce have perceived the importance of using technology to develop the education system for some time. According to the Second Master Plan of the Information and Communication Technology (ICT) of Thailand (2009-2013), human resources should be developed by applying more ICT in education and training in order to create a Smart Thailand in the near future. 📈

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Trade and Services Sentiment Index May 2011

Office of Small and Medium Enterprises, Promotion Bureau of Trade and Economic Indices, Ministry of commerce
Thai Chamber of Commerce, Center for Economic and Business Forecasting, University of the Thai Chamber of Commerce
Compiled by Mr. Suwisut Siriwattanakul, researcher of the Center for Economic and Business Forecasting, University of the Thai Chamber of Commerce

Sentiment Index of SME Entrepreneurs

When considering SME entrepreneurs' confidence in the economic condition of the country, the TSSI value increased from 35.1 in April to 38.8 in May 2011. The anticipated value in the following 3 months will rise sharply from 42.8 in April to 61.6. The TSSI value of SME entrepreneurs in the trade and services sector in May 2011 reflected their confidence that the current economy and the anticipated condition in the following 3 months will be favorable. However, their confidence in the current economy is not very high because the value of the TSSI remains under 50 while anticipation in the next 3 months stands at a good level because the TSSI value is above 50.

Sentiment Index

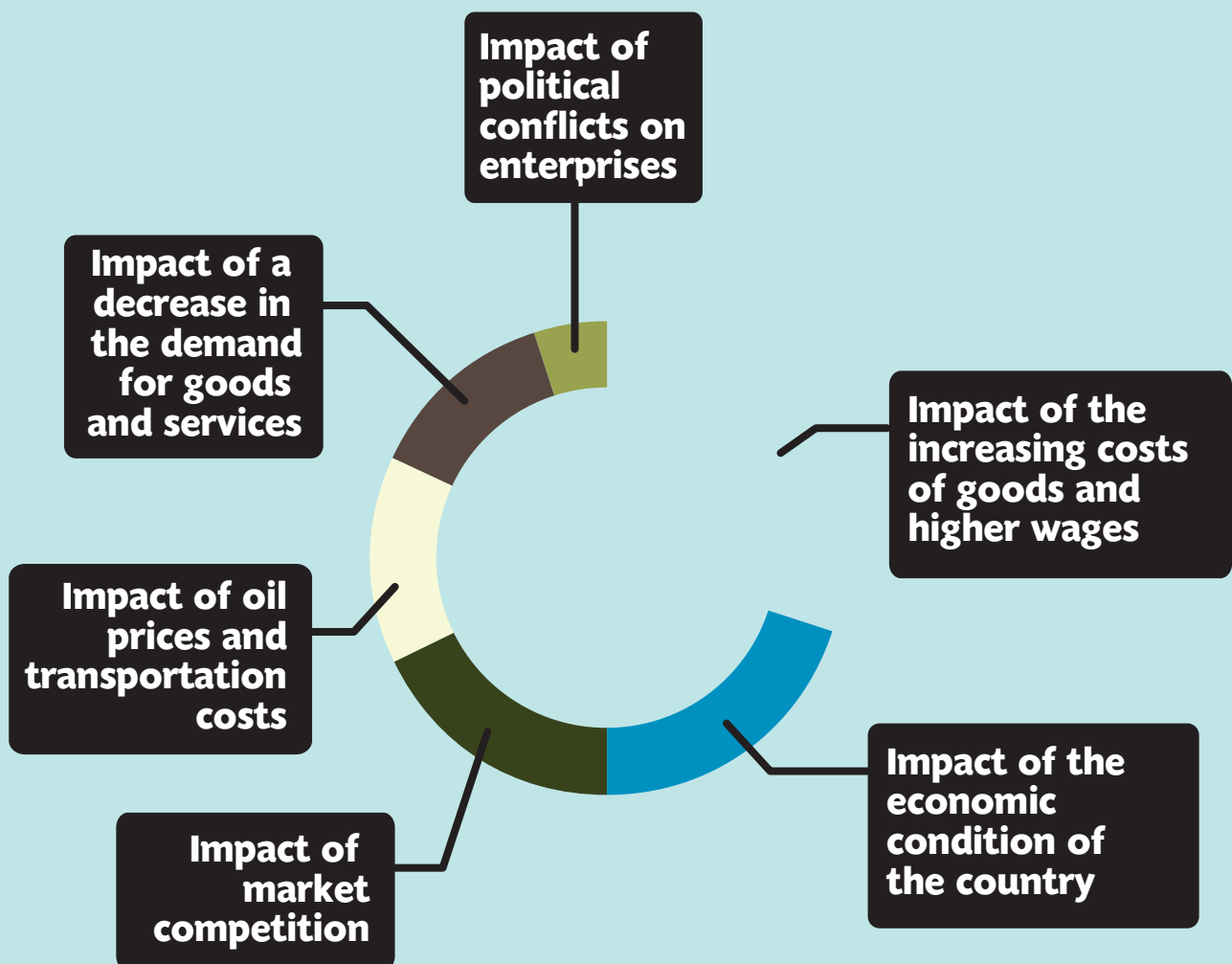


Next 3- Month Anticipation



Factors Which Have an Impact on SME Entrepreneurs

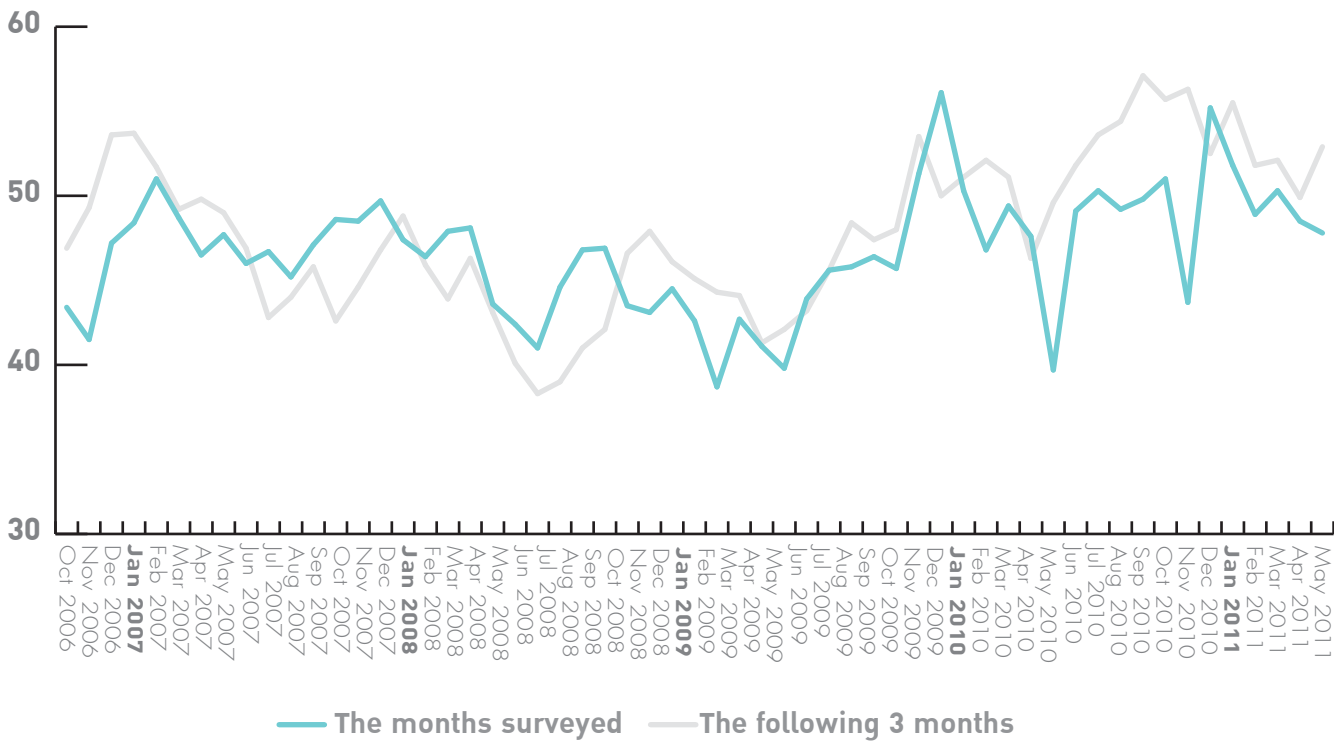
When considering the factors which have an impact on entrepreneurs in the trade and services sector from May through August, 2011, most SME entrepreneurs think the greatest influence on their enterprises will be from the increasing costs of goods and higher wages. This is followed by the economic condition of the country, the purchasing power of the people, market competition, oil prices, transportation costs and a decrease in the demand for goods and services. SME entrepreneurs think that political conflicts do not have a great impact on their enterprises and have decreased when compared to the previous month. The government's economic stimulus measures have an increasingly positive impact, compared with the previous month.



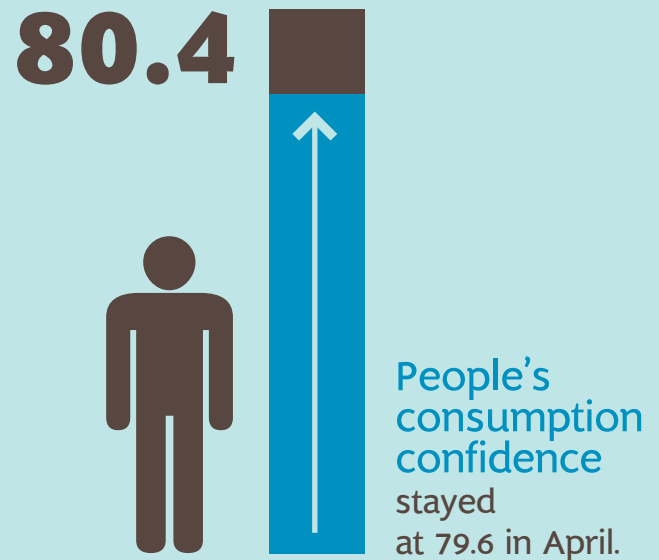
Sentiment Index of the SMEs in the Wholesale and Retail Sector



Sentiment Index of the SMEs in the Services Sector



In summary, the value of the TSSI of SME entrepreneurs in the trade and services sector reflects an increased confidence in May 2011 and for the following 3 months. People became less worried about the cost of living because the oil prices in May decreased after continuous increases during the past 6 months. At the end of May, benzene 91 cost 42.44 baht per litre, a decrease of 1.90 baht compared with the price in April, while diesel price was fixed at 29.99 baht per litre because it is subsidised by the Oil Fund; as a result public consumption increased. This corresponds with the increased consumer confidence index in May that increased from 79.6 in April to 80.4. When the government announced the dissolution of Parliament and the date of the new election, there was increased



Benzene 91
42.44 B./L.
decrease
1.90 B./L.

cash flow from the election candidates to printing business for campaign posters and by campaign teams. As a result, the economic condition became more active during this period. Besides, export has continuously expanded; in the first 5 months of 2010 Thai exports expanded by 25.2% in May, compared with the same period of the previous year, and the agriculture sector continued expanding well. The price index of agricultural products in May increased to 169.33 (by 18.69%), compared with the previous year. Prices of agricultural produce remained high, benefitting producers. Because of the above factors, entrepreneurs' current confidence and anticipation for the next 3 months tended to increase. 📈



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