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**Population Heterogeneity:  
Something Policy Makers Should  
Not Overlook in a Village Fund**

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**AEC vs. Non-ASEAN  
with Substantive Business Operation**

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**An Analysis of the Guidelines for  
the Development of Trade and  
Investment Expansion in the  
Thai-Myanmar Border Areas to  
Connect with the BIMSTEC Countries**

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



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## Editor's Memo

*“Is Thailand.....Ready for the Open of Free Market?”*

Stepping into the year 2012 reminds us that 2015 is coming soon, when Thailand will enter the “Fully Free Opening”, or the “ASEAN Economic Community” (AEC). If we count the time, that is only three years away. The important question is this: “Have we made any preparations to adjust to this Fully Free Opening, which will take place on January 1, 2015?” If the answer is yes, then in which areas are we prepared? Are we sufficiently prepared for the import duty free competition that will exist amongst the ASEAN countries and Non-ASEAN countries or do we have more work to do?

This issue of the Economic Review emphasizes the topics of ASEAN Free Trade and the movement of Thailand into the AEC. These consist of “An Analysis of the Guidelines for the Development of Trade and Investment Expansion in the Thai-Myanmar Areas to Connect with the BIMSTECT Countries”, presented by the Center for International Trade Studies, the University of the Thai Chamber of Commerce, and an analysis of “AEC vs. Non-ASEAN with a Substantive Business Operation (SBO)”. The SBO is essential as it enables us to differentiate between genuine entrepreneurs of a negotiation partner country and a false entrepreneur who tries to hide under the name of the negotiation partner’s country to gain economic advantages. This issue also presents “Population Heterogeneity: Something Policies Makers Should Not Overlook in a Village Fund”, by the Research Institute for Policy Evaluation and Design. The final entry proposes a strategy for “Making the Thai Brand Universal”, by Ms. Mana Kuntaraporn, Assistant President for Corporate Communication, Director of the Brand Studies and Research Center, the University of the Thai Chamber of Commerce.

At present, Thailand still has three years for preparing to enter the test field of the AEC. Thus, the Thailand Economic and Business Review, the Thai Chamber of Commerce and the University of the Thai Chamber of Commerce will continue to propose guidelines, present thoughts and analyses, along with economic and business data to assist leading Thai organizations to enter the AEC arena with confidence.

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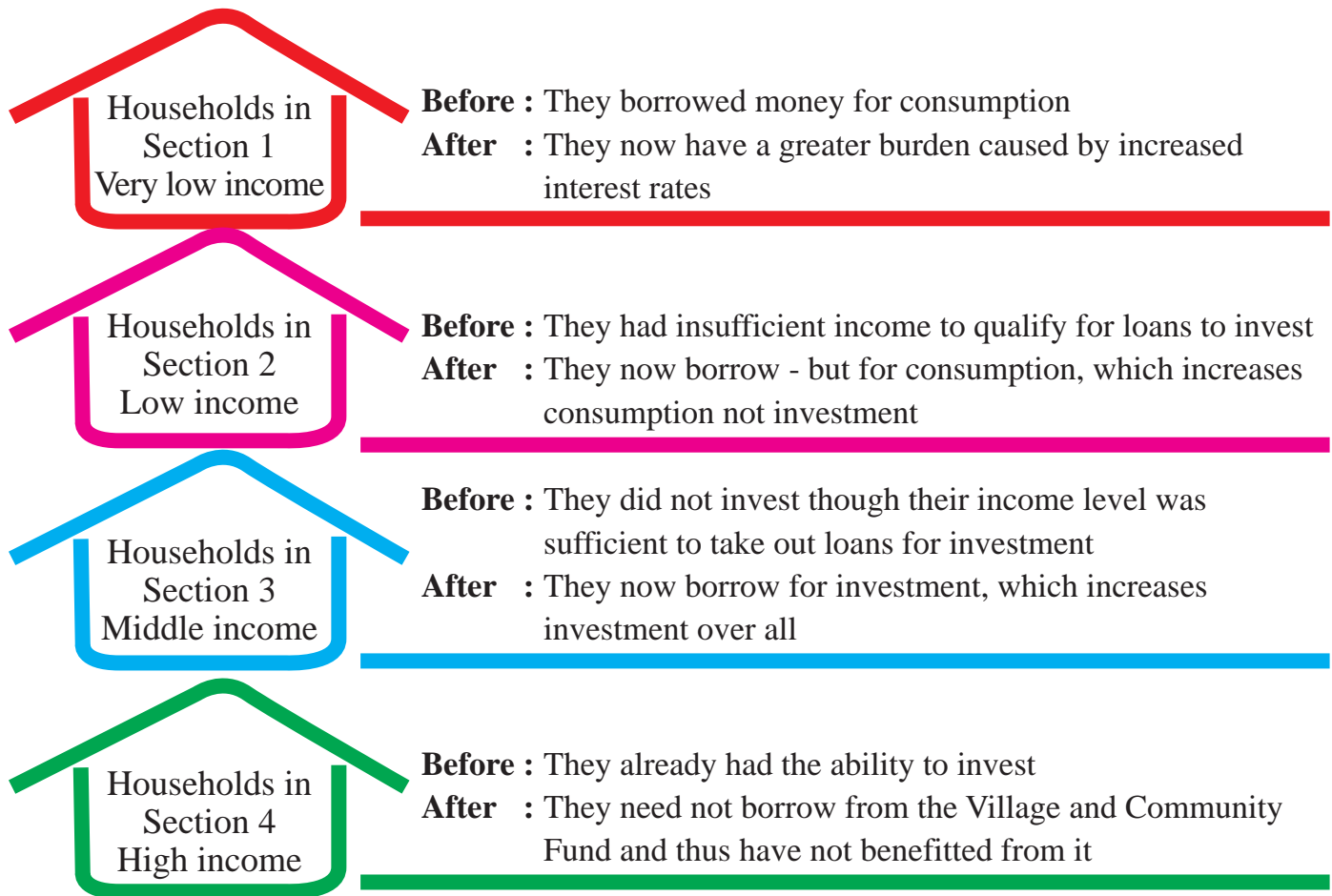
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## Population Heterogeneity: Something Policy Makers Should Not Overlook in a Village Fund

By Asst. Prof. Dr. Weerachart Kilaenthong, Director of Research Institute for Policy Evaluation and Design,  
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Any time you look around, you cannot help notice that differences and heterogeneity are natural and beautiful in this world. In this article we intend to show how important heterogeneity is in understanding an economic policy's

impact at the grassroots level. We will use examples from two research studies done by Kaboski and Townsend, who investigated the impact of the Village Fund Policy and Urban Community Fund on the behavior of different

types of households.

The Village and Community Funds Policy was initiated in 2001 when former Police Lieutenant Colonel Dr. Thaksin Shinawatra was Prime Minister of Thailand. Each village of whatever size –



The policy was intended to promote self reliance and create economic potential by stimulating investment at both the community and household level. The Village and Community Fund Project was viewed as a large money infusion at the top of the grassroots level. The total amount of the government currency transfer to the villages and communities nationwide was approximately 77,000 million baht, which equaled 1.5% of GDP at the time.

big or small – was to receive one million baht from the Village Fund. The policy was intended to promote self reliance and create economic potential by stimulating investment at both the community and household level. **The Village and Community Fund Project was viewed as a large money infusion at the top of the grassroots level. The total amount of the government currency transfer to the villages and communities nationwide**

**was approximately 77,000 million baht, which equaled 1.5% of GDP at the time.**

The Village Fund policy was widely discussed in Thai society, with opinions ranging of it from being corruption to an efficient investment by the households. However, a deep study has proved to be more complex than people think, since the real question we need to ask is this: “Did the Village Fund Policy cause the

**behavior of households to change, and if so, in what ways, both in the short and long run?” As each household has different characteristics, panel data needs to be used.** Households have been questioned repeatedly from before the beginning of the project and ever since. The questions covered details including the income level, consumption, loan and investment of each household before and after the policy went into effect.







“Kaboski and Townsend’s research is a good example to help us understand the importance of heterogeneity towards the policy evaluation and design evaluation. Even though policymakers may have good intentions to benefit every sector, it is difficult not to cause unfavorable effects to some group. Thus, whoever designs and evaluates the policy must give priority to the differing impacts on each population group.”

Kaboski and Townsend used the data from the **Townsend Thai Survey<sup>1</sup>**, which provides panel data for studying the impact of the Village Fund on the villagers’ consumption, investment, income, etc. There are two outstanding points in this set. 1) It covers

details from before the beginning of the project and continues to the present. 2) It provides panel data that helps us study the impact of the project on each household with different characteristics with reliability and validity. Kaboski and Townsend studied the impact

of the Village Fund Policy by using an economic model they jointly developed.

From the study, it was found that investment at the household level was uneven. The average size of investment could be as high as 79% of a household’s

<sup>1</sup> The Townsend Thai Survey covered 700 households from 64 villages in four provinces (Buri Ram, Si Sa Ket, Lop Buri and Chachoengsao) during the period of 1997 to the present. The survey of this data set was supported by the National Institute of Child Health and Human Development (NICHD), the National Science Foundation (NSF) in United States, and the University of the Thai Chamber of Commerce.



Kaboshi and Townsend also studied the long term impact of the Village Fund Policy. They found that even though the Village Fund Policy has made continuous extensions of the loan, limited investment causes an increase of income and consumption only for a short period of time.”



entire income for the year. Thus, the households that chose to invest needed to have an outside income or be able to take out large loans. Investments received a favorable return of about 11% per year, though there was a risk of failure which could lead to financial loss. **From the data, however, it was found that the failure rate after the Village Fund Policy increased only slightly and was still less than 15% of the total loan.**

Both researchers also found

the Village Fund Policy helped the households be able to taking out loans. Low income households (Section 2 in the diagram) received benefits from taking loans from the Village Fund which they used for consumption. Previously, this group chose not to borrow money because ordinary interest rates are too high for them. Once the Village Fund was in place, however, these households increased their consumption. As their income level is not high, there was very little increase in

investment. These households might want to invest, but with their low income, they still could not borrow enough to do so. On the other hand, the higher income households (Section 4 in the diagram) rarely benefitted from the Village Fund Policy as they already had sufficient income to do whatever they wanted. Households in this group have more opportunities to invest than the other groups.

The middle income households (Section 3 in the diagram) are the ones most likely to increase their investments, since if they combine their income with a loan, they will have enough to do so. But an increase in investment levels creates an increase in wages and interest rates. Consequently, the very low income households (Section 1 in the diagram) have to pay back their loans at higher interest rates. We can see that while some households benefit from the Village Fund Policy, other households actually lose





money from it.

Kaboski and Townsend also studied the long term impact of the Village Fund Policy. They found that even though the Village Fund Policy continuously extended the loans, limited investment caused an increase of income and consumption only for a short period.

When analyzing the overall impact of the Village Fund Policy, Kaboski and Townsend found that **household consumption changed more than the household investment**. The purchase and repair of residences and cars showed the highest increase, with liquor and tobacco coming second.

**Kaboski and Townsend's research is a good example that can help us understand the importance of heterogeneity towards the policy evaluation and design. Even though the policy maker may have the intention of benefiting every level of society, it is difficult not to cause unfavorable effects to some group. Therefore, the person who designs and evaluates the policy should give the priority to the different impacts on each population group.** 📈

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# AEC vs. Non-ASEAN with Substantive Business Operation

In the AEC's view, **there is one issue which needs to be discussed widely. That issue is the opinion of Thai entrepreneurs, especially the SMEs, who disagree with the policy by which according to the ASEAN Agreement on Trade in Services (AFAS or the ASEAN Framework Agreement on Services), Thailand is going to grant rights and benefits to investors from countries that do not belong to ASEAN. There are two reasons for this concern:**

**First** of all, if Thailand grants these rights and advantages to Non-ASEAN members, it means the region will be open to competition from overseas companies across the world. Opening the market this wide would make it difficult for Thai entrepreneurs to compete in the areas of capital, knowledge, technology, business networks and so on. On top of this, Thai entrepreneurs would be unable to study and analyze the market to

prepare themselves to compete, since they do not know with whom they will be competing.

**Secondly**, the organizations that supervise business, namely the Ministry of Tourism and Sports, Ministry of Education, Ministry of Transport and Communication, Ministry of Technology and Information, Ministry of Labour (including professional councils) still do not have any clear measures to support this openness, nor can they explain how public organizations will be able to supervise and ensure that such wide competition will be fair.

The concerns regarding the open market for Non-ASEAN countries include legal topics about international agreements which may answer some of the worries. This corresponds with the need to follow the first level of law that is standard in international trade agreements. Trade in Services has an internationally agreed standard, the World Trade in Services

Agreements, which all AFAS and FTAs have adjusted and developed for use. The standard for Trade in Services agreements is the General Agreement of Trade in Services (GATS), which follows the framework of the World Trade Organization (WTO).

The GATS framework specifies the qualifications of entrepreneurs or juridical persons to receive rights and advantages according to GATS, Article 28(n)<sup>1</sup>:

(1) An entrepreneur must include citizens of the country who have a total of over 50% ownership of the business.

(2) The entrepreneur must also have citizens of the country who are able to appoint administrative committee members or are able to legally set the administration direction of the major committee members.

**Thus, an entrepreneur who meets these qualifications will be able to receive the rights and advantages accorded by the agreement.**

<sup>1</sup> GATS, Article 28(n): - "a juridical person is:

(i) "owned" by persons of a Member if more than 50 per cent of the equity interest in it is beneficially owned by persons of that Member;  
(ii) "controlled" by persons of a Member if such persons have the power to name a majority of its directors or otherwise to legally direct its actions; ..."

This is stated in GATS Article 5.6<sup>2</sup> and Article 28 (m)<sup>3</sup>. It means an entrepreneur who receives the rights and advantages of this Trade in Services Agreement must be a significant entrepreneur in the member country.

In addition to these requirements, GATS also created measures that are trade standards. The standard this article will discuss is the standard of “**Substantive Business Operation**” (SBO). In summary, foreign entrepreneurs have to fulfill at least two qualifications.

(1) The entrepreneur has citizens of the country who own more than half of the company or have authority to control business operations by appointing the major administrative committee members.

(2) The entrepreneur has a Substantive Business Operation.

**The Substantive Business Operation (SBO) principle is essential for it enables us to differentiate between a real entrepreneur of the negotiation partner country and a false entrepreneur who tries to hide under the name of the negotiation partner’s country.**

In the ASEAN context, even though the basic principles are



“In law, when there are clear SBO standards, the entrepreneurs who understand this principle may help by proposing guidelines to specify clear criteria to accompany the negotiations so that it can be genuinely effective.”

taken from the GATS, there is one significant difference. It is AFAS, Article 6, which describes the refusal of rights and advantages according to the agreement. The AFAS Item 6 specifications say that the rights and advantages according to the agreement will be denied in a case where the entrepreneur is an ordinary person of a Non-ASEAN country or is a juristic person who is the owner or is controlled by a Non-ASEAN person. In addition, he may be a juristic person who is established under the member country’s law but does not have SBO in the country member’s territory<sup>4</sup>.

This means that in order to receive the rights and advantages under the ASEAN agreement framework an entrepreneur has to

have an SBO in an ASEAN member country, regardless of whether he is ASEAN or Non-ASEAN.

The sole condition in deciding to allow the rights and advantages according to the AFAS framework is simply **whether the entrepreneur has an SBO in the ASEAN member country. The fact that the entrepreneur may or may not be a juridical person of the ASEAN member country is irrelevant.**

If we are worried that there may be overseas entrepreneurs who are not negotiation partners that may use the names of the member countries, for example Malaysia or Singapore, by setting up a juridical person in them and

<sup>2</sup> GATS, Article 5.6: - “A service supplier of any other Member that is a juridical person constituted under the laws of a party to an agreement referred to in paragraph 1 shall be entitled to treatment granted under such agreement, provided that it engages in substantive business operations in the territory of the parties to such agreement.”

<sup>3</sup> GATS, Article 28(m): - “juridical person of another Member” means a juridical person ... constituted or otherwise organized under the law of that other Member, and is engaged in substantive business operations in the territory of that Member or any other Member.”



then trying to use the rights and advantages to conduct Trade in Services in Thailand, we only need to refer to the SBO principle. That would put a stop to such action.

In explaining the thought behind the pattern of law, **the first question we should ask is what the law or standard is. Is it clear or confusing? The answer in this case is it is strong and clear; the SBO standard exists to make the determination.**

However, there is still a problem of deciding what characteristics are needed to determine that such an SBO exists. The characteristics have not been specified, which leads to a second problem of deciding who will participate in determining the standards. **This provides an opportunity for Thai private entrepreneurs to propose guidelines for what constitutes an SBO.**

The standards for determining an SBO must be clear. Simply saying an entrepreneur must have one is not enough. Without a clear definition we may not be able to gain much benefit from the Trade in Services negotiations according to the framework as it now exists.


In conclusion, foreign entrepreneurs who will receive rights and advantages under the AFAS framework are different from those who will receive the same rights and advantages from GATS. The former must have an SBO.

Once there are clear SBO standards, entrepreneurs who understand the principle may help by proposing guidelines to accompany negotiations to make them more effective. Some examples to be considered are the following:

- The length of time in the business
- The value of the business operations
- A requirement that businesses must have an SBO in the same category that they apply for
- The characteristics of stability of the business's operations, such as establishing the head office or the main branch of in the member country

**Apart from this, the proposals may also include the qualifications of ownership and authority to control the business for the negotiation.**

As to the problem of a completely open market, there

are possible advantages and disadvantages that may affect Thai private entrepreneurs. Nevertheless, we should remember that there are still many other agreements between ASEAN and Non-ASEAN countries, for example ASEAN-India, ASEAN-Australia, ASEAN-Korea, ASEAN-China and ASEAN-Japan. This is a political and economic issue that will be discussed for some time to come. 

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AFAS, Article 6:- "The benefits of this Framework Agreement shall be denied to a service supplier who is a natural person of a non-Member State or a juridical person owned or controlled by persons of a non-Member State constituted under the laws of a Member State, but not engaged in substantive business operations in the territory of Member State(s)"



# **An Analysis of the Guidelines for the Development of Trade and Investment Expansion in the Thai–Myanmar Border Areas to Connect with the BIMSTEC Countries**



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





Thailand and the Republic of the Union of Myanmar are countries with adjoining borders. They are both members of the ASEAN Economic Community (AEC) and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC). This cooperation affects the economic sectors in the border areas of both countries.

The Center for International Trade Studies here presents data for the total economic picture and will delve deeply into the Thai-Myanmar border economy by exploring the results of an analysis of the guidelines for the development of trade and investment expansion in the Thai-Myanmar border areas, especially that of Mae Sot District, Tak Province, which connects to the BIMSTEC countries.

Tak Province borders Myanmar on its west and its economic town is considered one of the major Thai border cities that can connect to the trade routes to India through Myanmar. Tak thus has a tremendous opportunity and potential to develop businesses and industries of its own and in nearby provinces, as well as to become a trade center for neighboring and nearby countries seeking to take advantage of the BIMSTEC Agreement. The study found that investment in Mae Sot District, Tak Province offers an opportunity to take advantage of readily available cheap labor. In the near future, Mae Sot will become a special economic zone

for the garment industry and a production base for textiles and garments.

Nevertheless, developing trade and industrial investment in Tak Province, as well as trade with Myanmar through the Mae Sot customs station in Tak Province, has encountered many problems and obstacles. As a result, the volume of border trade and investment with Myanmar and its connection to the BIMSTEC countries is still not large.

In order to achieve the goals of being the trade center for the neighboring and nearby countries and the production base for textile and garment industries, the following guidelines have been proposed for the development and expansion of trade and investment in Tak Province to serve the BIMSTEC countries:

### **The development of trade and investment expansion in Tak Province to serve the BIMSTEC countries**

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**1) Develop Tak Province as a trade and investment gateway to nearby foreign countries.**

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## “Tak Province borders Myanmar and has a major Thai border economic town that can connect to the trade route to India through Myanmar.”

The potential of Tak Province lies in its location, the logistics system, and a local investment trend under the network of economic cooperation of the BIMSTEC countries. Thus, Tak Province should be developed as a gateway to trade and investment with other countries by using these guidelines:

- **Speed the establishment of Mae Sot Special Economic Zone to support trade and investment with Myanmar, India and the BIMSTEC countries.** If there is no clarity, or if there is a delay in establishing this special economic zone, Thailand will lose its opportunity, since Myanmar has already established the Myawaddy Special Economic Zone, just 10 kilometers from the Thai border. The Myanmar government designated an area of 5,000 rais (1 rai = 1,600 square meters) for the economic zone.

The first phase of the project has been completed and about 1,250 rais are ready for service. Investment has been made in the infrastructure system, cargo, commercial zone, and government premises. The Myanmar government aims for Myawaddy District to be the gateway to the west of ASEAN. If the special economic zone project on Thai side is not begun soon, the benefits Thailand expects to gain will go instead to the Myawaddy Special Economic Zone, due to its readiness in all aspects and the fact that wages there are lower than those paid in Mae Sot.

- **Connect the transportation routes to be used to drive the trade and investment sectors.** Tak Province is at the end of the East–West Economic Corridor (EWEC) and is where the North–South Economic Corridor (NSEC) and the EWEC cross.

Therefore, it is essential to speed the construction of the four-lane Tak–Mae Sot road approximately 86 kilometers long. Construction of some parts has begun, such as the section from the city of Tak to Lan Sang National Park. This is the main road to transport goods to the border, as well as for agriculture and tourism, and is part of the east–west economic route. Tak Province is a border export gateway that already earns ten thousand million baht each year.

- **Simultaneously, the government sector should accelerate its support and assist Myanmar in constructing the route from Mae Sot, Myawaddy and the Tanaosi foot-hills to Kawkarate Province.** The Thai government has approved a budget of almost 200 million baht for 30 kilometers of the road, in addition to the over 120 million baht previously given for the Mae Sot–Myawaddy–Tanaosi foothill route. The 30-kilometer section will transport goods to the border and will also enhance tourism, besides strengthening the ties between Thailand and Myanmar.





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## 2) Promote and facilitate trade

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- Rules and regulations that are the obstacles to trade must be amended.

Currently, many rules and laws of both Thailand and Myanmar do not facilitate the border trade, since Thai entrepreneurs have to comply with the national security law, which means they may not

**import or export some types of goods.** The rules and regulations on importing raw materials from Myanmar are outdated and time consuming. Consequently, the private sector has proposed guidelines to enhance trade and investment in Myanmar. Some rules, regulations, methods and practices, especially the trade barriers that forbid the import and export of many important items, are now major obstacles to the development of the trade with

Myanmar. They also allow rivals from other countries to expand their base and take over the market.

Therefore, the government must solve the problem by using the trade arena for negotiations to reduce import rules and regulations to allow importers greater access to the market. This in turn will lead to an expansion of trade and investment.

- **Solve the labor shortage to support and enhance trade**



**and investment.**

At present, the demand for labor in Tak Province is high; if the Mae Sot Special Economic Zone is established, the demand for labor will increase considerably. The Thai government should make

it legal for aliens to work in industries and other economic sectors. The government should also have a clear policy concerning both the national and economic security.

Aliens, once they have proved

their nationality, may work in Thailand for 2 years and extend their work permit for another 2 years. They can travel throughout the country and share all of the rights stated in the Thai labor law, the social security law and other





laws. When these laborers have acquired their working skills, they usually go to other provinces, especially the central part of the nation. Entrepreneurs in the border provinces thus have a problem as their skilled workers



“It was found that the value of the border trade at the Mae Sot–Myawaddy customs station in the first half of 2011 (from January to June) was worth approximately 8,500–10,000 million baht, an average of not less than 1,500 million baht per month.”

are invariably hired away from them. This means that industries in the border areas are always faced with a labor shortage.

To support and promote trade and investment in the border provinces, entrepreneurs who provide training to the alien work force should be allowed to make contracts requiring them to work at least 1 to 2 years at their factory before going elsewhere so that their business can proceed without interruption.

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### **3) Create a trade relationship with the BIMSTEC countries.**

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Myanmar closed the Mae Sot port of entry in the middle of 2010 and this has caused problems

in exporting goods at the Thai–Myanmar Friendship Bridge customs station. The Myanmar government ordered the military officers who supervise the border trade committee and the customs officers at the Bago Division customs station to confiscate all imports from Thailand that passed through the Thai–Myanmar Friendship Bridge (Mae Sot–Myawaddy permanent customs station). Consequently, it is much more difficult to export items to Myanmar. Even though Myanmar had closed the customs station, it was still found that the value of the border trade at the Mae Sot–Myawaddy customs station for the first half of 2011 (from January to June) was nevertheless



## Summary of the Development of Trade and Investment Expansion in Tak Province to Connect with the BIMSTEC Countries

### 1

Develop Tak Province as the gateway to trade  
and investment to connect with foreign countries.

•

Speed the establishment of Mae Sot Special Economic Zone  
to support and conduct trade and investment  
with Myanmar, India and the BIMSTEC countries.

•

Complete the required Thai transportation routes to be used to  
encourage the development of the trade and investment sectors

•

Simultaneously, accelerate Thailand's support and assistance to Myanmar  
in constructing the route from Mae Sot,  
Myawaddy and the Tanaosi foothills to Kawkarate Province, Myanmar.

### 2

Promote and facilitate trade between Thailand and Myanmar.

•

Amend the rules and regulations that are the obstacles to trade.

•

Solve the labor shortage to support and encourage trade and investment.

### 3

Develop trade relationships with the BIMSTEC countries.

### 4

Create a strategy for developing the industrial sector.

•

Upgrade manufacturing technology in Tak Province.

•


Develop the knowledge and skills of the employees.





The manufacturing technology in the textile and garment industries of Tak Province has not been modernized, which has an impact on productivity. The government should support these industries to have higher productivity and use better technology. It should provide them knowledge of technological developments and assist them with the financial resources to adopt modern technology, since most are small or medium level businesses that have problems when applying to banks for credit.

- **Develop the knowledge and skills of the factory personnel.**

The main problem of the textile and garment industries is a shortage of skilled labor, especially the technicians and machinists who have adequate knowledge, ability and skills. When machines break down, the local mechanics often cannot repair them and have to wait for machinists to arrive from Bangkok to do the work. The government should establish a project to develop skills and provide training so that local mechanics will be able to handle the work and there will be sufficient skilled mechanics to meet the demands of the industrial sector in Tak Province. 

worth about 8,500 to 10,000 million baht, an average of not less than 1,500 million baht a month. This shows the Myanmar government is flexible in exporting goods through other channels on the Mae Sot border.

The Thai government should quickly establish a relationship with Myanmar to increase mutual trade. In mid-July 2011, the

Myanmar government cancelled the prohibition of 15 types of Thai imports, which gives more opportunities to export Thai goods to Myanmar.

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#### **4) Strategy for developing the industrial sector**

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- **Upgrade manufacturing technology.**



## Contributor



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# Making the Thai Brand Universal

## The Key to Successful Branding

In order for branding to be successful, entrepreneurs must have a profound understanding of 3 areas:

1. Their goods or services
2. The target group for their products or services
3. Their business rivals

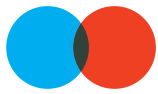
It cannot be forgotten that a

brand's image depends on the owner himself. Branding takes years and the owner must be someone who takes proper care and continually tries to improve his product. Therefore, the owner must actually love the brand and work to benefit it.

## Intermediate Need to Make

## the "Thai brand" Universal

Our need today is to create a positive and better known image for the national "Thai brand". The problem of making the "made-in-Thailand" brand universally known lies in finding ways to create a "Thai-ism" feeling amongst the Thai people themselves. We can see that



“The problem of making the Thai brand universal is in finding ways to create a “Thai-ism” feeling among the Thai people.”



people in countries such as Korea and China, which are currently very fashionable, are quite proud of both their culture and themselves. Before we can make our own national brand better known, we first need to strengthen the identity of the people in our country. It is important that we create an understanding so that all Thais will share the same image and goals.

The second need is to provide better coordination between the government and private sectors in the various industries of Thailand. The government and private businesses must be willing to listen to each other and act strategically and quickly to keep up with constantly changing situations. Unfortunately, this is

an area in which Thailand is much slower to adapt than the government and business sectors of other countries.

#### **The Extensive Success of the Korean and Chinese Brands**

Korea and China have strategically furthered their brands for many years by following the principle that “Culture Leads to Trade”. Knowledge, understanding and a favorable attitude towards Korean products has come subconsciously through movies, dramas and popular songs, which has resulted in a cultural domination. Thais of all ages have learned to admire the cultures of Korea and China. As a result, Thais have a favorable

view of the products of both countries.

#### **Groups of Thai Goods or Brands that Can Be Promoted as “National Brands”**

The areas with the greatest potential for promotion as our national brands are Thai food, tourism and services. Thai food is already famous and is popular in many other countries; moreover, Asian food and healthy food in general are now in fashion and extensively popular. One example is Siam Kitchen, which is S&P’s brand for ready-made Thai meals that is sold abroad. As to tourism and services, Thai traditional massage and spas are very deserving of being promoted,

since Thailand is a well-known tourist destination; Thais also have a congenial personality that suits the services industry. The Thai brand needs strategic communication and close cooperation between the government and private sectors.

### **Preparing to Enter the ASEAN Economic Community**

Even though Thai small to

medium enterprises (SMEs) think that branding is a difficult task requiring a high capital investment, all entrepreneurs should be aware of the necessity to create their own brand. At present, many small Thai SMEs have already sold their brand abroad in areas such as furniture, clothing and fashion, spas and restaurants. If Thai entrepreneurs can modernize their



products and clearly create more brands, they will be able to expand their export market into other areas as well.

In 2015, the import tax in ASEAN countries will be reduced to 0% and the FTA (Free Trade Area) will be opened between many countries. More foreign companies will invest in Thailand and business competition will become more intense. To prepare for this, Thai entrepreneurs must begin by creating company policies, followed by a clear plan to build an overseas network and promote branding, since consumers in the future may be attracted more by brand name than by the country that produced the items.

Thai entrepreneurs who practice the above strategies and create their own brands will succeed in business and be able to compete in the world market. Those that do not will fail.



## **Techniques to Make a Brand Universal**

**The five techniques  
in making a brand universal are as follows:**

**1**

**Create a strong domestic market base  
and use that strength to enter foreign markets.**

**2**

**After entering the world market,  
the obligations of the brand must be maintained.**

**3**

**The brand must be outstanding in at least one aspect  
and be flexible according to each market.**

**4**

**Price strategy may start with either the high or  
the low end of the market, depending on the product.**

**5**

**A company must maintain a subsidiary  
in each country to conduct their marketing.**





## WE build PROFESSIONALS

Against a backdrop of a borderless global village, there's a growing need for a labour force of highly specialised skills. UTCC embarks on restructuring and enhancing its International Programme academic courses to nurture a new generation of budding business professionals,

UTCC provides an advanced '*learning by doing*' experience, enabling learned theories to be tested in hands-on practice beyond the traditional classroom. We collaborate with reputable universities across the globe to give our students the advantages of world-class lecturers, seminars and exchange programmes.

The state-of-the-art lecture halls, library, academic facilities and ICT on-site infrastructure help build a quality and student-friendly learning environment.

**The International Programme**, UTCC's crown jewel, offers degrees of undergraduate and continuing education in an array of subjects, including international business management, information technology, marketing, accounting, and economics:

- **Bachelor** of : Accountancy, Business Administration
- **Master** of : Business Administration(Global MBA), International Business Economics(MIBE)
- **Ph.D.-M.ECON.**





# Beyond Expectations

Solid growth, real strength. These are the attributes that make us proud. Attributes that have been developed from the commitment to our core values of creativity, devotion and trust. It is this commitment and these values that have enabled us to consistently deliver high dividend yields, and awards for good corporate governance and business ethics. At ThaiBev, it's important that we always go beyond expectations for all our stakeholders. To find out more log on to [www.thaibev.com](http://www.thaibev.com)

- *Dividend Policy: Payout ratio not less than 50% of net profit. In 2011, the ratio was 77%.*
- *Net Profit: In 2011, growth of 14.1%.*

