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# SEMINAR ON SMEs IN THAILAND: SPRING UP TO INDUSTRY 4.0

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# THAILAND-US COOPERATION TO SUPPORT THAI SMEs

Thitapha Wattanapruttipaisan  
SME Development Lead  
US-ACTI Project

# THAILAND IN THE ASEAN ECONOMIC COMMUNITY (US\$, 2014)

- Second largest AEC economy—Thai GDP: \$373.2 billion or 14.5% of AEC-GDP (Indonesia: 38.3%, Malaysia: 12.7% and Singapore: 12%).
- GDP per head of Thai population: \$5,436—AEC average: \$4,136 (Singapore: \$56,287, Brunei Darussalam: \$41,424, and Malaysia: \$10,784).
- Second largest AEC trader with the world—with 18.1% of AEC total trade of \$2.53 trillion (Singapore: 30.7%, Malaysia: 17.6% and Indonesia: 14.1%).
- Second largest trader within AEC—with \$59.4 billion (26.1%) in intra-AEC exports and \$43.3 billion (19%) in intra-ASEAN imports.
- Thai exports to/imports from—Total: \$225/\$228 billion; China: 11.0/16.9%; USA: 10.5/6.4%; Japan: 9.6/15.7%; and Malaysia: 5.6/12.8%.
- Thai exports (2015)—automotive: 15.3%; electronics: 15.1%; electrical machinery: 14.7%; petro-products and plastics: 9.6%; and gems: 3.3%.

# SMEs IN THE THAI ECONOMY (2011)

- Total numbers: 2,634,843 small enterprises (SEs), 11,709 medium enterprises (MEs), and 6,253 large enterprises (LEs).
- Sector distribution—W/R trade: 1,173,611 SEs and 2,719 MEs; Services: 993,129 SEs and 4,535 MEs; and Production: 467,741 SEs and 4,454 MEs.
- Employment—SEs: 9,885,927 workers (75.4% of total employment), MEs: 1,110,050 workers (8.5%), and LEs: 2,111,229 workers (16.1%).
- Contribution to GDP: about 37% from SMEs; one-third of this contribution coming from SMEs in the services sector.
- Contribution to exports—SMEs: 30% and LEs: 70%. Contribution to imports—SMEs: 31% and LEs: 69%.



# ASEAN CONNECTIVITY THROUGH TRADE AND INVESTMENT PROJECT

- 5-year project funded by USAID and State Department and supported by US-ASEAN Business Council under the Business Alliance for Competitive SMEs.
- Focus of SME activities: Access to Markets, Access to Information and Information Technology, Access to Finance, and Promotion of Women and Youth Entrepreneurship.
- Implementing 4I activities, mostly training workshops, reaching over 4,500 SME entrepreneurs, including over 2500 women, during August 2013-May 2016.
- Establishing the <<http://www.asean-sme-academy.org>> in May 2016 to provide online training and access to technology tools and business information. You are warmly welcome to register as users of the Academy.

# TRAINING ON MARKET ACCESS AND SUPPLY CHAIN PARTNERSHIP

- The Business Alliance trained over 3500 SMEs, with some 52 per cent being women entrepreneurs, in 41 workshops across ASEAN during 2014-2015.
- Training partners: Baker & McKenzie, Citibank, Coca-Cola, eBay, Facebook, FedEx, Google, Hewlett Packard, IBM, MasterCard, Microsoft, Motorola, Nike, PayPal, Procter & Gamble, PricewaterhouseCoopers, Qualcomm, Seagate, UPS, and VISA.
- Majority of training workshops: broad-based transfer of knowledge, skills and technology tools and solutions for business advantage.
- Sector-focused workshops: textiles and footwear, electronics, automotive, and cosmetics and personal healthcare.



# THE EXPANDING AND INTEGRATING WORLD ECONOMY (US\$)

- Traded goods, services, and finance—1990: \$5 trillion (or 23% of global GDP); 2012: \$26 trillion (36% percent); 2025: up to \$85 trillion (49%).
- Trade in goods—1995: \$4.4 trillion (16% of global GDP); 2002: \$6.4 trillion (19%); 2012: \$17.8 trillion (24%).
- The consuming class (\$7,500 in annual income)—2012: annual spending \$12 trillion; 2025: annual spending \$30 trillion.
- Developing countries' share in global trade in goods—1990: US\$198 billion (6% of global trade); 2012: \$ 4.4 trillion (24%).
- Inter-connected world—2000: 0.7 billion mobile cellular subscriptions and 0.4 billion internet users; 2015: 7.2 billion subscriptions and 3.2 billion users.

# SMALL BUSINESS DEVELOPMENT THROUGH GREATER GLOBAL CONNECTIVITY: TURNING BARRIERS INTO BRIDGES (I)



- B2C/retail e-commerce—2013: \$1.23 trillion; 2015: \$1.70 trillion; 2017: \$2.14 trillion. Average annual growth: 21 per cent a year during 2013-2017.
- Great potential for further expansion—small share of B2C e-commerce in global retail sales: only 5.1% in 2013; 6.7% in 2015 and 8.2% in 2017.
- Largest B2C e-commerce countries (2015, billion)—China: \$563; USA: \$349; UK: \$94; Japan: \$79; Germany: \$74; France: \$43; South Korea: \$37.
- Mobile devices' share in retail e-commerce—2015: about 30 per cent of total purchases (except in South Korea: 50%).
- ASEAN B2C retail e-commerce and SMEs' involvement in retail e-commerce: generally very limited (less than 0.2 per cent of total retail sales).

# SMALL BUSINESS DEVELOPMENT THROUGH GREATER GLOBAL CONNECTIVITY: TURNING BARRIERS INTO BRIDGES (2)

- Digital buyers—2015: 1.5 billion persons (mostly in the 15-59 age group). Extending reach: substantial market for older people in the coming decades.
- The greying world: population aged 60 years and older in 2015 and 2050

– <b>World:</b>	<b>12.3% and 21.5%</b>
– Singapore:	17.9% and 40.4%
– Thailand:	15.8% and 37.1%
– China:	15.2% and 36.5%
– Viet Nam:	10.3% and 27.9%
– Malaysia:	9.2% and 23.6%
– India:	8.9% and 19.4%

## SMALL BUSINESS DEVELOPMENT THROUGH GREATER GLOBAL CONNECTIVITY: TURNING BARRIERS INTO BRIDGES (3)

- Digital technologies and tools enabling millions of small businesses to become “micro-multinationals” or partners in numerous global “virtual supply chains”.
- But business competition also more intensified. Smart strategy: using digital technologies and tools:
  - To reinforce your online presence through branding and to ensure customer loyalty through better follow-up services.
  - To reach out to new customers and to obtain customer feedback through websites, blogs and various social media.
  - To enhance offerings to customers and to anticipate their changing needs and preferences ahead of time and competitors.
  - To engage in continuous innovation -- especially in product greening, delivery logistics, online payments, and mobile optimization.
- On-going need for e-commerce enabling policy and regulations as well as for accessible and affordable infrastructure systems.

THANK YOU



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