

CHAPTER 4 IMPACT OF THAI ENTERPRISES JOINING ASEAN ECONOMIC COMMUNITY AND SWOT ANALYSIS

Impact of Thai Enterprises' Participation in ASEAN Economic Community and SWOT Analysis of ASEAN Economic Integration in 2015, the economic and trade relations between the ten ASEAN countries will be deepened. Due to the intensification of competition and the deepening of regional cooperation, from the initial focus on trade and ASEAN Free Trade Area (AFTA), ASEAN has stepped up economic regional integration to increase its influence on the world economic stage. It is the reason why ASEAN has established an economic community. The formation of the ASEAN Economic Community will enable the “integration of production bases and markets” of the ten ASEAN countries, and will also multiply the trade and investment markets. The market size population will increase from 500,000 to 200 million to more than 600 million, which will also It is an important turning point in Thai economy and trade. The familiarity with the advantages and problems brought by the formation of the ASEAN Economic Community to Thai companies and SWOT analysis will enable Thailand to see investment opportunities and the challenges it will face in order to adjust strategic plans and enable Thai companies to find new sites in the 2015 Economic Community.

4.1 Thailand Enterprises Are Constrained from Joining ASEAN Economic Community

The constraints imposed on Thailand by the formation of the ASEAN Economic Community are as follows:

(1) The goal of ASEAN in 2015 is to take measures to implement the elimination of tariffs for member states, and Thailand implemented it in 2010. It can be said that joining the ASEAN Economic Community does not require Thailand to reduce any additional tariffs. For Non-Tariff Barriers (NTBs), ASEAN mandates non-tariff measures (NTMs) for non-tariff measures (NTMs), and Thailand promises to cancel non-tariff measures. At present, Thailand is about to complete its implementation. There is only a lack of consultation with relevant departments to find solutions to prevent possible problems.

(2) Increase the number of shares held by corporate investors, and the Priority Integration Sector holds no less than 70%, such as information technology, health, and tourism (completed in 2010), logistics (completed in 2013) , Other service industry requirements are completed in 2015 (except for sensitive industries).

(3) The industry specified in the agreement and the investment liberalization that encourages foreign investment.

(4) Initially the realization of the liberalization of the transfer of funds and the

problems brought about by the process of liberalization, each member state has adequate response and protection measures.

(5) At present, there are already eight areas of the workforce that are free to flow and match the rules of each country. Including: engineers, architects, nurses, doctors, dentists, investigators, accountants, and tourism service workers.

(6) For example: mineral cooperation, SME cooperation, infrastructure cooperation (traffic, technology, information, resources) and so on.

4.2 Impact of Thai Enterprises Joining ASEAN Economic Community

4.2.1 Positive impact

(1) Increase product export opportunities. Since 2010, Thailand, Singapore, Malaysia, Indonesia, the Philippines, and Brunei (ASEAN six countries) have implemented zero-tariff trade policies and relief measures for sensitive and sensitive products. In addition, Cambodia, Laos, Myanmar, and Vietnam (CLMV) also Solved the problem of trade export impediment, promoted ASEAN to form a big market and increase the export volume of Thai products. As a result of the liberalization of trade in products under the ASEAN Free Trade Area, ASEAN countries have become Thailand's largest export market. In 2013, the total trade volume between Thailand and ASEAN was US\$110.055 billion, while Thailand's exports to ASEAN countries amounted to US\$59.318 billion, which accounted for 21.7% of Thailand's total trade volume, which was 4.3% more than 2012 (2014, management of international trade negotiations).

Between 2013 and 2015, the total import and export volume of products from Thailand and ASEAN countries showed an upward trend. Under the agreement on liberalization of products and investment, the rate of increase has gradually increased. The major export products include: motor vehicles and their parts, computers and their parts, edible oils, rubber, and plastics.

(2) Provide product export and investment opportunities. As countries cooperate with each other to reduce or eliminate barriers to product import and export tariffs and other non-tax measures, Thailand will reduce product production costs, low-cost imported products will produce materials and semi-finished products, and ASEAN countries will be able to transfer their business to the market without liberalizing their funds. Saturated country. In any case, ASEAN member countries have restrictions on the proportion of foreign ownership, and these restrictions are an obstacle to the increase in investment. For example, foreigners have limited land holding rights. The solution is to grant long-term lease rights. In addition, there are many influencing factors, such as the minimum investment amount limit, the board ratio restrictions and so on.

(3) Increase the capacity of Thai entrepreneurs. When Thailand and other ASEAN countries carry out business cooperation and share production resources, they can encourage Thai entrepreneurs to better learn from ASEAN countries' trade, tourism, law, capital and political, social, cultural and technological knowledge. Now Thailand What is extremely important is the problems that arise in education, business management, corruption, and accepting bribes, including foreign company efficiency strategies, methods, and regulations, and methods for increasing foreign income.

(4) Enhance Thailand's ability in the world economic arena. The formation of the ASEAN Economic Community has made ASEAN the largest of the world's five largest economies. The projects for expanding ASEAN economic cooperation include: ASEAN plus three, and ASEAN plus China, South Korea, Japan, ASEAN plus six countries, and ASEAN Canada plus Canada, Australia and New Zealand. These will make the ASEAN economic community stronger and more competitive on the world economic stage.

4.2.2 Negative Effects

(1) Products from ASEAN countries enter Thailand. As ASEAN countries do not have tariff barriers on product imports, the competition among Thai entrepreneurs has become more intense. In any case, Thailand's total exports to ASEAN countries are more than the total imports from ASEAN countries (Figure 4.1). Although ASEAN countries are gradually implementing zero-tariff policies, some countries are still gradually increasing trade barriers to ensure that their domestic industries can survive in the liberalization of market competition. For example, the process of importing ceramic products in Malaysia is quite complicated, and various approval procedures take up to three months, making it difficult for neighboring countries to export to other countries. In addition, the import of automobiles is also quite strict, requiring one company to carry out examination and approval of imports, and only allow large enterprises to import and export cars, while only allowing the import of cars not produced in China. Thailand also imposes time restrictions on the import of many agricultural products. For example, onion can only be imported from August to October every year. Garlic can only be imported from July to October every year. Coconut can only be from January to May each year. Imports from November to December. As for coffee, it can only be imported into the cargo hold department.

(2) Entrepreneurs may be transferred to production bases in other ASEAN countries. If we do not increase the basic production conditions and labor effectiveness that affect investment, and related laws and regulations, and make it advancing with the times, it is possible that Thai companies will shift their production bases to other ASEAN countries that are more suitable for product production.

(3) Affecting the free transfer of labor force. It may lead Thai high-tech employees to

move to other ASEAN countries with better welfare, such as Singapore and Brunei. In any case, even if the labor force is liberalized and transferred, there are other restrictions that make the labor force unable to move freely. Because the member states also have various restrictions on the labor force in order to control the labor force. For example, if you want to work as a doctor in Thailand, you must pass the assessment of the Medical Council. All assessments are in Thai.

4.3 SWOT Analysis of Thai Enterprises Joining ASEAN Economic Community

4.3.1 Advantages of Thai Enterprises Joining ASEAN Economic Community

Compared with other ASEAN countries, AEC, as an ASEAN economic and investment center, has several advantages:

(1) Geographical location. Thailand is located in the regional center. Compared with other ASEAN countries, it has the largest number of neighboring countries, and the probability of natural disasters is relatively small. Although there was a serious flood in Thailand in 2001, it had a serious impact on the Thai economy, but it was also a disaster that can be prevented and prepared once.

(2) The level of national development. Compared with other ASEAN countries, Thailand has a higher level of development. Most of the Thai people have received basic education, and there are many skilled labor and high-tech talents. At the same time, the public health system is popular, the quality is high, and infrastructure development is rapid. At the same time, the financial industry, order, and various facilities have also developed. In addition, the Thai currency has also been recognized and accepted by neighboring countries, and Thailand's border areas can use Thai baht to trade.

(3) Thailand's financial sector is stable. Entrepreneurs can confidently invest in the financial industry, and the Thai government also has the tendency of financial liberalization.

(4) The size of the country and the market. Thailand's economic development ranks second among ASEAN countries, second only to Indonesia. At the same time, Thailand has a large population and is similar to Myanmar and Vietnam. However, Thailand's income and consumption levels are higher than other neighboring countries. In addition, Thailand has enough local productive investment compared to Singapore.

(5) Economic relations with ASEAN countries. In 2013, the total trade volume of imports and exports between Thailand and ASEAN countries was 75 billion U.S. dollars, which was 15% of the total trade volume of ASEAN countries. It ranked third, second only to Singapore and Malaysia. In addition, Thailand's trade surplus is US\$13.6 billion,

ranking second, second only to Singapore. It is one of the trade surpluses among the three ASEAN countries. It can be seen that Thailand has a dominant position in the ASEAN economic driver, especially in ASEAN countries. The amount of product exports.

(6) The actual economy is connected. Thailand's economy is closely linked with international economic and trade and investment. From the perspective of openness, Thailand's total import and export accounted for 149% of Thailand's total GDP in 2012. It has always relied on foreign investors to invest. Therefore, Thailand has more experience and strength in attracting foreign investment than other ASEAN countries. This means that Thailand is more likely than other ASEAN countries to attract countries other than ASEAN countries to invest in Thailand.

4.3.2 The disadvantage of Thai companies joining the ASEAN Economic Community

(1) Lack of understanding of the economic community. There is not enough vigilance to become a member of AEC, and most entrepreneurs still do not realize the importance and necessity of becoming an ASEAN member. In addition to big entrepreneurs and business departments that have had contact with foreign countries. Lack of understanding and vigilance may cause difficulties for Thai entrepreneurs. The lack of knowledge and understanding from AEC will result in the loss of more favorable opportunities, lack of preparation, and inability to timely improve their acceptance of influence from AEC.

(2) The number of skilled workers decreases. From the data of the Ministry of Vocational Education, it is found that the number of Thai labor occupations is continuously decreasing. The result of the importance of Thai people to the work image is that the laborious labor is a low return, and the level accepted by society is lower than that of the company's employees. Laborious labor is low-education labor, and job-hopping rates continue to emerge, which hinders the development of skilled labor productivity.

(3) Bring some inconvenience to certain commercial trade. The World Bank ranks the economy from the start and progress of the environment and the regulations and scores the proportion from ten aspects. They are: starting a business, obtaining a construction permit, obtaining electricity, registering property, obtaining credit, protecting minority investors, paying taxes, cross-border trade, executing contracts, and handling bankruptcy. In 2014, out of 189 countries, they ranked 26th. Singapore is at the forefront and Malaysia is at 17th. Although the ranking is not too bad, some aspects are still hindering investment in Thailand. The main ones are: "Starting a business" because the companies that invest and trade in Thailand need to have a lot with Thailand. The contact of government departments is complicated, and the procedures take a long time. According to the statistics of the World Bank, the convenience of starting a business is ranked 75th in the ranking of 189 countries in the world. "Getting credit" entrepreneurs

get limited access to credit, especially small businesses. Not yet perfect, resulting in high cost of Thai currency. The "tax-paying" Thai personal tax rate is 30%, which is higher than other ASEAN countries. The tax system is complicated and complicated, making the competitiveness of other member countries lower in attracting foreign investment. In any case, the Ministry of Resources of Thailand is adjusting tax rules and structure to increase the probability of investment.

(4) National political and management issues. Thailand's slow economic development and intermittent stagnation are due to the influence of the country's political and management system. Such as: national political conflicts, institutional reforms and demonstrations, corruption, bribery and so on, so that the hidden costs of Thai companies increased. As well as the country's management efficiency, various management departments have only one management unit, and there are few connections among various units. When materials are needed, it is usually necessary to contact well-qualified departments to obtain them. This lags behind the work, increases the complexity of work, and makes the division of work scope confusing.

(5) Awareness of rights protection is not enough. The problem of infringement is serious, and repression is not strict enough, especially in terms of songs, movies, and various software devices.

(6) Traffic jam problem. Although the World Bank's Logistic Performance Index assesses six aspects of traffic in more than 160 countries, it includes: 1) the efficiency of customs procedures; 2) the quality of trade and infrastructure related to transport; 3) the promotion of freight competition; 4) Knowledge and ability and quality of transportation; 5) Ability to follow-up commodities; 6) Timeliness of timely delivery, assessment shows that Thailand ranks 35th in these 160 countries, ranking 3rd in the region, only Second to Singapore (5) and Malaysia. However, the efficiency of transportation in Thailand is still not high enough. In particular, the country's capital and some important cities have serious traffic congestion, making it difficult for Bangkok to become an ASEAN transportation and logistics center.

(7) Domestic business service issues. Since 80% of Thailand's enterprises are family-owned (2012 National Bureau of Statistics data shows), corporate standards and forms are not internationalized, and business owners (usually only one) have full management services and decision-making power of the company. In addition, many companies also rely on relationships to act, such as: "go back door," including the purchase of state officials to achieve their own purpose in the wrong way.

(8) Promoting corporate investment laws and regulations. Preferential policies for large corporations, including taxation, many laws and regulations tend to protect large corporations, and do not provide sufficient protection and preferential policies for SMEs

(2010 Industrial Promotion Bureau data display).

4.3.3 Opportunities for Thai Enterprises to Join ASEAN Economic Community

(1) ASEAN Economic Community and countries with favorable trade and economic potential. South Asian countries with China, South Korea, Japan (ASEAN+3) or Australia, New Zealand, and India (ASEAN+6) will help promote Thai traders, including more standardized production and management systems. For personal skills and technology development and cultural innovation. In addition, it also expands opportunities for merchants to reduce the cost of raw materials for free transportation from member states.

(2) The AEC market is similar to the Thai market and becomes a labor and natural resource production base, which is conducive to expanding investment. The similarity of goods and services can encourage each other. The Community makes AEC the largest market area and can exchange the advantages between countries. To enable member states to unite and create greater trading capabilities on the world stage. In addition, various measures are promoted to support AEC to develop faster business. Encourage entrepreneurs to adapt more quickly to changed economic conditions and better use of opportunities arising from trade and investment.

(3) Radical direct investment, the effect comes from the free movement of capital. At present, direct investment is about 20% of investment from ASEAN, followed by Singapore, Malaysia and Philippine. Eliminating investment difficulties will help attract ASEAN domestic and foreign investors, including strengthening the investment climate to compete with countries outside the region, such as China and India.

(4) Making the service industry grow, especially in public health and tourism. Thailand has the ability to gather older people from the current 9% to 12%. In 2022 (Economic Research Center, Bank of Thailand Commercial Bank, 2012), Thailand is well-known and able to manage public health conditions, has advanced technology, has certain standards and capable medical staff. The prices of medicines are relatively cheap compared with developed regions such as Singapore. In addition, the tourism industry also sees significant growth from the increase in tourists, even if it encounters political problems in Thailand and predicts that ASEAN tourism will increase by 8% annually (Economic Research Center, Thai Commercial Bank, 2012) for the next 20 years, Thailand will provide opportunities for regional branded hospitality and tourism entrepreneurs.

4.3.4 The Challenge of Thai Enterprises Joining ASEAN Economic Community

(1) Higher operating costs. The increase in wages in Thailand's labor force has resulted in a decline in price competitiveness. As investors are looking for new sources of investment that have lower labor costs than Chinese labor, investment trends are more

likely to flow to emerging economies such as Indonesia and Myanmar. They are mainly based on production labor. For example, the production of textile industry may migrate to Countries with lower labor force, such as Vietnam, Laos, and Myanmar. In addition, the cost of Thailand's energy and logistics transportation industry is very high. With the rising oil price trend in the world, investors have gradually lost interest in investing in Thailand.

(2) Community has made the measures to create trade barriers more serious. For example, commodity standards, environment, labor, and safety are the factors that lead to increased costs and lost markets.

(3) The skills of the Thai people in using English are still at a low level. In particular, middle-level and above businesses still need to improve their language skills. Because the exchanges between the ASEAN community are mainly in English, if there is no better improvement, they may be robbed of their work with new English skills.

(4) The Thai baht has fluctuations. The influence from the international economic situation may come from domestic issues such as political stability.

(5) The acute occurrence of the new crisis and the global impact. Such as: the global financial crisis, the US financial crisis spread to other countries, the global formation of the Domino model, has a huge impact on Thailand's production industry investment, exports and consumption. Since Thailand still relies on foreign investment, in addition, natural disasters, whether it is global warming, storms, or floods, or plagues, are obstacles to Thailand's economic development. It can be seen that in the ASEAN Economic Community, Thailand is located in the middle of the country and has become a better land transport and water transport center. In addition, Thailand still has a good level of economic development and public utilities as well as a comfortable business environment. It will promote Thai entrepreneurs and stimulate foreign investors, increase export opportunities and international trade. This means that the economy will have lasting development opportunities. As a result of the task of agglomeration as a single market, besides making no import-export tariffs, it still encourages the flow of capital and the freedom of skilled workers to become cost-reduced, expand opportunities, and expand markets in the business. In addition to domestic issues such as political stability, the mandatory use of laws is not enough to protect the property rights issue, including the Thai people's less understanding of the use of English as an official language in the Community and ASEAN regions. The opening of the 2015 ASEAN Economic Community with these issues still unfinished may lead to Thailand losing its opportunities from the economic community.