

# **AUSTCHAM PRESENTATION TO BOI SEMINAR SYDNEY, 29 MAY 2012**

**•John Anderson, President, Australian-Thai Chamber of  
Commerce**

**May 2012**

# AustChamThailand

## **AustCham's Objectives:**

- **To represent and promote the mutual business interest of its members.**
- **To contribute to the development of relations between Australian and Thailand in all spheres.**
- **To provide quality and constructive input into the formulation of policies impacting on the business environment (both by the Thai and Australian Governments), and into their implementation and administration.**
- **To provide an advocacy avenue on behalf of its Members.**
- **To act as a contact, resources and information point.**
- **To promote corporate social responsibility amongst its Members through good corporate citizenship.**

# AustChamThailand

## AustCham – current status

- **430 member companies covering about 3,500 active participants.**
- **One of the most active chambers of commerce Thailand.**
  - Average of one event per week.
  - Most popular business networking event in Thailand – Sundowners.
  - Boardroom Briefs and luncheon/dinner addresses.
  - Support expatriate community with social ball and AFL Grand Final celebration.
  - *Australian Alumni* program ([www.australianalumni.com](http://www.australianalumni.com))
  - *Advance* magazine (<http://issuu.com/austcham>)
  - Community Services Committee
- **Major drive over last 12 months to sharpen business focus.**
  - Manufacturers and Infrastructure Group (<http://migroup.austchamthailand.com>)
  - Study into Australian Business in Thailand



# AustChamThailand

## Study of Australian Business in Thailand

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### Principle aims were to:

- **More precisely measure the size and contribution of the Australian business presence in Thailand**
- **Identify factors that drive Australia-Thai commerce.**
- **Identify risks, opportunities and constraints.**
- **Establish a base-line of data.**

### And above all to:

- **Revive dialogue about one of Australia's most important economic relationships.**



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## **Methodology:**

- **On-line survey by AEC Group.**
- **Targeted interviews with business leaders.**
- **AustCham's 35 years of experience in Thailand.**
- **AEC's economic analysis expertise.**

- **Amounting to A\$16 billion in 2010-11, merchandise trade is the bedrock of Australia-Thai Commerce.**
- **Yet beyond merchandise trade there remains enormous untapped potential.**
- **Australian businesses in Thailand are thriving, particularly off the back of another manufacturing boom. Many are planning large expansions – some doubling of tripling the size of their Thai-based operation.**
- **But Australian businesses more broadly appear to have overlooked Thailand. In 2010 Thai investment in Australia was 2 1/2 times greater than Australian investment in Thailand. And this is despite the Australian dollar increasing in real terms against the Thai Baht.**

	Thailand	Australia
<b>Business conditions</b>	6.5	7.2
<b>Capital expenditure plans</b>	7.4	6.8
<b>Employment plans</b>	7.3	5.7

- 66% of respondents said their business strategy in Thailand would be expansionary and only 4.6% said it would be contractionary.**

Response	Weighted Average
<b>Travel and distance [regionally]</b>	7.05
<b>Consumer demand</b>	6.83
<b>Benefits from BOI, IFAT, Tax incentives</b>	6.54
<b>Business input costs</b>	6.52
<b>Logistics and transport infrastructure</b>	6.32

*On a scale of 1 – 10, with 10 representing a Major Enabling factor and 1 representing a Major Constraining factor in doing business in Thailand.*



**The potential for the ASEAN Economic Community (AEC) to transform Southeast Asia into an integrated market of 600 million people was also seen as having great potential.**

**Thailand as a launching pad into Myanmar?**

ประชาคมเศรษฐกิจอาเซียน : AEC (ASEAN Economic Community)  
หนึ่งวิสัยทัศน์ หนึ่งเอกลักษณ์ หนึ่งประชาคม : One Vision, One Identity, One Community

มาเลเซีย Malaysia      ไทย Thailand      ฟิลิปปินส์ Philippines

พม่า Myanmar      อินโดนีเซีย Indonesia

เวียดนาม Vietnam      สิงคโปร์ Singapore

กัมพูชา Cambodia      บรูไนดารุสซาลาม Brunei

ลาว Laos

อาเซียน "ตั้งแต่วันที่ 10 ธันวาคม 1967"  
ประเทศในภูมิภาคเอเชียตะวันออกเฉียงใต้ทั้ง 10 ประเทศร่วมกันเพื่อบริหารภาพ  
และความเป็นน้ำหนึ่งใจเดียวกัน โดยมีที่ปรากฏในสัญลักษณ์ของอาเซียน  
เป็นสิ่งที่สำคัญของประเทศของประชาคมอาเซียน

ASEAN Secretariat, Jakarta



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- **Many Australian businesses in Thailand saw it not just an attractive option but critical to their future.**
  - **Their outlook was uncertain, even bleak, if they focused solely on the Australian market.**
- **Many considered China before setting up in Thailand.**
- **Particularly for manufacturers a key to enduring success was the retention of sufficient capability in Australia to leverage Australian strengths in innovation, development and productivity.**

- **Thailand is facing a structural shortage of labour.**
  - **Wages are increasing, but with new minimum wage of just ~\$A9.50 per day labour price remains a strong competitive edge for Thailand.**
- **And there is a silver lining for Australian companies:**
  - **Companies in Thailand are increasingly looking for productivity gains, so there are opportunities for Australian services companies. Australia has decades of experience unlocking efficiencies.**
  - **Australian companies are themselves already geared for high-productivity, so this is a potential competitive edge versus others already in Thailand.**

Response	Weighted Average
Property ownership	3.9
Honest and transparent business practices	4.2
Availability of local sources of finance	4.2
Government regulation	4.5
Visas and Work Permits	4.5

*On a scale of 1 – 10, with 10 representing a Major Enabling factor and 1 representing a Major Constraining factor in doing business in Thailand.*



AustCham Thailand

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Thailand offers enormous potential as a destination for Australian Business. Untapping this, however, is going to require strong political will and the engagement of businesses both in Thailand and Australia.

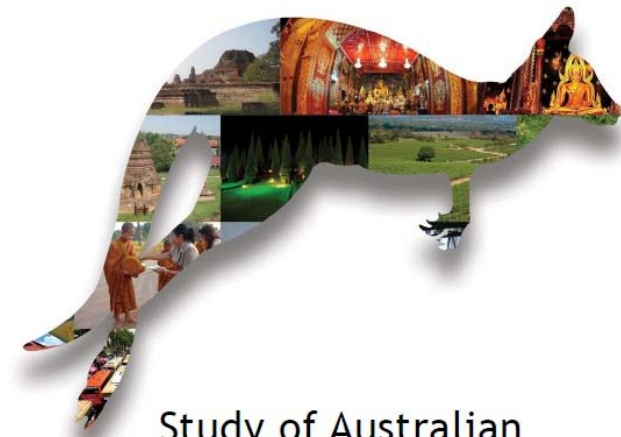
- Perceptions in Australia of Thailand as a holiday destination need to change.
- Australia (government and business) is too pre-occupied with China, India (and to a lesser extent Indonesia).
- Australia and Thailand need to work on making Thailand a services-friendly environment for Australian businesses.
- Thai-Australia Free Trade Agreement refreshed to account for new pressures and opportunities.
  - **Agreement on services similar to that in new Malaysia-Australia free trade agreement would be a great way to celebrate the end of the 60<sup>th</sup> year of diplomatic relations!**

**AustCham**Thailand

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- Full report is available for free download at:  
**<http://www.austchamthailand.com>**

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