

Keynote Address
Road to Reconstruction, Aiming for Further Growth
Japan-Thailand Chemical Industry Conference 2012
Ajarin Pattanapanchai
30 November 2012
Bangkok, Thailand

**Excellencies,
Distinguished guests,
Ladies and gentlemen,**

It is a great pleasure and an honor for me to have this opportunity to share my thoughts on how Japan and Thailand can further develop the Thai chemical industry together.

Japan and Thailand have, of course, long shared a special relationship. The Imperial Family of Japan and the Royal Family of Thailand have been maintaining a long cordial relationship and this year marks the 125th anniversary of diplomatic relations between our two nations.

Economic relations between Thailand and Japan continue to be strong, bolstered by the Japan-Thailand Economic Partnership Agreement, or JTEPA, which entered into force in November 2007.

We, at the Board of Investment, are pleased to note that Japan remains Thailand's most important investor nation. The value of applications submitted by Japanese investors has doubled in the first 10 months of this

year, accounting for more than half of total foreign investment over that period. So, we are building off a very strong base.

Before I go further, I would first like to thank you The Chemical Daily for convening this conference on the chemical industry in Thailand and its recovery since the floods in Thailand last year. It was a time of significant loss for Thailand, but we have recovered are now back on track and moving our development plan forward.

Right now there is a lot going on in Thailand, in addition to flood control projects, and I am very confident that investors will find it to their liking

I am happy to report that the economy continues to expand as recent data from the National Economic and Social Development Board (NESDB) shows 3 percent growth during the third quarter of this year. There is continued forecast for full year growth around 5.5 percent, inflation remains low and the export value was 59.3 billion US dollars.

Despite the headwinds presented by the ongoing financial crisis in Europe, or the continuing slow economic recovery in the United States, Thailand's economy and those of ASEAN remain strong and provide a steady foundation for future growth.

It is because of our pro-growth--pro-business policies that Thailand is rated by the United Nations Conference on Trade and Development as the 8th most attractive location for FDI and by the World Bank as the 18th easiest place in the world to do business.

I would point out that the World Bank has ranked us among the top-20 countries for the past several years now.

Even with the current global economic downturn, we continue to build on our pro-growth policy, focusing on enhancing competitiveness and strengthening regional growth. And I am confident that the advent of the ASEAN Economic Community in 2015 should accelerate our national development and further strengthen Thailand's many competitive advantages.

As you are no doubt aware, the AEC will create a new single market with a combined population of 600 million people. This enlarged market is booming, with a young expanding middle class. It will enable a free flow of goods; free flow of services; free flow of investment; free flow of skilled labor; and more free flow of capital.

In preparation for the advent of the AEC, Thailand is improving and strengthening connectivity with its neighbors. Already land transport between Thailand and Laos, Cambodia and Vietnam has been vastly improved with the construction of roadways and new bridges across the Mekong.

Now we are in the process of implementing one of the region's largest investment plans that will cover both water management systems and infrastructure development.

We are investing 3.1 trillion baht in projects ranging from flood control systems to high speed railway links.

A high-speed train will enable faster transportation from Bangkok to Chiang Mai. It will eventually provide rapid rail service to Laos and southern China, as well as to Malaysia and Singapore. Such improvements in rail traffic will enable cargo and passengers to move quickly to markets and other destinations throughout the region.

Suvarnabhumi airport will be expanded, we have re-opened Don Muang Airport and I'm sure that some of you have seen the new construction that is underway to expand the BTS and MRT system between Bangkok and outlying areas.

Another key infrastructure project that I wish to highlight is the expansion of the Laem Chabang port and the development of Myanmar's Dawei deep seaport. Road and rapid rail links will eventually connect these two ports in future, creating efficient land bridge linking the Gulf of Thailand to the Indian Ocean.

Looking specifically at flood control, I would like to tell you that a water management system, under a single command, is being put in place with a 350 billion baht investment. A transparent international bidding process is underway and we expect that these projects will be implemented from 2013-2018.

In its recently issued Economic Outlook, NESDB reported that at the end of the 2012 fiscal year, total disbursement for flood measures was 99.76 billion baht, or 83.1 percent from the total approved budget.”

In this connection, let me take this opportunity to once again express the appreciation of the government and people of Thailand for all of the support and assistance that was given to us by Japan during and after the flood. With your help we were able to bounce back quickly and resume strong economic growth.

Our strong investment in infrastructure and water management projects will help make Thailand a transport and logistics hub in the region and create secure regional supply chains.

Ladies and gentlemen let me share with you an outlook of chemical sector in Thailand.

The chemical industry is one of key industrial sector of Thailand. Now, the Thai chemicals industry is the largest in Southeast Asia, especially in petrochemicals, with domestic and foreign investors having made large-scale investments in upstream to downstream manufacturing. Each year Thailand produces more than 29 millions tons of petrochemical products including upstream, intermediate and downstream range from commodity plastics, engineering plastics and specialties polymer.

Chemical product is our major export items, three groups of chemical product which are: refined oil, petrochemical products and chemicals always

rank in Top 10 exports items of Thailand. Last year we export around 11 trillion litres of refined oil, more than 10 millions tons of petrochemical products and 6.6 millions tons of chemical products with cumulative exports of US\$ 27 billion. In the first 10 months of this year, the total export value of these items is more than US\$ 25 billion.

Investor interest in Thailand's chemical sector continues to be strong. Over the past 10 years, the sector has attracted 229 projects with more than US\$ 160 million in investment applications, among this there are 57 projects from Japanese investor with total investment of US\$ 23.1 millions.

Japanese companies, such as Mitsubishi Chemical, Mitsui Chemical, UBE Chemical, JSR Corporation, KAO Corporation and Asahi Chemical have made significant investments in chemicals and there is good reason for Japanese companies to consider additional investments in the sector in Thailand.

Certainly as industries expand in Thailand, such as electronics, automotive and processed foods, the demand for chemicals will likewise increase.

The automotive industry for example continues to expand towards becoming one of the world's top-ten manufacturers within this year or next year. This has created increased demand for plastic parts and other downstream chemical products.

You can see that the chemicals sector has made a considerable investment in Thailand and that the economies of scale in Thailand provide real

opportunities for Japanese companies to serve both the domestic and regional demand by making additional investments in Thailand.

The Board of Investment recognizes both the potential for investment and the importance of the sector to growth prospects in other industries and we are committed to continuing to support the chemical sector.

To enhance sustainability investment, now, the BOI focus to promote Green Investments, such as alternative and renewable energy sources, eco-friendly polymer and chemicals such as bio-plastics. This green chemicals project will get maximum incentives and support from the BOI.

Ladies and Gentlemen:

At this point, I would like to conclude my remarks by thanking you for your kind attention and interest in Thailand, and also the people and government of Japan for the hand of friendship that has always been extended to us.

Please be assured of our strong commitment to a successful business environment, and to working with you towards a successful investment.

Thank you.