

# New Southern Policy and Korea-Thailand Economic Cooperation



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# CThailand - Korea Economic Cooperationontents

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- I The Current Economic Cooperation between Korea & Thailand
- II New Southern Policy
- III New Economic Cooperation in the Era of the 4<sup>th</sup> Industrial Revolution

# I The Current Economic Cooperation between Korea & Thailand

## II New Southern Policy

## III New Economic Cooperation in the Era of the 4<sup>th</sup> Industrial Revolution



# Thailand, the manufacturing powerhouse of Southeast Asia

**Thailand is the second largest economy in Southeast Asia, leading the Baht economies of the Indochina peninsula.**

## ○ Thailand's Strong Economic Growth Since 2014

- Thailand's economic growth rate had dropped to 0.98% in 2014, but bounced back to 4.13% in 2018.

## ○ The top manufacturing country in Southeast Asia

- Thailand has the largest automotive and electrical appliance industry in Southeast Asia.
- Production of Automotive (Global No. 12, Southeast Asia No.1)
- Export of Tire (No 9), Air conditioner and HDD(No.2), Refrigerator(no.7)

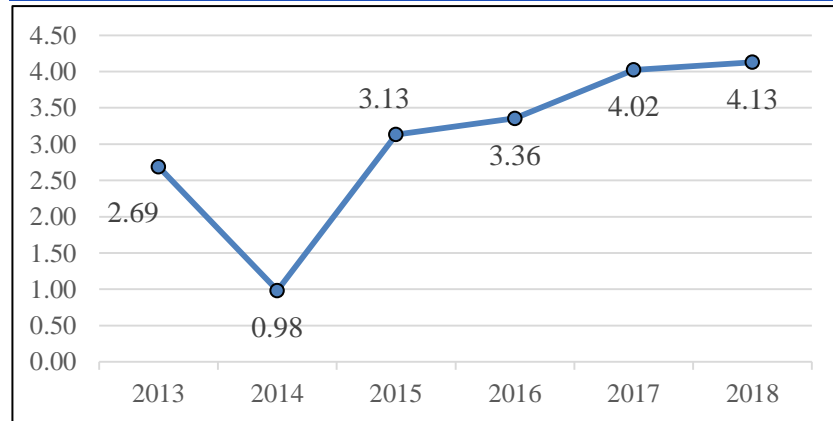
## ○ Balanced Development of Economic Structure

- Annual 37million visitors
- Global top exporter of agricultural and marine products(Rice, Shrimp, Rubber)

## ○ Thailand 4.0 for supporting a higher value-added industries

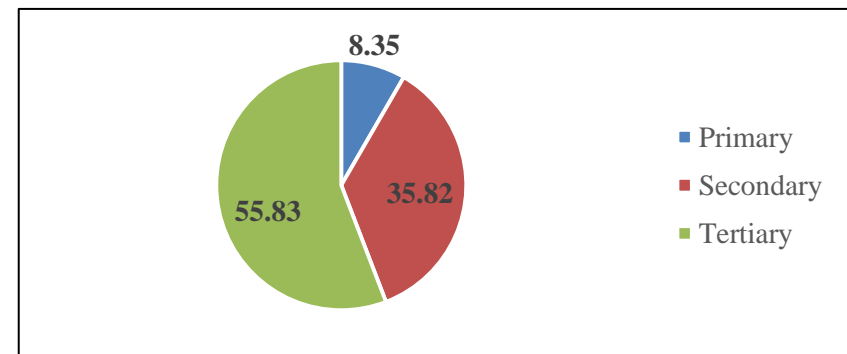
- (Thailand 4.0) To overcome “a middle income trap”, “an inequality trap” and “an imbalanced trap” through the use of “New Growth Engines”
- 5 First S-Curve: Next-Generation Automotive, Smart Electronics, Affluent Medical and Wellness Tourism, Agricultural and Biotechnology, Food for the future
- 5 New S- Curve: Biofuels and Biochemical, Digital Economy, Medical Hub, Automation and Robotics, Aviation and Logistics

Thailand's Economic Growth Rate (unit:%)



Source: World Bank Database

태국의 경제구조 (단위: %)



Source: NESDC([www.nesdc.go.th](http://www.nesdc.go.th)).

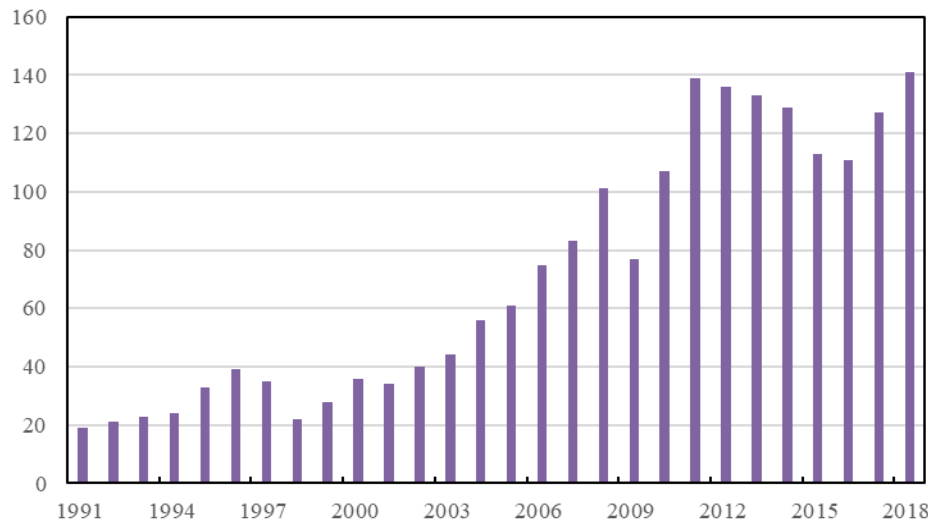
## Current status of Trade between Thailand and Korea

**The trade between Thailand and Korea has steadily increased since the mid-1980s.**

- **Bilateral trade volume surpassed 14 billion dollars in 2018. It has increased nearly by about eight times after 1990.**

- Trade of two countries has been extended for the whole period except 1997-1998 Asian financial crisis and 2008 global financial crisis.

Thailand– Korea Trade Volume (unit: U.S \$)

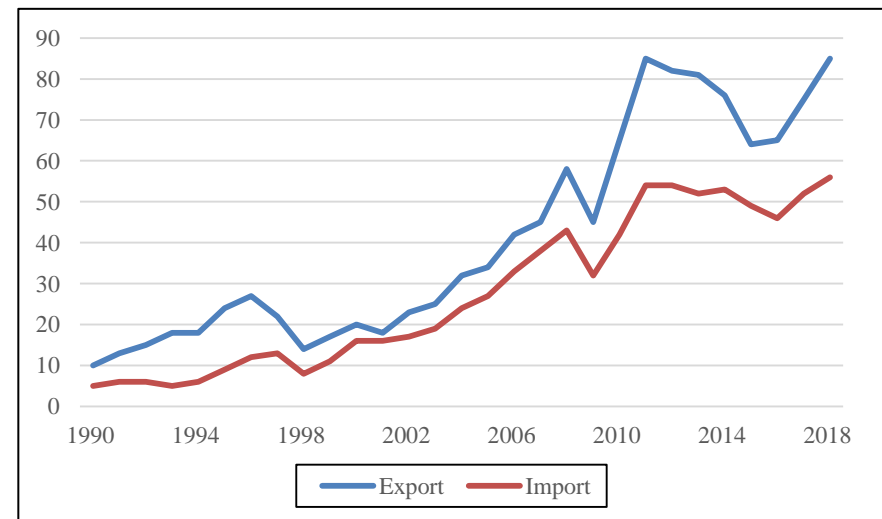


Source: Korea International Trade Association([www.kita.net](http://www.kita.net)).

- **Korea's trade with Thailand rebounded back in 2016.**

- Korea's export to Thailand recorded 8.5 billion dollars and Korea's import from Thailand was 5.6 billion dollars in 2018.
- Intermediary goods occupied the largest portion of bilateral trade.
  - Korea's Export of Intermediary goods: 80%
  - Korea's Import of Intermediary goods : 50%

Korea's Export and Import with Thailand (unit: U.S \$)



Source: Korea International Trade Association([www.kita.net](http://www.kita.net)).

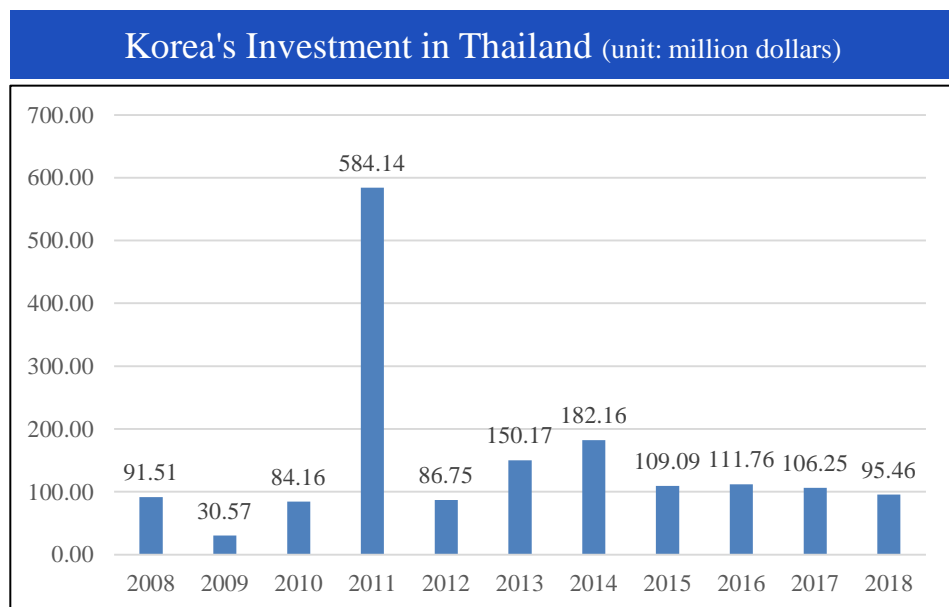


## Korea's Investment in Thailand

**The annual average investment of Korea in Thailand is about 100 million dollars for the last 5 years.**

- **Korea's investment in Thailand has been constant since it reached the peak, 584 million dollars in 2011.**

- Korea invested in Thailand at the small scale before 1990s.  
However, the large scale investments have been carried out after 2000s..



Source: The Export-Import bank of Korea  
(<https://stats.koreaexim.go.kr/en/enMain.do>)

- **Korea's FDI in Thailand is concentrated in the manufacturing sector.**

- Manufacturing 62.5%, Construction 8.8%, ICT 8% for the last 5 years.
- Korea's investments have been focused mainly on the primary metal manufacture industry(51.2%) and electronic component industry(16.5%).

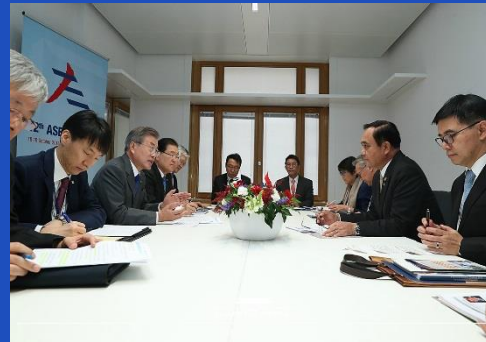
- **Korea's investment in the whole sale & retail industries is increasing.**

- Recently, it has been rapidly increasing and has more than doubled in 2013.
- The investment in the whole sale & retail industry has increased due to the increase of consumer goods made in Korea such as cosmetics.

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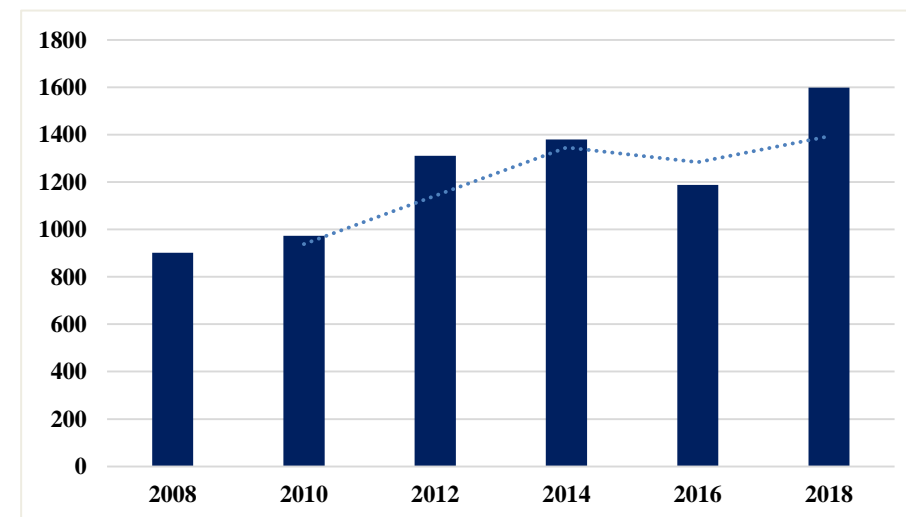


## Introduction of New Southern Policy

**The most important foreign policy the current Korean government pushing is the New Southern Policy, which aims to elevate the relationship with ASEAN countries to similar levels as major countries.**

### Korea-ASEAN Economic cooperation

- As the Asian economy grows annually at a 5% rate, the scale of trade expands with it
- The trade of Korea with ASEAN has over- doubled from 71.8 billion USD in 2007 to 159.7 billion USD in 2018
- ASEAN becomes Korea's second-largest trading partner.



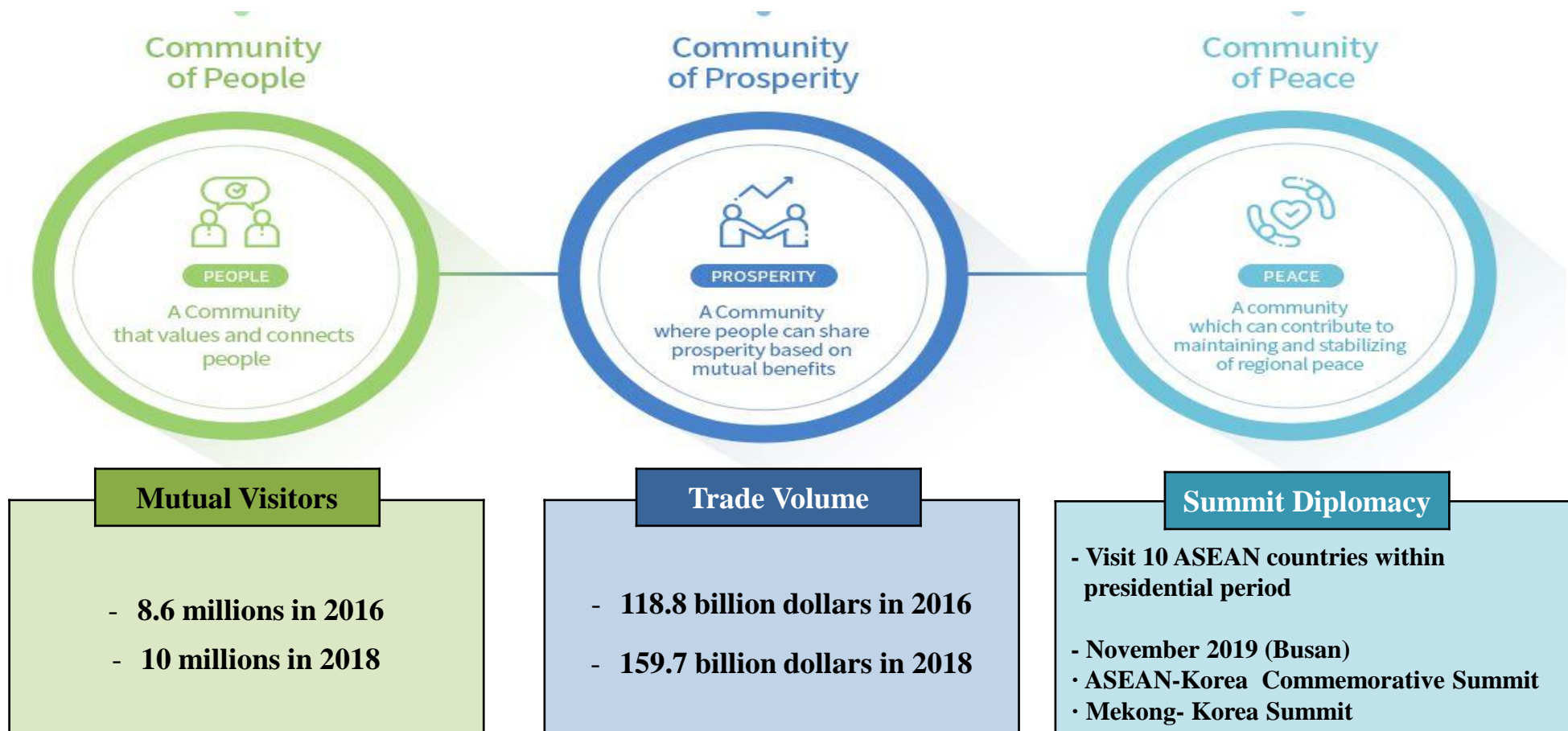
### New Southern Policy

- In November 2017, President Moon announced the New Southern Policy during his visit to Indonesia, which aims to build a community based on '3Ps' (People, Peace, Prosperity) by strengthening the cooperation with ASEAN countries
- In July 2018, President Moon announced '3Ps Plus' during his visit to India and Singapore, which aims to enhance cooperation in the 4th Industrial Revolution sector, on top of the 3Ps community
- In August 2018, the "New Southern Policy Special Committee" was established directly under the President's office



# Main Content of New Southern Policy

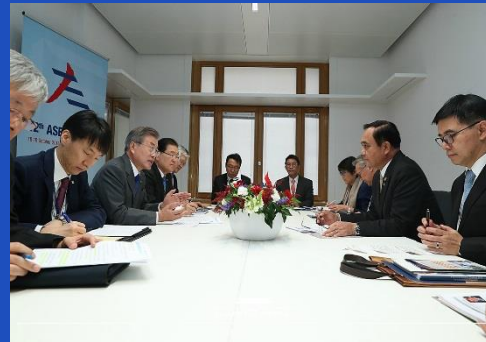
## Vision: People-Centered Community of Peace and Prosperity



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# Korea Industry Policy for New Challenges



## President Moon is pushing innovative growth based on the 4th Industrial Revolution as an important national agenda

### 4th Industrial revolution policies in Korea

- In July 2017, innovative growth through the 4th Industrial revolution was included as one of five major economic strategies
- In October 2017, the **Presidential Committee on the Fourth Industrial Revolution(PCFIR)** was launched
  - PCFIR is a committee directly under the presidential office, composed of 19 experts from the private sector and 5 ministers of participating departments.
  - **(Government Department)** Science and ICT; Trade, Industry and Energy; Employment and Labor; SMEs and Land, Infrastructure and Transport
- In November 2017, PCFIR announced **the master plan, entitled “ The People-Centered Response Plan for the 4<sup>th</sup> Industrial Revolution to promote Innovative Growth”**.

### Roles of PCFIR

- Deliberates upon and coordinates policy measures submitted by various ministries and the committee members.
- Organizes public campaigns related to the 4th industrial Revolution and encourages public participation.
- Prepares the groundwork for regulatory and institutional reforms in support of public-private partnerships; and
- Fosters ecosystems for new industries (Special Committee on Smart City, Special Committee on Healthcare, etc.).

# Main Policies of the 4th Industrial Revolution

**Vision: Realization of People – Centered Fourth Industrial Revolution, Participated in by All and Enjoyed by All**

## Basic Direction

- Create diverse new industries through intelligent technology innovation and strengthen major industries
- Improve quality of life by resolving chronic social problems
- Create high-quality jobs and strengthen the social security net in preparation for changes in the job market
- Secure world-class intelligent technologies, data, and networks accessible to all

## Intelligent Technology Innovation Projects (Driver)

### Industrial Innovation

Health Care, Manufacturing, Vehicles, Energy, Finance and logistics, Agriculture & fisheries

### Resolution of Social Problems

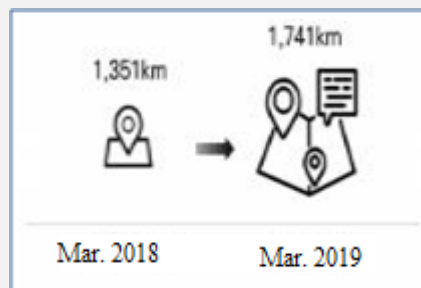
City, Transportation, Welfare, Environment, Safety, Defense

## Major Achievements

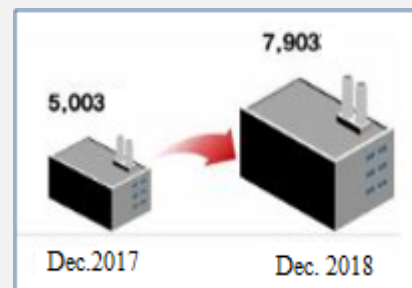
### # of connected IoT devices



### Detailed map for automatic driving



### Smart Factory



### Smart Farm



## Bilateral Cooperation for Leap to manufacturing powerhouses in the 4<sup>th</sup> IR era

### Inclusive Growth through the Thailand-Korea cooperation in the 4<sup>th</sup> industrial revolution

#### ○ The new momentum of Korea-India economic cooperation: the 4th industrial revolution

- The dissemination of 4<sup>th</sup> industrial revolution technologies, based on Cyber-Physical Systems is transforming economies and industries in the world

※ Cyber Physical System: a mechanism controlled or monitored by computer-based algorithms, tightly integrated with the Internet and its users

#### ○ Complementary cooperation in the 4th industrial revolution







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