ISP INSTITUTE FOR STRATEGIC POLICY
สถาบันนโยบายยุทธศาสตร์

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Economic Development Strategy: The Wealth Engine

1. Strategic Vision: Finance as the National Bloodline

A resilient economy is rarely the product of chance; it is the structural outcome of a nation's ability to synchronize its **financial "bloodline"** with its **fiscal "blueprint."**

To foster an ecosystem ripe for innovation and investment, Thailand must prioritize superior national fiscal discipline and a revenue system optimized for high-multiplier investments.

In response to current geopolitical volatility, the government should implement immediate **"quick-win"** measures to secure sustainable fiscal stability:

- **Revenue Enhancement:** Transition the VAT from 7% to 10% to bolster the national budget.
- **Fiscal Efficiency:** Eliminate low-ROI public projects and wasteful "populist" policies.
- **Strategic Realignment:** Divert unspent or non-critical ministerial budgets toward "highly critical" projects with proven economic multipliers.

While sound management provides the foundation, the true engine of growth remains **International Trade**, which accounts for approximately 60% of Thailand's GDP. To accelerate this engine, Thailand's five-year strategy should focus on the resilience and expansion of core sectors:

- **Manufacturing (25% of GDP)**
- **Agriculture (10% of GDP)**, and
- **Energy (5% of GDP)**.

2. Strategic Pillars for Regional Leadership

To establish Thailand as the preeminent **"Reliability Hub"** for the regional economy, the strategy should rest on four integrated pillars:

- **Trade & Infrastructure:** Expanding FTAs and aligning with global standards to manage regional supply chain networks.

- **Digital & Human Capital:** Asserting leadership in the digital economy by developing an IT/AI-ready workforce, with the capability to progress towards robust R&D.
- **Green Transition:** Targeting a 51% renewable energy share by 2037 and increasing the Green Economy's GDP contribution to 24% by 2030.
- **Connectivity & Security:** Realizing the **ASEAN Power Grid** and leading regional initiatives for water security and haze eradication.

3. Economic Security & Resilience Framework

To buffer the domestic economy against external shocks, Thailand should deploy a multi-layered economic security framework:

- **Market Diversification:** Reducing over-reliance on specific partners by aggressively pursuing trade agreements in emerging economies.
- **Supply Chain Protection:** Implementing a "Strategic Reserve" system for essential materials and technologies to prevent logistics disruptions.
- **Cyber-Financial Defense:** Strengthening digital infrastructure to protect the banking sector and maintain Thailand's status as a trusted financial hub.
- **SME Empowerment:** Providing specialized credit and digital grants to Thailand's 3.2 million SMEs, which employ nearly 50% of the national workforce.

4. Sector-Specific Stability: The Industrial Backbone

Energy & Agriculture

We should reduce oil import reliance by accelerating natural gas exploration in the Gulf of Thailand and the Andaman Sea, while increasing public-private partnerships for renewable sources of energy, especially solar energy.

In agriculture—Thailand's most vulnerable sector—the focus should shift from traditional farming to **high-value innovation**, promoting processed products that reduce production costs and increase global competitiveness.

The Manufacturing Evolution

Manufacturing remains Thailand's industrial cornerstone, employing 6.2 million workers. Thailand should transition from labor-intensive assembly to an **innovation-driven structure** focusing on:

- **Semiconductors & AI:** Moving from PCB assembly to active chip manufacturing (foundries) and eventual fabless design.

- **Automation:** Optimizing production lines through Industrial IoT (IIoT) and AI-driven robotics.
- **Next-Gen Automotive:** Drawing up a systematic plan on how to transition the automotive industry and its supply chain from Internal Combustion Engines (ICE) toward Electric Vehicles (EVs) and high-density battery components.
- **Green Tech:** Leveraging leadership in energy-efficient cooling and solar PV components to increase domestic value-add.

5. Execution: Capacity Building & Evaluation

To bridge the gap between academic innovation and industrial needs, **permanent state-private partnerships** are indispensable. Funding for technical colleges and universities should move to a **performance-based model**, tied directly to the employability of the graduates produced.

Final execution of all the above initiatives should be overseen by a dedicated **Delivery & Evaluation Unit**. Operating with the rigor of a corporate investment board, this unit will utilize quantitative and qualitative metrics to ensure every initiative achieves its intended result within the prescribed timeline.

6. Conclusion

In conclusion, the success of this strategy hinges on the seamless integration of sound fiscal management with aggressive modernization of key sectors within the economy. By prioritizing high-multiplier investments and fostering permanent state-private partnerships, Thailand should be able to bridge the gap between academic innovation and market application.

Ultimately, the establishment of a dedicated Delivery & Evaluation Unit will help ensure that these initiatives are not merely conceptual but are held to rigorous standards of accountability. Through this disciplined execution, Thailand will be positioned to achieve inclusive growth, eradicate poverty, and secure its status as a resilient, green, and technologically advanced leader in the regional and global economy.

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