

# The AEC and its implication on Thailand's competitiveness

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## BLA : English Legal Journal

Firstly, welcome to the first edition of the Bureau of Legal Affairs' legal journals in English! We are as dedicated as ever to provide interesting legal reviews for our readers and since the implementation of ASEAN Economic Community (or commonly referred to as "the AEC") on 31st of December 2015, we thought it be appropriate to begin our journals in English and hope to be published on a monthly basis.

As some may already be aware, ASEAN is the Association of 10 South East Asian Nations which includes Thailand, Myanmar, Laos PDR, Vietnam, Malaysia, Singapore, Indonesia, The Philippines, Cambodia and Brunei. The AEC, which forms one of the 3 Pillars<sup>1</sup> to the ASEAN community, has the objective of promoting regional economic integration through 1) A single market production base, 2) A highly competitive economic region, 3) A region of fair economic development and 4) A region fully integrated into the global economy. These set of objectives were set to support ASEAN countries in promoting economic competitiveness through the free flow of goods, services, investments and capital. This would, in turn, provide development of human resources and reduces poverty and socio-economic disparities, and so the story goes.

Although the AEC, as one of its objectives, is to promote competitiveness of its member countries as a single community, it is natural for individual economies within the AEC to feel the need to compete against one another. The freedom of movement of labour between member countries makes it easier for labour of certain qualifications to enter into contract of employment in any ASEAN member countries and when these movement are "free", competition naturally comes into play. Countries will now have to make effort in attracting more and to keep hold on skilled-labour, since they would ultimately contribute to the quality within their relevant industries which in turn would drive the economy.

On this note, over the past decade, Thailand's growth has been declining while it is apparent that other ASEAN countries are quickly developing. One of the alarming statistic is in its value of export which has been continuously declining from 14% (during 1998-2007) to currently stand at 5% (2015). Recent studies shows that we have been lacking in providing continuous investment in development of our ability to compete and to attract foreign investors.

In addressing these pressing issues, Thailand has, through the Ministry of Finance and the Ministry of Industry, conducted a study to propose a draft Bill to set up a fund with the objective of increasing Thailand's competitiveness in certain industries. These may include industries relating to innovative automobile, smart electronics, health and tourism, agriculture and biotechnology, food processing, robotics, aviation and logistics, digital industry, pyro- and bio-chemistry and the medical industry. This fund will serve as an incentive to attract future investments or personnels across the AEC to conduct their respective businesses in Thailand. This may be for the purpose of conducting researches, development of new innovation, human resource development or to serve as subsidies to interest on loans for businesses conduct under those relevant fields of industry as outlined under the law.

<sup>1</sup> ASEAN Political and Security Community - "APSC", ASEAN Economics Community - "AEC", ASEAN Socio-Cultural Community - "ASCC"