SCB EIC

Seizing the opportunities for Thai industry amid more severe decoupling.

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KEY SUMMARY

Intensifying geopolitical tensions accelerate economic decoupling.

The erosion of trust among countries, particularly major economies like the US and China, is exacerbating geopolitical tensions and straining international relations. In response, these nations are increasingly emphasizing self-reliance or reliance on allied nations, while preventing nations perceived as threats to national security from reaping benefits and gaining competitive advantages. As such, international policies in the periods ahead will likely emphasize trade and investment restrictions, with the aim to enhance national security, particularly by strengthening domestic supply chains and allied networks to maintain international order. Such a trend is expected to lead to deglobalization and more pronounced decoupling.

The changing global trade landscape is creating new opportunities for countries with a neutral stance.

To gain a deeper understanding of the circumstances, SCB EIC conducted an in-depth analysis of the impact of intensifying economic decoupling trends on international trade patterns by categorizing countries into 3 groups based on their ties with the US and China, as well as geopolitical factors. The findings reveal that post-economic decoupling, international trade patterns will shift significantly. Countries with conflicting stances will be less reliant on trade with each other and instead will rely more on countries with a neutral stance. Thailand, with its maintained neutral stance in the global geopolitical arena, is well-positioned to benefit from trade and investment diversions away from increasingly polarized countries.

Thai business will be affected differently.

While Thai exports may benefit from the shifting trade landscape, the impact on different manufacturing sectors will be uneven. SCB EIC finds that these sectors can be classified into 2 groups (1) Sectors with potential upside. Sectors that are likely to enjoy the most benefits include computer and electronics, and automotive and parts, and (2) Sectors with downside risks from increasing competition from other countries with a neutral stance, and the US's growing reliance on imports from regional competitors. Sectors with high risks include textiles and electrical equipment.

To seize on the opportunity, Thailand needs support from export promotion policies as well as proactive business adjustments.

While some sectors may benefit from changes in the global supply chain landscape, the sectors may also face increasing risks and competition. To seize the opportunity, Thailand must tailor its export promotion policies and proactively adjust business strategies to the specific context of each sector, taking into account the varying potential gains and losses across different sectors, which can be classified into 4 groups:

1) **High manufacturing competency, high-competition products:** Government policies for this group should prioritize on increasing manufacturing capabilities, enhancing value-add, and creating competitive advantages. Similarly, businesses should adapt by highlighting their product strengths and expanding into targeted markets. Effective strategic planning will be crucial to increase market share and keep pace with evolving global trends.
2) **High manufacturing competency, low-competition products**: Government policies for this group should focus on encouraging new market expansions to diversify risks and upgrading manufacturing processes to meet environmental sustainability standards. Meanwhile, businesses should adapt to mitigate climate change risks and invest in renewable energy.
3) **Low manufacturing competency, low-competition products**: Government policies for this group should provide incentives to existing operations while encouraging investments to upgrade manufacturing capabilities with a focus on existing export markets. Concurrently, businesses should adapt by increasing their manufacturing technology potential and developing a deeper understanding of the preferences of US-allied and Chinese-allied markets to improve market access.
4) **Low manufacturing competency, high-competition products**: Government policies for this group should facilitate a smooth transition to high-potential manufacturing sectors based on modern supply chain dynamics. Meanwhile, businesses should quickly adapt to the modern supply chain and seek technology partners.

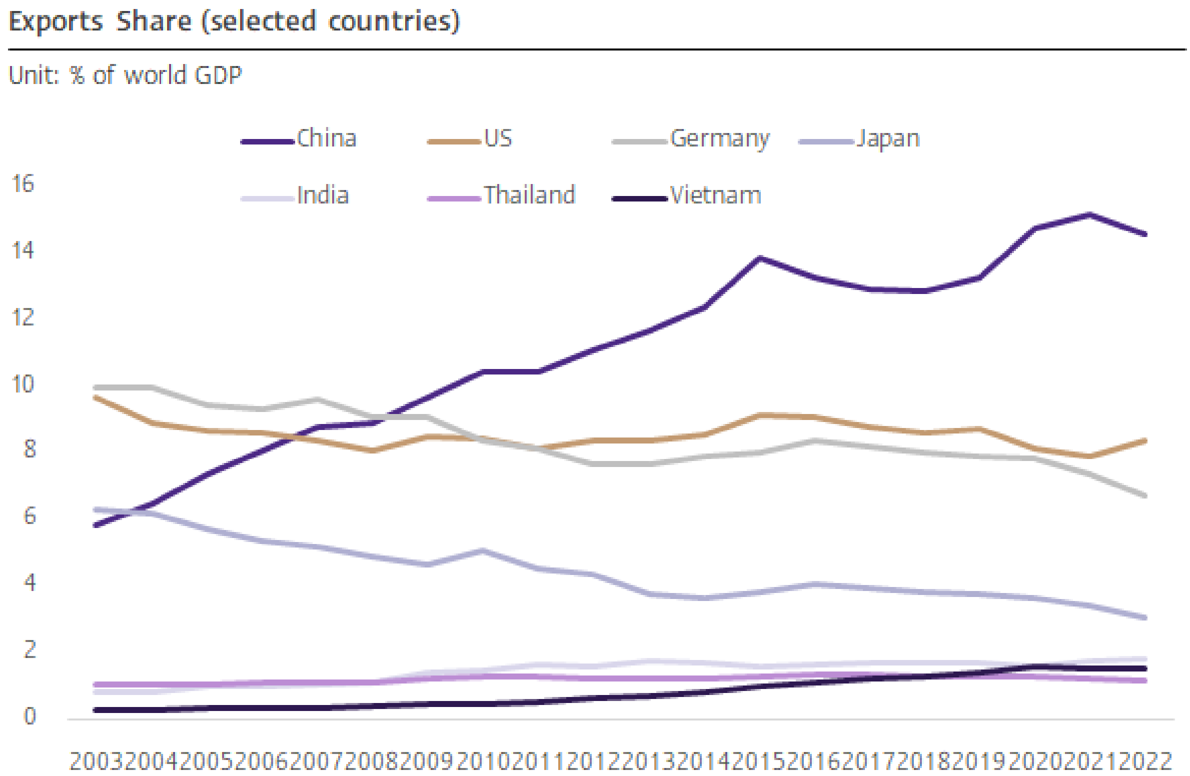
Amid global conflicts, Thailand can still benefit if the government and business sectors are attuned to the rapidly shifting global landscape and take proactive steps to adapt. By doing so, Thai exports can successfully navigate and thrive in both “united” and “divided” global market conditions.

Escalating geopolitical tensions accelerate economic decoupling.

As geopolitical conflicts escalate, casting doubt on the international cooperation established during the globalization era. Major economies are now reassessing the fairness of past cooperation through free trade agreements, questioning whether the benefits were distributed evenly and fairly among all participating countries. A review of the global export landscape over the past 2 decades reveals stark disparities (Figure 1). While countries like China, India, and Vietnam have reaped significant benefits, others such as the US and major economies have seemingly gained less.

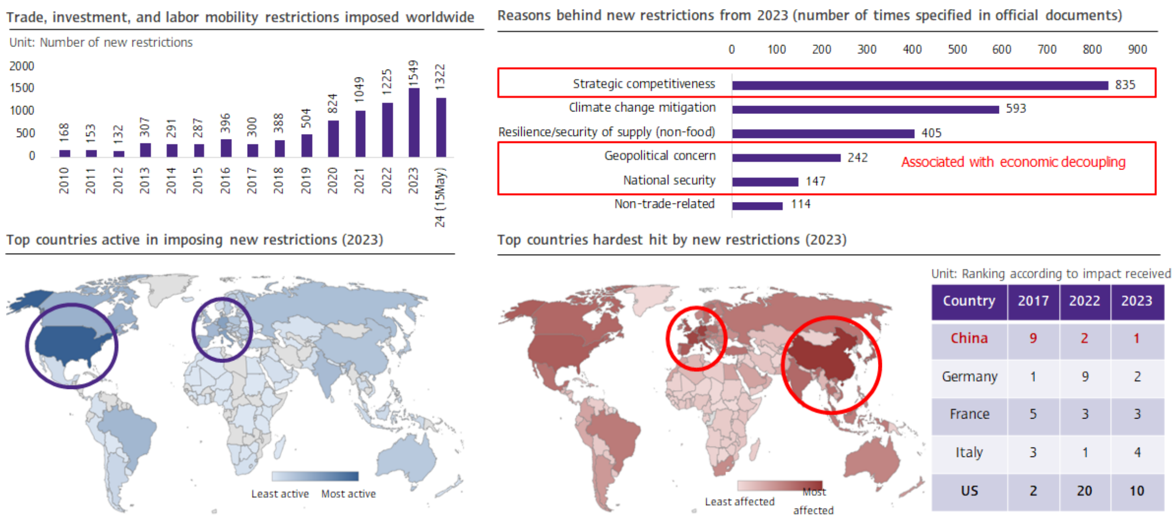
As trust among key trading partners erodes, geopolitical conflicts intensify and international cooperation declines, leading to a surge in trade, investment, and labor movement restrictions on a global scale in recent years. This trend has been particularly pronounced since the outbreak of the US-China trade war in 2017. Superpower nations and allies, including the US and the EU, have been most active in implementing these new restrictions. Notably, nearly 70% of the new restrictions announced in 2023 cited economic decoupling, primarily targeting China (Figure 2).

Figure 1: The benefits of globalization were unevenly distributed among countries, as reflected in the stark disparities in global export shares.



Source: SCB EIC analysis based on data from Trademap.

Figure 2: The world is imposing more trade, investment, and labor movement restrictions, especially the US, with China and Europe most affected.



Country	2017	2022	2023
China	9	2	1
Germany	1	9	2
France	5	3	3
Italy	3	1	4
US	2	20	10

Source: SCB EIC analysis based on data from Global Trade Alert, Bing, Australian Bureau of Statistics, GeoNames, Microsoft, Navinfo, Open Places, OpenStreetMap, TomTom, and Zenrin.

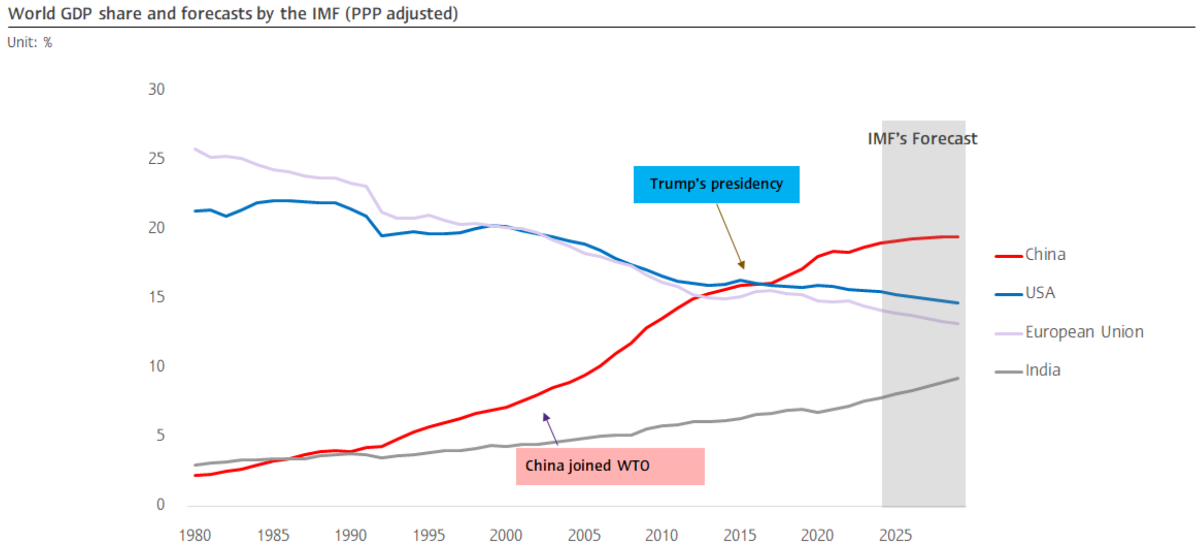
The global economy is poised to face increasingly complex geopolitical and international relations policy challenges because (1) The new world order is shifting from a unipolar superpower led by the US towards a multipolar superpower structure, involving countries such as China, India, or BRICS[1], a group bringing together major emerging economies. This shift is likely to enhance the role of these emerging economies on the international stage, shape the direction of international relations policy and the new world order, reduce reliance on the US dollar for payments, and create financial mechanisms to provide assistance in times of crisis (Figure 3). Furthermore, uncertainty surrounding international relations policy and the global supply chain will be exacerbated by (2) The outcome of elections in over 60 countries this year, where many candidates have proposed policies related to economic decoupling with declared geopolitical stances. In particular, SCB EIC views that the upcoming US presidential election in November should have a significant impact on the global economic and trade conditions. The geopolitical stance will likely focus even more on US interests, leading to increased uncertainty about the direction of US trade policy. Moreover, the US is likely to adopt a more assertive stance towards China and its allies.

Going forward, deglobalization and economic decoupling are likely to intensify, particularly as major economies like the US and China prioritize self-reliance or dependency on allied nations to mitigate impacts from geopolitical tensions. This shift will also involve imposing restrictions on nations perceived as threats to

[1] The group consists of 10 member countries, comprising 1) 5 founding members since its establishment in 2006 - Brazil, Russia, India, China, and South Africa; and 2) 5 new members since early 2024 - Egypt, United Arab Emirates, Ethiopia, Saudi Arabia, and Iran. Currently, more than 20 countries have expressed their intention to apply for membership (including Thailand).

national security, preventing them from reaping benefits and gaining competitive advantages, as well as hastening the strengthening of domestic supply chains and allied networks to maintain the desired international order.

Figure 3: The world is transitioning from a unipolar to a multipolar superpower structure, increasing uncertainty in geopolitics and international relations policy.



Source: SCB EIC analysis based on data from IMF.

With more severe decoupling, Thailand must reassess how to capitalize on its opportunities. In this article, SCB EIC analyzes and addresses 3 key questions: (1) How will more severe economic decoupling reshape global economic and trade conditions? (2) Will Thailand benefit or lose from the decoupling? and (3) What must the government and private sector do to prepare Thailand to integrate into the modern supply chain amidst increasing decoupling and varying levels of risks, manufacturing potential, and competition in each industry?

I. How will more severe economic decoupling reshape global economic and trade conditions?

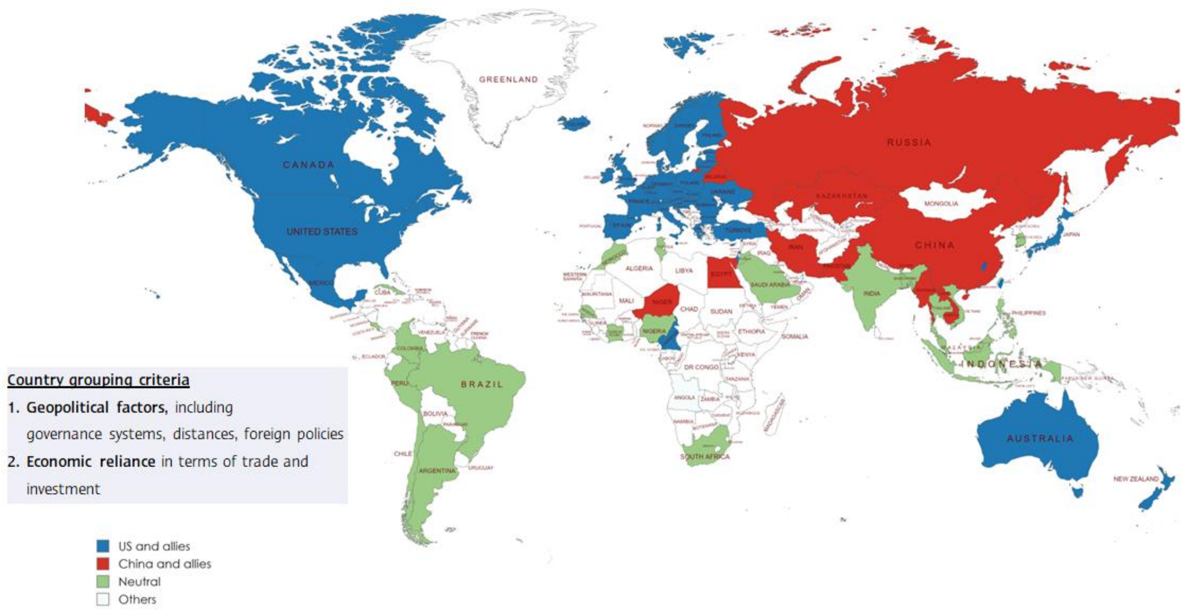
In the past, international trade integrated manufacturing sectors around the world into a single supply chain. Countries could choose to import goods from the most suitable trading partners, considering factors such as wages, productivity, and other environmental aspects. However, as economic decoupling becomes more pronounced and trade barriers between nations with differing geopolitical stances escalate, the global trade and supply chain landscape has undergone a significant transformation. Countries with conflicting geopolitical stances have become increasingly reluctant to trade, invest, and transfer technological knowledge,

instead turning to trade with the next most suitable trading partner with a conforming geopolitical stance.

SCB EIC therefore categorized countries into 3 blocs[2], namely (1) The US and countries with similar geopolitical stance (blue bloc), such as Mexico, Canada, the European Union, the UK, Japan, and Australia. (2) China and countries with similar geopolitical stance (red bloc) such as Hong Kong, Russia, Iran, Lao PDR, Cambodia, and Myanmar; and (3) Countries with a neutral geopolitical stance (green bloc) such as India, ASEAN-5 (Singapore, Thailand, Indonesia, Malaysia, and the Philippines), the United Arab Emirates, Saudi Arabia, Brazil, South Africa, and Morocco (Figure 4).

Analysis of international trade data in 2017 compared to 2023 reveals a shift in trade patterns between different blocs. Over the past 5 years, blue bloc countries and red bloc countries have somewhat reduced trade interdependence while increasingly relying on countries with a neutral stance (Figure 5), with Thailand also belonging to this group.

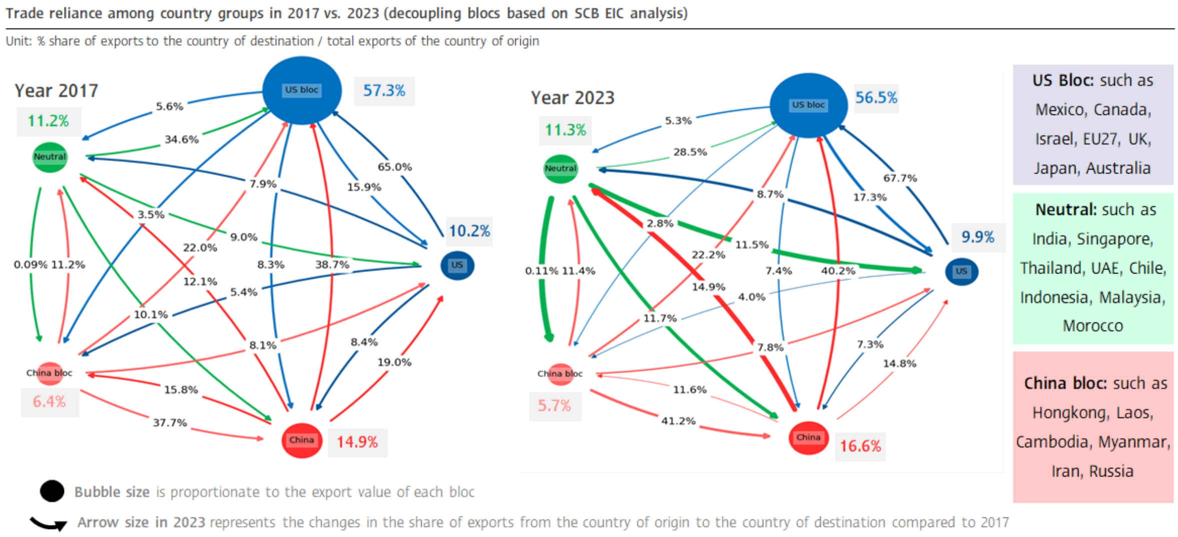
Figure 4: Economic decoupling on a global scale.



Source: SCB EIC analysis based on data from UNGA, IMF WEO April 2023, Trade Map, Statista, UN, CEIC, and World Bank Database.

[2] Groupings are based on geopolitical factors, including governance systems, distances, foreign policies, as well as trade and investment reliance.

Figure 5: Countries adopting a neutral stance benefited from the recent economic decoupling.



Source: SCB EIC analysis based on data from Trade Map with countries classified into 5 groups, namely US, US Bloc, China, China Bloc, and Neutral.

Looking ahead, how will the Thai economy be impacted if the economic decoupling becomes more severe? To explore this scenario, SCB EIC conducted an in-depth analysis by simulating a hypothetical situation where countries in the blue bloc and red bloc impose an import tariff hike to 40% on all product categories (excluding services). Using a Computable General Equilibrium Model and data from the Global Trade Analysis Project (GTAP) database, the study simulated the impact of this economic decoupling on global and Thai trade conditions. The findings reveal that:

(1) Economic decoupling will slow global economic and trade conditions.

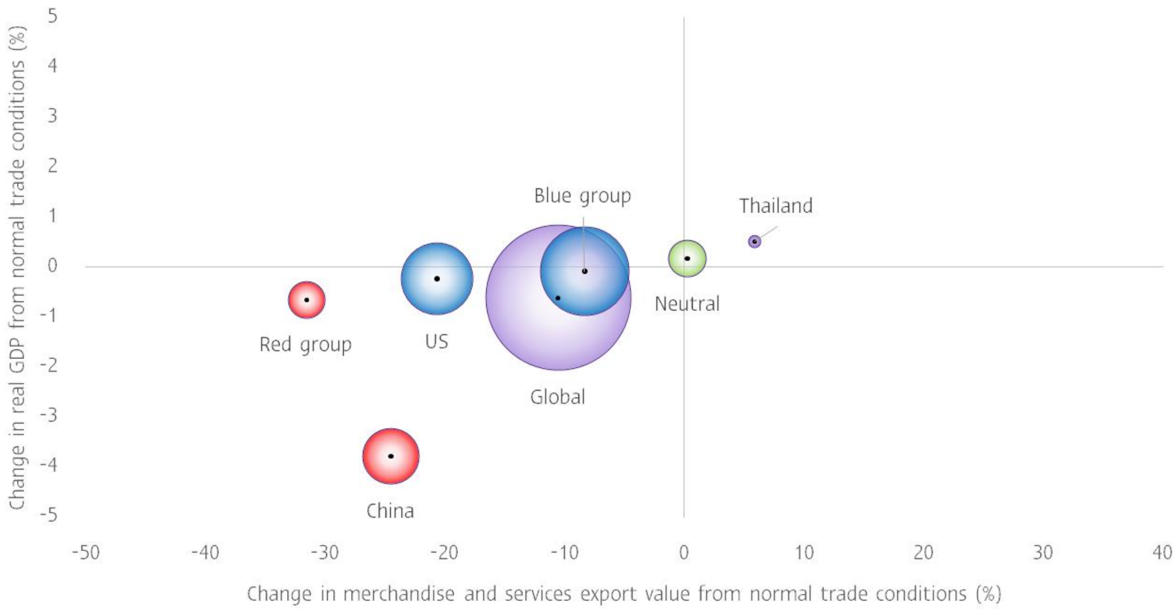
According to the findings, in the base case where global trade continues as usual, the imposition of tariff barriers between the US and Chinese blocs would weaken global export value by 10.5%. The majority of this decline would occur between countries with conflicting stances, with significant drops in exports from red bloc countries (excluding China) by 31.5%, China by 24.5%, the US by 20.6%, and blue bloc countries (excluding the US) by 8.3%. As a result of weakened export performance, **the economies of decoupled countries would contract relative to the base case, with the global economy contracting by approximately 0.6%**[3] (Figure 6). Interestingly, global economic activity would likely contract at a slower rate than exports as decoupled economies would navigate the situation by diverting their trades to markets not directly affected by geopolitical conflicts. **The findings also suggest that exporters from decoupled economies would adjust by …**

[3] The IMF paper "Geoeconomic Fragmentation and the Future of Multilateralism" by Aiyar et al (2023) found that if limited trade fragmentation occurs, the global economy may contract by 0.2% of global GDP, with impacts potentially increasing to as high as 7% in the case of severe trade fragmentation.

(1.1) diverting to domestic buyers, as the value of domestic trade of decoupled countries will likely increase by 11.4% from the base case.

(1.2) diverting to countries with conforming geopolitical stances. According to Figure 7, the trade between US and blue bloc countries will likely increase by USD 1.8 trillion, equivalent to 28% growth. Similarly, the trade between China and red bloc countries will likely increase by USD 400 billion, representing more than a 2.2-fold increase.

Figure 6: More severe economic decoupling will weaken global economic and trade conditions.



Note: Bubble size represents Real GDP with economic decoupling.

Source: SCB EIC analysis based on data from GTAP.

(1.3) diverting to countries with a neutral geopolitical stance. Notably, China will likely increase its exports to neutral countries, including Thailand, by over USD 270 billion, more than doubling compared to the base case (Figure 7).

Figure 7: Thailand will benefit from higher net export demand from decoupled economies.

Change in merchandise export value from base case

Unit: billion USD

Exporter \ Importer	US	Blue group	China	Red group	Neutral	Thailand	Others	Total exports
US		76.0	-126.5	-53.6	-24.4	-3.0	-42.9	-174.4
Blue group	536.2	1214.9	-1007.5	-260.4	-5.9	-5.1	-21.0	451.3
China	-459.2	-929.7		216.5	232.4	39.5	315.2	-585.2
Red group	-58.7	-322.1	169.9	16.1	31.3	3.9	103.2	-56.4
Neutral	26.1	36.2	70.8	9.0	-38.0	-9.4	-43.8	50.9
Thailand	6.8	12.0	13.9	3.4	-5.5		-4.9	25.8
Others	47.7	89.1	98.3	17.6	-51.8	-6.3	-68.2	126.5
Total imports	98.9	176.3	-781.0	-51.5	138.2	19.8	237.7	-161.5

Note: The figure depicts the outcome of a scenario in which countries in the blue bloc and red bloc impose an import tariff hike to 40% on all product categories (excluding services). The color-coding of the boxes indicates the magnitude of change in export value compared to the total exports of each country or group.

Source: SCB EIC analysis based on data from GTAP.

(2) Countries with a neutral stance (including Thailand) will benefit from trade diversion.

As decoupled economies establish tariff barriers, such countries will increasingly need to import goods from countries that do not share conflicting geopolitical stances, such as those with a neutral stance, including Thailand. As such, this trade diversion will be advantageous for neutral countries. According to the analysis presented in Figure 7, **Thailand is expected to experience a significant increase in exports to decoupled markets, amounting to USD 36 billion, or a 22% increase from the base case.** Apart from trade diversion benefits, countries with a neutral stance will also attract investments from decoupled markets seeking to establish production bases to supply the domestic market or export to other countries. The simulation suggests that **overall investment (real value) in Thailand could surge by 27.3%,** while domestic savings-based investments are expected to increase by only 4.3%.

However, while trade diversion may benefit countries with a neutral stance, it is not without drawbacks. Decoupled markets may also divert their exports to neutral countries, thereby capturing market share in these domestic markets, particularly with cheap products from China, which benefit from its economy of scale. This is particularly concerning for countries in the ASEAN region, including Thailand, as there are growing risks that China will increasingly offload its export products into these markets, prompting an increase in the trade deficit with China.

In conclusion, economic decoupling brings both benefits and drawbacks through trade and investment diversion. According to the simulation, **the Thai economy is expected to expand by approximately 0.5% from the base case**, indicating that the overall net positive effect of trade and investment diversion on the Thai economy outweighs the negative impact of cheap imported products competing in the domestic market.

II. Opportunities for Thailand amidst more severe economic decoupling.

The initial findings of this study indicate that Thailand could benefit from more severe economic decoupling. However, the magnitude of these benefits on Thai exports depends on the level of tax barriers imposed on countries with conflicting stances. Figure 8 presents a sensitivity analysis of import tariffs in decoupled markets on the value of Thai exports. This analysis suggests that Thai export growth will increase further if tariff barriers between countries with conflicting stances rise to 50%. Thus, more severe trade wars might yield a greater positive impact on Thai exports from trade and investment diversion than the negative effects of reduced import demand due to the weakening of most trading partners' economic conditions. In summary, the value of Thai exports is expected to continue rising.

Figure 8: The value of Thai exports is expected to increase in response to the level of import tax barriers imposed on countries with conflicting stances.

Effects of economic decoupling on merchandise and services export value

Unit: % change from base case

The US and blue bloc countries increase import tax to ... (%)	China and red bloc countries increase import tax to ... (%): 30	35	40	45	50
30	4.3	4.7	5.1	5.6	6.0
35	4.7	5.1	5.5	6.0	6.4
40	5.0	5.5	5.9	6.3	6.8
45	5.4	5.9	6.3	6.7	7.2
50	5.8	6.2	6.7	7.1	7.5

Source: SCB EIC analysis based on data from GTAP.

Moreover, simulation results indicate that Thai manufacturing sectors will see uneven impacts from the decoupling and can be categorized into 2 groups (Figure 9):

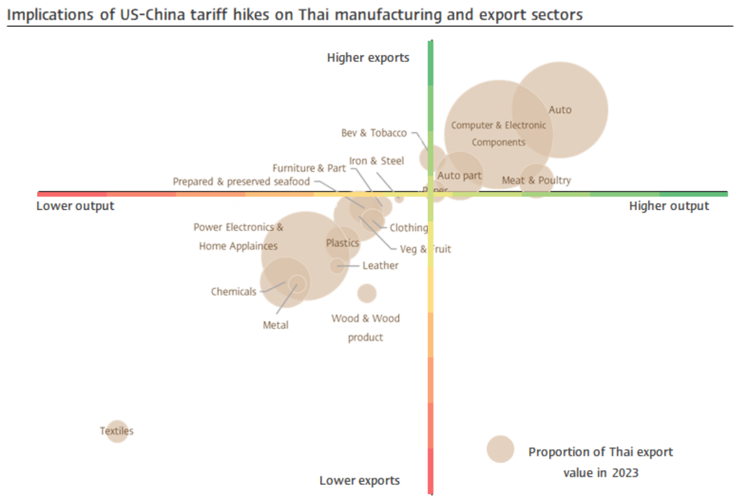
1) Sectors with potential benefit from more severe economic decoupling. Most of these sectors involve previous manufacturing base relocations to Thailand since the start of the trade war in 2018, allowing Thailand to have high competency in the domestic supply chain, such as computer and electronics, as well as automotive and parts. Other notable sectors include those with increased demand for substitute products from polarized countries seeking to avoid trade disputes, such as beverages and tobacco, as well as meat and processed meat, where Thailand already holds a competitive edge in the global market, with increasing demand for such exports in the global market. Findings indicate that:

- Computer and electronics – Exports from this group may increase by 6% from the base case, with increasing import demand diverted from polarized economies such as the US, China, and Japan.
- Automotive and parts - Exports from this group may increase by 8% and 1.6%, respectively, driven by increasing import demand from countries with a neutral stance, such as the Philippines and South Africa, in addition to red bloc countries.
- Beverages and tobacco - Exports from this group may increase by 3%, with higher import demand primarily from regional countries with a neutral stance, such as Vietnam, the Philippines, and Malaysia (Figure 9).

2) Sectors with downside risks from more severe economic decoupling. Most of these sectors are tied to China's supply chain or depend heavily on demand from China, such as petrochemicals and plastic, rubber and rubber wood, hard disk drives, printed circuit boards, and processed and frozen seafood. Other notable sectors include those with high intra-regional competition targeting substitute demand for Chinese products in the US market, such as furniture and semiconductors. Sectors vulnerable to Chinese product dumping, including electrical appliances, textiles, iron and steel, fruits and vegetables, and apparel, may also be negatively impacted. Moreover, sectors facing production base relocations by manufacturers from the red bloc to other countries to circumvent domestic export barriers might see increasing competition. Findings indicate that:

- Textile and apparel - Exports from this group remain intricately linked to traditional supply chains and have lagging competitiveness. The value of Thai textile exports could drop by as high as 24% from the base case.
- Electrical appliances – A large-scale manufacturing sector that could be negatively affected. Export growth of such products could drop by approximately 6%. Despite high competition, Thailand still can export to some polarized markets that continue to demand products from substitute markets (Figure 9).

Figure 9: The manufacturing sector by product and destinations will see uneven impacts from trade diversion.



Examples of manufacturing sectors affected

Upside

- Sectors with manufacturing base relocations to Thailand during the trade war in 2018
  - Auto and auto part
  - Electronics and electrical equipment
- Sectors with higher imports from Thailand to avoid potential trade disputes
  - Meat & Poultry
  - Beverage and Tobacco

Downside

- Sectors impacted by slowing Chinese demand or heavy reliance on Chinese supply chain
  - Petrochemical (Plastic)
  - Rubber wood
  - Printed circuit board
  - Hard disk drive
  - Prepared and preserved seafood
- Sectors impacted by the US importing more from nearby countries or with high competition in ASEAN
  - Furniture and part
  - Semiconductor
- Sectors impacted by Chinese product dumping
  - Electrical appliances & parts
  - Iron & Steel
  - Fruits & Vegetables
  - Textiles
  - Clothing

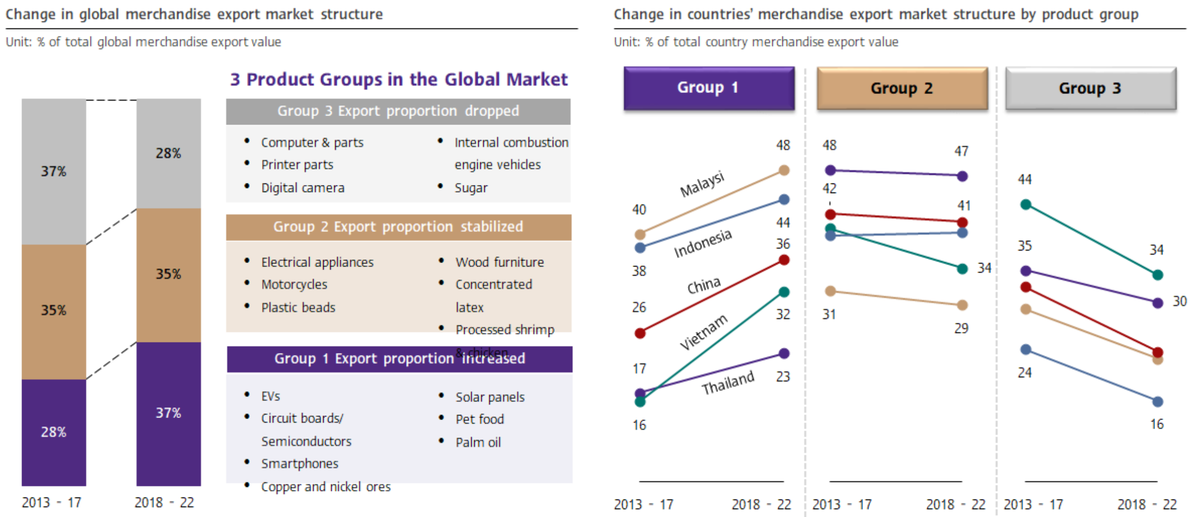
Note: The figure depicts the outcome of a scenario in which countries in the blue bloc and red bloc impose a 30% import tariff on all product categories.

Source: SCB EIC analysis based on data from GTAP.

III. What proactive steps must the Thai government and business sector take?

The findings so far suggest that a more decoupled economy could present Thailand with opportunities if proactive adjustments are made. However, the country must also address the structural issues that have accumulated in the manufacturing sector. In the past, Thailand's exports have been hindered by a limited competitive edge and lower export potential compared to competing countries because most Thai export products remain intricately linked to traditional supply chains and respond sluggishly to shifts in global product demand. An analysis of data from 2018 - 2022 reveals that 23% of total Thai export products fall into the category of products with increasing global demand. However, this proportion has not increased much from the average of 16% observed in 2013 - 2017. In contrast, regional peers like Vietnam have seen a near-doubling of the proportion of export products with growing demand over the same period (Figure 10). Thus, **this raises an important question: How will Thailand plan its future strategy to accelerate the integration of its manufacturing sector into the modern global supply chain?**

Figure 10: Thailand's export sector has been slow to adapt to shifts in global product demand.



Source: SCB EIC analysis based on data from Trademap.

The government and business sectors will be crucial in designing and driving strategies for Thailand's manufacturing sector in the new era. Such strategic frameworks must differentiate between manufacturing/ exporting product groups that will benefit from or be negatively impacted by shifts in the modern global supply chain, taking into account various risks and increased competition, especially from regional competitors. Therefore, strategic planning must be sector-specific, factoring in the level of manufacturing efficiency and competition in each sector.

SCB EIC proposes a sector grouping and tailored strategic framework that will allow the government and business sectors to adapt effectively, taking into account: **1) Manufacturing potential** based on readiness in various aspects such as labor, technology, raw material sourcing, and comprehensive local content supply chain. Additionally, industry risks are factored in, including price competition, oversupply, high production costs, trade barriers, climate change, and shifting consumer behavior; and **2) Industry-level competitive factors.**

Findings from the sector grouping reveal that while some sectors may capitalize on shifts in the global supply chain landscape, they may also face increasing risks and competition (Figure 11). For instance, the computer and electronics sector currently lacks capabilities in upstream production but should benefit from the decoupling that will attract more investments into Thailand. Meanwhile, the automotive and parts sector is being disrupted by the rise of electric vehicles. Despite being a leading global automotive manufacturer, Thailand's readiness remains concentrated in combustion vehicles, hindering its transition to electric vehicles. This lag is due to a shortage of specialists and the limited capacity of local entrepreneurs to participate in the global EV supply chain. Conversely, some sectors may benefit from a more decoupled world without facing intense competition. One such sector is Thailand's fresh/ chilled/ frozen fruit sector, which leverages its abundance of raw materials and reputation for quality on a global scale. However, this sector must also monitor a critical risk - climate change – which could impact the quality and volume of Thai fruit production in the future.

SCB EIC proposes the following export promotion strategies for Thailand and proactive adjustments for the business sector (Figure 12):

1) **High manufacturing competency, high-competition products**

   Government policies for this group should prioritize increasing manufacturing capabilities, enhancing value-add, and creating competitive advantages. Similarly, businesses should adapt by highlighting their product strengths and expanding into targeted markets. Effective strategic planning will be crucial to increase market share and keep pace with evolving global trends.

   - **Role of the government :** (1) Provide financial support to help exporters compete, such as subsidizing production costs or marketing investments to differentiate from competitors, and (2) Encourage exporters to establish strategic partnerships along the supply chain, such as supporting Thai exporters in accessing opportunities to build trade relationships with influential partners as well as merging with suppliers to create competitive advantage (vertical integration).
   - **Business sector adjustments :** (1) Screen and match products to target markets, focusing on those that align with the business's strengths, and develop strategies to enhance manufacturing capacity by building on existing capabilities. (2) Create strategies to maintain or increase market share, and reduce reliance on exports to existing markets. (3) Develop high-value products as well as products in the supply chain that align with global trends. (4) Improve production processes, focusing on research and development.

2) **High manufacturing competency, low-competition products**

   Government policies for this group should focus on encouraging new market expansions to diversify risks and upgrading manufacturing processes to meet environmental sustainability standards. Meanwhile, businesses should adapt to mitigate climate change risks and invest in renewable energy.

   - **Role of the government :** (1) Encourage exporters to explore new market opportunities and diversify risk profiles by expanding into new markets, and (2) Provide incentives to motivate exporters to upgrade their manufacturing processes to meet environmental sustainability standards.
   - **Business sector adjustments :** (1) Mitigate risks by investing to seize opportunities/ lower impacts in various dimensions, such as climate change, and (2) Enhance energy efficiency and promote the adoption of renewable energy sources.

3) **Low manufacturing competency, low-competition products**

Government policies for this group should provide incentives to existing operations while encouraging investments to upgrade manufacturing capabilities with a focus on existing export markets. Concurrently, businesses should adapt by increasing their manufacturing technology potential and developing a deeper understanding of the preferences of US-allied and Chinese-allied markets to improve market access.

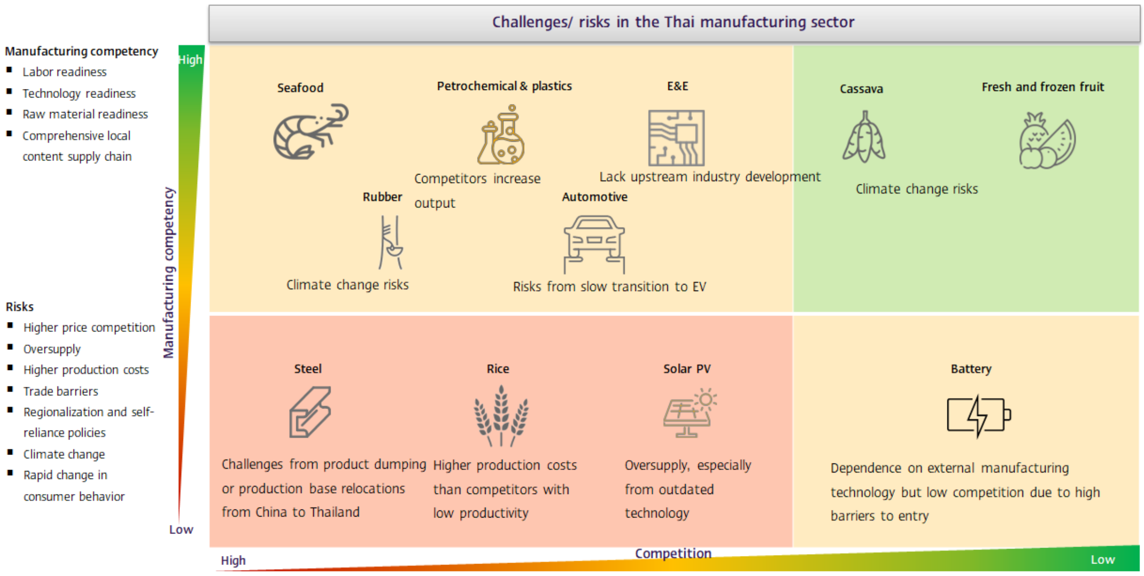
- **Role of the government :** (1) Offer tax incentives/ subsidies to encourage investments that enhance technological manufacturing capabilities, and (2) Create a collaborative network of exporters, universities, and research institutes to co-create innovative solutions.
- **Business sector adjustments :** (1) Upgrade manufacturing technology capabilities and knowledge base, and (2) Build relationships with the US and China by leveraging Thailand’s role as a production base, such as using Chinese technology to manufacture products while exporting to the US market.

4) **Low manufacturing competency, high-competition products**

Government policies for this group should facilitate a smooth transition to high-potential manufacturing sectors based on modern supply chain dynamics. Meanwhile, businesses should quickly adapt to the modern supply chain and seek technology partners.

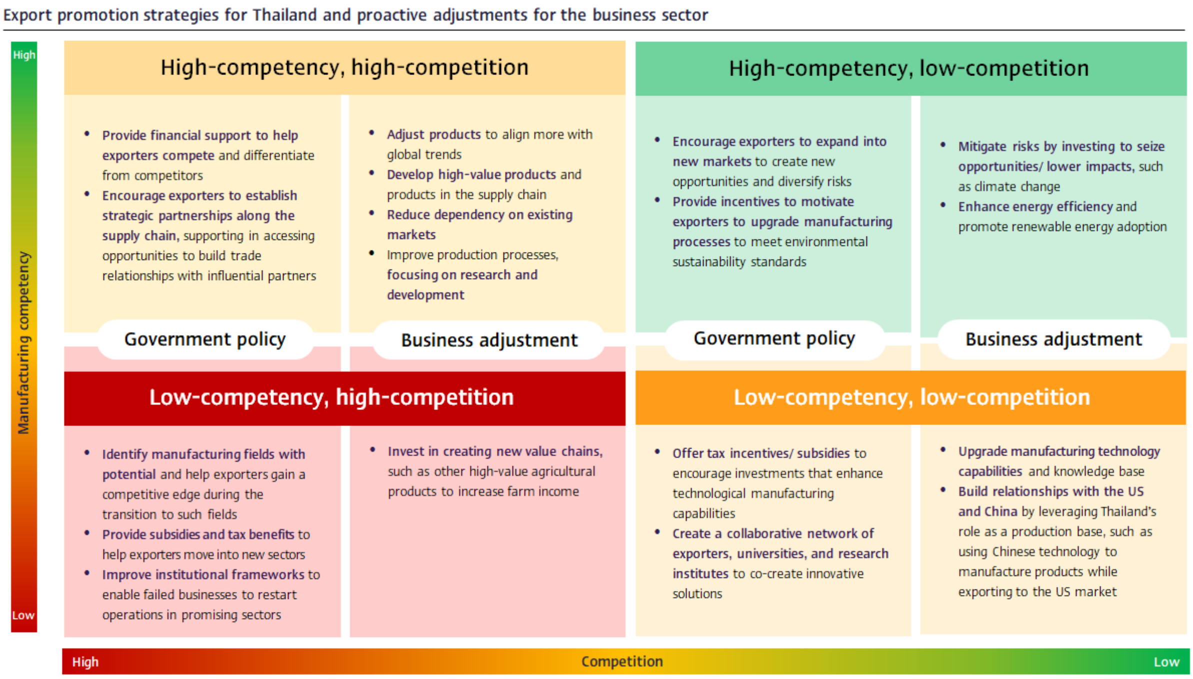
- **Role of the government :** (1) Identify manufacturing fields with higher potential and provide support to help exporters gain a competitive edge during the transition to such fields. (2) Provide subsidies and tax benefits to encourage exporters to move into new sectors. (3) Improve institutional frameworks, such as by revising laws and regulations to enable failed businesses to return and restart operations in promising manufacturing sectors with greater potential.
- **Business sector adjustments :** (1) Invest in creating new value chains, such as other high-value agricultural products to increase farm income, and (2) Seek partners with new technology.

Figure 11: While some sectors may benefit from changes in the global supply chain landscape, they may also face other risks and intense competition.



Source: SCB EIC analysis.

Figure 12: Proactive export sector strategies and business sector adjustments must be tailored to fit the specific context of each sector.



Source: SCB EIC analysis.

A decoupled global economy is unlikely to return to its pre-crisis state. However, Thailand can leverage this crisis as an opportunity for growth through collaborative efforts from both the government and business sectors. This can be achieved by designing tailored policies that cater to different business needs and proactively driving changes in the export sector. Moreover, the business sector must stay aware of the rapidly evolving global landscape and understand the intricate connections between its operations and the outside world. By doing so, Thai exports can successfully navigate and thrive in both 'united' and 'divided' global market conditions.

Author

Economic Intelligence Center (SCB EIC)

Siam Commercial Bank Public Company Limited

SOMPRAWIN MANPRASERT, Ph.D.
First Executive Vice President, Chief Economist at Economic Intelligence Center (EIC), Siam Commercial Bank and FEVP, Chief Strategy Officer at Siam Commercial Bank.

Economic Intelligence Center (SCB EIC)

MACROECONOMICS RESEARCH

THITIMA CHUCHERD, Ph.D.
HEAD OF MACROECONOMICS RESEARCH
POONYAWAT SREESING, Ph.D.
SENIOR ECONOMIST
NOND PRUEKSIRI
SENIOR ECONOMIST
VISHAL GULATI
SENIOR ECONOMIST
ASAMA LIAMMUKDA, Ph.D.
ECONOMIST
NATHAPONG TUNTICHIRANON
ECONOMIST
PUNN PATTANASIRI
ECONOMIST
NATNICHA SUKPRAWIT
ECONOMIST

INDUSTRY ANALYSIS

PRANIDA SYAMANANDA
HEAD OF INDUSTRY ANALYSIS
CHOTIKA CHUMMEE
MANAGER AGRICULTURE AND MANUFACTURING INDUSTRIES
KAMONMARN JAENGLOM , Ph.D.
SENIOR ANALYST
KANYARAT KANJANAVISUT
SENIOR ANALYST
KAITTISAK KUMSE, Ph.D.
SENIOR ANALYST
NATTANAN APINUNWATTANAKUL
SENIOR ANALYST
TITA PHEKANONTH
SENIOR ANALYST
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SENIOR ANALYST
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ANALYST
KEERATIYA KRONGKAEW
ANALYST
WANNAKOMOL SUPACHART
ANALYST
SARIYA PANTUHONG
ANALYST

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