

EXIM Thailand Predicts 2021 Economic Growth in New Normal Pace **and Urges Public-Private Joint Efforts to Revive Markets** **Targeting 2.5-4% Export Growth**

Mr. Pisit Serewiwattana, President of Export-Import Bank of Thailand (EXIM Thailand), revealed that the COVID-19 pandemic in 2020 has posed unprecedented impacts in several dimensions. In **economic dimension**, the largest contraction in almost a century since the Great Depression has been seen in global trade and economy, resulting in lowest oil prices in more than two decades. Stock markets all over the world have been extremely volatile with the most circuit breaker adoptions. As for **policy dimension**, governments and central banks of all countries have concurrently taken economic stimulus measures, both fiscal and monetary, in the record high value compared to those taken in all the previous crises. In view of **social dimension**, there have been drastic behavioral changes, one of which is social distancing to prevent the virus spread, leading to changing business operation models. Business entities have been forced to adjust themselves, and many of them that cannot adapt to the pressing circumstances have to be closed down. However, **global economy has come to the verge of bottoming out** with improving signs since the 3rd quarter of this year in respect of manufacturing production, consumption, employment and export with less contraction. The International Monetary Fund (IMF) has predicted that global economy and trade in 2021 will turn around to grow by 5.2% and 8.3% respectively despite persistently high imbalances and vulnerability. It is like “**a car about to make a U-turn.**” How fast and effective the U-turn would be depended on **the engine accelerating rate, fuel oil, visibility and capability of the driver**, or in other words, the vaccine development pace, each country’s economic stimulus policies, clarity of the policies of the US’s new leader, and entrepreneurs or business sectors’ capability to cope with the current situations.

EXIM Thailand President said that the Bank has forecasted **Thai export growth of as high as 4%** in 2021 attributable to a short-term recovery of global trade and economy from a low base of -10%. Such growth may not be so high as that in 2019 and tends to slow down in the current context and amid the increasing international restrictions. Coupled with the opportunities for Thai export to new frontiers less affected by the COVID-19, Thai economy tends to recover faster than several countries around the world. According to IMF, of 195 countries/territories, **60 countries/territories or only around 1/3 of all those countries/territories will record 2021 GDP higher than or equal to that in 2019**. This has reflected the tendency of these countries’ consumer behavior and demand for import of goods to return to normalcy. Among those countries/territories, nine are top 20 export markets of Thailand which are **China, Malaysia, Indonesia, CLMV (Cambodia, Lao PDR, Myanmar and Vietnam), South Korea and Taiwan**. Major export goods from Thailand to these markets comprise **such industrial products as plastic resin, refined oil, chemicals, cosmetics, soap and skin care products, and such agricultural and processed agricultural goods as fresh fruits, rubber, sugar, tapioca products and beverages**.

Mr. Pisit said that the key factor to propelling Thai economy and export in 2021 is **the capability of Thai entrepreneurs to adapt to the new era of business operation post COVID-19**. That is, **with improving domestic demand**, especially in domestic consumption and tourism and supported by the government’s stimulus measures to boost purchasing power and relieve household burden, **consumption and public investment should resume their momentum**. Thai exporters have adjusted themselves well, producing and exporting products of good diversity and high resilience. For example, they have redesigned their products or changed their marketing approaches to suit the consumers whose purchasing power has declined. They have also changed the designs of ornamental accessories, the prices of which were formerly rather high, to make the prices more affordable. They have been able to well balance the existing principal

markets and the new ones to reduce risk of high dependency to one another. The latest statistics of Thai export in September 2020 showed a contraction of only 3.9%, the lowest contraction in 5 months. Thai export in the first 9 months of 2020 contracted by 7.3%, lower than those of several peer countries like Japan, South Korea, Singapore and India. Moreover, **if Joe Biden is elected the US's 46th President**, the US's trade and investment policies and strategies could be changed in several dimensions as Biden supports no trade war, promote clean energy, plans for corporate and personal income tax hikes as well as increase in minimum wage rates. This should encourage relocation of investment bases more from the US. Such policies run counter to those of President Donald Trump and are expected to contribute to more relaxed global trade atmosphere and allow for adaptable entrepreneurs' greater access to new business opportunities.

Mr. Pisit further said that EXIM Thailand has always been prepared to cope with the fast and unexpected global changes. Since the onset of the COVID-19 spread, the Bank has been ready to promptly assist, relieve and rehabilitate export businesses alongside promotion of production efficiency enhancement and international trade risk management for Thai exporters, covering foreign exchange risk and risk of non-payment by foreign buyers. Meanwhile, it has proceeded with its transformation journey, which has resulted in expansion of outstanding loans by 78% for the past 4 years, in parallel to development of work process, technological infrastructures and human resources, so as to respond to the changing environment.

EXIM Thailand has targeted to become a **“Sustainable Bank” with focus on responsible financial and business management, social and environmental risk management incorporating into organization-wide risk management, and good governance for sustainable banking development**. The Bank is mandated to support export and investment, particularly in new frontiers, to get Thailand out of the middle-income trap, and provide knowledge and develop SMEs' potential in equitable access to financial sources, advice and suggestions, as well as participation in seminars and training programs of the Bank's EXIM Excellence Academy (EXAC). Recently, the Bank has developed Thailand Export Readiness Assessment & Knowledge Management (TERAK) system to assess, analyze, process and prepare report and offer supporting services to entrepreneurs in a precise and prompt manner. It has also supported environmentally friendly and renewable energy projects for balanced and sustainable development. In a long term, the Bank aims to promote Thai entrepreneurs' development of higher value-added and innovative products and adaptation to the rapidly changing business environment, such as development of logistics and packaging to better serve e-commerce, products that respond to new trends, and automation of and robotics application in manufacturing, service and finance sectors, as well as business operation with awareness of balance in economic, social and environmental benefits, so that businesses can grow firmly and sustainably with long-term competitive advantage in the global market.

“The emergence and existence of COVID-19 has significantly reshaped our way of living and business operation. All sectors need to adjust themselves to suit the New Normal and be responsive to the economic slowdown and global changes. Under the circumstances, new business models and products must be developed to accommodate such trends. For EXIM Thailand, we never stop developing and redefining our role in response to the demands and expectations of our clients and stakeholders alongside organization management with social responsibility in the face of various challenges so that EXIM Thailand and Thailand's economy, society and environment will grow on a balanced and sustainable basis,” added Mr. Pisit.

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Sustainable Development and Corporate Communication Department