

4. Policy on Economics

4.1 Policy on Macroeconomic Management

4.1.1 Promote stable economic growth through coordination of fiscal and monetary policies to create balance between the rate of economic growth, price stability and employment.

4.1.2 Create stability and security for domestic financial institutions, manage domestic liquidity and monitor international capital movements, closely following the financial transactions of financial institutions to prevent the impact of abrupt movements of capital; expand regional financial

cooperation under the ASEAN Summit framework to provide mutual assistance and solutions in the event of economic and financial crisis in the region.

4.1.3 Strengthen the capital markets and system of financial institutions to cope with global financial volatility and provide stable support for investment and business by amending rules and regulations and putting in place a regulatory system in line with financial innovations; encourage long-term savings as a basis for the country's future capital mobilization.

4.1.4 Promote and maintain fiscal discipline by adjusting fiscal management practices to be in line with the nation's monetary capacity, as well as expedite the introduction of fiscal and financial legislation to serve as regulatory mechanisms and a best practices framework.

4.1.5 Improve the tax structure and collection system to enhance fairness and transparency, and support the enhancement of national competitiveness, including tax measures to encourage energy savings and alternative energy use.

4.1.6 Develop a medium-term and long-term public sector investment framework that makes clear the source of financing, types of investment and support for an increased private sector role as appropriate; develop tools and mechanisms for efficient capital mobilization for large-scale projects, taking into consideration fiscal discipline and the burden on the public budget.

4.1.7 Increase the operational efficiency of state enterprises by emphasizing service improvement, optimum utilization of resources, operational cost reduction, risk management and good governance in management practices, including rehabilitating financially troubled state enterprises and accelerating investment budget disbursement according to target.

4.2 Economic Restructuring Policy

4.2.1 Agricultural Sector

4.2.1.1 Expedite efficiency enhancement in agricultural production and development of agricultural logistics to increase agricultural returns by promoting the production of key crops in accordance with local conditions, promoting research and development on crop strain development, providing quality and necessary production materials and production infrastructure, developing agricultural product preservation technology and logistics to reduce agricultural costs, and zoning farmland to define proper areas for food and energy crop production in an efficient way that ensures appropriate and fair prices for energy crops to enhance farmers' income security.

4.2.1.2 Develop the fishery profession and expand fishery opportunities by developing aquaculture, coastal and freshwater fisheries, locally and industrially; elevate prices of fishery products with local participation; improve and strictly enforce fishery laws and fishing areas that clearly distinguish between commercial and coastal fisheries; develop the potential of the fishery industry; pursue negotiations to promote international cooperation in fisheries both within and outside international waters; promote the use of alternative energy in fisheries; and establish a national organization responsible for solving fishery problems and developing national fisheries in both aquatic animal resources conservation and supporting industries related to the fishery sector.

4.2.1.3 Enhance the potential of livestock products by developing and conserving key economic livestock breeds, such as cows and buffalos, in order to add economic value; develop each stage of the production process to meet international safety standards; enhance the potential of prevention and control of livestock diseases; enhance the potential of livestock product inspection and certification; expand export opportunities in global markets for livestock products; as well as promote household organic livestock in accordance with the Sufficiency Economy Philosophy.

4.2.1.4 Ensure the stability of agricultural product prices and marketing by establishing a risk insurance scheme for agricultural product prices; strengthen the agricultural futures market; establish a central wholesale and retail market for agricultural products in all regions of the country; encourage the opening of new agricultural markets worldwide; promote contract farming; utilize a tripartite system involving government, private sector and farmers as a mechanism to resolve agricultural product price issues.

4.2.1.5 Promote value addition for agricultural products through the promotion of research and development on production and safety standards of agricultural products and food at the community level to meet international standards, with linkage between agricultural production and agro-industry; promote agricultural processing of international quality and standards; strengthen product branding; establish special economic development zones to add value to farm products comprehensively; expedite international negotiations relating to standards of farm products and food; and encourage local administrative organizations to participate in financing the development of machinery for primary agricultural processing.

4.2.1.6 Ensure food security through the promotion of farming according to His Majesty's initiative, expansion of the learning process and development of the New Theory of agriculture, school lunch projects and

livestock banks according to His Majesty's initiative; support organic farming, integrated farming, forest farming consistent with the community's needs in order to reduce the use of chemicals and increase the value of farm products; as well as promote international cooperation relating to food security.

4.2.1.7 Expedite the provision of water sources thoroughly and sufficiently, as well as enhance the efficiency of water resource utilization for agricultural production, with emphasis on increasing reservoirs in paddy fields and canal dredging to alleviate flooding and drought; promote efficient water utilization in accordance with crop type; increase irrigable areas in all sizes: large, medium and small; and expand the water distribution system in irrigation areas to enable maximum capacity utilization.

4.2.1.8 Protect and conserve land that is suitable for farming, with a developed irrigation infrastructure already in place, so that it may become a long-term agricultural production base; rehabilitate soil quality; provide land for poor farmers through the establishment of land banks and the acceleration of the issuance of land rights certificates in the form of community land title deeds for poor farmers and communities living on state land that are no longer forestland; and support agricultural development in the form of agricultural estates.

4.2.1.9 Strengthen the agricultural sector by building and developing the quality of the new generation of farmers so that they are capable of managing the products and the various types of agricultural organizations, utilizing knowledge from innovation, local wisdom and appropriate technologies, through formal and informal education, to enhance agricultural security and social stability in Thailand.

4.2.1.10 Solve the debt problems, revitalize the livelihoods and standards of living of farmers by accelerating the management of farmers' debts, both within and outside the formal credit system, in order to alleviate their hardships and maintain their agricultural land.

4.2.2 Industrial Sector

4.2.2.1 Build the strength and competitiveness of the Thai industrial sector in the global market by increasing production efficiency through reducing costs and increasing value added, in cooperation with the private sector, research institutes and academic institutions to increase the capabilities of business operators, enhance labour skills, improve machinery efficiency, improve the design of products and goods, reduce logistics costs, and increase regional cooperation in value chain production through international negotiations.

4.2.2.2 Impose measures to solve problems specific to each industry and develop industries with future potential, such as domestic machinery production, automobile, food and jewelry industries, by improving investment promotion measures through tax and non-tax incentives and promotion of joint ventures with foreign companies in high technology industries.

4.2.2.3 Work with the private sector to improve the quality and standards of products to match or surpass international standards, by promoting the development of capital mobilization and risk insurance mechanisms for the private sector to stimulate more private investment in innovation and technology, as well as providing intellectual property rights protection for domestically-produced products with Thai logos.

4.2.2.4 Step up the production of vocational workers in line with the demand for industrial labour, increase compensation for vocational workers comparable to bachelor degree holders, and devise a curriculum that enables vocational workers to further their education at the university level.

4.2.2.5 Strengthen small-scale and medium-scale industries, by facilitating the formation of cluster networks, improving credit approval standards, broaden the scope of credit issuance and insurance by using the state's network of banks and financial institutions, to provide small-scale and medium-scale industries better access to sources of funding.

4.2.2.6 Establish Special Economic Development Zones to promote industrial investment in line with the potential of each area, such as the southern coastal area and special border economic development zones, taking into account the sustainable coexistence between local communities and the environment.

4.2.2.7 Encourage industries to practice corporate social responsibility with regard to quality and standards of products and services and safety standards in the workplace and the environment.

4.2.3 Tourism and Services Sector

4.2.3.1 Expand the services sector base in the country's production structure by increasing the diversity of service businesses, adding value, enhancing competitiveness, improving skilled labour in terms of both quality and linguistic skills; and linking services, industrial and agricultural businesses into product clusters, e.g. healthcare, food and tourism businesses, including creative services products based on culture and Thai wisdom linked with modern technology.

4.2.3.2 Develop public and private tourist destinations by preserving and developing existing destinations, including natural, historical, cultural and manmade attractions, through linkage with community ways of life, establishing special economic zones on tourism and identifying the selling strengths of destinations in each region and provincial group in a complementary manner, such as Charming Bangkok, Southern Thailand as a global marine tourism hub, Northern Thailand as the Lanna civilization hub, Northeastern Thailand as a historical, archeological, cultural and border tourism hub, Central Thailand as a tourism hub for civilizational, world heritage and natural heritage attractions.

4.2.3.3 Develop standards for tourism services by setting up standards for tourism-related businesses such as tourist guides, travel, souvenir shops, hotels and accommodations; develop standards for human resources in tourism-related sectors such as hotel staff, tour company workers, tourist guides, restaurant workers, tour bus drivers, etc.; and improve the service standards of tourism-related government agencies regarding traveler safety, fees and charges.

4.2.3.4 Develop marketing and public relations for tourism by supporting private sector participation in identifying policy, marketing and public relations strategies to promote target destinations in Thailand as a world-class tourism hub, especially its readiness to serve as a centre for international conferences, product exhibitions and medical tourism; and encourage the role of local administrative organizations in upgrading tourist destinations so that they are known throughout the world.

4.2.3.5 Revise all tourism-related laws to be up to date and complementary; and enhance the effectiveness of law enforcement on public safety and the environment.

4.2.4 Marketing, Trade and Investment

4.2.4.1 Promote a free and fair trading system with the private sector taking the business lead while the Government acts as promoter, supporter, and supervisor, and sees to the strict enforcement of trade competition and consumer protection laws to prevent unfair trade, monopolization, and exploitation of consumers; enact legislation on retail trade to systematically regulate retail trade, so that large and small operators may coexist in a complementary and sustainable manner.

4.2.4.2 Expand export markets for Thai goods and services by laying out a marketing strategy together with the private sector to increase market share in existing markets and expand their market base to new

countries, such as in Eastern Europe, the Middle East and Asia; develop logistics system for efficient and rapid distribution of goods using Thailand's competitiveness in terms of geographical location and transport potential.

4.2.4.3 Make use of bilateral and multilateral free trade agreements (FTAs), in tandem with negotiating problematic FTAs, both those under negotiation and those already negotiated, for the highest benefit to the country by emphasizing participation by the civil society, private and public sectors; and identify comprehensive remedy measures for those affected in the short term and long term.

4.2.4.4 Improve import administrative standard to prevent unfair trade, dumping, and disqualified products in terms of standard and safety.

4.2.4.5 Encourage Thai entrepreneurs to register intellectual property rights for their products and protect such rights of Thai products overseas.

4.2.4.6 Promote investment in agricultural, industrial and service sectors in which Thailand has potential, in particular *halal* food products and services, film industry, goods and services which use innovation and local wisdom, environment-friendly investment, and support overseas investment in areas where Thai entrepreneurs have potential as well as establish business networks in Thailand and abroad.

4.2.4.7 Improve the efficiency and facilitation of international and border trade by introducing electronic systems particularly for one-stop-service centres, one-lane service, joint single inspection points, e-commerce, and e-logistics system, etc.

4.2.4.8 Improve and accelerate the tariff appeals process by upgrading the relevant agencies from departmental to ministry level, and allowing private sector representatives to take part in deciding cases on appeal similarly to associate judges, and set specific timeframes for announcement of judicial decisions on appeal cases.

4.3 Policy on Development of Infrastructure to Raise the Quality of Life and Increase Competitiveness

4.3.1 Expand good quality services of basic public utilities necessary to the livelihood of the people to sufficiently cover all rural areas; the services include clean water, electricity, basic telecommunications and housing as well as develop dust free roads by raising road standards in rural areas to concrete or asphalt roads.

4.3.2 Develop integrated transport system and logistics by developing infrastructure, improve and develop rules and regulations concerned, promote trade in logistics services, trade facilitation and develop human resource in logistics including the establishment of national committee as an engine to earnestly develop logistics systems.

4.3.3 Continually develop diversified transport systems by systematically linking road, rail, water and air transportation as well as developing transport facilities such as station for packaging and classifying goods and centre for collecting and distributing goods in the region in order to increase efficiency and reduce cost of logistics.

4.3.4 Develop a complete mass electric train system network in Bangkok and surrounding areas as well as trains in suburban areas to link to mass electric train system network and other mass transport systems in a fast, efficient and convenient way at appropriate prices as well as expand development of mass transport system to major cities in the region.

4.3.5 Develop dual track train network countrywide especially in routes with heavy traffic and develop routes linking regional and international production bases, improve pathways including develop standardized services and facilities to be more convenient, fast, safe, and reduce transportation costs.

4.3.6 Develop network of principal state highways, main highways and special highways network between cities to link with major cities in the region as well as international economic routes, and in line with development of other transport networks especially train network; improve state highways and law enforcement measures to reduce road accidents to increase efficiency and safety in traveling and delivering of goods.

4.3.7 Develop commercial navigation and water transport infrastructure especially services at Laem Chabang to be a standardized world-class port; develop coastal transport and water transport domestically and internationally in order to efficiently link with other transport systems to increase the proportion of water transportation.

4.3.8 Develop and expand facilities of Suvarnabhumi International Airport and other major airports in the region to be able to support future air traffic; improve Don Muang Airport for optimum utilization and develop the aviation industry business such as the centre for aircraft repair and related businesses to support Thailand to be Asia's leading aviation, tourism and air goods transportation hubs.

4.3.9 Promote research and development of manufacturing industry related to transportation such as ship construction, train and electric train construction while promoting the transfer of technology in production and management in a continuous and effective manner.

4.3.10 Expedite solving of problems related to environment as a result of mega projects by enhancing public participation process; improve management structure, and regulate development and services of infrastructure to protect consumers and to ensure fair competition.

4.3.11 Develop transportation and logistics systems in the region; link transportation network to neighbouring countries along North-South and East-West economic corridors, economic bridge project linking the Gulf of Thailand and the Andaman Sea, and transportation network linking Indonesia-Malaysia-Thailand; improve trade facilitation system and goods transportation along important borders i.e. Nongkhai, Maesod, Mookdaharn, Singkhon, and Chongmek.

4.4 Energy Policy

4.4.1 Develop energy source in the country for greater self-reliance in order to increase energy stability and to meet sufficient demand by expediting the exploration and development of energy sources at both domestic and international levels through negotiation with neighbouring countries at the government level for joint development; develop energy mix to reduce sourcing risk, price volatility, and reduce production cost; encourage electricity production from renewable energy, particularly from small or very small scale electricity generating projects, as well as study the appropriateness of alternative energy for electricity generation.

4.4.2 Set alternative energy usage as national agenda by encouraging the production and usage of alternative energy, particularly bio-fuel and bio-mass such as gasohol (E10, E20 and E85), bio-diesel, solid waste to enhance energy security, reduce pollution, and for the benefit of the farmers by encouraging the production and usage of renewable energy and at community level under appropriate incentive; encourage the usage of natural gas in the transportation sector by expanding natural gas distribution system nationwide; rigorously and continuously promote research and development of all forms of renewable energy.

4.4.3 Supervise and maintain energy price at appropriate, stable and affordable level by setting appropriate fuel price structure which supports the development of energy crops that reflect true production cost; manage through market mechanism and oil funds to promote effective use of

energy and encourage investment competition in energy business to improve service and safety quality.

4.4.4 Encourage energy conservation in household sector, industrial sector, service sector and transportation sector through energy-conscience building campaign and promote effective energy usage with incentives to attract private sector in opting for energy conserving appliances; set incentive measures to reduce electricity usage during peak period; research, develop and set standard for electrical appliances and energy conserving building; encourage the development of mass public transportation and railway system to promote effective energy usage which will reduce the country's investment in obtaining energy.

4.4.5 Encourage energy exploration and usage which attach importance to the environment through public participation by setting various standards such as Clean Development Mechanisms (CDM) to reduce social and environmental impact and reduce greenhouse gas emission.

4.5 Policy on Information Technology

4.5.1 Develop basic telecommunication network nationwide to provide equal access for the people, community and various organizations; encourage the development of the nation in becoming a knowledge-based economy with modern telecommunication services to serve business demand and employ information technology to improve public services such as public education, public health and logistics to increase national competitiveness.

4.5.2 Develop information and communication technology industry for both software and hardware by encouraging research and development, as well as, improve human resource in becoming a regional hub for information technology and communications.