

**Remarks for H.E. Mr. Jullapong Nonsrichai  
Vice Minister for Foreign Affairs  
At the ASEAN Awareness Forum,  
Budapest, 11 October 2012**

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*Your Excellency Ms Bui Thanh Son,  
Your Excellency Mr. Szabolcs Takacs,  
Excellencies,  
Distinguished Guests,  
Ladies and Gentlemen,*

I would like to join my ASEAN colleagues in thanking the Hungarian Ministry of Foreign Affairs for organizing this very meaningful event. I am confident it will serve as a constructive platform for the exchange of information and view points among all participants, with the aim of forging ever closer ties between ASEAN and Hungary.

It is especially gratifying to see that the Hungarian business community has shown keen interest in this forum. Likewise, the Royal Thai Government has always looked to the private sector as the main driving force of the economy. So at the end of the day, I hope that this forum will encourage you to look beyond Europe and explore the vast and rewarding business opportunities that the ASEAN region has to offer.

*Excellencies,  
Ladies and Gentlemen,*

We live in a time of both challenges and opportunities. These range from difficulties in the Eurozone and other advanced economies, on the one hand, to advances in technology, and shifting centers of growth, on the other. Therefore, to remain relevant in today's global economy, we cannot stand still and must constantly adapt ourselves to the changing environment.

This is precisely what is happening in Southeast Asia today. ASEAN is transforming itself by moving forward towards the realization of the ASEAN Economic Community, or AEC, in 2015. Such a step will ensure that **ASEAN economies remain strong in the face of growing global economic uncertainties, as ASEAN is transformed into a single production base and market of over 600 million consumers.** Such developments will also enhance ASEAN's standing as a highly competitive economic region, which is fully integrated into the global economy. At the same time, this should lead to the overall expansion of production and investment within the sub-region.

*Excellencies,  
Ladies and Gentlemen,*

We are meeting near the banks of the Danube River, which is a major international waterway in this part of the world. In Southeast Asia, the Mekong River also occupies a position of strategic importance for countries in the region as well as the emerging ASEAN Community.

The Greater Mekong Region offers a new frontier for the Hungarian and European private sectors, opening up new opportunities for trade and investment. Over the past two decades, the countries of the Greater Mekong Subregion (GMS), which comprise many ASEAN member states, have made substantial advances in economic cooperation and development.

Among the strategic goals of the GMS is to complete the development of new economic corridors which broaden and deepen existing transport corridors. Significant progress has already been made in developing the North-South, East-West and Southern Economic Corridors. This will facilitate the greater flow of goods and services within the region, providing the foundations for more dynamic economic growth.

Closely linked to this is the idea of greater connectivity within the region, of which Thailand has been as active proponent. The Master Plan on ASEAN Connectivity encompasses physical, institutional and people-to-people connectivity, which will help ensure better logistics and supply chain connectivity. This will make the ASEAN Economic Community (AEC) a more competitive and dynamic partner for others.

*Excellencies,  
Ladies and Gentlemen,*

With the realization of the AEC well underway, **Thailand, which occupies a central location within the ASEAN region, is actively preparing itself in support of such a Community.** Thus, a number of big and bold measures are being implemented, which will lay the foundations for the future.

**Firstly, plans are in progress for investment totaling 72 billion US dollars over the next 7 years to upgrade our logistics infrastructure in all transportation modes.** The plan includes inner-city road links, high-speed train networks, and urban mass transit systems, connecting Thailand with Laos, Myanmar and China in the North and Northeast, and with Malaysia and Singapore down South. This improved connectivity will help facilitate the

movement of people, goods and products and reduce logistics costs in regional transportation to a great extent.

At the same time, the Dawei deep seaport in southeastern Myanmar, which is being jointly developed by the Government of Myanmar and Thailand, will create a linkage from Chennai in southern India to Laem Chabang in eastern Thailand through a land bridge. The new economic corridor will link the Andaman Sea and Indian Ocean to the Gulf of Thailand and the Pacific Ocean. This will create enormous growth opportunities in the region as a whole.

Secondly, following the devastating floods last year which greatly disrupted the Thai economy, the Royal Thai Government has developed concrete **plan for flood recovery and prevention to ensure that Thailand remains a major production base in the region.** The Thai Government's **11 billion US dollar investment in water management projects, such as water runways and river dams for both the short term and long term,** are well underway. In putting in place such projects, we hope to learn and benefit from the expertise of all countries, including Hungary, which have experience in this area.

Thirdly, **we are nurturing and enhancing a business-friendly environment for the private sector to invest.** The Royal Thai Government recently reduced the corporate tax rate from **30% to 23% this year** and will further reduce it to **20% by the next year.** In addition, tax incentives for regional operating headquarters and international procurement centres are being offered. We also offer tax and financial incentives to encourage small and medium enterprises to upgrade their productivity.

Fourthly, we are **restructuring our customs procedure.** The implementation of the National and ASEAN Single Windows are progressing well. Once completed, it will significantly facilitate trade through enhanced efficiency in customs and authorization processes. Therefore, with improvements in infrastructure, a competitive tax structure, and restructured customs procedures, we hope to further enhance Thailand's competitiveness to overcome the challenges and make use of the benefits in the changing global environments.

This is helped by the fact that Thailand has experienced greater political stability in the past few years. Thus, the Thai Government is now in a better position to provide new opportunities for businesses, both local and foreign. Moreover, our economic stability is sound, with a low unemployment rate of 0.7 percent, moderate inflation at 2.7 percent, low public debt at 42.6 percent of GDP, ample international reserves at 176.4 billion USD, and low-leverage in the banking sector.

In 2011, the World Bank upgraded Thailand's income categorization from a lower-middle income economy to an upper-middle income economy. This upgrade thus reflects international recognition of Thailand's economic achievements in the past decade, in which our Gross National Income (GNI) per capita has almost doubled, and poverty has been significantly reduced.

Moreover, Thailand has been highly ranked by the World Bank for "Ease of Doing Business" over the past 8 years. In 2012, Thailand ranked 17<sup>th</sup> in the world and 4<sup>th</sup> in Asia in This category. This ranking is thus a testimony to Thailand's continuing efforts to improve its business environment.

Because of all these positive factors, the Thai economy was able to withstand recent external as well as internal turbulences. Therefore, despite economic difficulties in Europe and other advanced economies which are our major trading partners, the Thai economy is still expected to perform well and expand by 5.5% this year.

*Excellencies,  
Ladies and Gentlemen,*

I have attempted to give you an overview of the transformation taking place in Southeast Asia, in the context of a rising East Asian and the Pacific region. The 10 member states of ASEAN are together emerging as an important centre of a globalized region of economic growth. Within ASEAN, the Mekong sub-region represents the new frontier for trade and investment. Thailand, given our strategic location, can serve as a regional gateway to ASEAN. Hungary, working with Thailand, can play an instrument role in forging partnerships between Central Europe and ASEAN.

To be even more attractive to our European friends, Thailand is now in the process of starting the negotiations for the Thai – European Union Free Trade Agreement, which we hope to begin by early next year. So once again, I would like to invite the Hungarian business communities to look into the exciting opportunities that Thailand and this region have to offer, and take advantage of this dynamic economy community.

To be sure, Thailand will not and cannot go it alone. We all need to do this together. So we hope to develop partnerships within our region, especially with a country which has great economic potential such as Hungary, so that all of us can together enjoy future growth and prosperity. This is a goal that I believe we should all work towards.

Thank you for your kind attention.

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