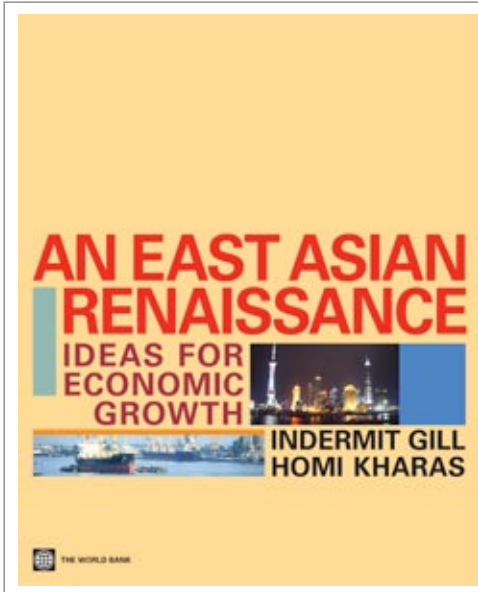


Development in Partnership

The World Bank in Thailand

June 2007

World Bank's East Asian Renaissance Report Offers Insight into Thailand's Biggest Challenges



*“An East Asian Renaissance: Ideas for Economic Growth” is the World Bank’s 4th comprehensive report on the region’s economic and social performance. According to prominent Thai businessman, **Jingjai Hanchanlash** (above), the report also offers an insight into Thailand’s development priorities*

The World Bank’s recent report *“An East Asian Renaissance: Ideas for Economic Growth”* which focuses on economic and social forces that have transformed the region since the 1997-98 financial crisis, offers an insight into Thailand’s biggest development priorities, said leading members of the Thai private sector and academia say.

“It mirrors back to us the issues surrounding our own competitiveness vis-à-vis other East Asian countries,” say **Jingjai Hanchanlash**, chairman of the ACMECS Business Council, a regional trade and investment promoting body based in Bangkok.

“This report helps us to recognize that, if we don’t adjust our policies, we could fall behind others in the region,” he adds.

Mr. Jingjai joined more than 100 representatives of the private sector, the Royal Thai Government, the academia, and the press at the East Asian Renaissance seminar on May 28, co-organized by Thailand Development Research Institute

(TDRI) and the World Bank. The discussion kicked off the World Bank’s seven-country tour to highlight the findings of the study.

Co-authors **Dr. Homi Kharas**, a visiting fellow at the Brookings Institute in Washington DC (and formerly the Bank’s Chief Economist for East Asia & Pacific), and **Dr. Indermit Gill**, the World Bank’s Acting Chief Economist for East Asia & Pacific, were at the event to present the findings and discuss what they mean for Thailand.

An East Asian Renaissance: Ideas for Economic Growth is the fourth comprehensive report on the region’s economic and social performance by the World Bank since 1993. It finds that, ten years after the 1997 financial crisis, East Asia has transformed itself by creating more competitive and innovative economies.

However, the region must now turn to the urgent domestic challenges of urbanization, inequality, and corruption arising from its success, the report says.

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For Thailand, the biggest challenges are how to strengthen innovation and make urbanization more balanced, Dr. Gill notes.

Without new ideas and innovation, the Kingdom will find it difficult to move up the value-added chain.

Meanwhile, Thailand's reliance on Bangkok to generate much of the country's annual output, if continued, could widen inequality and increase urban-rural tensions, he adds.

Research and development (R & D) spending in East Asia has almost doubled over the last decade, and most of the R&D was carried out within the business sector (60 per cent), the report finds. While Thailand has been able to boost productivity by plugging into regional trade and finance networks, its R&D spending remains low – at 0.2 per cent of gross domestic product.

In addition, research collaboration between universities and private firms in Thailand is relatively weak. This, the report says, has translated into low patenting and poor knowledge assimilation by businesses.

“Thailand has increased investment in higher education since 1990s; now it should pay attention to R&D in firms and universities” in order to improve the value of its output, Dr. Gill says.

Commenting on the report, **Dr. Somkiat Tangkitvanij**, TDRI's Research Director, suggests that the level of patenting may not paint a realistic picture of innovation in the country.

“Most of the Thai companies granted U.S. patents were not wholly owned by Thai people, but were multinational companies,” said Dr. Somkiat, who leads the information economy research team at Thailand's most reputable think-tank.

“This suggested to me that the innovation reality in Thailand may be even bleaker than presented by Renaissance,” he adds.

As in many East Asian countries, Bangkok is where most economic activity in Thailand takes place.

Its good infrastructure – ports, roads, logistics and aviation systems are among them – has connected Thailand to the outside world, and Bangkok itself to other Thai cities. It accounts for 40 per cent of the GDP and

has absorbed millions of migrants from within Thailand and around the world.



Bangkok has served Thailand well in the past. But a more balanced urbanization policy is needed to help Thailand sustain growth

But Bangkok cannot be realistically expected to absorb the many new migrants that are expected to move to cities in the next 25 years. As a result, Thailand needs a more balanced urbanization going forward to sustain growth. It also has to manage large rural-urban inequalities.

“Thailand has integrated globally and gained market access. It has integrated regionally and become more competitive. It now needs a third wave of integration, this time domestic, to keep the economy strong and inclusive,” says Dr. Kharas.

To download a copy of “An East Asian Renaissance: Ideas for Economic Growth,” please visit www.worldbank.org/eap

For more information about the World Bank in Thailand, please visit www.worldbank.or.th

Time to Refocus On “Core Mission” – World Bank’s Vice President for East Asia and Pacific

With resolution of the questions surrounding the World Bank’s leadership, the Vice President for the Bank’s East Asia and Pacific Region, **Jim Adams**, has called for renewed focus on the organization’s core mission.

“With this issue resolved and behind us, we can now focus all our efforts on the considerable development challenges in East Asia and the Pacific,” Mr. Adams said.

“That includes providing people with access to basic services, helping governments deal with a return to civil conflict, filling the infrastructure gap or providing advice on how to deal with income inequality. The list of challenges is long, even in a region that has grown so quickly. We continue to have a major role to play, and we can now put all our effort and time into it.”



World Bank funding helped build new houses for people in Yogyakarta made homeless by the 2006 earthquake

“However difficult the process has been to resolve this crisis, we are determined to confront governance matters front-on within our institution, in the same way that we encourage our client countries to do,” Mr Adams said. *“We look forward to supporting countries of the East Asia and Pacific region to tackle the challenges they face.”*

The World Bank supports more than 20 countries in the East Asia and Pacific region through grants and low-interest loans for activities aimed at boosting economic growth, reducing inequality and improving people’s living conditions.

To support this work, the Bank provides technical and policy experts to

work on the ground with Governments and other development partners.



In Thailand, the World Bank has developed a knowledge-sharing partnership program with the Thai Government to support Thailand’s economic and social development agenda

This year, the Bank expects to commit over US\$4 billion in low-interest loans and grants to the East Asia and Pacific region.

Among other things, Bank funding over the past year has translated into: new houses for thousands of people in Yogyakarta made homeless by the 2006 earthquake, improved livelihoods for rural people in six Mongolian provinces, and better sanitation in urban areas of China, Vietnam and the Philippines.

In the Pacific country of Kiribati, the Bank also supported infrastructure and other investments in partnership with other donors that help to address the risks and impacts of climate change, as well as climate variability.

For more information about the World Bank in East Asia and the Pacific, contact Elisabeth Jane Mealey at emealey@worldbank.org, or visit www.worldbank.org/eap

Don't Miss Our Upcoming Events!

June 14: **Launch of the World Bank's Thailand Environment Monitor 2006**
Siam City Hotel, Phayathai Road, Bangkok
8:30 am-12:30 pm
Contact: Tanyathon Phetmanee
Tel. (0) 2686-8300 ext 8363
E-mail: tphetmanee@worldbank.org



June 29: **Supporting Youth Voices: Inter-regional seminar on the World Development Report 2007: Development and the Next Generation**
Thailand Global Development Learning Network (GDLN) Center
Chulalongkorn University, Bangkok
8:30 am – noon
Contact: Tinnakorn Sareenun
Tel. (0) 2686-8300 ext 8327
E-mail: tsareenun@worldbank.org

If you are of the ages between 12-24 and live in Thailand, we would like to invite you to an E-discussion forum ahead of the **Supporting Youth Voices** seminar (see above for detail, or visit www.worldbank.or.th).

Many young people in Thailand are concerned about getting jobs after graduating from college. They also need the education that prepares them for the changing needs of the job market. To engage Thai youth and policy makers and encourage a meaningful exchange ahead of the **Supporting Youth Voices** seminar, the World Bank Office Bangkok is sponsoring an E-discussion forum called Youth Voices. This forum is active now until June 30.

Young people and policy makers will be able to use this forum to share concerns and exchange ideas on how to address youth employment in Thailand. If you would like to be part of this discussion, please log on to www.dgroups.org/groups/worldbank/YouthVoices.index.cfm and register. For more information about **Youth Voices**, contact our External Affairs team at (0) 2686-8300.

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If you wish to receive by e-mail the World Bank's monthly newsletter and information about upcoming seminar, workshop and other World Bank events, please fill in the enclosed form and mail it back to us. We thank you in advance for participating in this survey.



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