

BOI-Oxford report stresses need for political stability

By The Nation

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Domestic political uncertainty and the fragile global economic recovery will be the main factors affecting investor confidence until early next year, Paulius Kuncinas, regional editor for Asia at Oxford Business Group, said yesterday.

However, Thailand remains attractive for overseas investors, Kuncinas said during the launch of "The Report: Thailand 2011", a collaboration of Oxford Business Group and the Board of Investment (BoI) to summarise the economic and investment situation here.

Economic growth this year might not reach 4 per cent, declining from 7.8 per cent last year. Growth will not deteriorate immediately this year because of strong investment fundamentals, he said.

"Thailand has to establish political stability so that it can ensure foreign investors a strong economy. The coming general election will be a critical point in bringing the country back to a normal situation and stability. The policy that supports investment in Thailand will boost foreign investment over the next 18 months," he said.

Thailand has little investment from the state. The lack of basic fundamentals such as highspeed Internet and logistics infrastructure is the factor that destroys the country's competitiveness.

The government should also invest heavily in developing human resources, education and infrastructure if it wants Thailand to be moved up from the list of countries that have income per capita at the medium level within one to two decades, he added.

David Lyman, chairman and chief values officer of Tilleke & Gibbins, a legal firm serving clients in Thailand and Vietnam, said both Thais and foreigners were waiting for the result of the general election and the formation of the new government. These will indicate whether Thailand will go ahead or be idle.

"Foreign investors don't want to experience unrest like in 2010. The Asean Economic Community will be implemented in 2015. Thailand should be strong in order to benefit from the AEC, [as well as] the foreign investors in this country," he said.

The government should develop skilled labour and allow alien workers to stay in the country legally, he added.

Atchaka Sribunruang, secretarygeneral of the Bol, said "The Report: Thailand 2011" would assure foreign investors that the policy to support investment would be the same despite the political change. Whoever becomes the new government will always emphasise economic development and investment promotion.

The Bol took a roadshow to China and Japan during the past month and found that investors, particularly small and mediumsized investors, were interested in Thailand.

Applications for investment privileges during the first five months of this year reached Bt208 billion, passing half of the Bol's target of Bt400 billion this year. If there is no postelection disruption, the Bol is confident that it will accomplish this year's target, Atchaka said.