

## ASEAN ECONOMIC COMMUNITY 2015: ARE WE READY?

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### Abstract

The title of this paper is the same as that for the theme of this important Conference. Based on the material I have read and the comments I have heard it certainly would appear that Thailand and Thai people generally are not really prepared for Thailand's entry into the ASEAN Economic Community (AEC) which is now only 6 months away. However, some surveys and comments have indicated this is not the case and that Thailand is ready!

This paper tries to explore how Thailand can best or better prepare itself for this imminent change and how it may act after the change occurs, in other words, how can it act to best benefit from the AEC after it comes into existence.

**Keywords:** ASEAN Economic Community, Thailand's Approach to the AEC, Movement of Skilled Labour, English Language, Alleged benefits of the AEC to Member Countries, Innovation in Thailand

### Introduction

From 1<sup>st</sup> January, 2015, the ASEAN Economic Community (AEC) will commence. The theme of this Conference asks "Are we (Thailand) ready for this yet?" As indicated in the *Abstract* most of the literature I have read or conversations I have heard about this topic appear to conclude with the answer that Thailand is not ready yet and nor is it likely to be ready by the opening date. Unfortunately, I have not been able to ascertain the readiness of the other nine ASEAN countries to this event, either. As a guess, an educated one, I hope, my guess is that some of these countries may be somewhat better prepared and others not so.

In Thailand, obviously relevant areas of government are putting in effort to ensure greater readiness but there appears not to be much evidence that most of the private business sector and most Thai people are, at best, taking a "wait-and-see" approach or, perhaps, at present, are either unaware or not concerned about the AEC, even though it may have a significant effect on their working lives, possibly initially or, at least, in the longer term.

Let us look initially at the reasons for the introduction of the AEC

"The Asian Economic Community (AEC) shall be the goal of regional economic integration by 2015.

AEC envisages the following key characteristics: (a) a single market and production base (b) a highly competitive economic region (c) a region of equitable economic development and (d) a region fully integrated into the global economy.

The AEC areas of cooperation include human resources development and capacity building ; recognition of professional qualifications; closer consultation on macroeconomic and financial policies; trade financing measures; external infrastructure and communications

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connectivity; development of electronic transactions through e-ASEAN; integrating industries across the region to promote regional sourcing; and enhancing private sector involvement for the building of the AEC. In short, the AEC will transform ASEAN into a region with free movement of goods, services, investment, skilled labour and free flow of capital". ([www.asian.org/communities/asian/-economic-community](http://www.asian.org/communities/asian/-economic-community))

These are, of course, lofty objectives, and one would not expect all of these objectives to operate together immediately or even in the short term. Indeed, one would expect that it will take several years before one could expect their fulfillment. Perhaps, it will prove to be not even possible to meet the full extent of all objectives, at least, for a long time.

The AEC is somewhat similar to the original common market which developed in Western Europe although whether it will ever develop to an extent that it is similar to the European Union (EU) and the European Monetary System is certainly debatable but, if this does develop, it will be presumably many years away. However, rather like E.U. the AEC will be composed of differing levels of economic development, population size and per capita income, as follows:

Country	Level of Economic Development	Population (2012 est.)	Per Capita Income PPP (IMF 2012, US \$)
Brunei	High	390,000	55,300
Cambodia	Low	14.3 M.	2,400
Indonesia	Moderate	238 M.	5,100
Laos	Low	65 M.	3,100
Malaysia	High Moderate	30 M.	17,200
Myanmar	Very Low	53 M.	1,400
Philippines	Low Moderate	98 M.	4,500
Singapore	High	5.3 M.	60,410
Thailand	Medium Moderate	66 M.	10,300
Vietnam	Low Moderate	89 M.	3,600

We have, perhaps, seen some of the recent economic troubles in Europe with sovereign debt, and while the E.U. and, particularly, the European Monetary System with one currency, the Euro, cannot be directly compared with the AEC, nevertheless, perhaps considerable differences in economic development and per capita incomes could lead to future economic problems in the AEC.

It is extremely difficult to predict AEC GDP growth rates in the two or three years after its inception but a cautious view might be that there might be a similar growth rate to the pre-AEC position in the first few years of the AEC as it would be expected to take some time before the real economic effect of the AEC begins to really become apparent.

Because of the political protests in Thailand in late 2013 and earlier this year, Thailand's economic growth rate for both 2013 and 2014 is likely to be close to zero.

## ASEAN Economic Community (AEC)

### What is Thailand's position?

In the *Nation* on September 1, 2012, there was an early article written by Nophakhun Limsamarnphun about comments made by Supatra Amornvivat entitled "Ready or Not?"

Supatra Amornvivat is the Chief Economist and Executive Vice President of Siam Commercial Bank and the article was talking about her views as to whether Thai companies are ready and prepared to enter the AEC.

In her article, she indicates, "We looked at... those (Thai) companies that have the ability to expand their presence in markets....The leading names include CP Group and Double A" and she talked of "contract farming" of these types of companies as being suitable for expansion in the AEC.

She went on to say "In terms of threats from the advent of the AEC, small and medium-sized enterprises (SMEs) will find it more difficult to go outside the country and compete due to lack of economies of scale the big companies have already sharpened their skills and expanded into foreign markets". (*Nation*, September 1, 2012).

Wannapa Kyaopa writing in the same article, refers to the ASEAN Community Preparation Center at Dhurakijpundit University in Bangkok, and its Director, Visanu Vongsinsrikul, which is working with the Thailand Development Research Institute on the state of preparation of institutions in basic, vocational and higher education in Thailand compared with other AEC countries. (*The Nation*, September 1<sup>st</sup>, 2012).

Also, in 2012, Professor Kriengsak Chareonwongsak wrote about Thailand's readiness for the AEC ([www.Kriengsak.com/asian%20.aec](http://www.Kriengsak.com/asian%20.aec)). I find myself in agreement with Professor Kriengsak's comments.

In his article, he commences by listing Thailand's strengths compared to other member countries. The strengths he lists are:

- 1) Geographic location
- 2) Development level
- 3) Size of the domestic market and land area
- 4) Economic relations with ASEAN
- 5) Association with the global economy.

Of course, some of the other AEC members also have some of these strengths.

Of more relevance to this Conference, however, is what he sees as the weaknesses of Thailand, as follows:

- 1) Lack of understanding and awareness
- 2) Unfamiliar with neighbours
- 3) Some inconvenience in business.

Here he lists "Starting a business", "Receiving credit" and (higher) "business taxation" compared to its neighbours.

- 4) Higher business costs (labour costs)
- 5) Political and administrative problems (e.g., political problems & issues, corruption, poor performance of some government agencies, etc.

Of course, these problems are not restricted only to Thailand and so may also apply, to some extent, in some other AEC countries.

Professor Kriengsak also argues that “Thailand should determine a strategy to cope with AEC inclusion “but this does not appear to have happened in any overall or coordinated manner”.

In February, 2012, also in the *Nation* (February 15, 2012) in an article, Petchanet Pratruagkrai wrote that “*Despite the fast-regional market under the ASEAN Economic Community (AEC), more than half of Thai small and medium-sized enterprises have still not prepared themselves for the challenges of trade liberalization*”. This article refers to a report issued by the University of the Thai Chamber of Commerce (UTCC), released on February 14, 2012, which showed that 57.2 per cent of SMEs across 11 sectors did not understand the benefits of regional integration.

Another report following the UTCC findings ([www.inprintrtrade.com/articles/is-thailand-aec//ready/etc](http://www.inprintrtrade.com/articles/is-thailand-aec//ready/etc)) also indicates some issues and challenges that need to be faced, which are:

- Rise in labor and raw material cost
- Human resources and development
- Lack of testing and R & D centers
- Competition from countries like Indonesia and Myanmar that have attracted major auto parts investors
- More “green” automobile projects
- Safety issues-UN/ECE regulations

This article also refers to the Thai agricultural sector and appears to argue that the opportunities are likely to outweigh the costs and problems, but not everyone would agree with this view.

## Other Important Issues

### Education

In the *Nation* on May 30, 1912, there is an article entitled “*Education agency to spend most on AEC readiness*” (*Nation*, May 30, 2013)

This refers to the Thai government budget expenditure on readiness for the AEC.

The article says that “Prime Minister Yingluck Shinawatra said preparation for the AEC was one of eight strategies planned for next year (2014). A total of Bt 145 billion is allocated for the purpose”. The article also referred to substantial expenditure in the Thai public university sector to prepare for AEC entry.

A potentially major problem for Thailand is the relative lack of English language in Thailand, even though Thai children learn English as a second language from elementary school, high school and at university level, usually as a compulsory subject. English is, of course, the official language of the AEC.

However, the English proficiency of Thai citizens is still considered to be very low.

This is clearly indicated by EF English Proficiency Index ([www.ef.co.th/.../media/efcom/epi/2012/full\\_reports/ef-epi-2012-report-master-Ir-2](http://www.ef.co.th/.../media/efcom/epi/2012/full_reports/ef-epi-2012-report-master-Ir-2))

The English Proficiency Index, the world’s largest English language training index survey, ranked Thailand as 53<sup>rd</sup> out of 54 countries in 2012. The mean TOEFL score for the Thai test takers was lower than the average score (550) for Asian countries (from 2007-2012. The average TOEFL scores of Thai students ranked between 485 and 500 between 2007-2012. It has been found by some academics and scholars that Thai students’ failure to achieve

an acceptable level of English language results from their lack of knowledge of how to learn by themselves because they are not taught in schools, how to do so! This was pointed out as early as 1990 by Dhanarattigannon (1990). One has only to look at the website for teaching English in Thailand, to be aware of many of the issues and problems of English teaching.

Accordingly, it is important to seek a solution in order to improve English proficiency among Thai learners.

In a report on ASEAN education levels, as part of the World Economic Forum in September, 2013, Thailand was ranked in 8<sup>th</sup> place out of the ten AEC countries with only Myanmar and Cambodia being ranked lower. While some (including myself) have argued about the validity of the findings of the survey which indicated this poor result for Thailand, it nevertheless indicates significant problems in the Thai education system. ([www.bangkokpost.com/breakingnews/thais-fail-in-wef-education-report](http://www.bangkokpost.com/breakingnews/thais-fail-in-wef-education-report))

In her article published in the 2013 issue of the Thailand HR Journal (article published in Thai language), “Thai Engineers Readiness to cope with the free flow of Skilled Labour in the ASEAN Economic Community”, Nongnuch Joungtrakul discusses the problem of the relatively poor English language skills in the Thai engineering sector especially as Engineering is in the first group of professional skills which will have free movement within the AEC.

The PISA Index (Programme for International Student Assessment) attempts to measure the skills of 15 year olds in Maths, Reading, and Science. This index is produced by the OECD. Interestingly, in 2012, the place with the top assessment is Shanghai, China, with scores of 613/570/580. The average scores were 491/496/501.

Singapore was second with 573/542/551, while Thailand was 50<sup>th</sup> with scores of 427/438/438. Other scores of interest were Malaysia (52<sup>nd</sup>) with 421/425/424, and Indonesia, (64<sup>th</sup>) with 375/382/388. No other AEC countries were included in this index (which may indicate that they are likely to be lower than the 74 countries included in the index. Another interesting aspect is the score of the USA which only came in at 36<sup>th</sup> with scores of 481/498/497.

So there are many shortcomings in the Thai Education System.

As indicated, the English language which, as indicated, is to be the official language of the AEC, is still a major deficiency on the part of a large proportion of the Thai population.

Unfortunately, however, this deficiency does not only apply to the population as a whole but also to many professionally educated sectors of the Thai economy.

## Culture

As in the European Union (EU), there are significant differences in the cultures of the ten ASEAN countries joining to form the AEC, however, it is considered that cultural differences are unlikely to cause insuperable difficulties within the AEC.

Although there are obviously differences, particularly in such areas of language and religion, all member countries have a Southeast Asian heritage where many of the value systems are similar.

I do not think that cultural differences are likely to prove to be a major problem within the AEC.

However, I have written of the cultural differences associated with western and eastern values and also of Thai values.

Ulrich (2013) summarizes the major difference between Western and Eastern cultures as follows:

**Table 1** Western and Eastern Values

	<b>Western</b>	<b>Eastern</b>
Time horizon	Short term; how	Long term; future
Strategy	Leading to allocation of resources today	Leading to positioning the firm for the future
Management philosophy	Management by objectives	Management by shared mindset
Decision making	Fast to decide longer to sell and implement	Slow to decide quick to implement
Accountability	Personalized and focused on "I"	Shared and focused on "we"
Work	Linear and focused on the task at hand	Cyclical and focused on the context in which work is done
Career orientation	Generalist	Specialist
Rewards	High pay gap between senior executives and lower employees; Pay often based on performance	Lower pay gap between senior executives and lower employees; Pay often based on tenure and position
Leadership philosophy	Hands on, walking ahead of people "Leadership is done from in front. Never ask others to do what you, if challenged, would not be willing to do yourself." - Xenophan	Hands off, walking behind people ""In order to guide people, the leader must put himself behind them. Thus when he is ahead they feel no hurt." - Lao Tzu
Philosophical schools	Christianity	Buddhism, Confucianism, Hinduism, Integral Yoga, Islam, Taoism, Zen

However, to be more precise, Thailand, of course, has its own cultural characteristics and these are summarized in Table 2 (Joungtrakul and Teparagul, 2011: 135-152):

**Table 2** Description of Thai Values

1	Bunkhun	It is the concept of gratitude or repaying of favour with favour (Komin 1990). It is instilled in the Thai people deeply and is quite difficult to change. For example, some employers claim that to hire labour is to render ‘Bunkhun’ in the form of income to employees (piriyarangsan, 1989).
2	Kreng Jai	This is the concept of being “considerate.” Komin (1990) asserts that this concept underlies a significant portion of everyday interpersonal behavioral patterns of Thais. Its closest meaning is “to be considerate, to feel reluctant to impose upon another person, to take another person’s feelings (and ‘ego’) into account, or to take every measure not to cause discomfort or inconvenience for another person” (pp. 161-162).
3	Compromising	Thais are compromising in nature and it is one of the strengths of the Thai people. They practice this concept in their daily lives and the phrase of ‘meeting half-way’ is understandable by Thais (Joungtrakul, 2009).
4	Work and personal relationships	In Thailand the success of dealing with others no matter if it is in a public or private organization depends on who you know and not what or how good you do. Creating connections and networking are very important in Thailand.
5	Face-saving	It is an expression of the top concern for “ego” (Komin 1990). Whenever there is any problem to be solved “that would directly or indirectly involve persons, the first criterion to consider is saving ‘face’ (the ‘ego’) of the persons involved” (p. 160). The Thai would usually find “indirect ways to soften a negative message. Most important is to avoid public confrontation, regardless of whether it involves an inferior, an equal or worse still, a superior” (p.160). To make a person “lose ‘face,’ regardless of rank, is to be avoided at all costs” (p.160).
6	Helping each other	The helping mind is instilled in Thai people and they help each other without expecting any return or any compensation. At the same time, the person who receives help will feel indebted to the helper and he will remember that and try to repay or return the favour at a later date.
7	Criticism avoidance	According to (Komin 1990), it reflects that Thais are very ‘ego’ oriented, to the extent that it is very difficult for ... Thais to dissociate one’s ideas and opinion from the ‘ego’ self. This is why strong criticism to the expressed idea is often automatically taken as criticism of the person holding those ideas. (p.160)

### Innovation Issues for Thailand

To take the fullest possible advantage of membership of the AEC, Thailand needs to substantially upgrade its level of innovation.

Most reports appear to grade Thailand as rather low on the innovation scale.

Frederico Gil Sander of the World Bank, who has lived in Thailand for some years, has researched and referred to innovation in Thailand. He has identified the following issues and problems:

(1) The complexity of products made in Thailand has increased dramatically over the past 30 years.

(2) However, it is the sophistication of tasks, not products, that is important. Tasks have tended to become simpler or remained simple in Thai industry even as products themselves have often become more complex. Simple tasks do not add much to the value chain or improve the overall quality of labor performed.

(3) Most product innovations in Thailand have come from parent organizations overseas and sometimes from subsidiaries in other countries.

(4) Moving up the value chain means getting Thai workers to perform more complex tasks.

(5) He asks, what is constraining innovation in Thailand? In answer to this question, he says that Research and Development (R & D) is a key aspect of innovation, but that Thailand is lagging behind. He says that this is where innovation comes in or should come in.

(6) He is highly critical of the Thai education system at all levels. (See my earlier comments on this). ([www.worldbank.org/en/about/people/frederico-gil-sander](http://www.worldbank.org/en/about/people/frederico-gil-sander))

The World Bank Report (2012), “*Putting education to work*” indicated a number of problems, particularly in relation to higher education and its relationship with industrial innovation. This Report indicated five “disconnects” as follows:

- A gap between higher education institutions and the skill needs of employers,
- A weak research and technology nexus between higher education and companies,
- A separation between teaching and research institutions (or more generally teaching and research functions),
- A disconnect among higher education themselves and between the institutions and training providers),
- A separation between higher education institutions and earlier institutions (Schools).

Of course, this report was not only concerned with Thailand but covered all East Asian countries.

Also, in a number of places in the Report, it specifically mentioned the role of higher education in innovation and again, considered that closer relationships between higher education and industry would contribute significantly in industry innovation.

It would, of course, be quite wrong to say there is no innovation occurring in Thailand. In some industries or business sectors, significant innovation may have occurred or is occurring, including medical and dental tourism, in the fashion industry, where Thai materials and Thai designers appear to be up with some of the best in the world, in the gems and jewelry industry, where again Thai quality and Thai designs appear to be internationally recognized, in Thai cuisine which has achieved worldwide fame. Thailand also appears to perform well in logistics, although most of the firms are international rather than Thai. Obviously, also some Thai companies such as the CP Group, Siam Cement and Double A (copying paper) appear to be innovative and competitive.

Richard Doner has written some interesting material on innovation in Thailand and in some other Southeast Asian and other developing economies.

In his book, *The Politics of Uneven Development* (2009), he proposes an interesting political explanation for the uneven nature of Thai economic development. He argues that

Thailand has succeeded well at diversifying its economy but not in the particular difficulties of upgrading (increasing value added with high efficiency and local linkages). He emphasizes the particular difficulties of upgrading and Thailand's lack of institutional capabilities to address such difficulties. These institutional weaknesses, he says, reflect two sets of conditions; the large number of veto players and political interests with the ability to block reform, and the lack of structural pressure on government leaders, especially from local business and labor, to undertake needed reforms. His book concludes with a rather pessimistic view of the country's capacity for sustainable growth.

This is an interesting and somewhat different viewpoint from views expressed from other scholars and researchers and certainly requires further investigation and comment.

George Abonyi is a visiting professor in the School of Public Administration at the Maxwell School of Syracuse University, New York, and Senior Advisor, Fiscal Policy Research Institute, Ministry of Finance, Thailand. In his paper, "*The Emerging ASEAN Community (AEC), 2015, in the wider region and global economy-A Micro View (2012)*", he concludes his remarks by saying, "*East Asia including the emerging ASEAN Economic Community, present significant growth opportunities over the longer term. However, consumer needs and constraints in these markets are different than those of developed economies. The challenge is not simply exporting, but strengthening market-responsive innovation to take advantage of particular opportunities in emerging ASEAN markets. This implies the need to invest in innovation along the full value chain. For small and medium-scale enterprises (SMEs) for emerging Asia the absorption of proven knowledge and technology, adapted to market demand, may provide the most reliable route to commercially viable innovation for emerging markets.*"

## Corruption

"Corruption is a crucial problem causing a wider impact which affects the economy, social issues, and national security" (Teparakul, 2013: 89).

Teparakul (2013: 110) goes on to write about the Thai government's efforts to reduce corruption, however, he concludes that "Corruption is currently a national social problem that affects the country's development in all areas".

In the 2012 Corruption Transparency list issued by Transparency International the transparency of the ASEAN countries was indicated as follows (out of 176 countries):

Singapore 5<sup>th</sup>  
Brunei 46<sup>th</sup>  
Malaysia 49<sup>th</sup>  
Thailand 88<sup>th</sup>  
Philippines 105<sup>th</sup>  
Indonesia 118<sup>th</sup>  
Vietnam, 123<sup>rd</sup>  
Cambodia 157<sup>th</sup>  
Laos 160<sup>th</sup>  
Myanmar 172<sup>nd</sup>

So it can be seen that Corruption is a significant problem in many of the ASEAN countries.

(It should be noted that in the 2003 index, Thailand's 'score' was 70 out of 130 countries, so corruption is still regarded as high in Thailand).

It should also be noted that allegedly the main reason for the political protests is the level of corruption in or fostered by the present Thai government.

## Poverty

Thailand has had considerable success over the last decade or more in significantly reducing its level of poverty.

The level of poverty in 2002 was 30.64 percent but by 2011, this had been reduced to 13.15 percent. This is, of course, very substantial improvement but the government and other concerned agencies cannot rest on its laurels but must continue in its efforts to further reduce poverty.

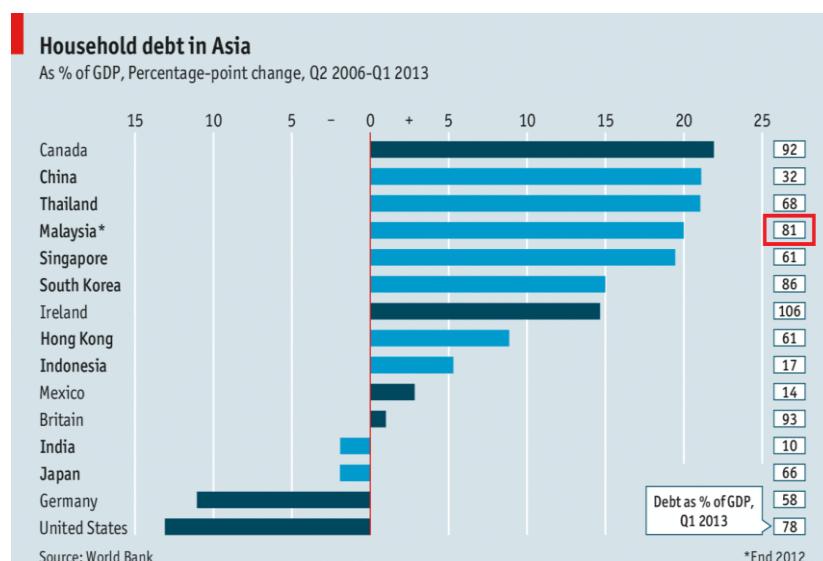
The greatest alleged cause (approximately one-third) is lack of appropriate education. A poverty level still exceeding over 10 percent of the Thai population is, of course, unacceptable. (Teparakul, 2013).

## The Thai Economy

Up to late 2013, the Thai economy had continued to perform at a reasonably satisfactory level, but this decreased during the renewed political unrest of late last year and early this year. As indicated, as a result of these protests, Thailand's economic growth rate diminished in 2013 and may even become negative in 2014. In addition, it appears as if there is and may continue to be a significant downturn in Thailand's inbound tourist industry, one of the largest contributors to Thailand's export revenue. Hopefully, this downturn might only be of temporary duration but if political uncertainty and instability continue, further declines in tourist numbers, trade and FDI may result.

Some authorities or commentators have also been predicting the development of another "bubble" economy with the value of the baht falling significantly against the U.S. dollar. (See for example, Forbes, 2013)

The household debt level in Thailand is now one of the highest in the world, considerably higher than that for the other Southeast Asian countries. Indeed, this debt situation is not unlike the situation in Thailand preceding the 1997 Asian Economic Crisis.



**Figure 1 Household Debt in Thailand**

Source: World Bank (2013)

### **Political Instability and Uncertainty**

I have already indicated the political protests which began in November 2013 and extended into this year.

As a foreigner living in Thailand, I do not intend to make any judgment about the rights or wrongs of the protests themselves. Nevertheless, they obviously have some negative effects on Thailand's international political reputation, and, as I indicated earlier, are having a negative impact on its GDP, FDI, Trade and tourist industry.

Let us hope that such negative effects do not continue to apply for a lengthy period. (Wikipedia, 2013a)

### **Political Insurgency in Southern Thailand**

The insurgency in Southern Thailand is an ethnic separatist insurgency.

It mainly occurs in the Malay Pattani Region, made up southernmost provinces of Thailand.

Although a low level separatist violence has occurred in the region for decades, the campaign escalated in 2004, occasionally spilling over to other provinces and perhaps, even to Bangkok itself.

In July, 2005, Thaksin Shinawatra, then Prime Minister of Thailand, assumed wide ranging emergency powers to try to deal with the insurgency.

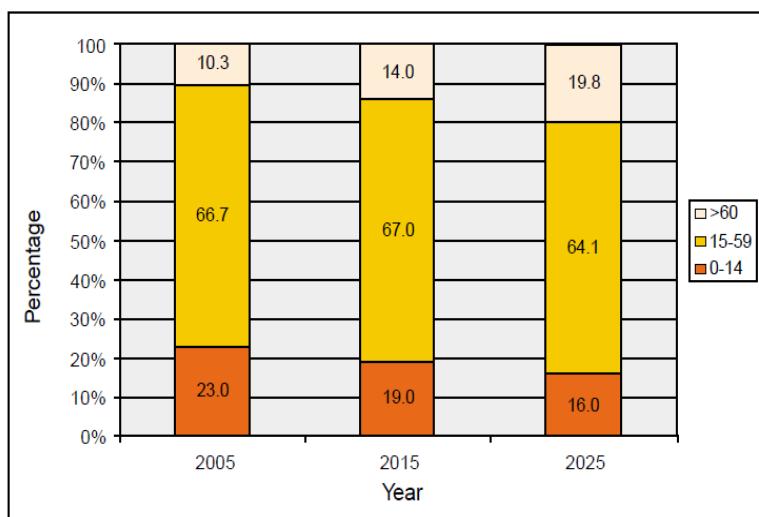
Despite relatively little progress in curbing the violence in Southern Thailand, the insurgency has continued and even intensified and by 2007, several thousand persons have lost their lives as a result. Often violence has been directed at schools and police stations.

This is likely to continue as a significant social and political problem although, more recently, it has been overwhelmed by political problems and unrest over the whole of Thailand. (Wikipedia, 2013b)

### **An Aging Population**

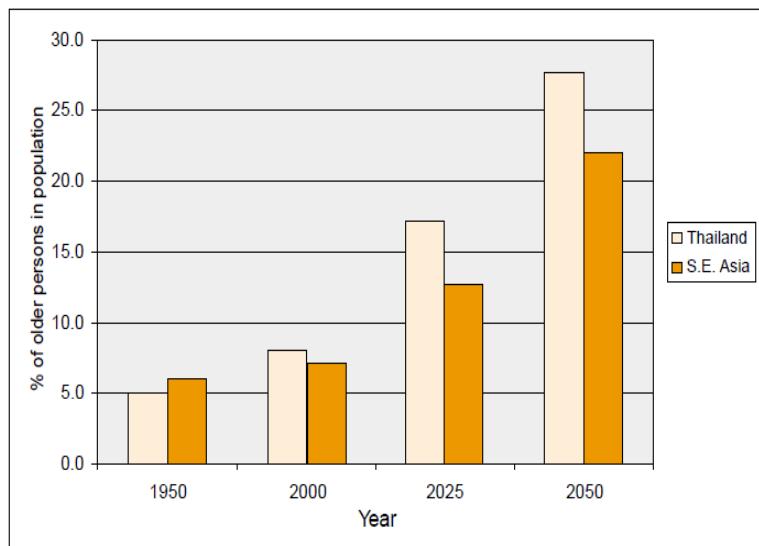
An aging population is defined as the increasing proportion of older persons (60 years and older) in the total population.

“The potential of older persons is a powerful basis for future development. This enables society to rely increasingly on the skills, experiences and wisdom of older persons, not only to take the lead in their own betterment but also to participate actively in that of society as a whole”, ARTICLE 10 of the *Political Declaration of the Second World Assembly on Aging*, 2012, in Madrid, Spain”



**Figure 2** Aging Population Thailand: Older Dependents Outnumber Younger Workers

Source: Institute for Population and Social Research, Mahidol University (2006)



**Figure 3** Thailand is Aging Faster than Others in South-East Asia

Source: Institute for Population and Social Research, Mahidol University, (2006) and United Nations (2002)

Indeed, some authors have indicated that an aging population in Thailand threatens its productivity and development (Fujioka and Thangphet, 2009; Kalampakorn et al, 2009).

### Bangkok, a City Built on Water

Bangkok is situated only two meters above sea level and, as a result, sometimes suffers from floods in or as a result of the monsoon season.

It is regarded as 'sinking' at a rate of up to 10 centimeters each year.

In order to tackle this problem, the government has initiated a 5-10 year plan to build a dike around the city and refill Bangkok's water table, which, it is hoped will stop the sinking process.

With all the recent political unrest, I do know what progress has been or is being made with this project.

In the 1950s, a decision was made to fill in most of the canals (klongs) to make roads and this caused the ‘sinking’ problem. ([www.hiddenjourneys.co.uk/etc.](http://www.hiddenjourneys.co.uk/etc.))

## Conclusion

I have attempted to outline the major problems and difficulties which Thailand may face now or in the future. Some are directly related with Thailand’s entry into the AEC, others are not.

I think I can say that I do not consider that Thailand is particularly ready for entry into the AEC. As indicated, there are many areas of concern which need to be addressed.

However, it is also likely that many of the other AEC countries will have their own issues and problems which need to be addressed and overcome.

The problems and issues I have indicated all relate to all relate to internal matters or issues within Thailand itself. I have not attempted to discuss any external problems coming from outside.

I sincerely hope that Thailand will benefit from the development of the AEC. However, as indicated, there are a number of problems and difficulties which Thailand needs to address or resolve. In particular, Thailand’s education system needs substantial review and modification for it to achieve its greatest potential benefit from entry into the AEC.

Much greater attention needs also to be given to innovation in Thailand.

Great care also needs to be taken by the Thai government and the Thai banking authorities in trying to effectively manage the Thai economy and also Thai debt levels, to try to avoid the development of another “bubble” economy.

In the longer term (but not-too-long term), Thailand will also have to deal with an aging population, as will many other countries.

These are all important issues which Thailand faces or will have to face but I am conservatively hopeful if not completely confident that Thailand can and will address them. As a top priority, of course, is the stabilization of its political system and some other issues which require immediate and constant attention, such as the political, education and economic issues, and improvement in English language skills.

However, Thailand’s geography, its central position in Southeast Asia, and the skills, competencies and adaptability and the hard work of its human resources, may all, I trust, help it to overcome these problems and difficulties over time.

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