

# Thailand's Economic Survival Strategies Post COVID-19

**Kan Trakulhoon**

Director  
SCG

Wed., Mar. 17, 2021

09.00-12.00hr

National Defence Studies Institute



# COVID-19 Situation

# Impact from COVID-19

**268,205,245**

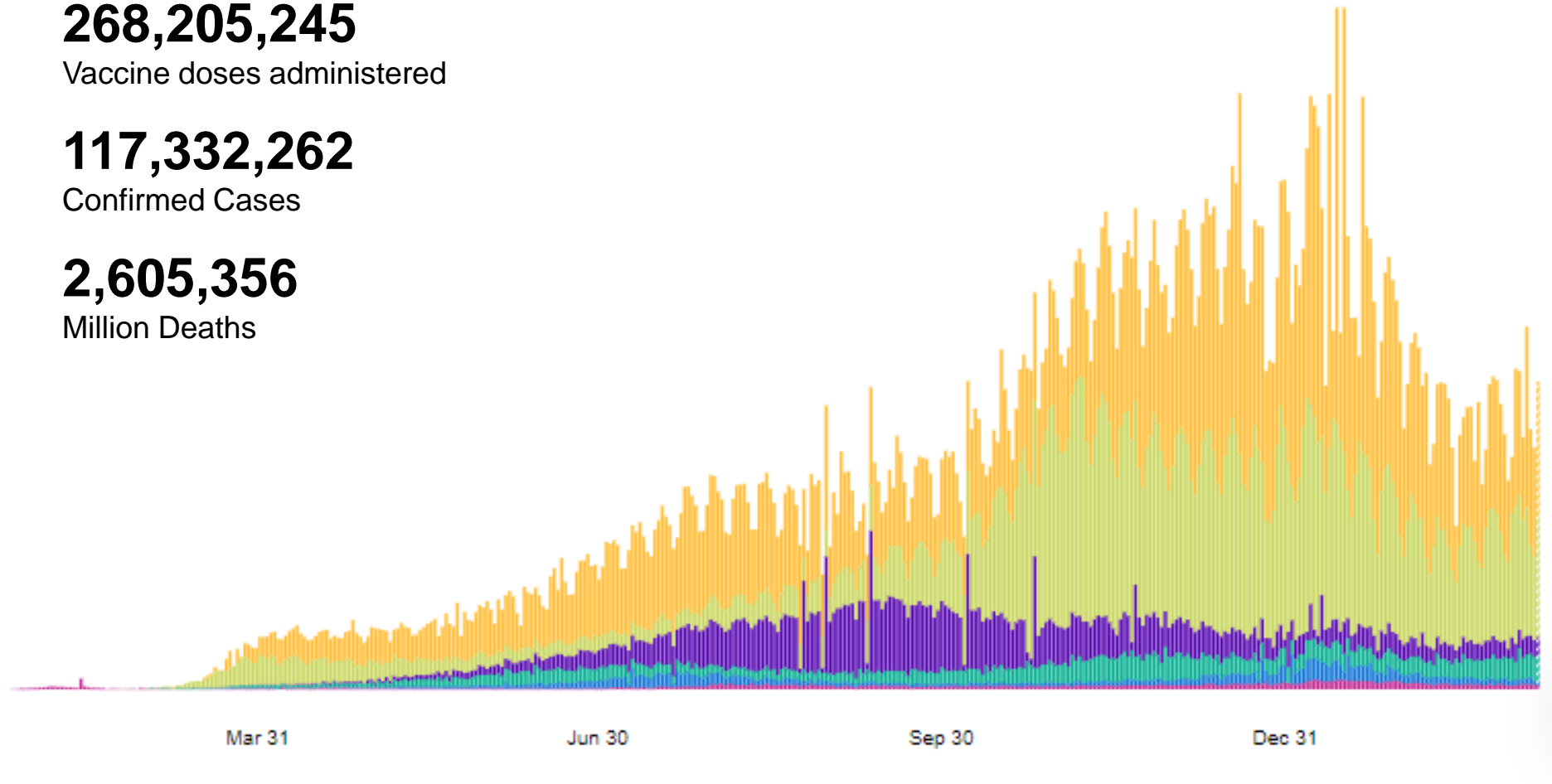
Vaccine doses administered

**117,332,262**

Confirmed Cases

**2,605,356**

Million Deaths



Sources: WHO, Information as of 8 March 2021



# COVID-19 Vaccine

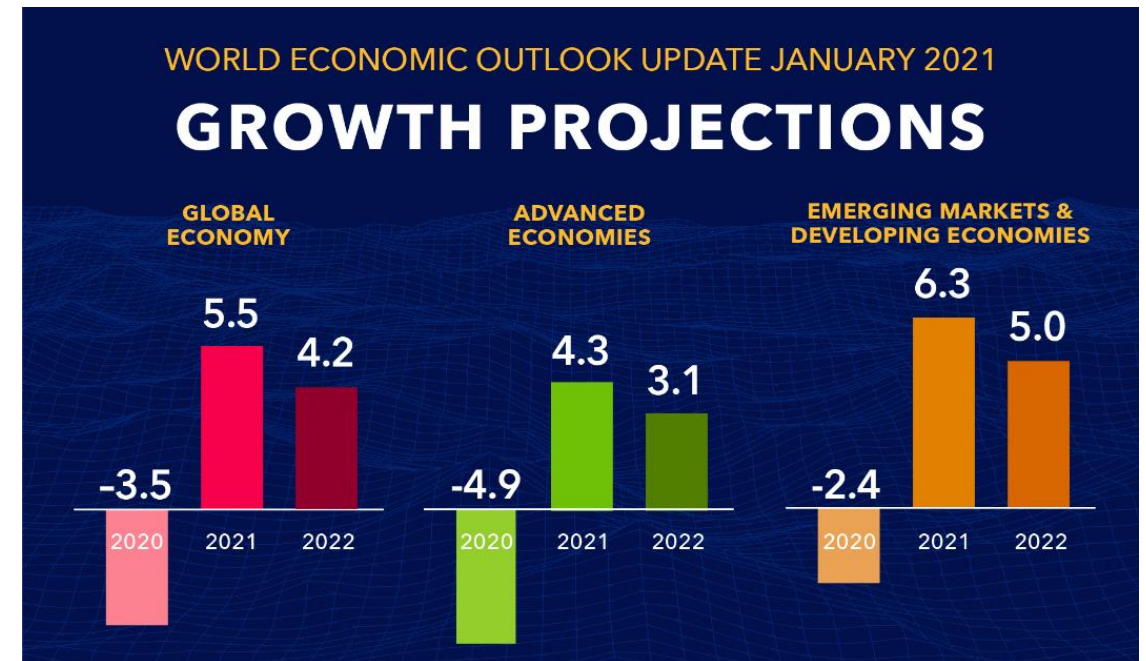


- TDRI estimated that Thailand's government will be able to vaccinate all Thai people by the end of 2022.
- While all citizens in developed countries will get the vaccine by the end of 2021

# Impact to Global Economy

(real GDP, annual percent change)	ESTIMATE	PROJECTIONS	
	2020	2021	2022
<b>World Output</b>	<b>-3.5</b>	<b>5.5</b>	<b>4.2</b>
<b>Advanced Economies</b>	<b>-4.9</b>	<b>4.3</b>	<b>3.1</b>
United States	-3.4	5.1	2.5
Euro Area	-7.2	4.2	3.6
Germany	-5.4	3.5	3.1
France	-9.0	5.5	4.1
Italy	-9.2	3.0	3.6
Spain	-11.1	5.9	4.7
Japan	-5.1	3.1	2.4
United Kingdom	-10.0	4.5	5.0
Canada	-5.5	3.6	4.1
Other Advanced Economies	-2.5	3.6	3.1
<b>Emerging Markets and Developing Economies</b>	<b>-2.4</b>	<b>6.3</b>	<b>5.0</b>
<b>Emerging and Developing Asia</b>	<b>-1.1</b>	<b>8.3</b>	<b>5.9</b>
China	2.3	8.1	5.6
India	-8.0	11.5	6.8
ASEAN-5	-3.7	5.2	6.0
<b>Emerging and Developing Europe</b>	<b>-2.8</b>	<b>4.0</b>	<b>3.9</b>
Russia	-3.6	3.0	3.9
<b>Latin America and the Caribbean</b>	<b>-7.4</b>	<b>4.1</b>	<b>2.9</b>
Brazil	-4.5	3.6	2.6
Mexico	-8.5	4.3	2.5
<b>Middle East and Central Asia</b>	<b>-3.2</b>	<b>3.0</b>	<b>4.2</b>
Saudi Arabia	-3.9	2.6	4.0
<b>Sub-Saharan Africa</b>	<b>-2.6</b>	<b>3.2</b>	<b>3.9</b>
Nigeria	-3.2	1.5	2.5
South Africa	-7.5	2.8	1.4

- Global GDP has fallen by 3.5% in 2020 and projected to grow 5.5 percent in 2021 and 4.2 percent in 2022.
- The rate at which countries recover depends on how quickly they are able to bring the virus under control and timing of vaccine.



Sources: IMF

# Thailand's Economy

The recovery going forward depends on the COVID-19 situation and containment measures in the near term, as well as the resurgence of foreign tourist in the period ahead.

## External Factors

- + Gradual recovery led by huge stimulus measures
- + Regionalization and ASEAN dynamism
- Rising COVID-19 infections worldwide
- Crisis legacies such as unemployment and debt

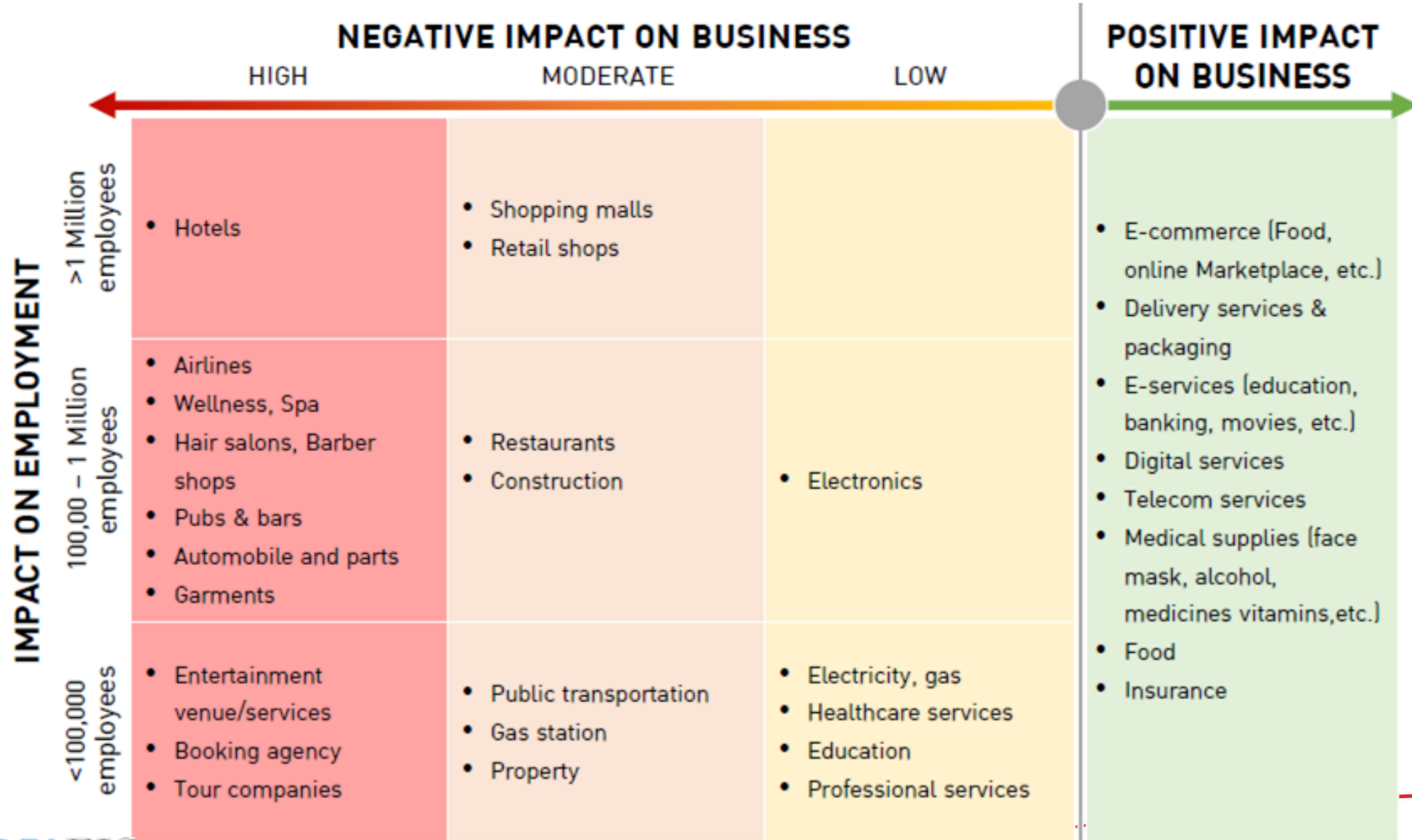
## Domestic Factors

- + Domestic policy supports
- + Infrastructure investment
- Rising domestic political tension
- High-reliance on tourism sector leaves substantial damage on domestic businesses, jobs and income
- Rising private and public debts
- Crisis legacies worsened by further travel restrictions
- Trade protectionism, US reducing GSP benefits
- Risk of drought

(% YoY)	2019	2020 <sup>E</sup>		2021 <sup>E</sup>		2022 <sup>E</sup>
		Sep 63	Dec 63	Sep 63	Dec 63	Dec 63
GDP Growth	2.4	-7.8	-6.6	3.6	3.2	4.8
- Private Consumption	4.5	-3.5	-1.4	2.0	2.8	3.0
- Private Investment	2.8	-11.4	-9.9	4.2	4.9	5.0
- Government Consumption	1.4	3.4	2.5	5.1	5.1	1.0
- Government Investment	0.2	8.8	10.0	11.4	7.9	0.2
- Exports of Goods and Services	-2.6	-21.2	-20.2	4.3	3.6	12.3
- Imports of Goods and Services	-4.4	-16.6	-14.3	4.4	5.0	7.5
Current Account (Billion USD)	38.2	14.0	16.2	14.6	11.6	29.1
- Value of Merchandise Exports	-3.3	-8.2	-7.4	4.5	5.7	5.0
- Value of Merchandise Imports	-5.6	-13.7	-14.1	4.4	7.7	6.7
Headline Inflation	0.7	-0.9	-0.9	1.0	1.0	1.0
Core Inflation	0.5	0.3	0.3	0.2	0.3	0.4
Assumptions						
- Number of Tourists (Million)	39.9	6.7	6.7	9.0	5.5	23.0
- Dubai Oil Price (USD/Barrel)	63.5	41.5	41.7	45.8	47.3	51.5



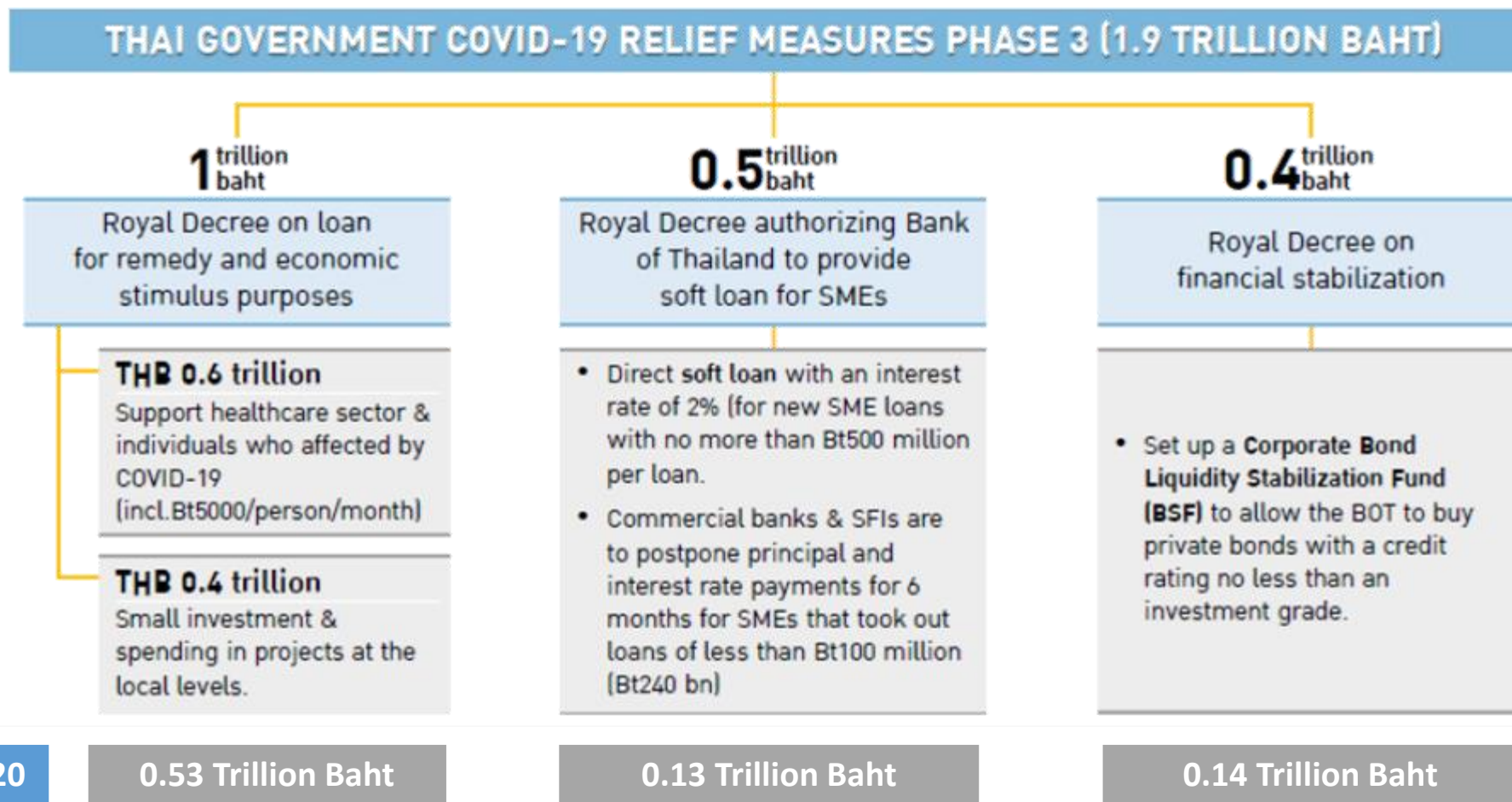
# Which Businesses Affected Most by Lockdown



Sources: TDRI·EIS

# Government relief measures add up to 6% of GDP

- Currently, public debt to GDP is 48%; there is room for further government borrowing of up to 60% of GDP or another Bt2 trillion, if needed.



Sources: **TDRI·EIS**, BOT



# **New Normal Trends Post COVID-19**

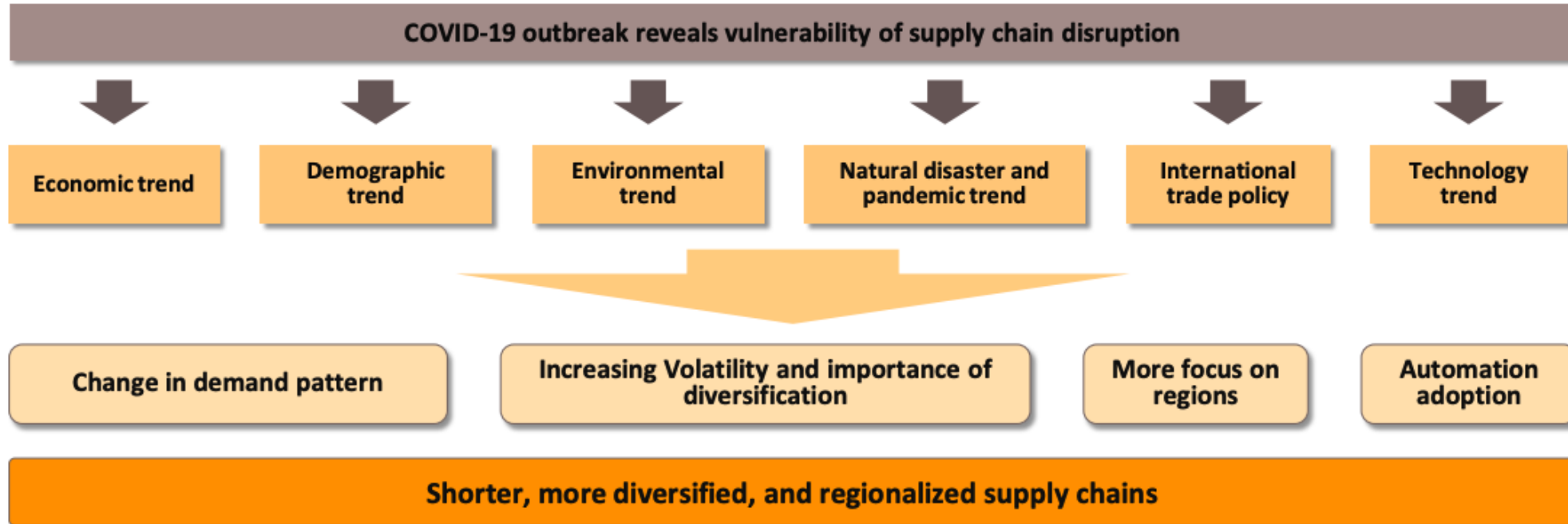
# Deglobalization

**COVID-19 pandemic is driving the world economy to retreat from global economic integration. National security and public health concerns are providing new rationales for protectionism.**



# Supply Chain Relocation

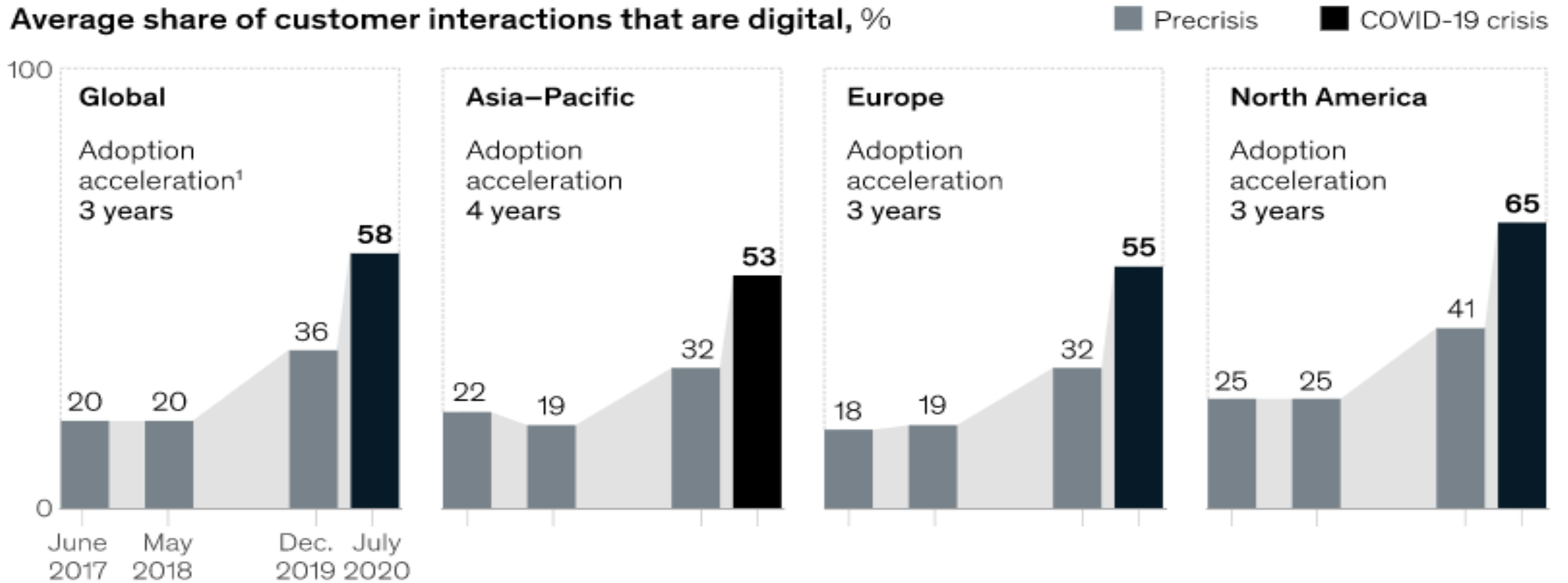
Global value chain would change from lengthening to shorter chain, from taking advantage of expertise and geographical concentration to more diversification, and from globalization to regionalization.





# The Rise of Online Platform

During the pandemic, consumers have moved dramatically toward online channels, and companies and industries have responded in turn, according to the survey from McKinsey.



Sources: McKinsey & Company

# E-Commerce

E-Commerce uses and streaming subscription increase after the COVID-19



15.77

Million new paid  
subscribers  
globally



Shopee

479%

Increase in  
number of uses  
in Thailand



122%

Increase in  
number of uses  
in Thailand



100%

Increase in  
courier average  
income in  
Thailand

Sources: BOI

# Hybrid Workplace

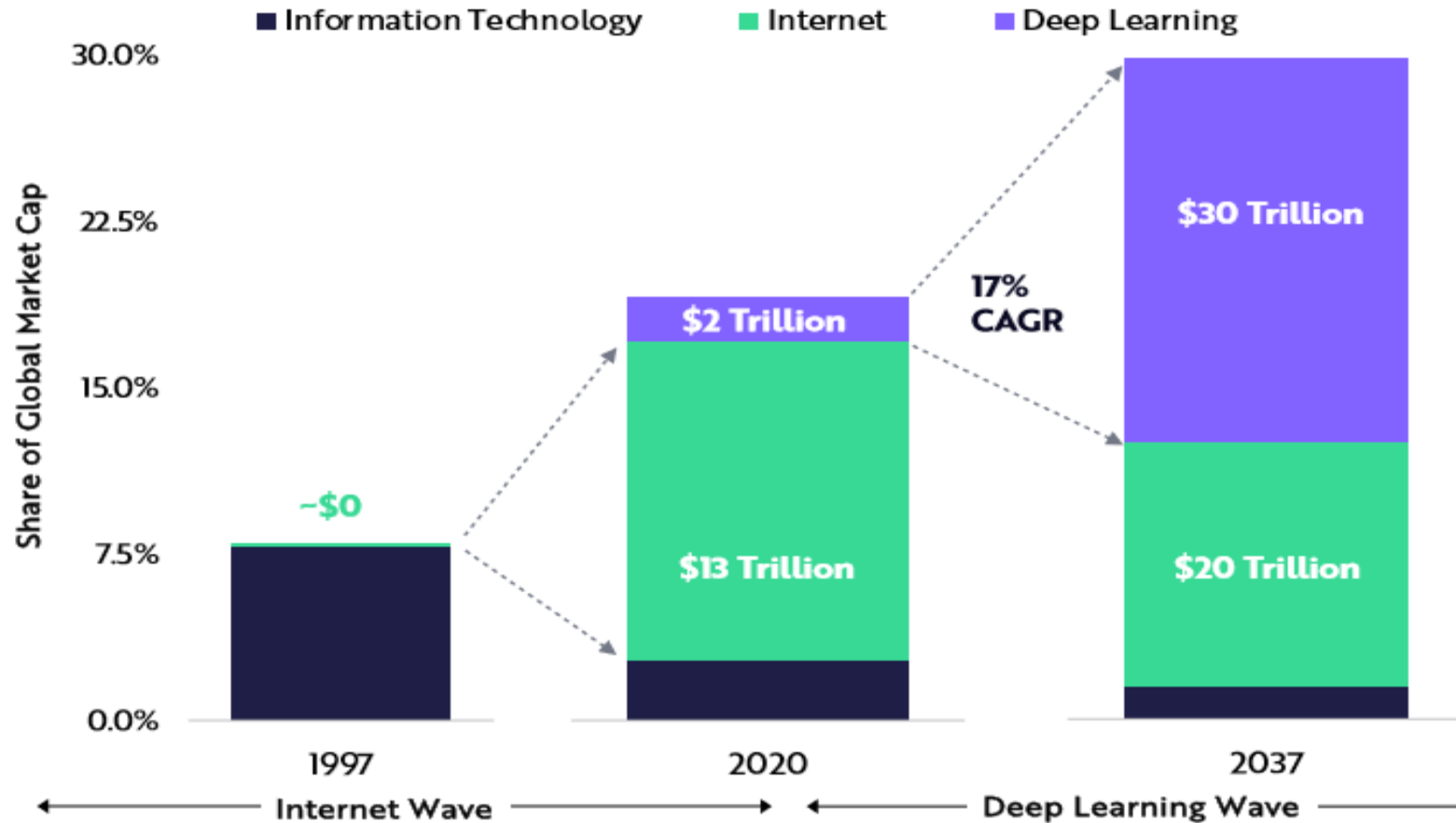
The purpose of the office has shifted from the place to do work to place to collaborate, create, and build relationships.





# AI and Deep Learning

AI is the breakthrough technology that is creating the next generation of computing platforms that can revolutionize every industry and could create more economic value than the internet did in the last decade.



Sources: ARK Investment Management

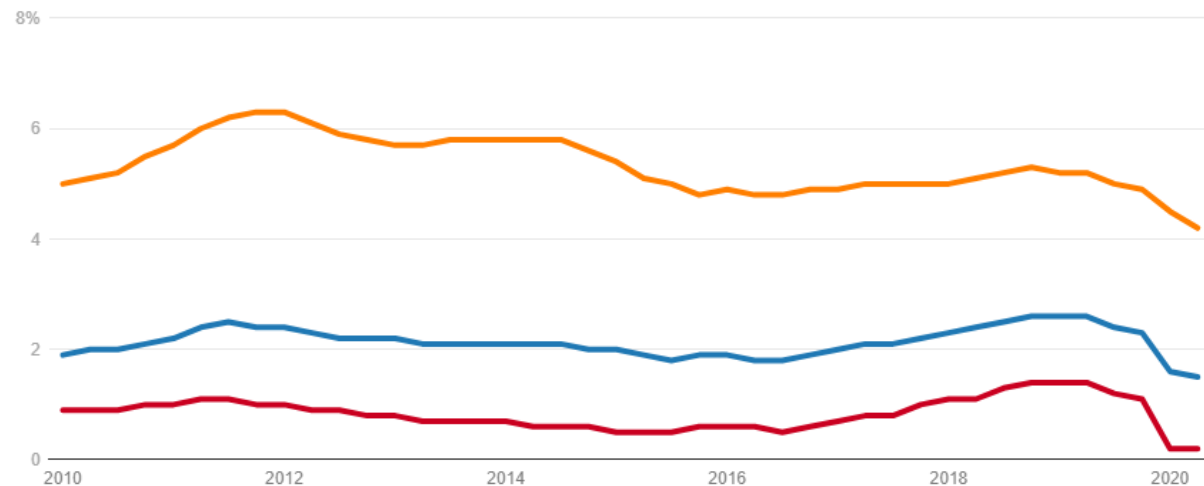
# High Debt & Low Interest Rate

Unprecedented fiscal stimulus has triggered a steep increase in debt, while recorded low interest rates may mitigate some of the potential risks posed by elevated debt levels until the rate start rising again.

## Policy rates

Percent

— World — Advanced economies — Emerging market and developing economies



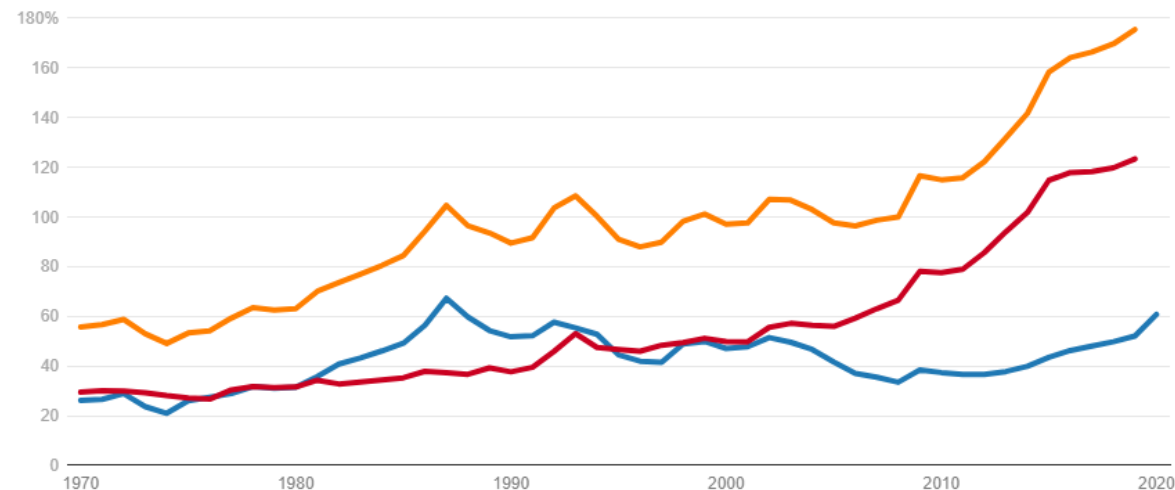
Quarterly nominal policy rates. Aggregates are calculated using real GDP in U.S. dollars as a weight. Sample includes 123 countries, consisting of 36 advanced economies and 87 emerging market and developing economies. Last observation is 2020Q2.

Source: Bank for International Settlements; Haver Analytics; National Sources; World Bank. • [Embed this chart](#) • [Download image](#)

## Debt in emerging market and developing economies

Percent of GDP

— Government — Private — Total

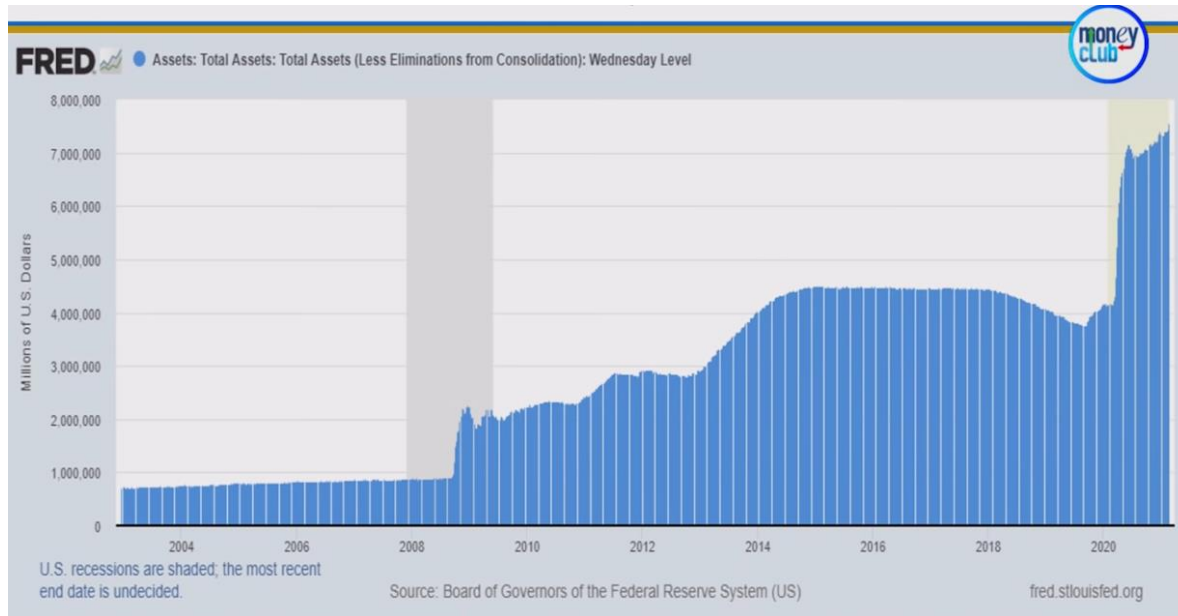


Aggregates are calculated using current GDP in U.S. dollars as a weight, based on data for up to 182 countries, including up to 145 EMDEs. Data for 2020 are estimates.

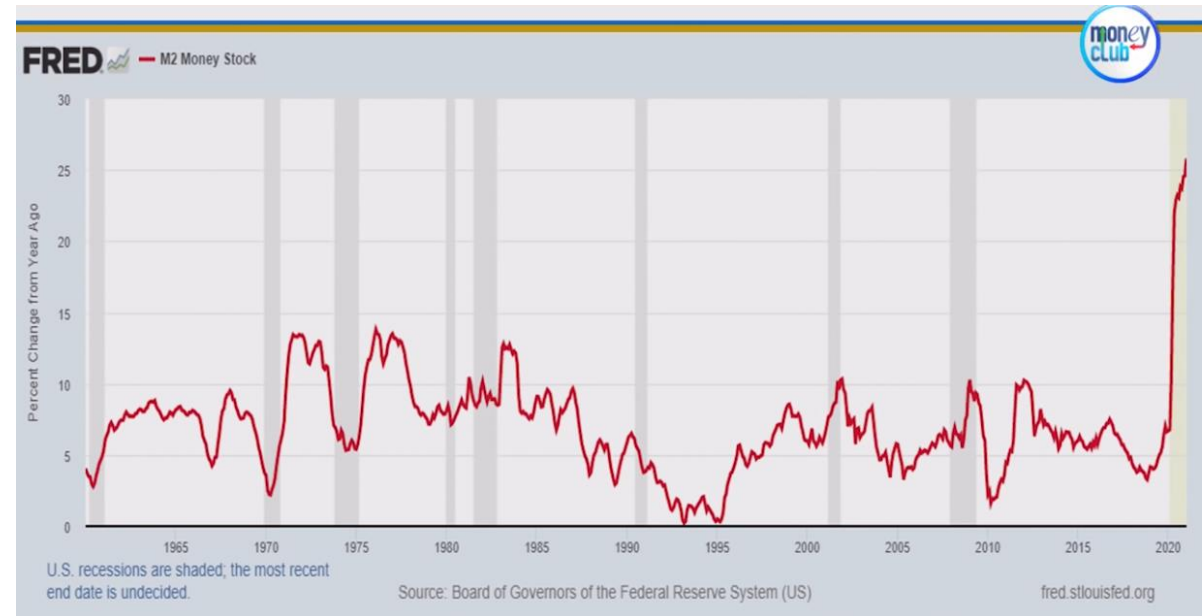
Source: International Monetary Fund; Kose et al. (2020); World Bank. • [Embed this chart](#) • [Download image](#)

# High Debt & Low Interest Rate

## FED's Balance Sheet



## US's M2 Money Stock

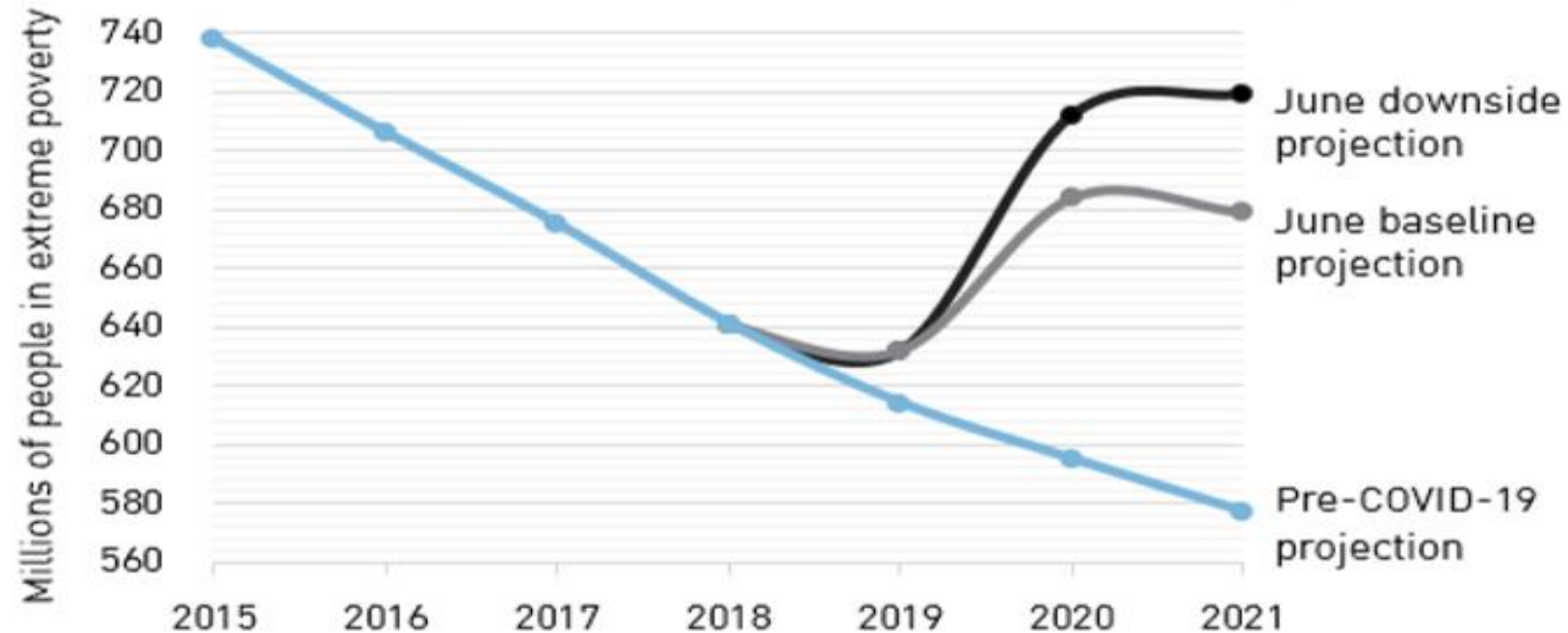




# Inequality

The COVID-19 pandemic is estimated to push an additional 88-115 million people into extreme poverty in 2020, with the total rising to as many as 150 million by 2021.

**COVID-19 added millions into extreme poverty globally**



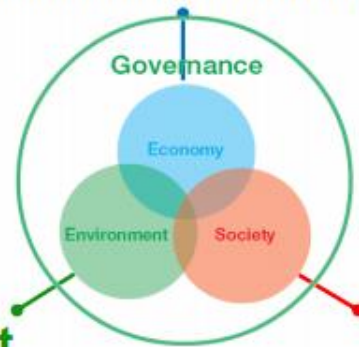
Sources: World bank, TDR

Environmental, social and governance investing gained huge momentum in 2020 and appears poised to continue growing in 2021

## Balance Triple Bottom Lines (tangible and intangible capitals)

### Growing Economy

Create values not exclusively for profitability,  
but create mutual benefits for all stakeholders

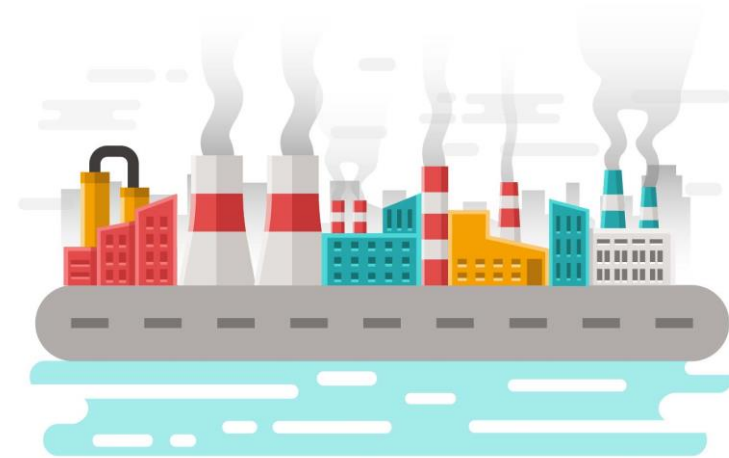


### Healthy Environment

Commit to conservation of the environment  
and natural resources wisely  
& maintaining ecological balance

### Happy Society

Conduct business with ethics and concern for  
social responsibility, improve the quality of life  
where SCG operates



# **Business post COVID-19**



# Overcoming Challenges Post COVID-19



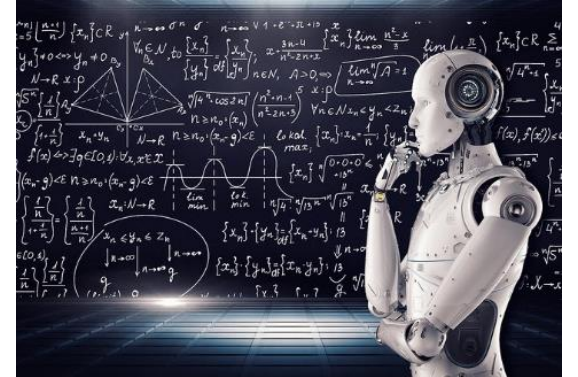
**Leader**



**Organization Structure**



**People  
& Culture**



**Technology**

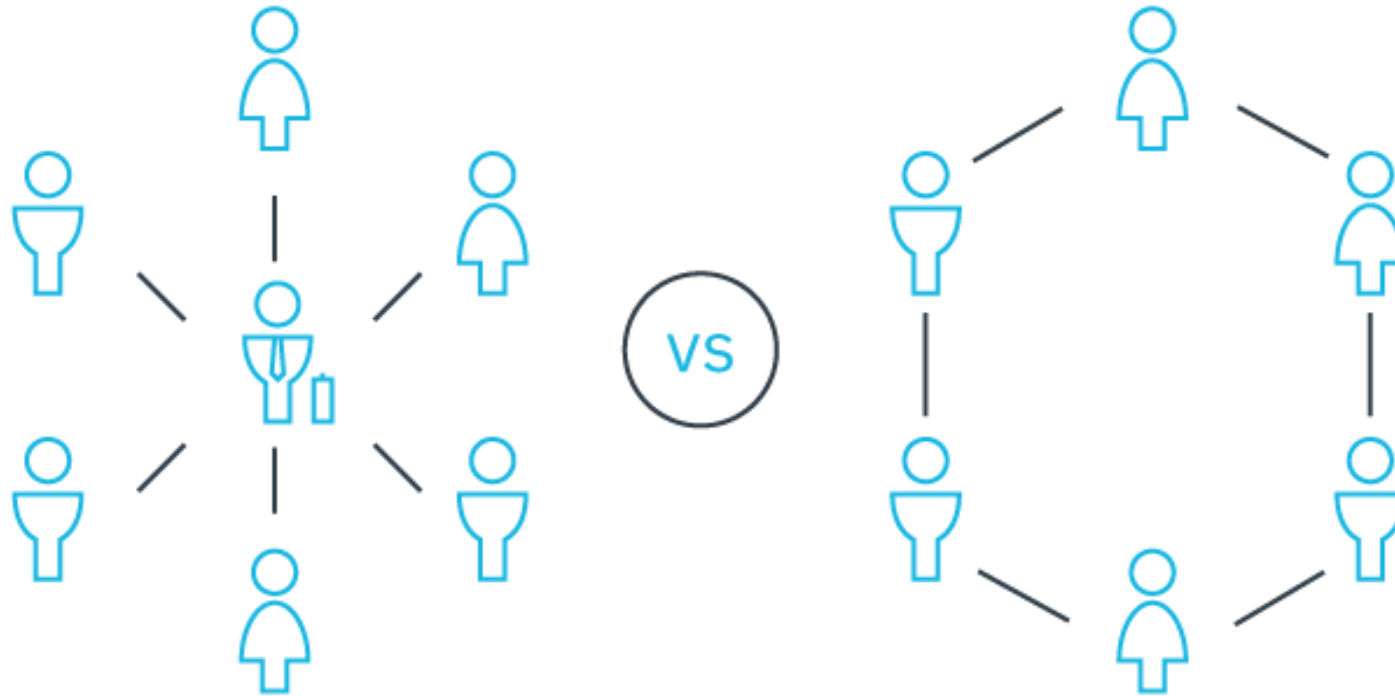
# Most Important is LEADER

- **Crafting & Communicating Vision**
- **Culture Building – Open & Challenge**
- **Learning**
- **Trust & Empowerment**
- **Coaching / Training**
- **Networking**
- **Integrity & Honesty**



# Organization Structure

- De-centralized
- Flat
- With Risk management function and system



# People & Culture

- Engagement
- Agile
- Collaborative
- Empowerment
- Open and Challenge
- Commitment





# Corporate Culture Post COVID-19

A global panel of leadership and culture experts & CEOs of for- and not-for-profit entities were surveyed to examine the uncertain future and share their insights about what's in store for corporate culture.

The survey showed 3 cultural pathways organizations are likely to be:



## 1. Strengthened and Enhanced:

Enter the pandemic with a strong, managed, constructive culture will discover a new resiliency that will help recover faster than others.

## 2. Adaptive and Recalibrating:

Company cultures that were already in transformation prior to the pandemic can now be seeded with new possibility and develop adaptive leadership mindsets.



## 3. Arrived and Deprived:

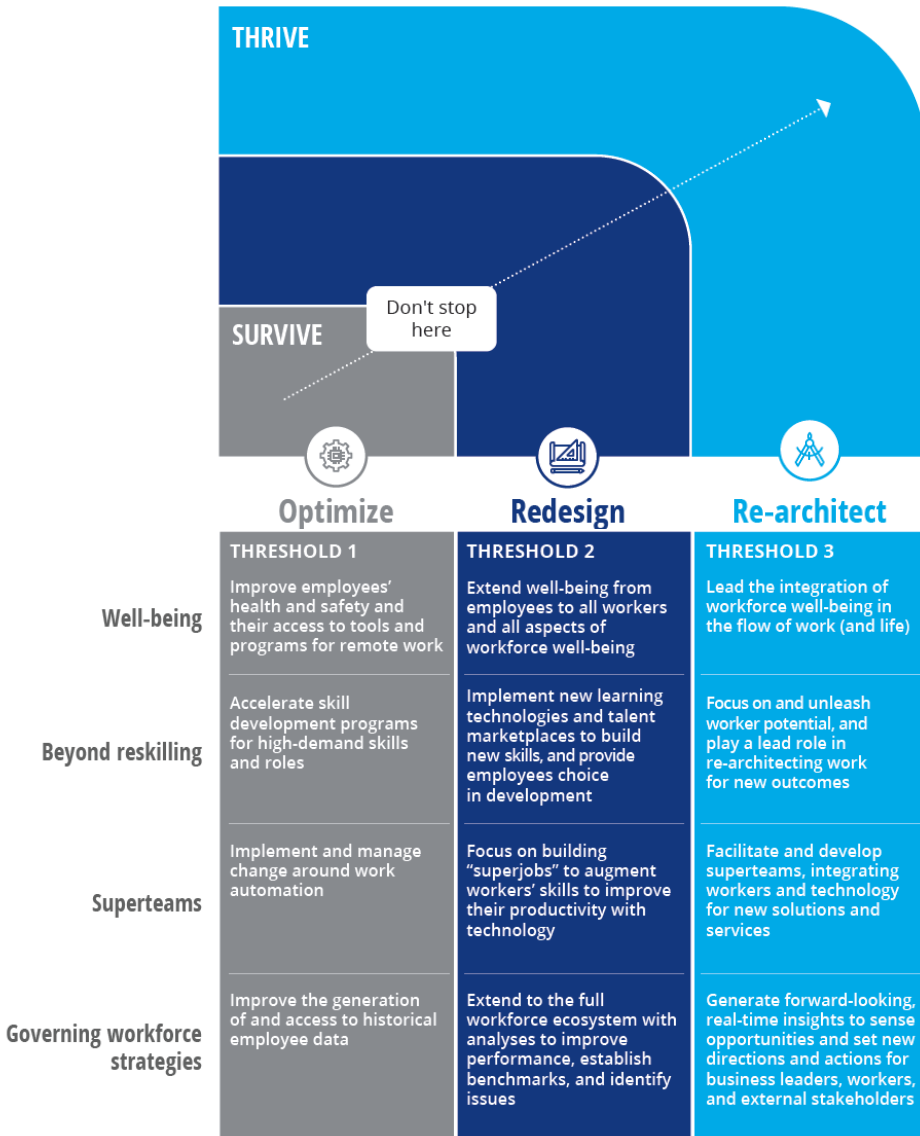
Companies with a weak or poorly managed culture will find that the level of improvisation and resetting required is beyond the capacity for change, creating potential risks.

# Inc.

Culture is not something you "fix" like a car or toaster. Leaders must have a disciplined approach to assess and measure the culture at defined periods. This process should inform their strategic plan and supporting priorities.

*--Tim Kuppler, director of Culture and Organization Development at Human Synergistics International*

# Deloitte - 2021 Global Human Capital Trends



Source: Deloitte Analysis

## ***Designing work for well-being: The end of work/life balance***

The Trend: Organizations taking well-being beyond work/life balance by designing well-being into work/life.

Surviving: Supporting well-being through programs adjacent to work.

Thriving: Integrating well-being into work through thoughtful work design.

## ***Beyond reskilling: Unleashing worker potential***

The Trend: Organizations need to consider both the dynamic nature of work and the equally dynamic potential of workers to reinvent themselves.

Surviving: Pushing training to workers, the organization knows best what skills workers need.

Thriving: Empower workers with choices, allow them to apply interests and passions to organizational needs.

## ***Superteams: Where work happens***

The Trend: during COVID-19 teams are even more important to thriving amid constant disruption

Surviving: Using technology as a tool to make teams more efficient.

Thriving: Integrating humans and technology into superteams, use their capabilities to re-architect work.

## ***Governing workforce strategies: Setting new directions for work and the workforce***

The Trend: look for forward-facing insights that help pivot and set new directions in uncertainty.

Surviving: Using metrics and measurements that describe the workforce's current state.

Thriving: Accessing and acting on real-time workforce insights that can support better, faster decisions.

## ***A memo to HR: Accelerating the shift to re-architecting work***

The Trend: HR organizations have earned the right to expand HR's remit to re-architecting work.

Surviving: Having a functional mindset that focuses on optimizing and redesigning HR processes

Thriving: Embracing an enterprise mindset that prioritizes re-architecting work

# Mercer – 2021 Global Talent Trends

## focus on futures

Work together to ensure people  
thrive now and in the future

### Build Sustainable Futures

- Companies are rebooting to balance purpose & profit
- Sustainable business have sustainable goal

### Remake Opportunity

- Staging an intervention: employers want a path to financial security
- Real talk creates real opportunities
- Consider long-term impact of decisions

### Reimagine retirement for the new world of work

- Longer lives require more flexible and fluid careers for all generations
- Leveraging an experience advantage

## sense with science

See ahead by augmenting AI  
with human intuition

### Embrace workforce science

- Data for talent science
- Scientist to storyteller
- Define quality and timeliness requirements of key data

### Ensure ethical analytics

- AI delivers both insight and action
- Becoming AI's moral compass
- Data risk: more vigilance is required

### Cultivate a lab mindset

- Put work intelligence to work
- Testing for fairness and relevance

## race to reskill

Transform the workforce by  
reskilling for a new world economy

### Incentivize transformation

- Reskilling is the talent initiative most to deliver the ROI
- Establish learning goals
- Pay for performance vs pay for skills

### Make reskilling a priority

- Reskilling is part of new work deal
- Focus is key to making the most of people's time
- Outpace disruption with capability

### Foresee future needs

- Evolve view of skills
- From skills infusion to skills development
- Are plans to prepare for future jobs taking place?

## energize the experience

Inspire and invigorate people by  
redesigning the work experience

### Create a culture of caring

- Health and well-being are the cornerstones of an energized workforce

### Co-create for energy

- Delivering flexibility for all
- Design with humans in mind
- Chart the course

### Get in your target practice

- Focusing on target interactions
- Measure it



# 7 essential skills to succeed in a post-COVID-19 world

Researchers speculate how the world will change after the COVID-19 pandemic, but most of them agree that workplaces won't be the same as before. Here are 7 skills that we expect to be essential for workers and businesses in a post-coronavirus world.



# HARD SKILLS

## 1 Tech savviness

The technologies such as artificial intelligence, big data, the IOT, virtual and augmented reality, and robotics will make businesses more resilient to future pandemics, and anyone that can help companies exploit these technologies will be in a great position.

## 2 Technology and Digital Skills

Coding, web development, and digital marketing will become even more important than they are now. People who can keep the digital business running—and thriving—during economic downturns or pandemics that make in-person business impossible or less efficient are going to be on the must-hire list. And, basically, All companies are now digitally based in some way, so the opportunities to put digital skills to work are countless.

## 3 Data Analytics & Literacy

With the right data, companies are able to better predict the impact of future business disruptions and are better able to serve customers with the right products and services during or after any pandemic. However, the data is useless to a company unless there is data literacy—people equipped with skills to understand the data and make better decisions because of it. Professionals with data literacy will be even more appealing to prospective employers than ever before.



## 4 Emotional Intelligence



The crisis has introduced the need for leaders to **connect emotionally** with their employees and **develop empathy** on a much deeper level than ever before. In times of uncertainty, people are vulnerable which leads to a need for deeper connection and understanding.



## 5 Leading Team

With more offices allowing their employees to work from home, good leadership skills are becoming essential. Team leaders and managers need to be able to inspire and motivate their colleagues and encourage collaboration from a distance.

## 6 Critical thinking & Problem Solving

The world is now more confusing and overwhelming than ever, and well-developed problem solving skills, critical thinking and rational analysis – will be vital in navigating the demand of a post-Covid workplace. Successful employees and leaders know to foster curiosity within themselves and their colleagues, and how and when to ask the right questions to better understand our complex world



## 7 Creativity & innovation

We have seen the importance of creativity and innovation during the coronavirus pandemic. Businesses that have been able to come up with ways to deliver services online or quickly shift their production have served as role models to many. In a post-coronavirus world, human creativity will be essential.



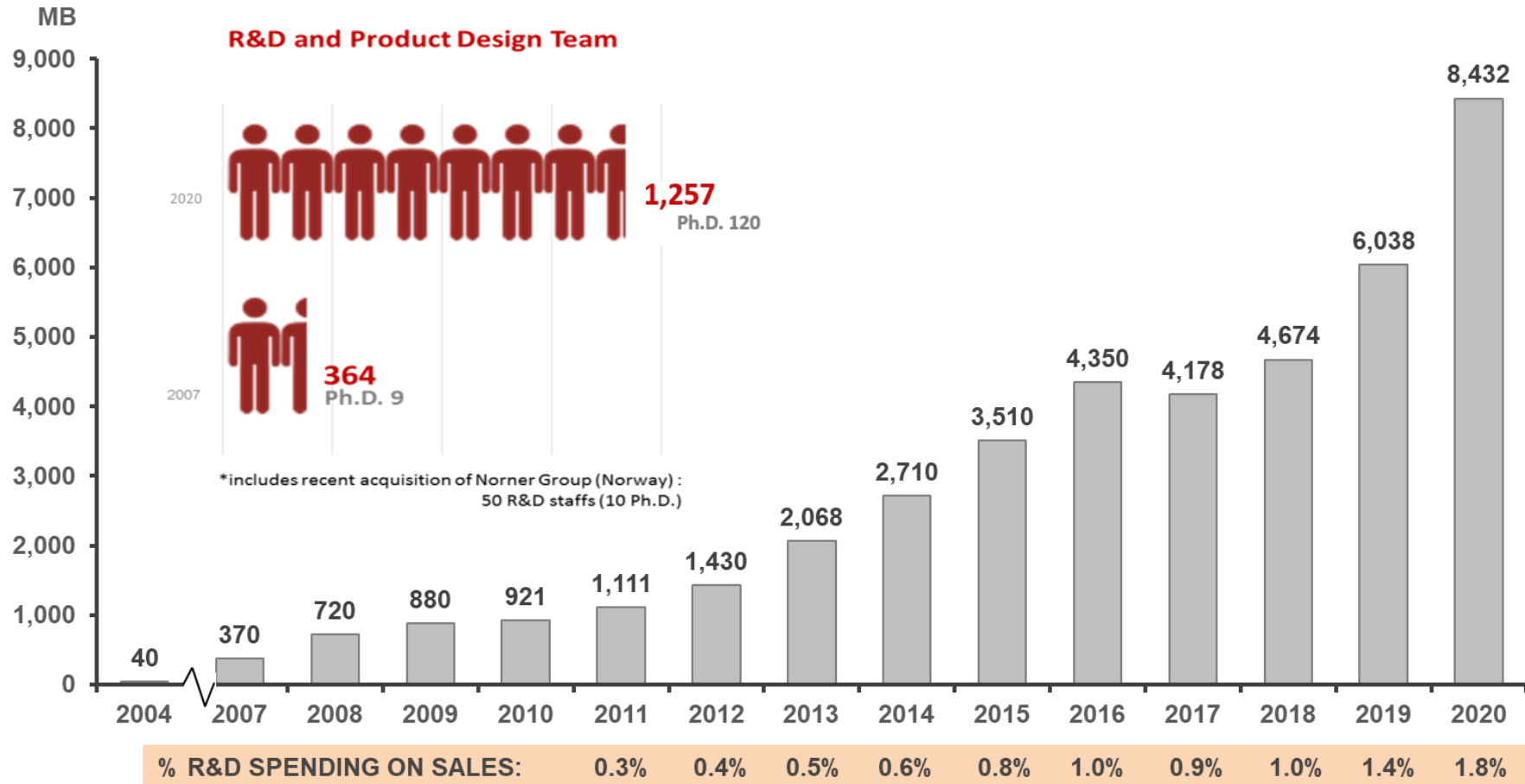
# SOFT SKILLS

# Technology

**Continued investment in innovation, even in time of crisis.**

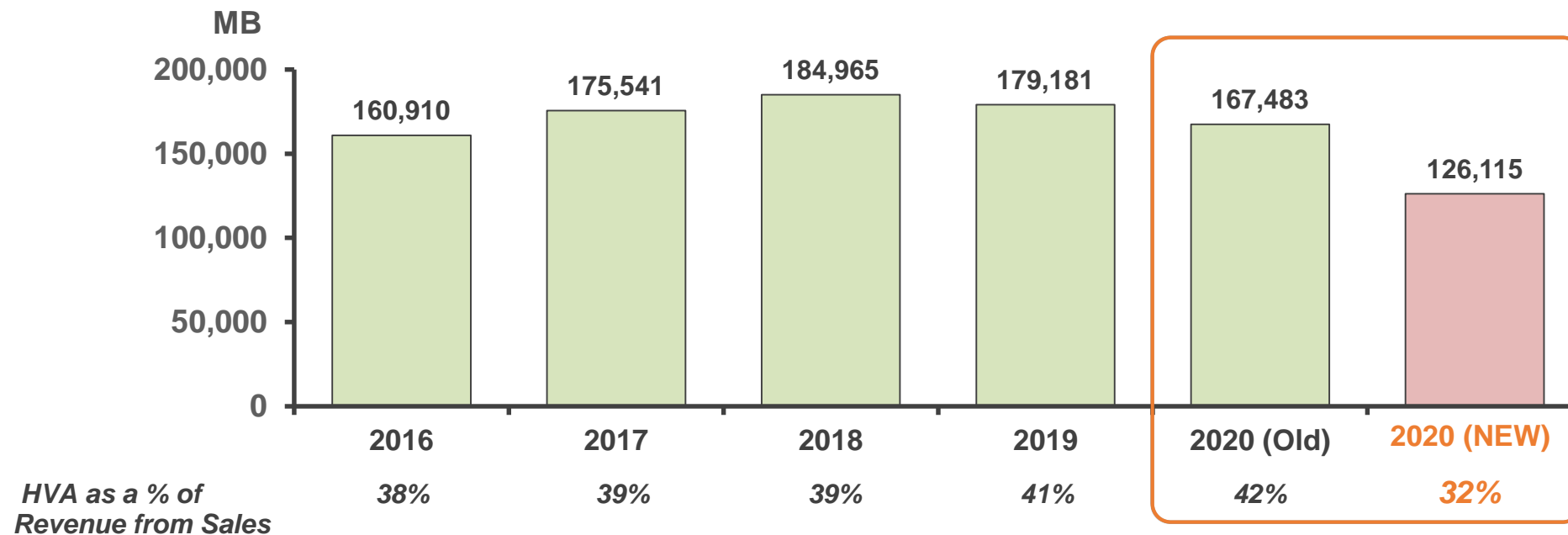


# SCG's R&D and Innovation Spending





# SCG's HVA's Revenue from Sales



## Innovation Metrics:

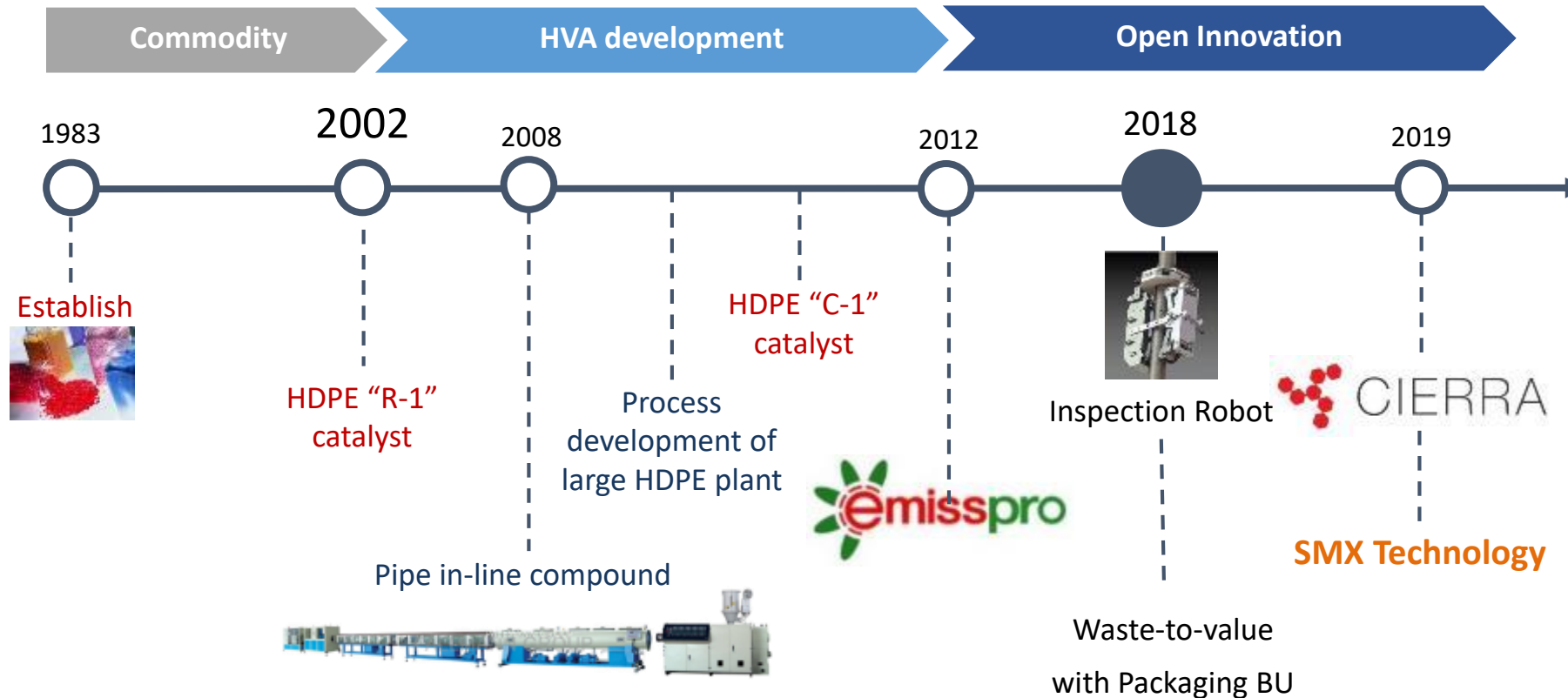
- 1) Shorten HVA lifespan amid fast-changing market  
(Example: from 5 years to 3 years)
- 2) Higher price premium over mainstream products

## Results:

- 1) Tougher requirements lowers proportion of HVA as % of sales
- 2) But Higher profitability of New vs. Old HVA portfolio
- 3) New HVA definition will be accompanied by New Product Development (NPD) and Service & Solution metric. Additional details will be announced in 2021.

# Example Case:

## SCG's Chemicals Business from Commodity to Innovation



# Example Case:

## SCG's New Innovation Products

**New HDPE by  
SMX Technology™**



**High Strength PE pipe**

 **CIERRA™**  
**Nano Technology**



**Monolayer high-  
barrier material**



**Flame retardant wire**

# Corporate Venture Capital



Zero to One Startup Studio

Internal Startup  
Venture Builder  
Innovation Catalyst



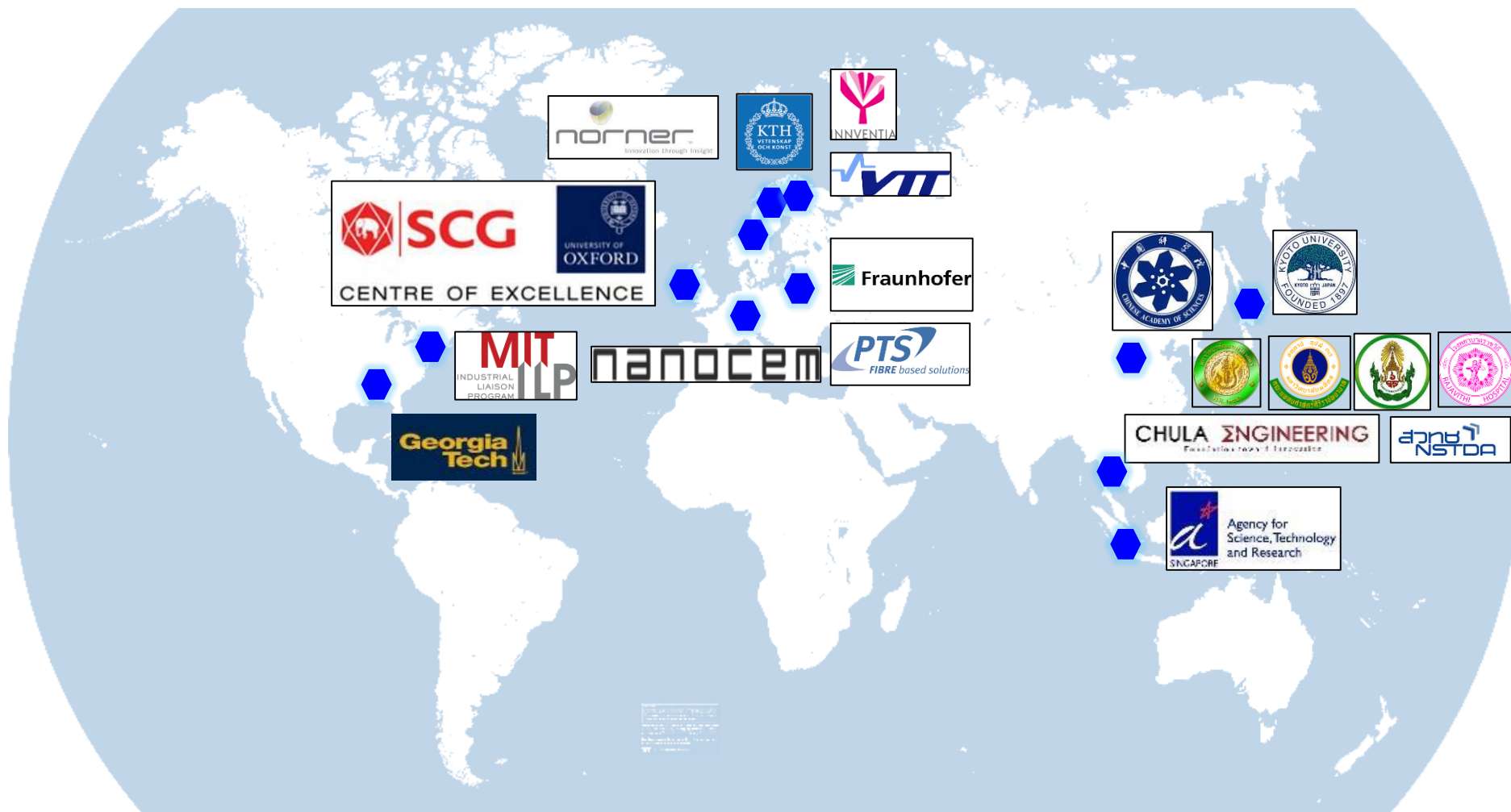
## You Innovate, We Scale

At **AddVentures**, we aim to accelerate and scale digital-enabling technologies, innovation and companies with strategic fit and share our core values.





# SCG's Global Network of Open Innovation



# Internal Startup



Sales automation and **CRM** solution for building materials dealers



The most convenient **e-commerce platform** for Food packaging



An intelligent assistant for all farmers by an IOT solution.



A **Farm-to-Hand Fruit Platform** that connects fruit farmers and consumers



The **Social Platform** for Your Community



A convenience and reliability on **connecting farmer to agricultural machinery owner**



Instant **calculator for homeowner** to get fast and transparent pre-estimation of renovation cost



eafy' helps entrepreneur **promote their products/services**



**Dairy cow farm solution platform** to increase milk production by customized nutrition design and manage farms



An **alternative solution** to provide easier access **to the better-for-you snack** for office employees



Online trusted **industrial sourcing platform**, which is fast, easy and transparent.

# Innovation in Times of COVID-19



**What can the government  
support for the country growth?**



# Building Workforce of Tomorrow

The way forward is to involve local private and public sector participants in crafting policies to determine a roadmap focused on equipping the labor force with skills of tomorrow.



Sources: Pepsico

# Digitizing Government Services

Digitizing services help the government meets public expectations and become more efficient and resilient.

24/7  
accessibility

even during a  
pandemic



less  
time spent

interacting with public  
administration



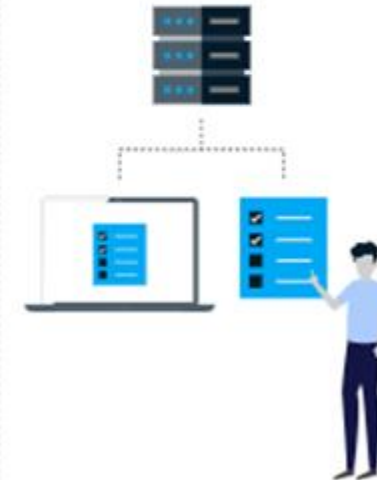
lower costs

for companies when  
interacting with the  
public administration



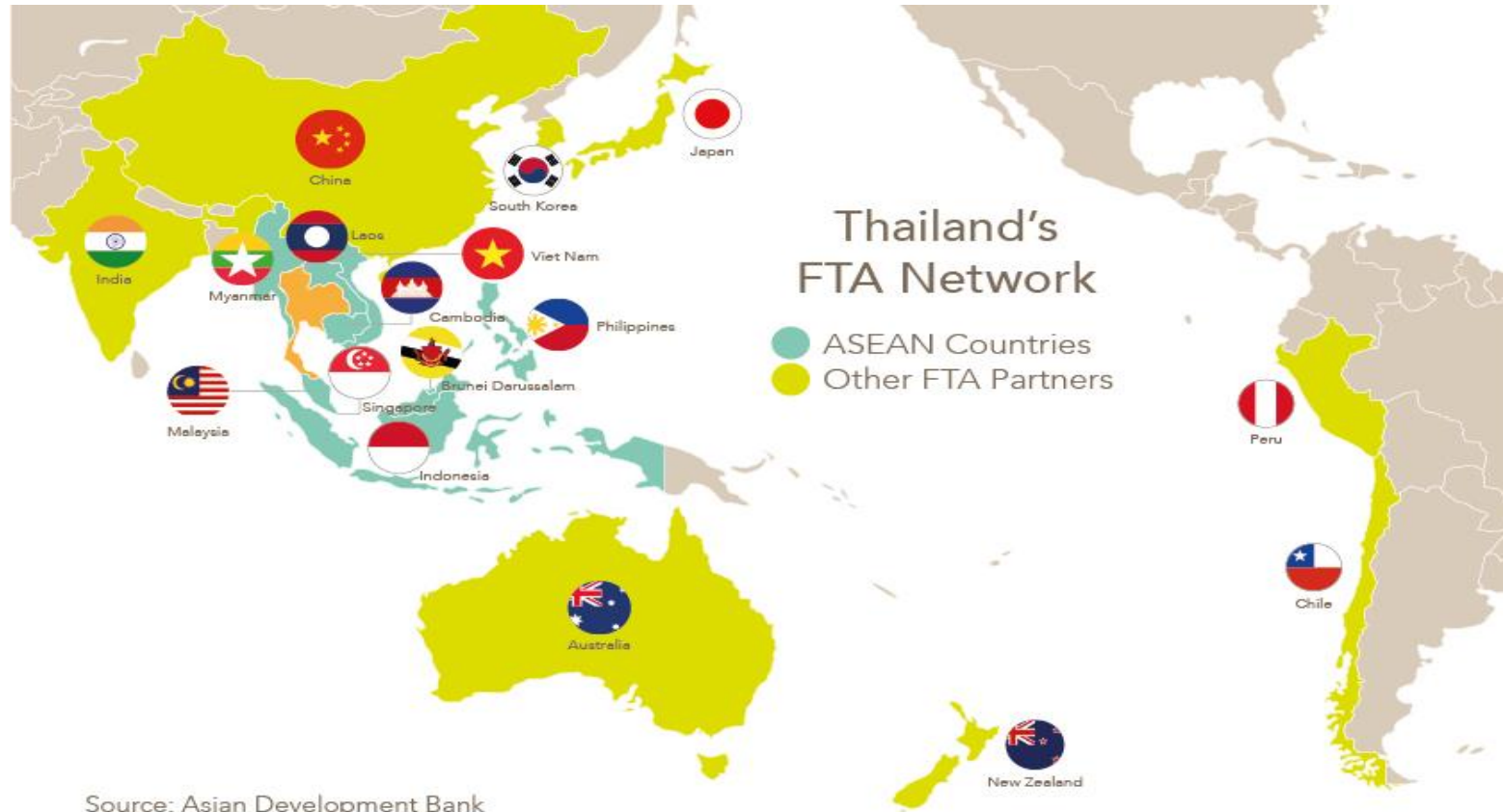
less  
case-handling  
effort

through automated  
processing



# Joining FTA

Free trade agreements contribute to greater economic activity and job creation, and also give businesses and consumers improved access to a wider range of competitively priced goods and services, new technologies, and innovative practices.



# Creating Investment Environment for Future Industry

Investors seek regulatory predictability and transparency, contract certainty and assurance that the application of tax and excise laws will be applied consistently and fairly.

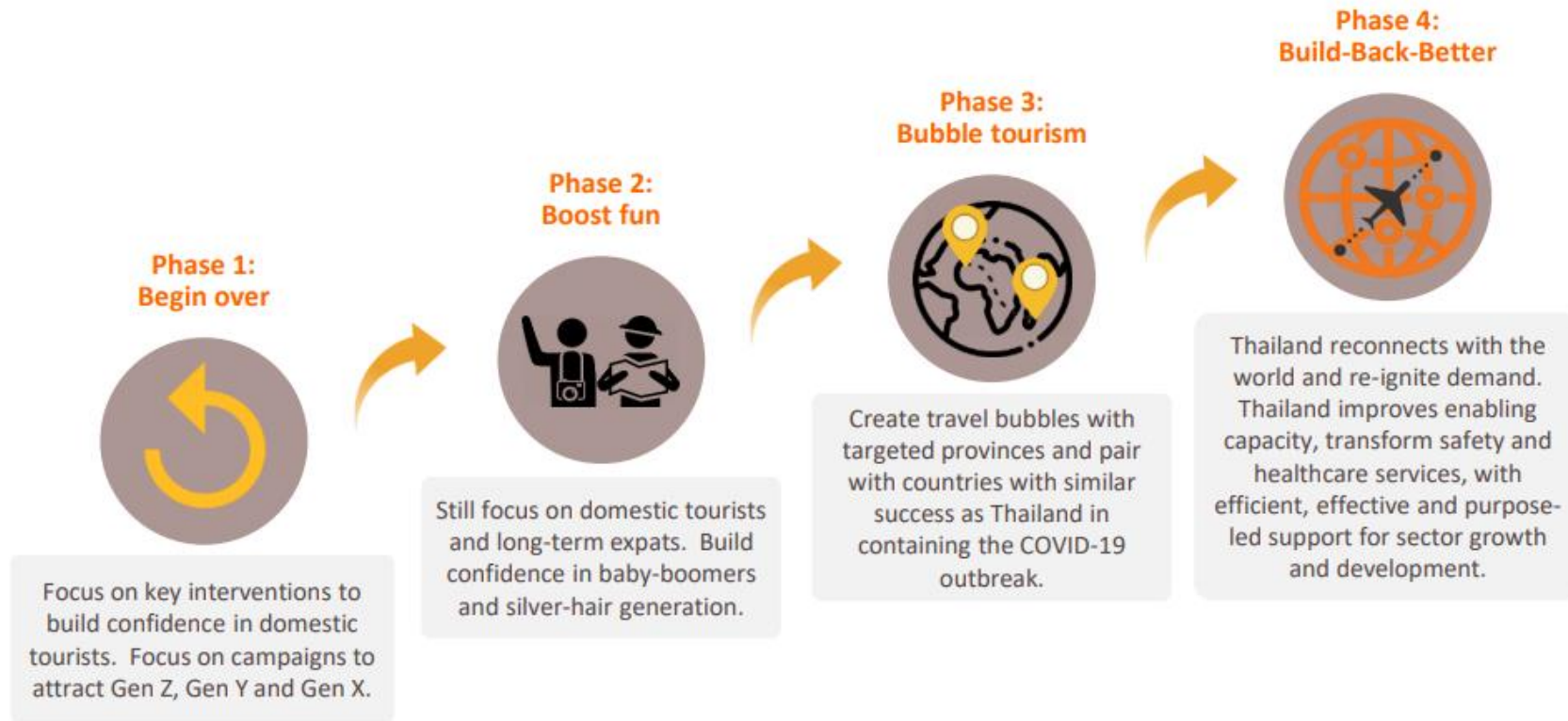




# Clean Up Obsolete Regulations



# Transition to Recovery Tourism



# Supporting Future Industry: EV

- Kasikorn research estimated that around 22% of Thailand's auto part market value will be disappeared in the next 20 years on growing of EV.
- Without a well-planned transition to EV, the whole automation industry of Thailand could be obsolete.

Battery prices have kept falling every year and emission regulations are getting tougher at national levels globally.

## BATTERY BOOST

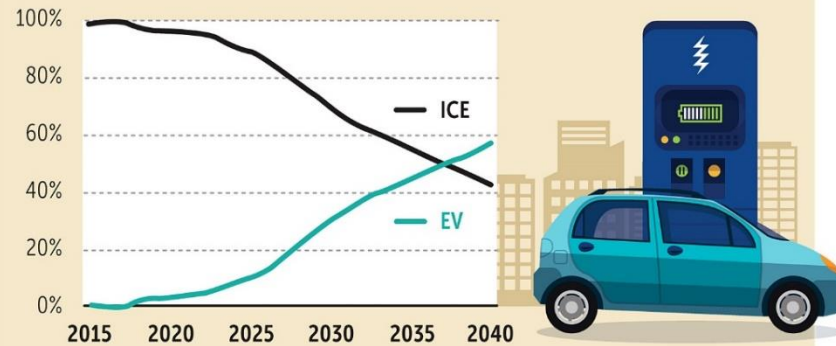
Average price of a lithium-ion battery pack (real 2018 US\$)



Automakers are responding with new EV models that are expected to hit the market more frequently in the next few years.

## TRADING PLACES

Global share of internal combustion engine (ICE) and electric vehicle (EV) sales





# Supporting Future Industry: Smart Farming

BIS Research estimated that the global smart farming market is expected to reach \$23.14 billion by 2022 with a CAGR of 19.3%.

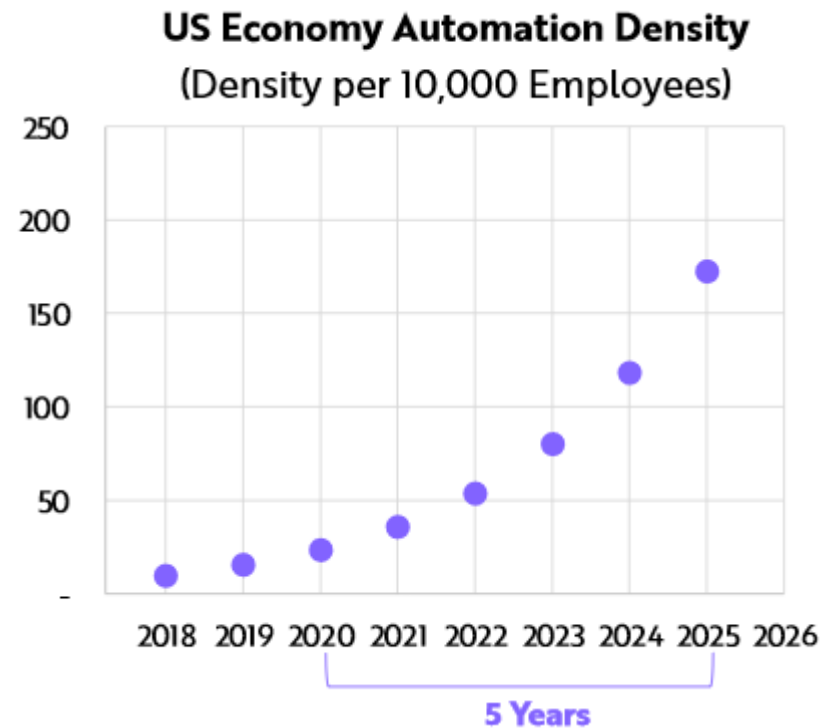
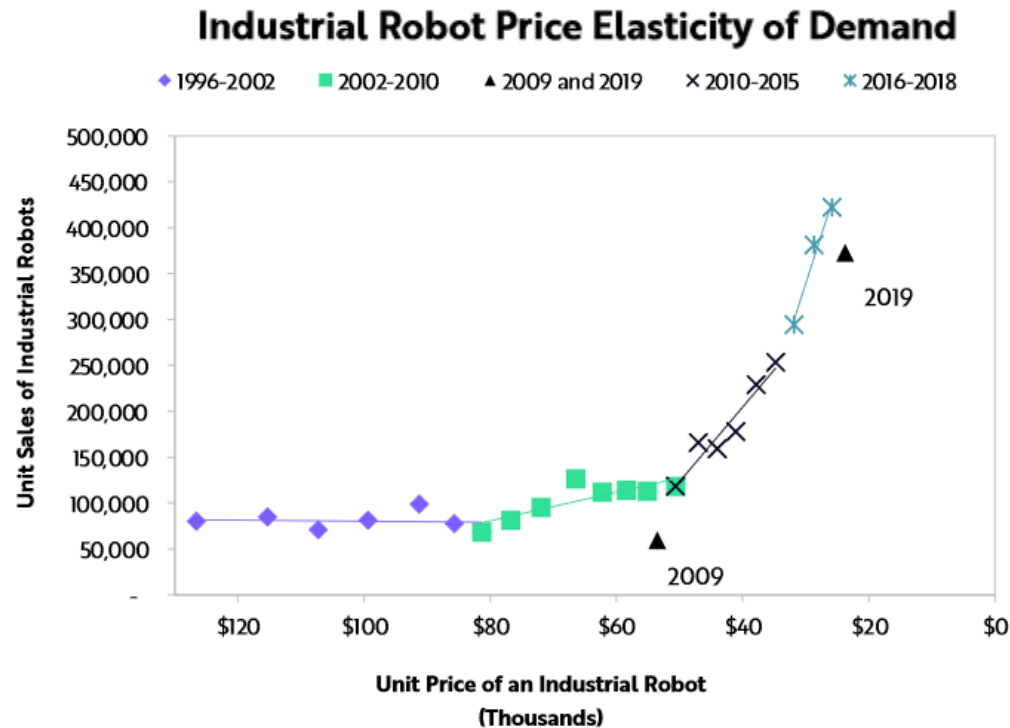


Sources: BIS Research



# Supporting Future Industry: Automation

The global industrial robotics market is expected to grow at CAGR of 15% to reach \$70 Billion by 2027 driven by the lower price of robot and labor shortage.

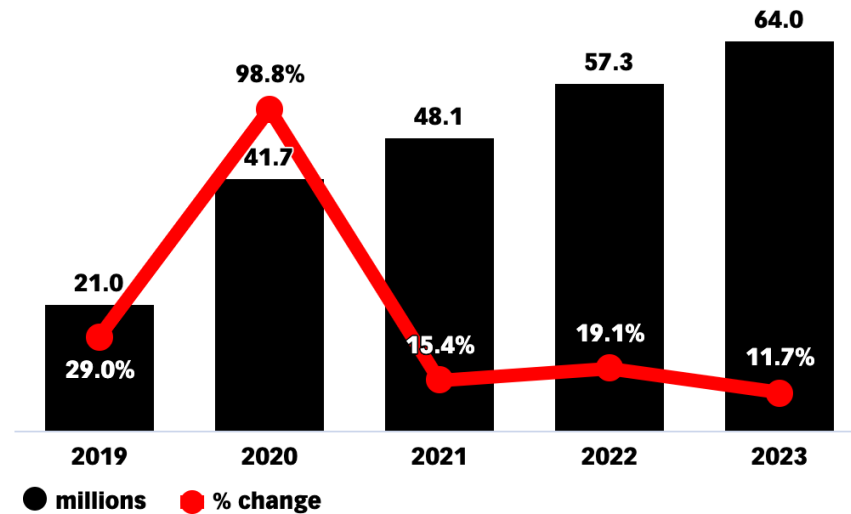


# Supporting Future Industry: Health Tech

Telemedicine has emerged as an essential component of healthcare during the COVID-19 pandemic. The trend looks likely to continue and health tracking becoming the “new normal”.

## Telemedicine Users

US, 2019-2023



Source: eMarketer, October 2020

www.eMarketer.com

## One-minute clinic developed by Ping An Healthcare

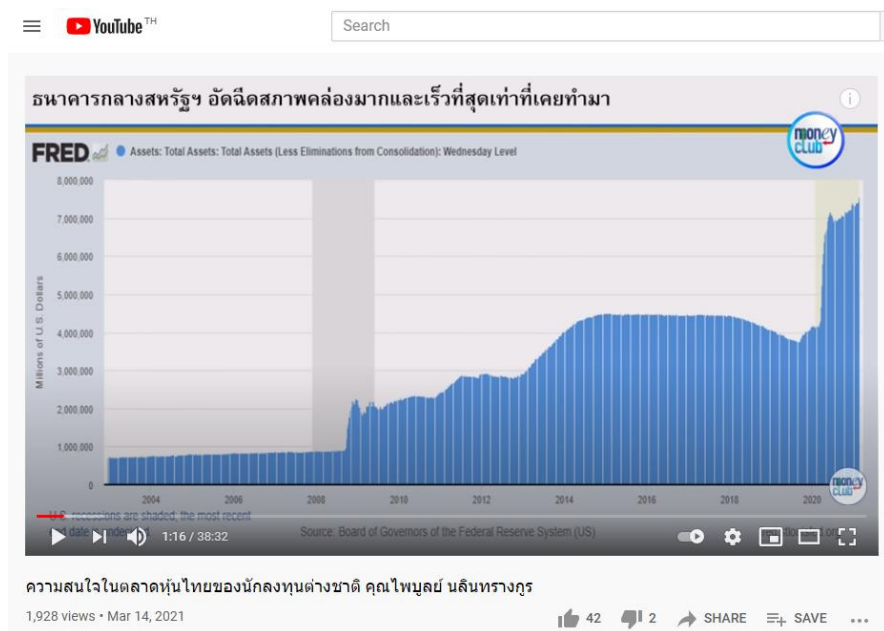


Sources: emarketer.com, Ping An health

# ความสนใจในตลาดหุ้นไทยของนักลงทุนต่างชาติ

โดยคุณไพบุลย์ นลินทรางกูร

งานสัมมนาการลงทุนประจำไตรมาส 1/2564 “ส่องหุ้นดีได้รับตลาดหุ้นฟื้นตัวปี64”



<https://youtu.be/m8L2Ksdc1Fc>



***PASSION FOR BETTER***