Roland Wein – Executive Director, German-Thai Chamber of Commerce



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Dr Roland Wein, Executive Director of the German-Thai Chamber of Commerce, explains the evolution of the business relationship between Thailand and Germany, discusses the chamber's role in facilitating business opportunities for German companies in Thailand and showcases the chamber as a platform to further enhance bilateral economic relations between the two nations.

Germany is among the ten top countries that are investing in Thailand – What makes Thailand an attractive investment destination?

First of all, what is exciting about Asia as a whole is that this is the region with the highest growth potential. We have a shift now from the Western countries to Asia. Many international companies, including companies from Germany, have come here in recent years and they keep coming. They all see the potential in this region, and they see that the growing population is eager to develop their countries. There is a sense of activity and of excitement in this region and it's good to be part of it.

Focusing on Thailand, it has already developed into a middle-income country. The country has a quite well-established industrial base with highly developed export-oriented industries, for

example, automotive is one big driving industry. There are very well-established supply chains in the country which newcomers and investments can benefit from. Additionally, Thailand is more or less in the center of the ASEAN region with 647 million potential customers. Thailand is establishing itself as a logistic hub in the region. If the companies come here, they don’t just cover the 69 million people living in Thailand, but they can reach out to the whole region. One big advantage that Thailand has is a highly developed infrastructure and also a rather stable fiscal and monetary policy. Apart from Singapore which does not have minimum wage laws or regulations, Thailand now has the highest minimum wage level in the region. However, this forces Thailand not to focus on labor-intensive industries, but more on industries driven by innovation, development and research. This is also driving future investments.

Thailand is eager to attract foreign direct investments. The Board of Investment offers very attractive benefits for targeted industries. With these targeted industries, one goal is to develop Thailand into a medical hub, and the other one is to make Thailand into a hub for wellness and medical tourism. All these targeted industries offer opportunities for many German companies, especially when we look at Thailand 4.0 and Industry 4.0, German companies are leading in many areas. We also have, not only targeted industries, but also a regional scheme for development offering all the necessary supply chains, the infrastructure, the people, and the workforce.

What role does the chamber play in fostering future investment?

Since our foundation in 1962, the German-Thai Chamber of Commerce fulfills its mission to represent the interests of German companies here in Thailand, and to work as a membership organization, offering a network of our Thai and German members. Additionally, we offer professional services to our members and to non-members. Being here for 57 years now, we have a lot of experience and expertise. We have colleagues who have been with us for many years. So, with this expertise, we aim at being the first point of contact for new companies that are thinking about investing in Thailand.

One significant service which makes us a little unique from other bilateral German chambers is a strong focus on vocational training and education. We have a project called German-Thai Dual Excellence Education (GTDEE) which started in 2013. This year we have more than a hundred students in this program. We work with different companies, and train and educate students in seven professions This project addresses a problem companies might face, a lack of qualified workers.

Thailand is accelerating the ease of doing business, but what are some challenges that you have noticed with regards doing business in Thailand?

There is still quite a considerable degree of bureaucracy, which is also tackled by the Thai administration under its ongoing Regulatory Guillotine Project. They want to get rid of unnecessary restrictions and regulations. This is something we strongly support. Besides that, certain industries and sectors are not available for foreign investments. Usually, when you want to invest in Thailand, if you are not promoted you will need to have a Thai partner. The partner then has 51 percent shares and you as the foreign investor can have the minority. There are also challenges involving some regulations concerning work permits and visas. It is quite cumbersome, but the good news is that we, as the German-Thai Chamber, are in close contact with the Thai government. As a result, we have the chance to discuss our concerns and make our proposals. The European Association for Businesses and Commerce (EABC) has established working groups and publishes its position paper every year with suggestions of European companies for the Thai administration.

In November 2018, General Prayut Chan-o-cha, Prime Minister of the Kingdom of Thailand met Chancellor Angela Merkel, and both leaders reaffirmed their commitment to further strengthen 157 years of close diplomatic ties. How would you asses the German Thai business relationship, with a specific focus on the German companies that are in Thailand?

The Kingdom of Siam and Prussia established diplomatic relations in 1862. But for me, it is important not to look only into the past, but to discuss recent developments. There, we see that investments by German companies into Thailand have increased almost three-fold in the last three years. We have a lot of investments aiming at enlarging existing activities – especially in the automotive sector – and we have new German investments coming to Thailand.

We also had an increase in bilateral trade in 2018 compared to 2017 with a growth rate of 9.5%. We see there are global challenges, but we are optimistic that Thailand continues to be a very good investment destination for German companies, also when they want to increase their presence in the region.

Do you think that the trade war between China and the US has been affecting your German members here?

I think the US-China trade war creates challenges globally and regionally. There are reports saying that there is a change in the supply chains in the region, from which Thailand may benefit, or not. I think it is still too early to say what is happening. But some experts on Thai economic development have pointed out that the government reduced the forecast for the GDP growth in 2019 already twice. So, I think this shows that there is an impact. Thailand is very export-oriented. Chinese companies may relocate some of their businesses into ASEAN countries. But then we won't even know if they come to Thailand or if they choose somewhere else. But it is correct to say that we have already seen an increase in Chinese engagement in Thailand.

I believe it is important that the Thai government also sticks to their commitment to rules-based international trade relations. They are committed to liberalization, free trade and openness. There is a lot of interest centered around connectivity in ASEAN, cooperation, and the implementation of the Thailand 4.0 strategy.

How important is the healthcare and pharmaceutical market to German companies in Thailand?

The pharmaceutical market in Thailand has been one of the fastest-growing industry sectors in Thailand, and it is still growing. It is a market which is going to enlarge, because Thailand has a fast aging population and a growing number of patients. In addition, there is the scheme by the government which supports universal healthcare coverage opening the healthcare systems to the entire population. The Thai government also has a strong focus on making Thailand into a hub for medical tourism.

There are globally active German pharmaceutical companies which realize the potential of the market. They are all making use of the opportunities that they see in the Thailand. If you look at those companies involved in clinical research, many of them are here and focus on research and development. This is a good sign for talents, for research and development, and for investments. Some companies want to establish new factories here for future technologies. They see Thailand as a market where they can develop and produce high-end technologies.

What would be your advice for German firms looking to do business in Thailand?

“Come to us! It’s important to do your homework. You have to know what your goals and targets are. Do you want to produce, do you want to sell, do you want to find a distributor, or do you want to do research?”

We do not say that Thailand is the one and only country companies can go to. What we do say is that companies have to be sure what they want, then look at the different options. There are good reasons to have a very close look at Asia, at ASEAN, and then at Thailand and Bangkok. When companies decide to come to Thailand, we are very happy to support them with our expertise and our network.

From the German side, we have many global players as our members, but the heart of our work is with medium-sized companies, the SMEs. What we see is that some of these companies which have established their businesses in China 10-15 years ago, now have a keen interest in South-East Asia and are looking beyond China for their Asia business to grow. For a lot of reasons, they look at the region and especially at Thailand being the hub. These companies don’t have the resources to set up businesses in every country in the region. Instead, they are looking to choose one location to be the hub for the whole region. And at the end of the day we do hope, and maybe with our support, that they decide to come to Thailand.

Do you think that Thailand can be harnessed as a launchpad from which to penetrate the ASEAN region?

The Thai government supports the establishment of International Business Centers (IBC) to make Thailand a base for regional operations in Southeast Asia. Among our members we have companies that cover ASEAN as a region from Bangkok, especially Cambodia, Myanmar and Laos. If you look at Thailand, being the country in the center, and having already reached a high level of industrial development, and with an emphasis on innovation-based growth, Thailand has high potential in many areas

ASEAN is the center of global growth and this development will continue. ASEAN member states have successfully undertaken many important initiatives and steps to achieve economic integration based on the ASEAN Economic Community 2025 Consolidated Strategic Plan. They aim at achieving a highly integrated and cohesive economy as it will enable economic growth, development, employment and prosperity in the region. Thailand continues to push for regional economic integration. As ASEAN chair in 2019, Thailand has set up three main goals: to help prepare ASEAN for the Fourth Industrial Revolution, to enhance ASEAN connectivity in trade,

investment and tourism and to enable sustainable economic development in ASEAN. German companies can be partners for Thailand and the other ASEAN member states in implementing these goals.

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