CROSS-CUTTING CONSTRAINTS

Thailand has improved its business environment compared to regional and aspirational peers, but gaps remain. This CPSD highlights how unlocking opportunities will require addressing key cross-cutting issues and sector-specific challenges. Market distortions and missing complementarities are holding back private participation in markets.

COMPETITION
- Concentration of ownership; inefficiencies in regulatory framework, price controls; limited competition law enforcement.

FOREIGN DIRECT INVESTMENT
- Restrictive FDI regime, especially in services sectors; non-transparent legal and regulatory regime for FDI; restrictions on hiring expatriate staff and foreign experts.

INNOVATION FINANCE
- Limited access to finance for small and medium enterprises (SMEs); low provider diversity, innovation, and reach; weak financial infrastructure and lack of open bank policy.

SKILLS
- Skills mismatches; inefficient technical and vocational education and training (TVET) system; falling labor force participation.

THAILAND NEEDS TO FOSTER A NEW INNOVATION-LED SUSTAINABLE GROWTH MODEL TO JUMPSTART ITS PATH TO REACHING HIGH INCOME STATUS.

DIGITAL AND DISRUPTIVE TECHNOLOGY

OPPORTUNITIES:
This CPSD identifies adoption of expanded Digital and Disruptive Technologies (DDT) and Circular Economy (CE) capabilities as two levers that can unleash innovation and knowledge across sectors, yielding both growth dividends and strengthened resilience.

Estimated $1.8 billion of untapped potential across business-to-business (B2B) market segments, including mobility tech, entertainment tech, big data and analytics, and digital media; and business-to-consumer (B2C) markets, including health tech, e-commerce, fintech, food tech, and travel tech. Additional opportunities in digital subsectors such as software as a service (SaaS), artificial intelligence (AI), machine learning, and the Internet of Things (IoT).

CIRCULAR ECONOMY

Estimated $1.6 billion in cumulative returns if firms adopt CE business models, mainly through reduced costs and increased revenues across sectors. CE opportunities in: Food and Agriculture, through regenerative farming, conversion of organic waste to products; Construction, via reuse of construction materials, shared and flexible spaces; and Electrical and Electronic Appliances, in device remanufacturing and device sharing.

RECOMMENDATIONS:
Build up deep-tech capabilities; amend the Thai Civil and Commercial Code to conform to international practices and standards; introduce industrial data protection policies; address lack of competition for spectrum allocation; establish coordination mechanisms for institutions engaged in digitalization policies.

Introduce a standard national definition of CE in the upcoming Circular Economy Action Plan; expand the monitoring and evaluation framework to cover more indicators; appoint a central agency to create, implement, and enforce CE policy; strengthen public-private mechanism for coordination to include SMEs; incentivize non-R&D based innovation, and transfer, diffusion of CE technology; invest in reverse logistics and enabling infrastructure at the subnational level.