

“Is Asia Ready for The Great Dragon?”
Remark by
H.E. Dr. Somkid Jatusripitak, Minister of Finance, Thailand
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Distinguished Participants, Ladies and Gentlemen;

It is my great pleasure to join you this morning. We gather here for a conference that is most timely and powerful in its implications for Asia and its future. The concept of competitiveness has been around for some time. I vividly recall how it stirred up the world in the 80's. At the time I was a doctoral student at Kellogg School of Management. To me, It was a most exciting time when the U.S. woke up to Japan's mighty commercial power on the world's stage. Competitiveness suddenly became the hottest issue as American business searched for new ideas to counter the Japanese commercial invasion. As researcher, I took a keen personal interest and co-authored 2 books with my advisor Dr. Philip Kotler – “The New Competition” and “The Marketing of Nations” as my intellectual contribution on this hot topic.

Today, twenty years later, I am delighted to be here speaking about competitiveness. But since then, the world has witnessed drastic changes. Technology advances rapidly as information moves with greater speed and freedom. The tide of free-trade sweeps over every continent. Geo-politics intertwine with commerce as the world becomes more and more inter-connected. Globalization becomes the inescapable reality.

Competitiveness as a concept has been affected by these developments. Does it still hold pretty much the same meaning? For sure, competitiveness is again a **“buzz word” of the new century**. Academic, business, and policymakers have joined in the “quest” for greater national

competitiveness. But unlike in the past, this quest is not simple. For in the complex environment, modern competitiveness is ***dynamic and multi-dimensional***. It cannot be completely captured by any single concept - not market shares, not productivity. It is, more than ever, influenced by how the pattern of global competition evolves.

Globalization is bringing ***convergence of business and customers*** in multiple ways. As a result, today's businesses adopt an outlook that is first and clearly ***global*** and ***integrative***. They make competitive moves ***across*** national boundaries, rather than in individual countries. Ultimately, they create ***cutting-edge*** competitiveness from "***clusters of countries***" offering maximum complementary strengths and synergy.

The implications of this changing global competition are crucial to us at this juncture. In fact, a foremost Thai expert on Chinese Feng Shui has marked 2004 as a major turning point for Asia. The dawn of the "Asia Era" has arrived as the "Great Dragon" is heading east. India and China will experience good fortune for the dragon rests its head upon India and its belly upon China. For Thailand and neighbors, with the dragon's tail upon us, we get great opportunities but must work to realize them. But work hard as we may, it is ultimately futile to develop a nation's ***competitiveness in isolation***. National competitiveness should be developed in the context of "***clusters of countries***" with ***the regional and global outlook*** to be truly effective. Most important, it will be the clusters with decisive strategy that can compete with the likes of China or India, that can attract global business to their territories. Take this "cluster concept" up to the region's level, Asian countries can be competitive only if ***Asia as a region*** is competitive.

In addition, “**clusters of countries**” that offers **stability and continuity** enhance their competitiveness and attractiveness in the eyes of business. Furthermore, cluster competitiveness multiplies if it provides a base from which business can penetrate other clusters with complementary advantages and networks.

Ladies and Gentlemen;

I believe these implications are key to developing **cutting-edge pan-Asian competitiveness**. But to take on this challenge, what are the alternatives? Keeping the “status quo - business as usual”, or, taking the “conventional route - incremental changes”. Both I believe, will either spell doom for Asia or leave us playing catch-up forever.

I am convinced we need a **path-breaking** strategy to create “**quantum leaps**” in competitive edge. Such a strategy requires close strategic collaboration among clusters of nations. It must be collaboration in **true partnerships** driven by individual strengths, bound together by common goals to **create unique values**.

For Asian countries, we are well-positioned for this strategy. Capitalizing on our diverse strengths, we can create “**Pan-Asian Competitive Clusters**”. Such clusters will be key in attracting business to different parts of Asia such as ASEAN. Looking at Asia, most business will flock to China or India first before ASEAN countries. But if ASEAN countries can combine as “**competitive cluster**” then they can compete with the major countries for business.

ASEAN financial sectors face a similar situation. It is unfortunate but true that our individual stock exchanges are no match for the major exchanges

like London, New York, or Tokyo in attracting global investors. As such, we risk being marginalized. But together as **cluster of exchanges**, we can acquire a new competitive edge. Through ASEAN finance ministers, we are linking up selected ASEAN exchanges to take advantage of combined strengths in product offering, trade coverage, back-office settlement, and technology. In all, competitive clusters are the way to go for Asian countries to create a new wave of competitive edge.

Ladies and Gentlemen, Thailand has embarked on this path as this government gives **top priority to competitiveness**. Our journey began over three years ago when we office and tackled the urgent task of putting Thailand back on track from the 1997 crisis. Today, with the economy fully recovered, propelled by robust fiscal strength and solid growth, we are taking up this critical challenge of upgrading Thailand's competitiveness.

We formulated a **two-fold strategy**. First, we address fundamental issues that require sustained effort and time. These center on **domestic reforms**. Beginning with the **people's sector**, we focus at the grass-root. Through special initiatives, we work to relief people from poverty and give them opportunity to realize their true potentials. The rejuvenated **grass-root communities** supports another high-potential but long-neglected group – the Thai SMEs. We are fostering the SMEs to become a new growth engine. Together, **the grass-root and SMEs entrepreneurs** provide much-needed dynamism and creativity.

In the industrial sector, we have identified target industries. Using the cluster approach, we aim to upgrade their capabilities and networks. And to back them all up, we have launched the **public sector reform**. This is

just as critical to enhance efficiencies of government agencies to support our overall competitive strategy.

While domestic reform lays the new groundwork, the international dimension is just as vital. That is why our strategy also focuses on international networking. Combining the ***impact of reform*** with the ***power of international networking***, we aim to achieve “***quantum breakthrough***” in lifting competitiveness to ***a new height*** never before possible.

At the international level, Thailand pro-actively engages our partners. With our neighbors, Myanmar, Laos, and Cambodia, we concluded the pact of cooperation on development strategies. The pact will help drive progress in the high-potential GMS and connected sub-regions. With key trade partners, we ***spearhead FTAs, co-creating new frontiers of competitive edge***. With ASEAN plus Japan, China, and South Korea, we champion the Asian bond initiative as a ***new source of competitive strength*** for Asia.

The concepts of networking and competitive clusters should not stop at the macro level. They need to also apply down to the industry and company levels. Through the ***sharing of technology, the exchange of knowledge and insights***, clusters capable of creating new competitive edge are formed in a spectrum of industries, including auto, health, fashion, and handicrafts. As a result, Thailand has made ***major leaps to become a key player*** on the regional or global stage.

Another highly competitive industry is ***tourism***, for which Thailand is quite strong. But alone, we could only achieve so much. Partnering with others, we can achieve a ***break-through***. Here, Thailand has made ***great leaps***,

becoming ***the tourism gateway*** for ***clusters of destinations***. Unique routes backed by innovative campaigns are propelling Thai tourism to the global forefront. A true competitive edge in the making.

At company level, business that will prosper in the future must ***broaden and deepen their competitive edge***. Furthermore, it is critical that the broadening and deepening of competitive edge be pursued in ***multiple dimensions***. Business can achieved this by leveraging each other's strengths through ***partnerships and networking***. In the context of Asia, I am referring to the "***Pan-Asian super companies***". High-performance companies that develop ***cutting edge competitiveness*** through the sharing of skills, knowledge, technology, and resources. Originated in any country, they are capable of ***networking*** across Asia to gain competitive edge in the regional and global arenas. They are the new breed quickly emerging in key industries such as transportation, construction, electronics, and property. For our part, selected Thai companies are now on the Pan-Asian track, partnering up with multinationals from other Asian countries.

Ladies and Gentlemen;

As Asia moves forward, competitiveness will continue to generate new discussions in many circles. But I believe a dominant trend is already emerging, the rise of Pan-Asian competitiveness. Competitiveness based on ***clusters of countries to achieve break-through*** together.

Competitiveness that requires a ***new mindset*** of partnership at both the macro and micro levels. This international conference is an important event in that spirit. I am honored to join you and wish all participants great success. Thank you.