Chapter 9

THAILAND'S CHOICES AND AUSTRALIA'S OPPORTUNITIES

Key Points

- Post crisis reforms are producing new commercial opportunities for Australian business; if the Thai Government chooses to pursue vigorously its full economic reform agenda, Thailand will grow more strongly and become a considerably more attractive trade and investment destination.
- Modest two-way trade is due partially to difficult market access for many products Australia competitively supplies; while access is improving, it still is restricted.
- Foreign investment barriers also limit Australian investment in Thailand. Recently relaxed foreign investment barriers, corporate restructuring and improving corporate governance should expand investment opportunities.
- New business opportunities also are developing as a result of financial sector restructuring, trade liberalisation and privatisation of state enterprises.
- By building on existing markets, good opportunities also exist in food and agribusiness products, automotives and parts, business and financial services, IT and communications, medical and pharmaceutical products and services, tourism, training and education.
- Many Australian consultants, service providers and government institutions are participating in Australia's post crisis development assistance program for Thailand, prioritising stronger economic governance.
- Thailand is a key country in South East Asia; its vibrant democracy and close coalition of strategic, trade and economic interests with Australia ensures a close, and strengthening, bilateral relationship.

In 2000, Thailand is deciding whether to reshape decisively key economic and legal institutions, and ensure future growth is robust and sustainable. These choices will affect significantly commercial opportunities for Australian business in Thailand. This chapter highlights the key policy choices confronting the Thai Government in financial sector restructuring, trade, foreign investment, corporate restructuring and privatisation. It identifies major signposts to future policy directions in these areas, and draws implications for Australian commercial opportunities flowing from these policy choices.

Thailand's bilateral relationship is important to Australia. As a US ally, with the closest links to China of all ASEAN countries and current chair of ASEAN, Thailand is a key country in South East Asia. Both Thailand and Australia are active members of the Cairns Group of agricultural exporters, with similar interests in global agricultural trade liberalisation. Hence, Thailand's political, trade policy and other economic choices will have significant implications for Australia.

POLICY DIRECTIONS AND BUSINESS OPPORTUNITIES

Thailand already has made many reforms and started the long process of restructuring its economy; this is generating many business opportunities. However, in mid 2000, the Thai Government is still making many choices which will have crucial implications for Australian business. This section highlights key indicators business can use to identify future directions in Thai policy, and the commercial opportunities flowing from them.

FINANCIAL SECTOR DIRECTIONS AND OPPORTUNITIES

Sustainable economic growth in 2001 will require normally functioning Thai financial institutions; these must be able to expand credit for new investments. To do this, institutions must have completed their restructuring and refinancing, and advanced significantly the bulk of corporate debt work outs. Without adequate financial and corporate restructuring, the economic recovery witnessed in 2000 could falter.

By mid 2000, Thai banks were progressing well with refinancing and restructuring, and the Government had introduced important prudential, corporate governance and legal reforms to increase the viability of the financial sector. Significantly stronger prudential regulation includes ensuring financial institutions reach international provisioning and capital adequacy ratio standards by December 2000. Furthermore, the Government's reorganisation of the Bank of Thailand increases the central bank's capacity to implement prudential controls. Tighter listing requirements for companies and more market discipline for financial institutions should increase market confidence in Thai corporates and financial institutions. Foreign investors can own up to 100 per cent of Thai banks for the next decade and 100 per cent of securities firms and finance companies. Cabinet has approved raising the foreign equity limit on insurers from 25 to 49 per cent.

The Government has reformed macroeconomic policy management, particularly the exchange rate regime, so it can operate more effective monetary policy and ultimately reduce the riskiness of financial sector business. In mid 1997, the Government abandoned its informal peg to the US dollar, allowing the market to determine the baht exchange rate. The new floating exchange rate regime should reduce exposure to major shocks due to the exchange rate moving away from market fundamentals, and increase recognition by Thai businesses that they need to hedge exchange rate risks.

Commercial Opportunities

In the short term, these reforms should generate many opportunities for Australian financial institutions looking to enter the Thai market. Already, Colonial, AXA, HIH, NRMA and QBE are developing and expanding their insurances businesses in Thailand.

Opening the financial sector to foreign investors has increased competitive pressure on Thai financial institutions, and will raise significantly demand for new financial sector technologies and management advice. Financial service suppliers, consultants and IT suppliers are finding a ready market for their services. Demand is strong for business services, particularly related to financial and corporate restructuring, mergers and acquisitions, insolvency, due diligence, accounting, auditing, legal advice and distressed property management. Both foreign and domestic financial institutions and corporates are major consumers of these services; Australia is a very competitive supplier of these.

Many related reforms and developments also are generating demand for Australian financial service expertise. Recently accelerated corporate debt and operational restructuring will raise demand for debt work out and risk management skills, already a major area of demand for Australian professionals. The floating exchange rate and increased awareness of interest and exchange rate risks should spur development of derivatives and future markets. With a more cautious and capital strapped state banking sector, share and bond markets are becoming more popular sources of corporate finance. These developments also should generate opportunities for Australian capital market expertise and systems.

Future Reform Priorities

In mid 2000, repair and reform of the financial system still is not complete:

- two privatised banks have been sold to foreign institutions, but sales of two others are pending (on 16 May 2000, the HSBC announced its in principle agreement with the Government to buy one of these, Bangkok Metropolitan Bank)
- Bank of Thailand and other regulatory bodies still are developing their capacity to implement rigorously prudential regulations; this could take several years to achieve fully
- several important financial sector laws are awaiting Minister of Finance or parliamentary approval, including new laws enhancing Bank of Thailand independence, and regulating and reforming financial institutions and markets (Table 7.1)
- bank refinancing is progressing steadily but very slowly; banks' asset management companies are just starting to write off non-performing loans
- until parliamentary approval is gained, foreign investors can own only 25 per cent of insurance companies

- the foreign business and alien occupation laws still limit the supply of financial services from foreign accountants, auditors and analysts
- implementation of bankruptcy laws generally favours debtors, making bank lending a risky and necessarily high margin business.

Over 2000-01, markets will look for progress in most of these areas to indicate continued government commitment to financial sector restructuring and reform. If such reforms were achieved, many more Australian financial institutions and service providers would find it profitable to enter the Thai market.

TRADE REFORMS AND OPPORTUNITIES

Already, Thailand is reducing agricultural and other protection in line with its WTO obligations, and has undertaken further trade reform during the crisis. Responding to the crisis, the Government reduced the price impact of baht depreciation on importers and improved exporters' competitiveness by maintaining, and in some cases, accelerating trade liberalisation. Most temporary tariffs on luxury consumer goods imposed in 1998, later were removed. Successive rounds of tariff reforms reduced the simple average tariff rate from 44 to 17 per cent between 1991 and 1999. The Government has announced it plans further trade liberalisation in 2000, reducing six tariff bands to three and concurrently cutting average tariffs.

Trade Opportunities

Australian trade opportunities should continue to expand as Thailand fully recovers from the crisis and undertakes further trade, foreign investment and microeconomic reforms. In the decade before the crisis, Australian exports to Thailand grew 19 per cent per year, twice as fast as Australia's average export growth, and in 1999, exports grew 12 per cent. Food and basic agricultural commodities comprise around half of this trade, but elaborately transformed manufactures and higher value-added food items comprise a growing share.

Sectors of the Thai market presenting particular opportunities include:

- *agribusiness* – Australia is a competitive supplier of agribusiness products, services and technology. While significant trade barriers remain in some high value-added areas like dairy products, bulk commodities like cotton and wool face few restrictions. In 2000, Australian agribusiness exports should continue to grow strongly. Australian exporters are well placed to participate more in the processed food, agricultural equipment and services, animal feed, seed and livestock industries. As large scale food retailing now is open to unrestricted foreign entry, and some major European retailers already have entered the market, new opportunities are emerging to supply hypermarkets, supermarkets and the food service sector generally, by-passing traditional, more closed distribution networks
- *automotives and related services* – despite high tariff barriers, opportunities exist throughout the entire automotive supply chain, from delivering full vehicle systems and components, to manufacturing in country, and supplying auto

related design, engineering tooling and training services. Thailand can produce one million vehicles per year and the sector is strongly export oriented. Opportunities exist to develop Australian-Thai joint venture manufacturing, and supply of Australian components to Japanese, European and US car plants in Thailand is expanding

- *information technology and communications* – while exports to this sector shrank by more than 40 per cent in 1998, they were recovering strongly by mid 2000. Deregulating and privatising telephone and communications organisations, lowering tariffs on IT imports and systems, and upgrading equipment are generating new commercial opportunities. Good prospects exist to supply financial IT equipment and software packages, telecom equipment, outsourced IT and telecom services, systems development and applications, and training in all these areas
- *health care, medical and pharmaceutical products and services* – demand for these expands as middle class incomes grow. An expanding health and beauty care industry focused on foreigners attracted to Thai private hospitals also is opening new opportunities for Australian exporters
- *tourism and education* – although severely affected by the crisis, tourism and education remain Australia's major service sector exports, and they show promising signs of recovery. Tourism rebounded strongly in 1999 as Thai confidence in income and employment security returned. The Australian Tourism Forecasting Council expects Thai arrivals to grow by 18 per cent per year over the next decade. Opportunities also are expanding for Australian supported academic and vocational training courses and campuses in Thailand. The Thai Government's high priority of strengthening Thai scientific, engineering and technical training institutions will increase these opportunities. As recovery strengthens, Australian based courses also should become more attractive; the Australian dollar's depreciation against the US dollar increases the competitiveness of Australian educational service suppliers, at a time when Thai parents are seeking value for money.

Future Reform Priorities

In mid 2000, progress on collapsing the six tariff bands to three and reducing average tariffs appeared stalled, in the face of protests from domestic stakeholders. Heavily protected agriculture and automotive sectors were resisting tariff cuts, and sectors hard hit by the crisis, like basic materials and heavy industry, were lobbying for increased protection. While authorities have reduced non-tariff barriers in recent years, tariff barriers still remain significant.

The first significant indicator of continued government commitment to trade reform will be to adhere to the previously announced plan to reduce the tariff bands to three and concurrently reduce tariffs. If this reform is implemented before the 2000 elections, it will demonstrate traders can expect more significant liberalisation in the short to medium term, and investors can anticipate related efficiency and competition gains.

FOREIGN INVESTMENT DIRECTIONS AND OPPORTUNITIES

During the crisis, the Thai Government quickly recognised the need to bolster foreign exchange reserves and encourage more foreign direct investment to compensate for contracting domestic investment. The Board of Investment announced new incentives to boost investment in export industries, including allowing 100 per cent ownership of Board of Investment promoted manufacturing activities in all regions. In 1998 and 1999, the Government also permitted 100 per cent foreign ownership of banking, securities and large scale retailing, and liberalised some land ownership restrictions on foreigners. Although outcomes did not always meet foreign investors' expectations, the Thai Government also sought to liberalise the legislative framework restricting foreign business activity, and strengthen bankruptcy and foreclosure laws.

Largely because sectoral entry barriers were lowered, including some temporary relaxations, foreign direct investment inflows increased strongly in 1998 and 1999. Thailand's relative political and social stability, rapidly growing middle class, slowly improving legal and regulatory environment, and enhanced position as a low cost Asian manufacturing base following baht depreciation reinforced investor decisions.

While the Thai business environment is considered tough, restructuring the banking and corporate sector should increase foreign competition, and impose market and legal discipline on Thai corporates. As banks become less important intermediaries, Thai corporates increasingly will seek to access share and bond markets. This will enhance shareholder and bondholder scrutiny and discipline, particularly from institutional investors. Combined with official efforts to improve accounting and disclosure standards and upgrade commercial law, these developments eventually should raise Thai corporate governance standards, improving the environment for Australian traders and investors.

Australian Investment Opportunities

Potential problems and risks, including possible high levels of hidden debt in Thai companies seeking foreign partners, legislative hurdles, opaque bidding processes and a general lack of transparency in the Thai market, have dissuaded many Australian companies from pursuing investment opportunities. However, many Australian companies have done well in Thailand by undertaking thorough market analyses and forming links with well connected and financially astute Thai partners.

Major areas of opportunity include financial services, transport and logistics, agribusiness, and manufacturing for the domestic and ASEAN regional market. Recent Australian investments have been in automotive component production, building products, rubber products and fabricated steel products.

Future Reform Priorities

Thailand's foreign direct investment regime now is less liberal than those of major competitors for investment, Indonesia, the Republic of Korea and China. Restrictions on 100 per cent foreign ownership are outdated and inappropriate in a globalising world economy. Limiting competitive pressures on local enterprises encourages low efficiency and high cost structures, eventually undermining export competitiveness. The Korean Government recognised this and now enthusiastically courts foreign investment, encouraging it in virtually all sectors of its economy. However, while some groups in Thai society still are wedded to the nationalist rhetoric of the past, restrictive foreign investment policies eventually benefit no one, not even the sectoral interests which feel most threatened by foreign competition.[1] Foreign direct investment also is an important conduit for new technology, management and marketing skills.

The first important indicator of future foreign investment liberalisation trends will be confirming that foreign investors permanently can own 100 per cent of Board of Investment promoted manufacturing enterprises, irrespective of their location or export orientation. Another significant signal will be to lift to 49 per cent and eventually to remove the 25 per cent shareholding limit on foreign insurance companies. A third important indicator will be to deepen reform of the foreign business law, initially increasing access to business services, mining and agribusiness, and eventually limiting restrictions only to national security related sectors. Liberalising any, or all, of these areas would increase significantly opportunities for Australian investors.

CORPORATE RESTRUCTURING DIRECTIONS AND OPPORTUNITIES

Thailand has progressed slowly on debt work outs, but by mid 2000, this process appeared to be accelerating. Senate resistance delayed passage of stronger bankruptcy laws and establishment of the new bankruptcy court until mid 1999, and only then did the Corporate Debt Restructuring Advisory Committee start to make real progress. By shifting the previous voluntary approach to a timebound process, the committee appears to be encouraging more debtors and creditors to negotiate work outs.

While bankruptcy proceedings still are slow and perceived to be biased against creditors, the crucial March 2000 Central Bankruptcy Court decision in favour of creditors of Thai Petroleum Industry, TPI, Thailand's largest corporate debtor, indicates a breakthrough in this crucial area. The decision declaring TPI insolvent and the appointment of an independent external planner, should accelerate corporate debt work outs, and reassure foreign investors Thailand's reforms are on track.

To strengthen corporate governance, the Securities and Exchange Commission has tightened company listing requirements and is developing a black list of corrupt company directors. The Government now requires firms to reach international accounting standards and plans to increase minority shareholders' rights. However, changing the corporate culture of the dominant, family owned firms will take many years.

Commercial Opportunities

Accelerated corporate debt work outs provide many consulting opportunities for Australian experts. Also, during work outs, many Thai corporates will shed non-core assets to lower their debt leveraging to manageable levels. For example, more real estate in Bangkok is being offered at auction. Throughout 2000 and 2001, these

1 Australia's experience with liberalising foreign direct investment indicates previously protected domestic firms mostly do raise their efficiency to meet international competition, lifting their domestic and international performance, thereby benefiting domestic consumers and shareholders, and enhancing export revenues.

divestitures should provide significant opportunities for Australian investors looking to enter the Thai market. Interested parties would be well advised to start due diligence analyses.

Future Reform Priorities

The major signal that corporate restructuring is on track will be the Corporate Debt Restructuring Advisory Committee's success in getting large debtors to complete debt work outs in 2000. If the committee's ongoing negotiations with the largest Thai debtors do not produce completed debt work outs by the companies involved, the Government will need to consider moving away from a voluntary approach. In cases where debtors refuse to negotiate, the Corporate Debt Restructuring Advisory Committee will need to promptly refer the matter to the Central Bankruptcy Court where the case should be dealt with as quickly as possible. To increase the credibility of the threat facing debtors, and force recalcitrant debtors and creditors to the negotiating table, courts will need to accelerate the timeframes of ongoing bankruptcy and foreclosure cases. This is likely to require additional legislation and new implementing regulations for the courts.

Progress in these areas will be important. By helping to build a modern credit culture, these achievements would increase certainty for foreign and domestic creditors and investors alike.

PRIVATISATION DIRECTIONS AND OPPORTUNITIES

The Government has endorsed an ambitious state enterprise privatisation master plan and started work on a supporting legal and market framework, but progress is behind schedule. The legal aspects are complex and strain the bureaucracy's limited drafting, policy making and negotiating capacity. Vested interests in parliament and state enterprises also are delaying progress. However, the important corporatisation law allowing state enterprises to be corporatised now is passed, and privatisation planning is progressing in air transport, airports, electricity, gas, oil and telecoms.

Commercial Opportunities

Privatisation preparations are generating a strong demand for consultancies related to developing appropriate regulatory and legal frameworks, infrastructure unbundling to maximise competition, corporatisation, competitive bidding and risk management. In addition, as privatisation expands, Australian firms should be able to bid to buy assets from former state enterprises and supply outsourced services.

If state enterprise privatisation picks up in 2000 and 2001, demand for architectural, engineering and financing services also will grow, providing good opportunities for Australian consultants. Many infrastructure projects were delayed or downsized during the financial crisis, but with economic recovery, infrastructure development is regaining priority. Some 95 new infrastructure projects, worth US$28 billion are in the pipeline.

The transport and environmental service sectors are particularly prospective:

- *transport* – corporatising and privatising transport services should enhance commercial opportunities in airport, rail and port development and management. Australian companies are well positioned to supply services and products
- *waste management* – while the financial crisis reduced public spending in this sector, ongoing public and private industrial opportunities exist to win construction contracts, supply services and provide training for water supply, sewerage treatment, and solid and toxic waste disposal.

Future Reform Priorities and Indicators

Key indicators that the privatisation program is back on track will be the sale of provincial airports, shares in Thai Airways International, some core EGAT generating assets, including the Ratchaburi power station, and the unbundling and sale of telecoms provider, Telecommunications Organisation of Thailand. Overly generous share pay outs for state enterprise workers would erode taxpayers' benefit from the sales and encourage the lobbying efforts of vested interests in future. However, successful sales that produce benefits for consumers and augment government revenue should stimulate increased public and political support for privatisation.

Accelerated progress on privatisation also will boost commercial opportunities for Australian consultants, potential buyers and competitive operators in newly opened sectors, and suppliers of goods and services to newly privatised enterprises.

AUSTRALIAN-THAI RELATIONS AND OPPORTUNITIES

Thailand is a significant nation in South East Asia, and its relationship with Australia is very important. Thailand's strategic location, increasingly vibrant democracy and potentially strong economy contribute to its importance. It plays a key role as a moderate democratic state in ASEAN, while its alliance with the United States and close friendship with China also add to its standing in the region. Since the Asian crisis, major changes in the region have positioned Thailand to exert more influence than it did previously. Continued commitment to economic and trade liberalisation will enhance Thailand's economic potential and regional strategic role.

Australian-Thai bilateral political and economic relations are close, and if anything, the crisis has strengthened them. Growing trade links based on mutual trade liberalisation and rising Thai incomes underpin the bilateral economic relationship. Thailand's maturing democracy and similar Thai and Australian strategic and trade liberalisation interests provide the basis for a strong political relationship. Australia's strong support for Thailand during the crisis via its contribution to the IMF standby program, the visit by the Prime Minister, Mr Howard in April 1998, and Australia's enhanced development assistance program reaffirm the close bilateral relationship.

The strong bilateral political relationship is apparent in the number and range of ministerial visits. Apart from the Prime Minister's visit, 12 Australian ministers visited Thailand in the year to April 2000, including several visits by both the Foreign Minister and the Trade Minister. In the same period, 15 Thai ministers including the Deputy Prime Minister and Foreign Minister visited Australia. Such exchanges boost the bilateral relationship and where practicable, governments should encourage business delegations to participate in ministerial visits. Such missions raise awareness of business opportunities in both countries, and help identify potential trade prospects, joint venture partners and investment opportunities.

Australia and Thailand stand to benefit significantly from deepening their already close relationship. A peaceful and prosperous Asian Pacific region enhances both Australian and Thai strategic and economic interests. Australia and Thailand also hold similar positions in multilateral economic forums like the World Trade Organisation and APEC.

Trade Negotiations and Market Access

Despite the close economic and political relationship at ministerial and official levels, several trade access issues impede stronger trade relations and greater mutual benefits.

Several key sectors of interest to Australian exporters, such as automotives and components, and high value-added food items, attract tariffs of up to 80 per cent. Despite the Thai Government's commitment to improved market access, Thailand's 17 per cent average tariff rate in 1999 was higher than all major Asian economies except China's. Thai agriculture remains heavily protected, despite the international competitiveness of many agricultural sectors. Vested interests continue to obstruct trade reform. These barriers restrict further growth of Thai-Australian trade.

Improving market access therefore remains a high priority for the Australian Government. Regular consultations are underway at ministerial and official levels on wide ranging issues, including tariff reductions, agricultural market access, quarantine, automotive sector cooperation and services industry access. These trade liberalisation and market access issues also are pursued through the WTO and APEC. Market access for agricultural products, particularly processed food and beverages, remains a high priority. Representations will continue to focus on access for these products, despite some recent successes in reducing tariffs on lupins, alfalfa, lanolin and cotton. Thai food processors and consumers also would benefit from lower prices for imported agricultural inputs and consumer goods, as these imports are inputs for many producers and put competitive pressure on Thai agriculture to remain internationally competitive.

In the manufacturing sector, lowering tariffs in the automotive sector would increase trade flows. Australian Government promotions for automotive component companies have made Thai manufacturers more aware of Australia's world class supply capacity and usefully could be applied to other sectors, including education and food exports.

The Australian Government attaches high priority to Thailand further liberalising its foreign investment laws, and encourages the Thai Government to open several service sectors, including business and legal services, to foreign participation. Equally, the Government supports implementing the bankruptcy law more fairly and efficiently, as failure to do so undermines Thai credit culture and discourages foreign investors and creditors. Despite some progress in 1999, the Australian Government recognises reforms to date have hardly benefited Australian investors, so it will continue to urge greater liberalisation.

WTO, APEC and Cairns Group

The Australian Government values its close cooperation with Thailand in the WTO and APEC. Like Australia, Thailand, a fellow Cairns Group member, participates actively in the WTO, including in mandated negotiations, and other work to promote the early launch of a new WTO round of multilateral trade negotiations. Thai and Australian objectives in the WTO Cairns Group of agricultural exporters generally coincide closely. At the November 1999 WTO meeting in Seattle, Thailand took a leading role, bringing together developed and developing country perspectives. Since the Seattle meeting did not finalise a negotiating agenda and launch a new round of negotiations, both governments can usefully continue to cooperate in the lead up to the APEC leaders' meeting in November 2000, urging a united APEC approach to further trade liberalisation and support for the multilateral trading system.

Australia's Aid Program

AusAID's country strategy for Thailand, agreed between both governments in July 1999, focuses on helping the Thai Government to strengthen economic and social governance, and ameliorate the impact of the crisis on the poor. Australia learnt many lessons from its late 1980s financial market crisis that are applicable in Asian crisis economies. Australia's strong regulatory, financial market and economic management performance throughout the crisis demonstrated regulatory reforms made in the 1980s were effective and enhanced its capacity to provide advice and expertise. The aid program allows numerous Australian government institutions to work with Thai government agencies to improve their governance performance:

- the Australian Prudential Regulatory Authority helps train Bank of Thailand officials in supervising financial institutions and developing prudential regulations
- the Reserve Bank of Australia assists the Bank of Thailand with its IT requirements
- the Australian Stock Exchange seconds officials to the Stock Exchange of Thailand to draw up good corporate governance guidelines
- the Australian Bureau of Statistics provides technical support and skill transfers to strengthen the quality and timeliness of Thai macroeconomic statistics
- the Commonwealth Government Public Service and Merit Protection Commission advises the Thai Government on public sector management and fiscal monitoring reforms
- the Australian Taxation Office helps build capacity in the newly established Large Taxpayer Office to assist in raising government revenue.

Australia's provision of technical advice and training assistance in economic and legal governance is a significant part of Australia's overall development assistance program. The new A$10 million capacity building facility provides ongoing opportunities to match Thai needs with Australian expertise in priority areas of economic governance reform and human resource development.

Given Thailand's ongoing need to improve governance and Australia's relevant capacity to assist, the development cooperation program will prioritise future assistance in this area. For example, further opportunities to support development of Thailand's public administration capacity, as well as economic, democratic and legal institutions could be examined. Such assistance may include support through the Australian Development Scholarship Scheme and short course training targeting specific knowledge requirements.

Future Prospects

While the Thai Government has used the crisis to push through reforms vital for Thailand's next stage of economic and political development, and achieved much since assuming office in late 1997, its work still is not finished. It faces many important policy choices in 2000 and beyond in key economic policy, governance and legal areas. Failure to complete these crucial reforms would undermine significantly Thailand's future economic prospects and aspirations for higher living standards and reduced poverty. However, a strong commitment to and success in resolving core structural weaknesses in financial and corporate restructuring, economic governance, policy implementation, the legal system and education, and accelerating trade and investment liberalisation should set Thailand on a sustainable economic growth path over the next decade and beyond. Achieving these key reforms also will enhance significantly already strong Australia-Thai political and economic relations and opportunities.