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Resilience as the New Competitive Advantage

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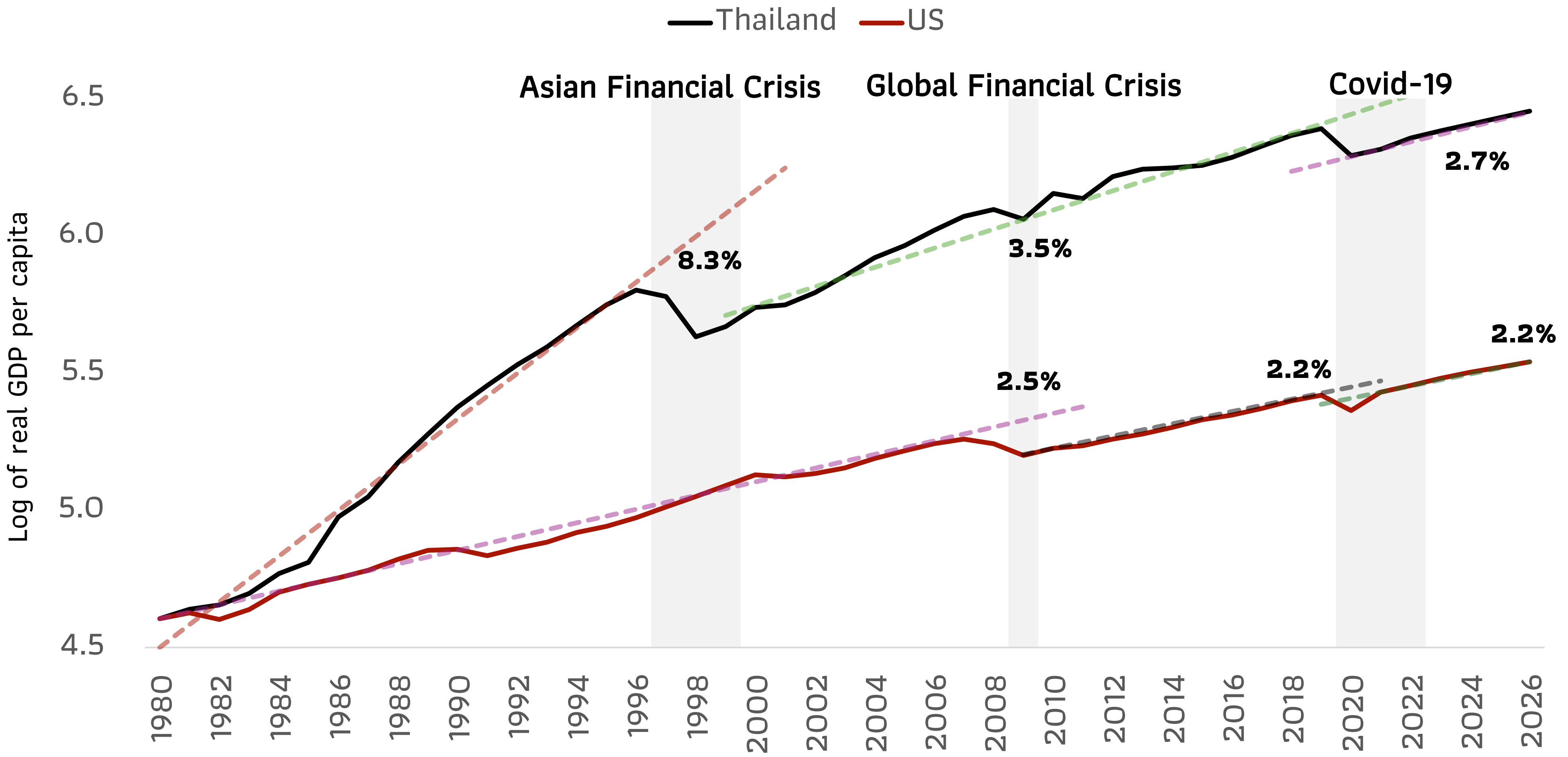
RESILIENCE = COMPETITIVENESS

not just a way to **survive**…
…but a way to **thrive** in a shock-prone world

The ability to bounce back after shocks

Resilience in contrast

Thailand vs US GDP per capita



Source: World Bank WDI (NY.GDP.PCAP.KD, constant 2015 USD) from 1980 to 2024, IMF WEO April 2025 from 2025 to 2026

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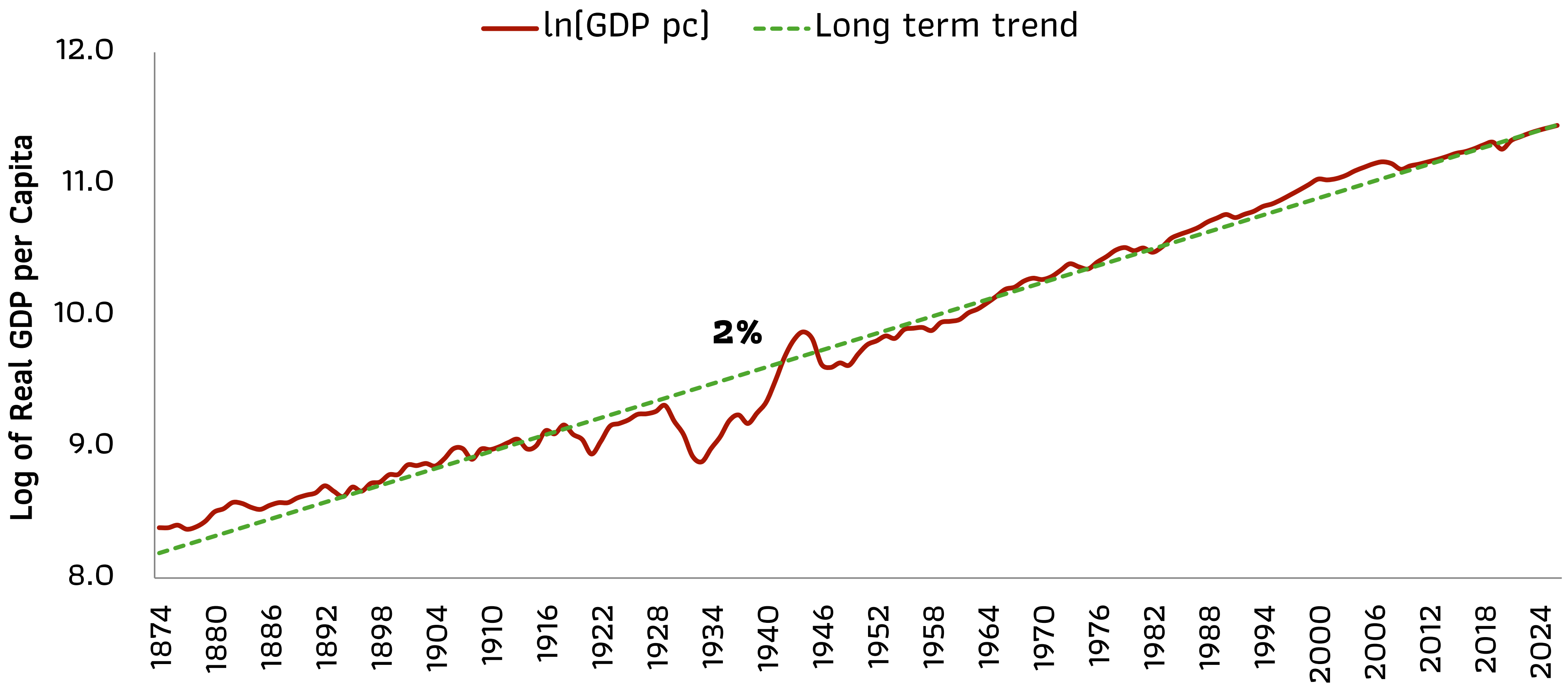
A picture of long-run resilience

US Real GDP per capita over 150 years



Source: Barro and Ursua (2010) from 1874 to 1990 ,World Bank WDI (NY.GDP.PCAP.KD, constant 2015 USD) from 1990 to 2024, IMF WEO April 2025 from 2025 to 2026

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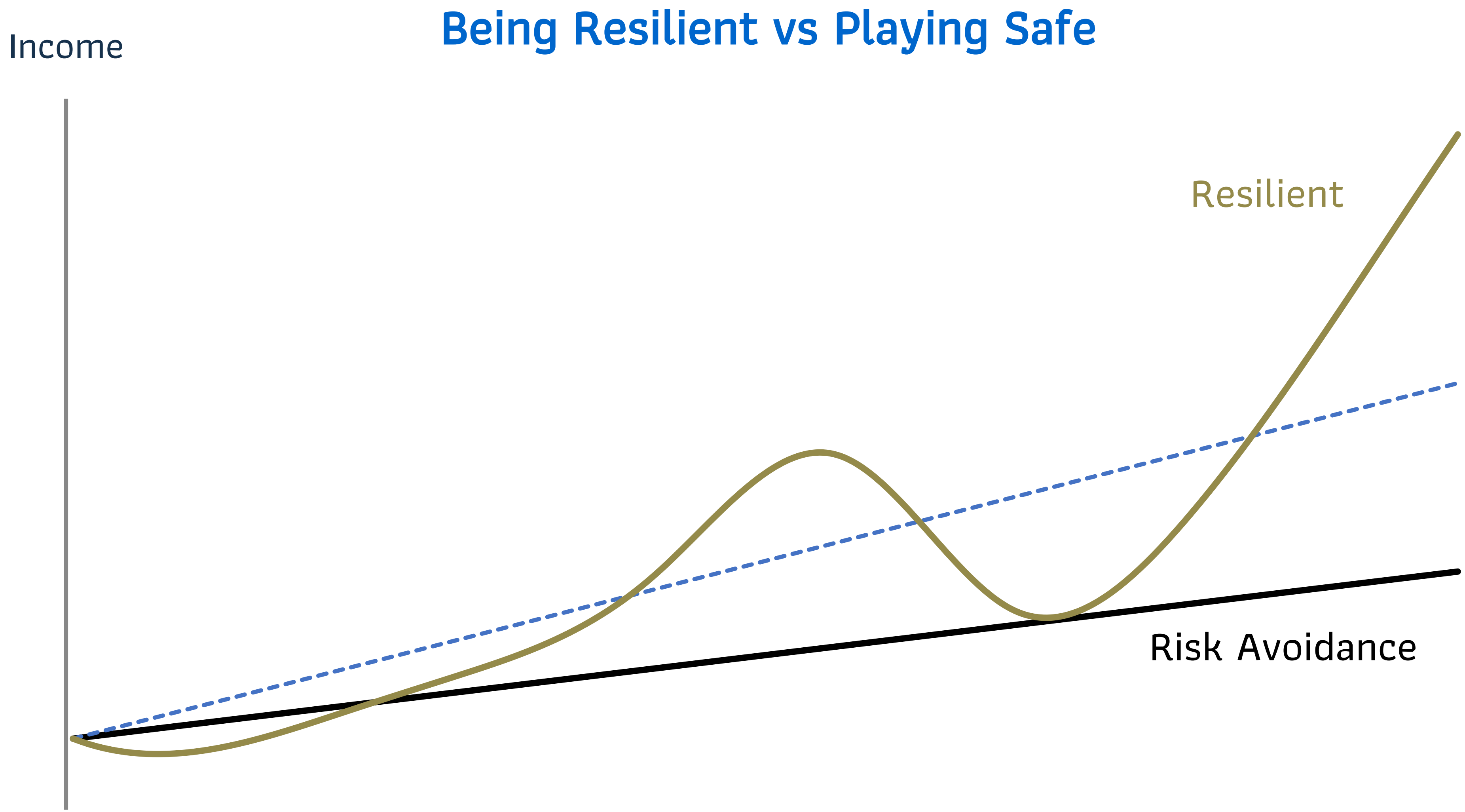
Resilience allows higher trend growth



Ability to "bounce back" requires...

Adaptability + Shock Absorption

Economic Adaptability

Dynamic [re]allocation of resources

Firm dynamism

Entry of new firms, growth and contraction of existing ones, exit of uncompetitive ones

Good firm dynamism

- High churn – lots of start-ups + efficient exits
- Fluid flow of resources to productive firms who gain market share
- Healthy firm life-cycle – productive young firms can scale

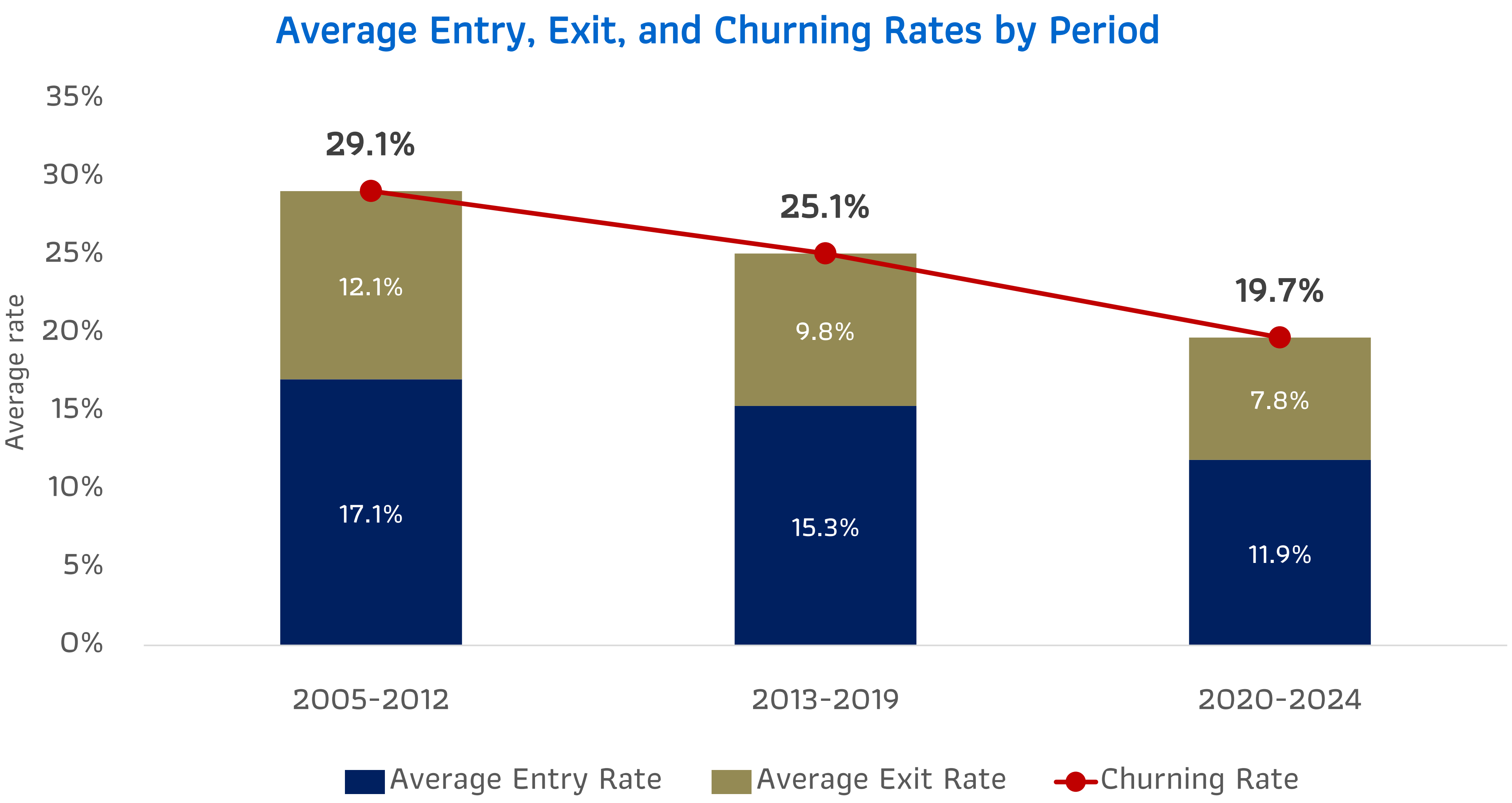
Thailand's declining firm dynamism

Weaker GDP growth mirrored in weaker firm growth and productivity

	Post-AFC 2000-2007	Post-GFC 2010-2019	Post-COVID 2021-2025
GDP growth	**5.3 %**	**3.7 %**	**2.4 %** ▼
Corporate revenue growth	**15.7 %**	**8.1 %**	**4.4 %** ▼
Corporate asset growth (investment rate)	**11.8 %**	**10.8 %**	**8.8 %** ▼
ROA	**8.2 %**	**7.9 %**	**6.2 %** ▼

Source: NESDC, financial statement data from DBD Ministry of Commerce, calculations by PIER
Note: averages across all sectors, ROA = Return on Asset = profit/total assets where profit is Earnings Before Interest and Taxes (EBIT), data through 2024

Decline in firm 'churning'



Source: Financial statements from the Department of Business Development (DBD), Ministry of Commerce, calculated by the Puey Ungphakorn Institute for Economic Research

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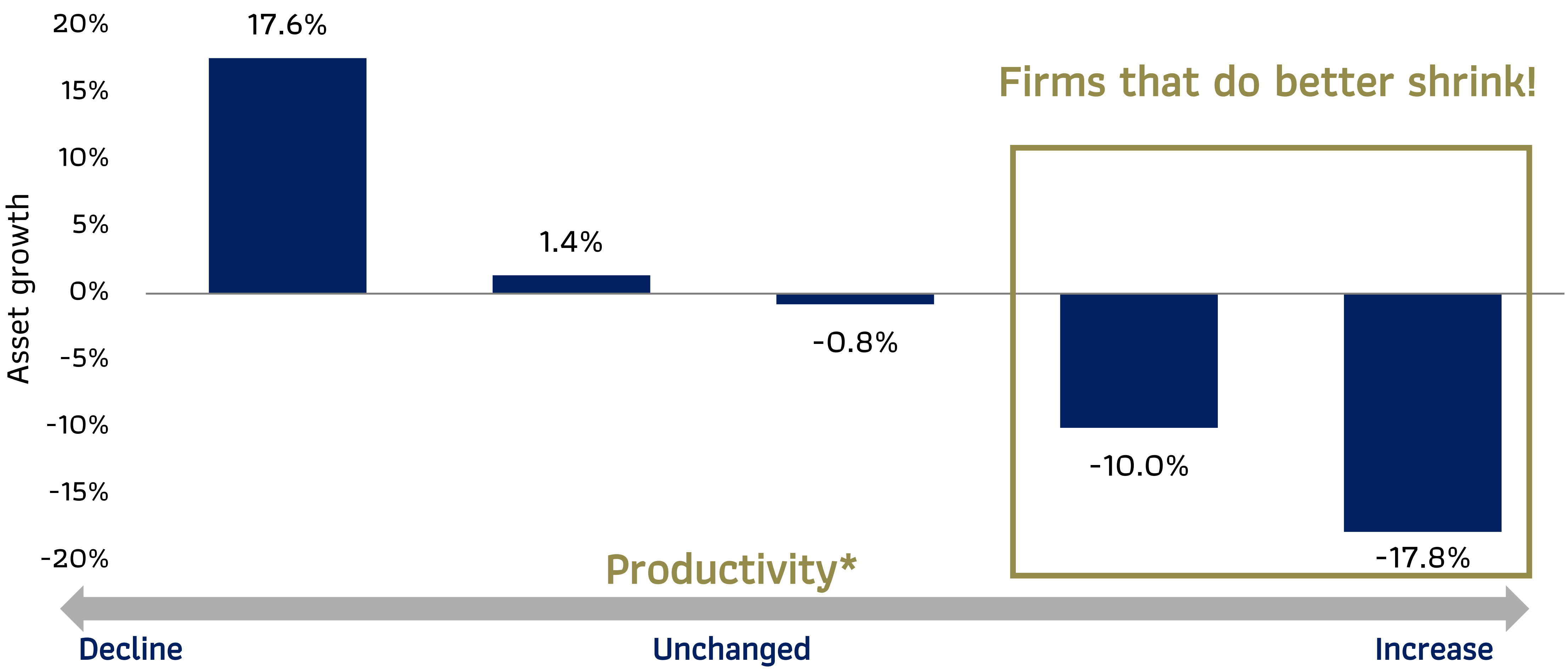
Wrong way flow: Resource Misallocation

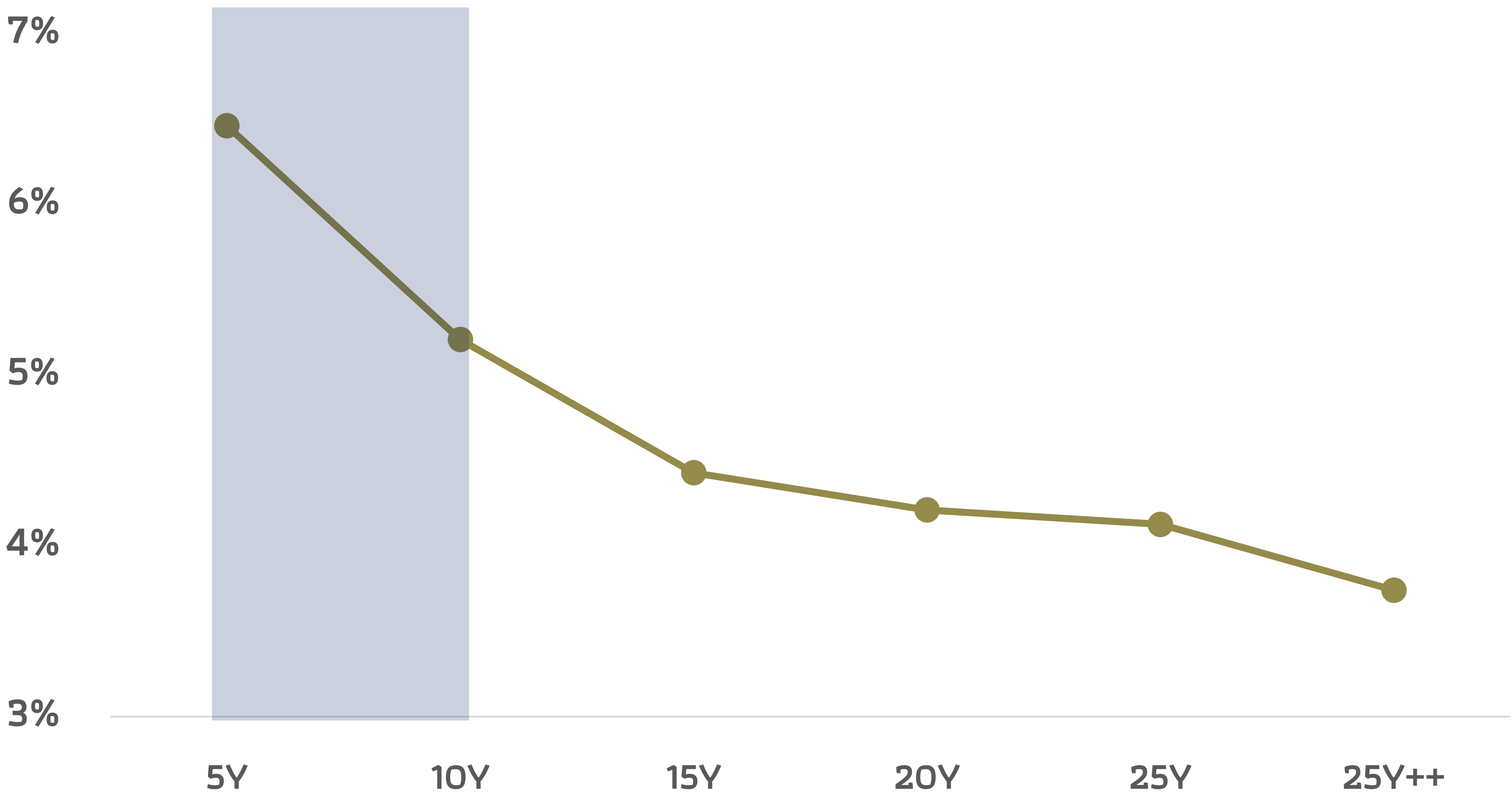
Growth of asset by firm productivity (2013-2024)



Source: financial statement data from DBD Ministry of Commerce, calculations by PIER
Note: productivity is measured by Asset turnover ; firms grouped into 5 by productivity change: large decline to large increase, average over 2013-2024 (3-year rolling window)

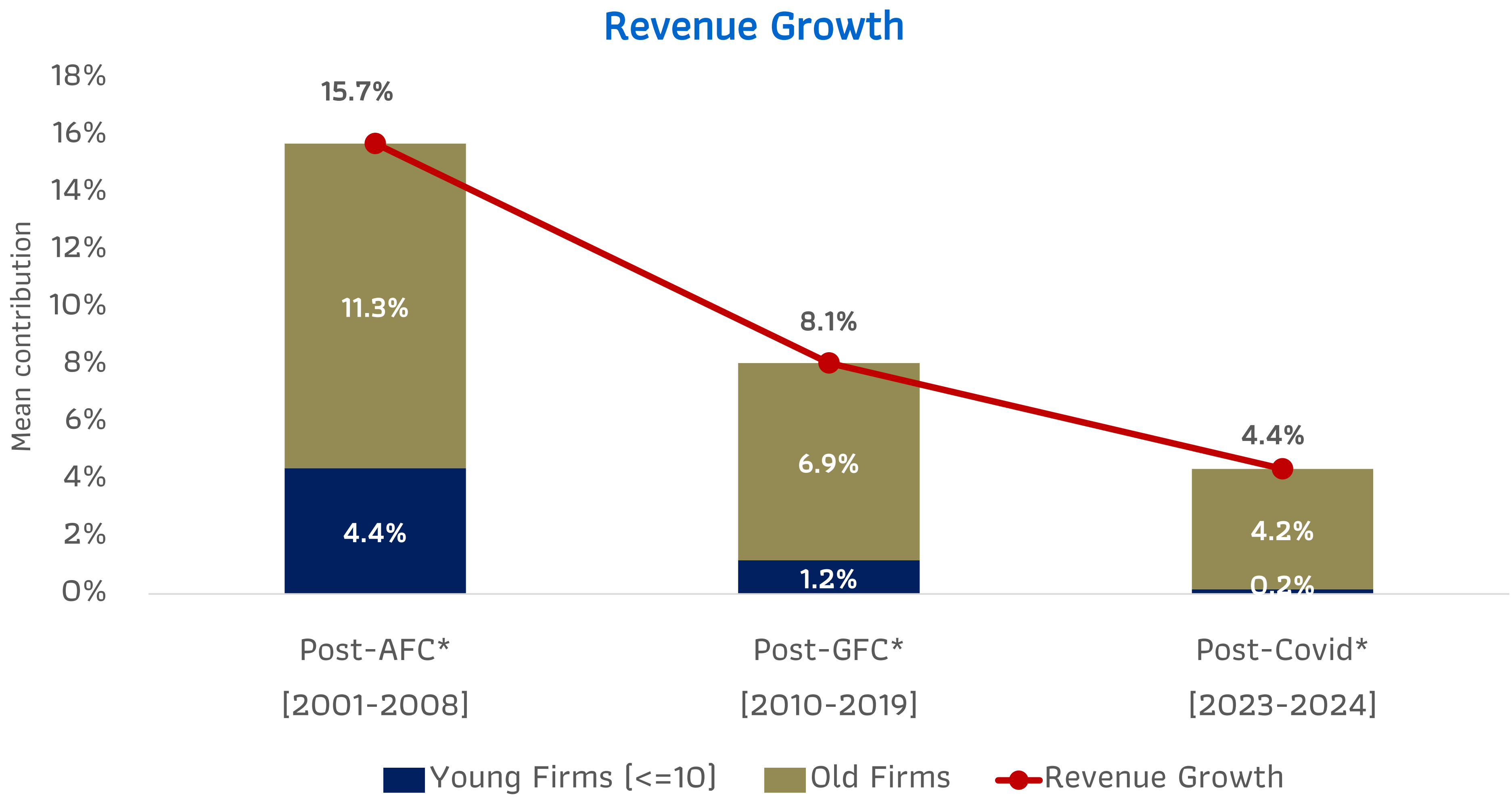
Younger firms more productive…

Return on asset (ROA) by age group (average 2013-2024)



Source: Financial statements from the Department of Business Development, Ministry of Commerce, calculated by the Puey Ungphakorn Institute for Economic Research
* EBIT-based ROA

...but play a declining role in the economy



Source: Financial statements from the Department of Business Development (DBD), Ministry of Commerce, calculated by the Puey Ungphakorn Institute for Economic Research
* Not Included 2015

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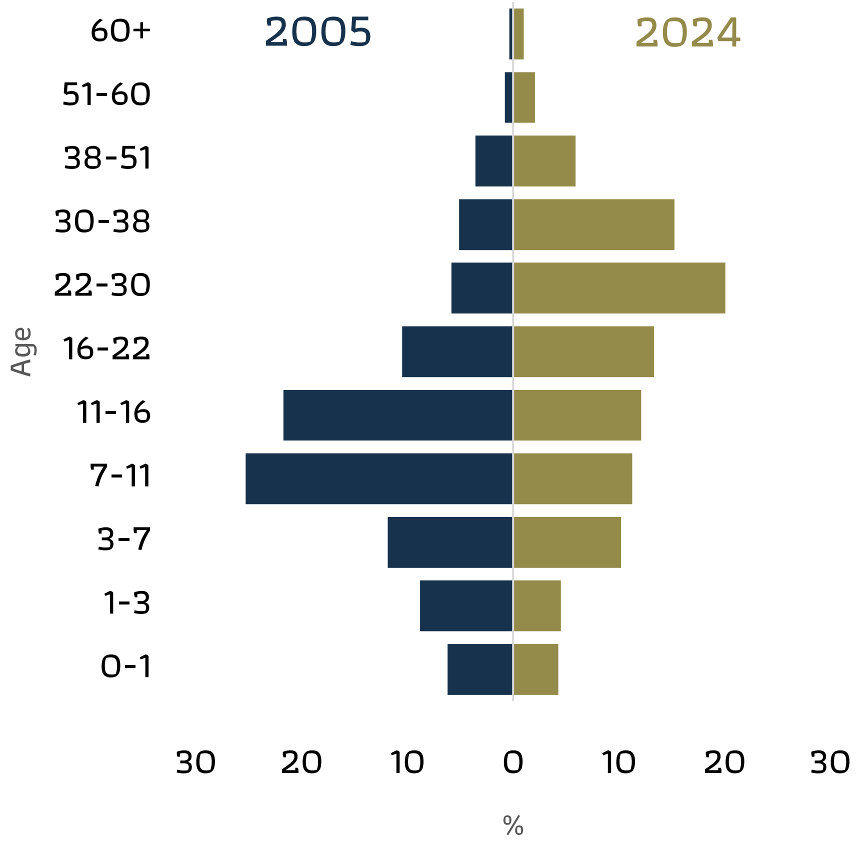
Resulting in stunted growth…"Bonsai" firms

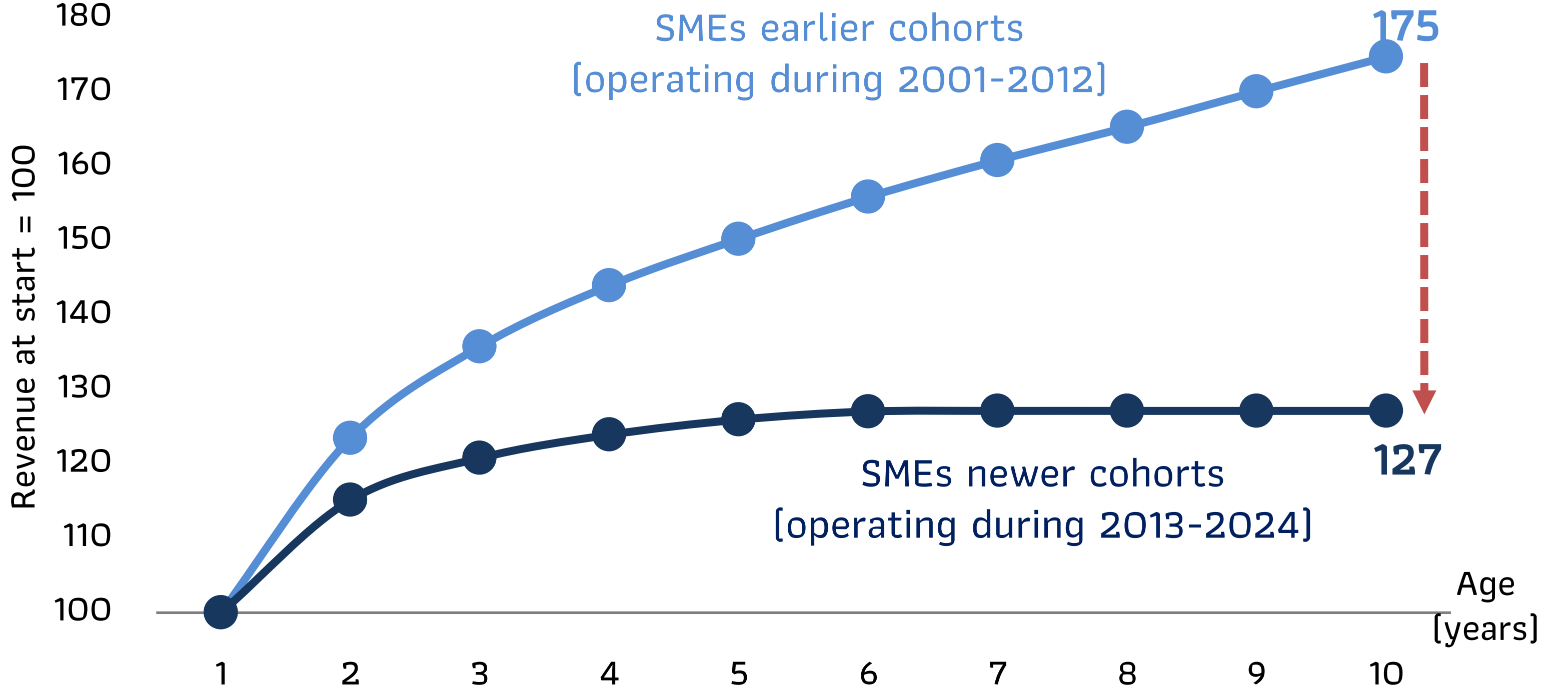
Thailand's business sector is aging

Asset share by age group



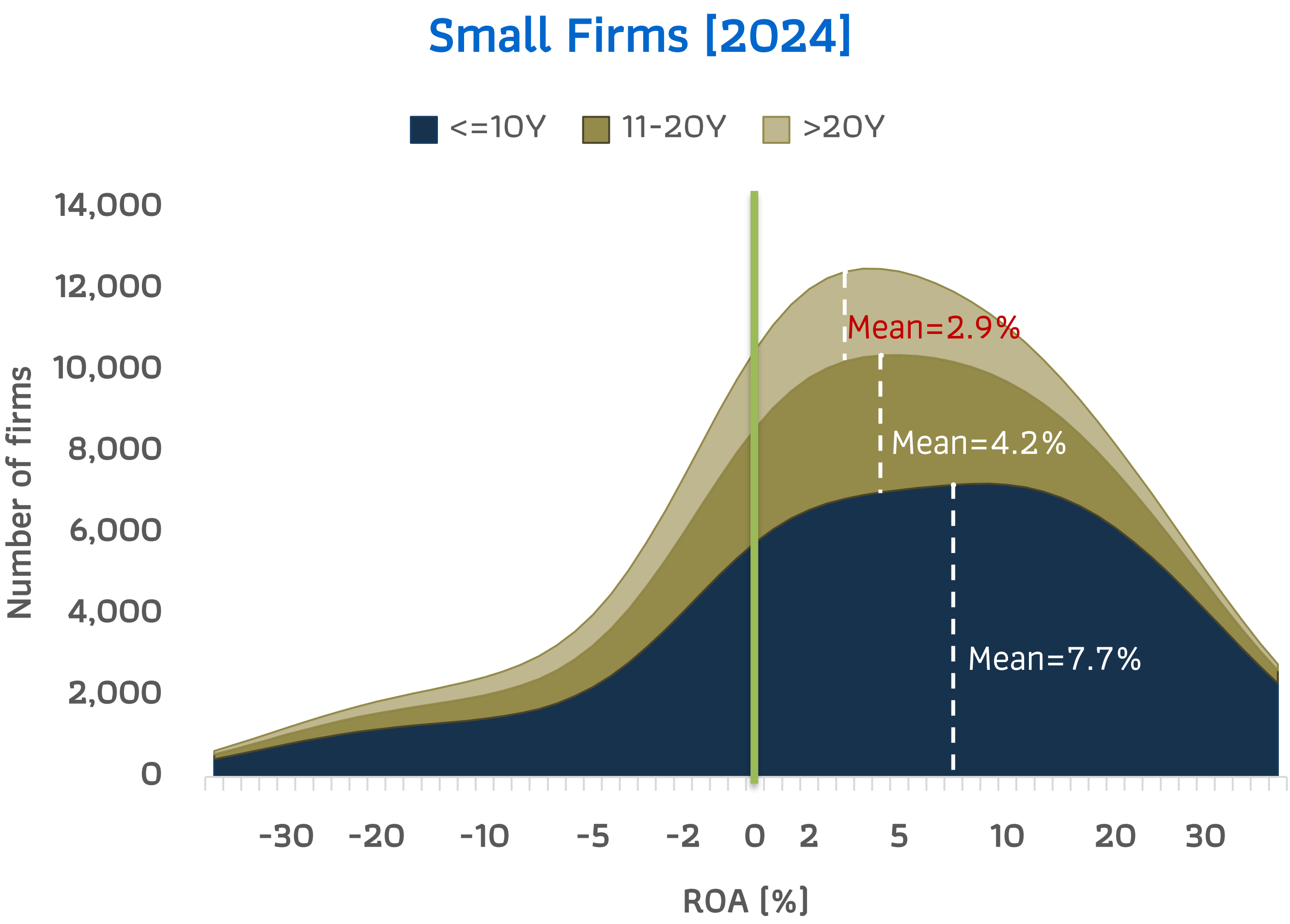
Young/small firms can't scale up

Average revenue of SMEs relative to start of business



Source: Financial statements from the Department of Business Development (DBD), Ministry of Commerce, calculated by the Puey Ungphakorn Institute for Economic Research

A landscape with many small, old, unproductive firms…



37% of small firms are old and

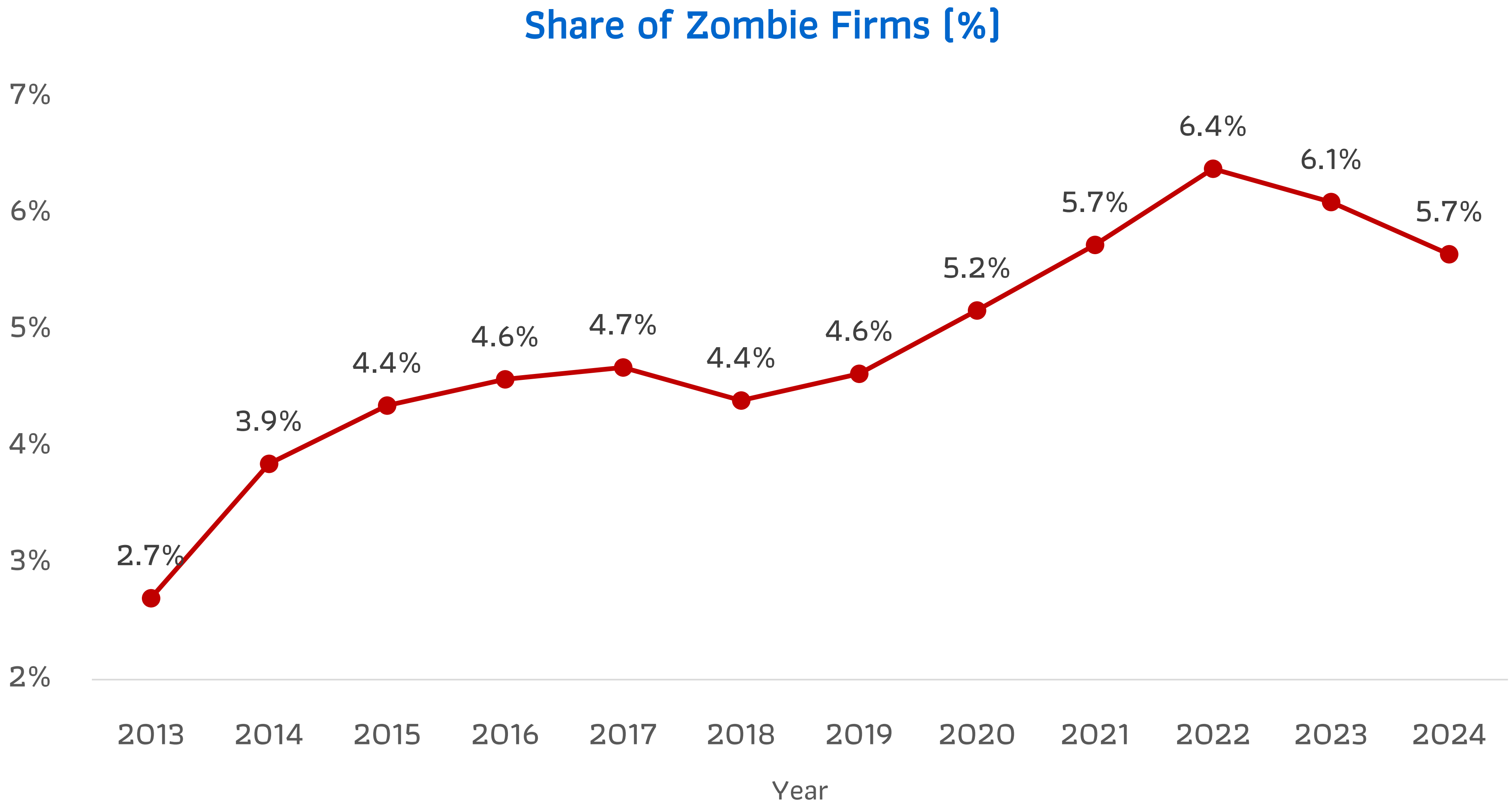
25% of those over 20Y are unprofitable [negative EBIT]

Small firms = revenue < 50 million baht for services and <100 million baht for manufacturing.

Source: Financial statements from the Department of Business Development, Ministry of Commerce, calculated by the Puey Ungphakorn Institute for Economic Research

* EBIT-based ROA

…as unproductive firms don't exit



Source: Financial statements from the Department of Business Development (DBD), Ministry of Commerce, calculated by the Puey Ungphakorn Institute for Economic Research
* Zombie firm refers to a business with an interest coverage ratio (ICR) of less than 1 for 3 consecutive years.

Thailand’s vulnerability to climate transition

Climate transition is a competitiveness challenge

"Be greener"

Costly mitigation to help slow climate change

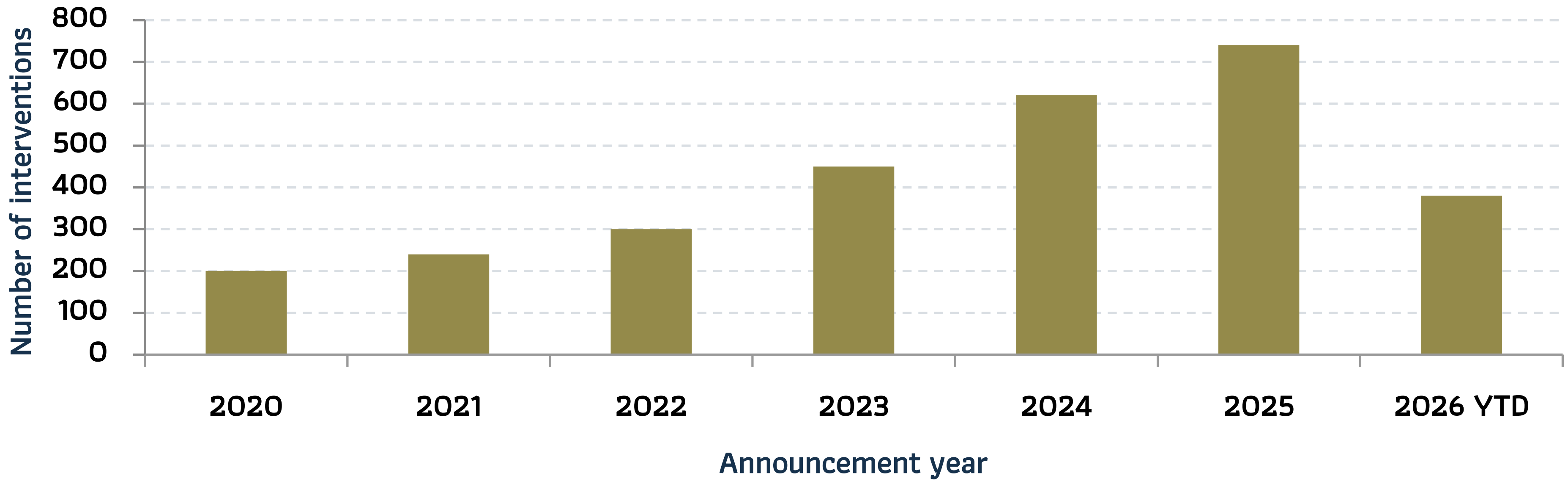
VS

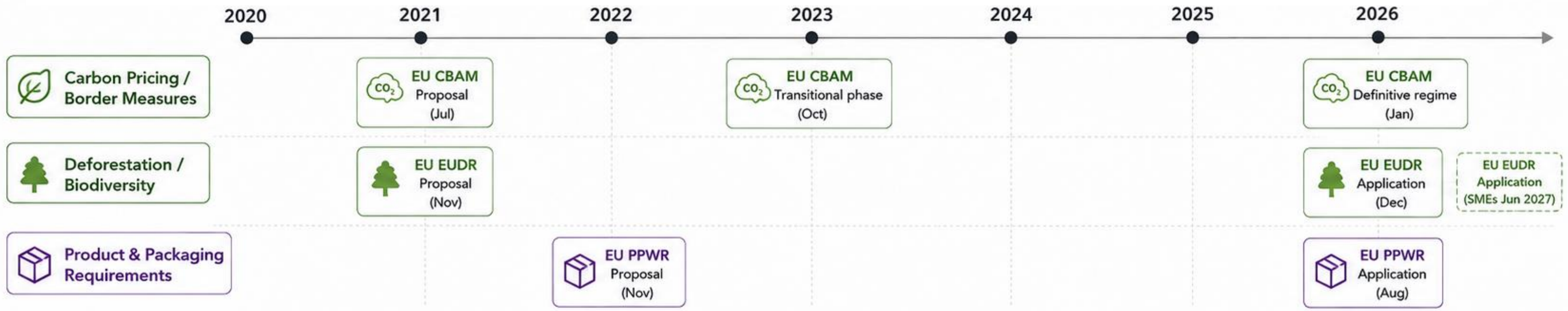
Adapt to stay competitive

- Retain/gain market access
- Reduce costs
- Stay in global value chains

Environment-related trade measures proliferating globally

Number of environment-related trade policies globally





Note: 2026 data are year-to-date (up to June 2026).
Source: Global Trade Alert (GTA) – Growth of Environmentally Motivated Trade Policy (May 2026)

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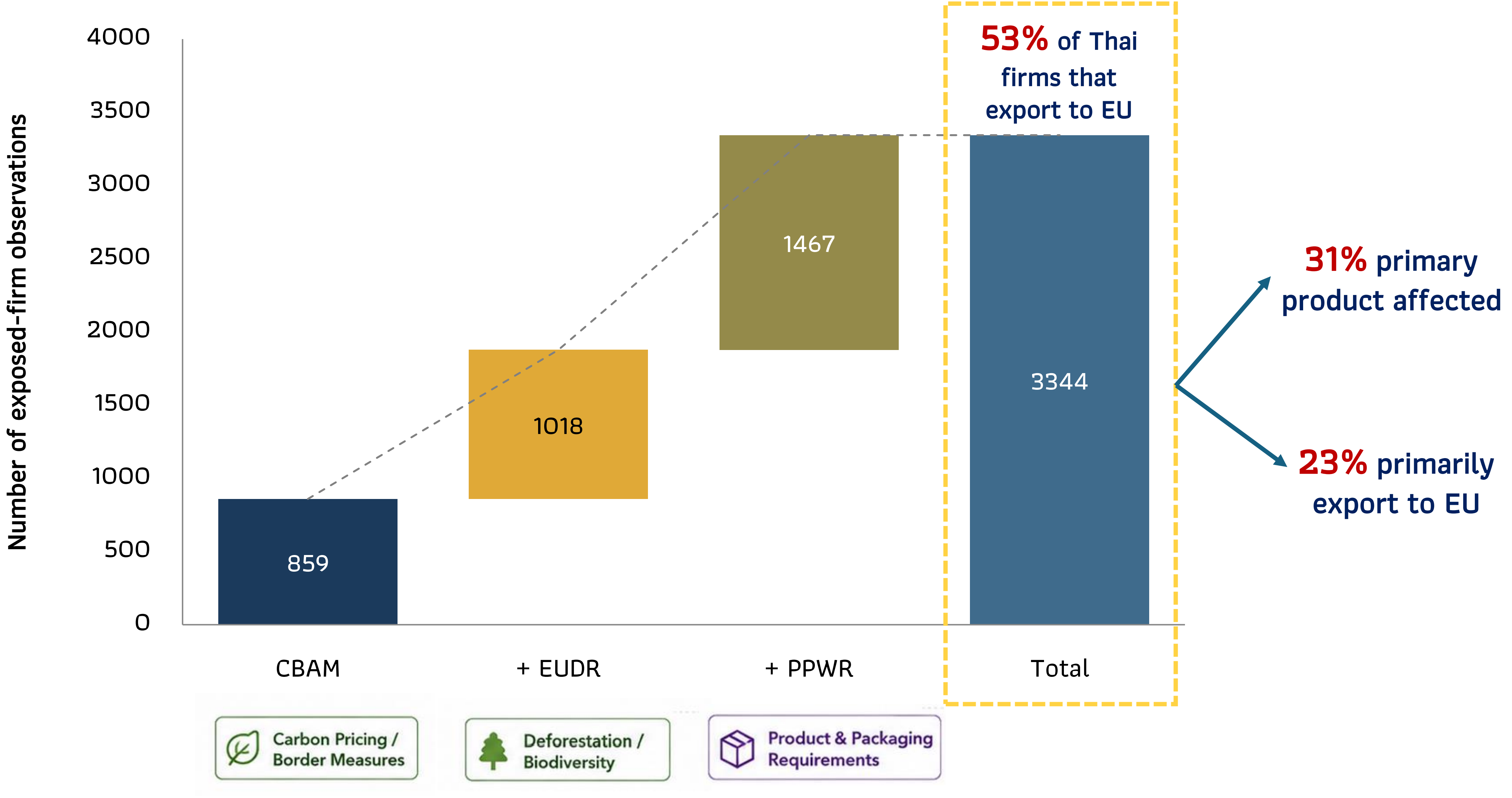
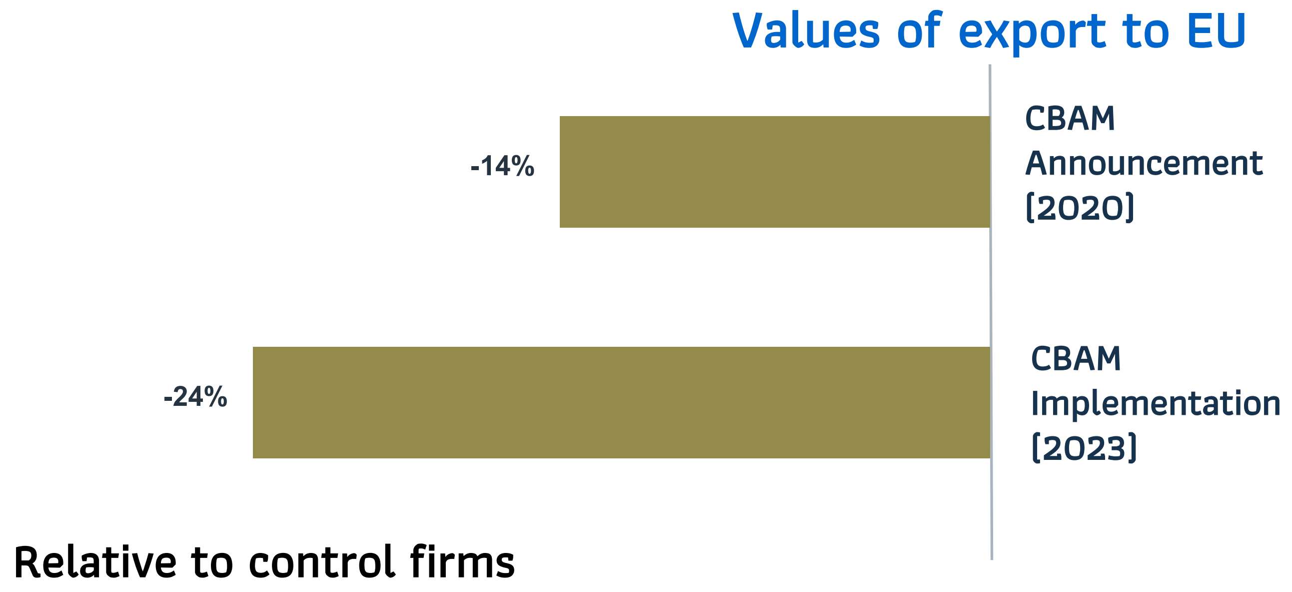
Large number of Thai exporters are exposed as climate-related trade measures expand beyond carbon



Source: firm-level customs data during 2016–2024, calculated by the Puey Ungphakorn Institute for Economic Research

CBAM non-compliance translates into export losses



Uneven burden: small exporters more negatively affected, given weaker finance, technology and compliance capacity

Design: treated firms exported CBAM goods to the EU before the announcement; outcomes compared with control firms before and after the policy shifts
Data: firm-level customs data and financial data from DBD, 2016–2024, calculated by the Puey Ungphakorn Institute for Economic Research
Method: difference-in-difference.
In the other analysis, using UN Comtrade data, EU imports of CBAM goods from high-carbon countries declined by 6% after the CBAM announcement, relative to the low-carbon countries.

Much much more to come!

OPERATIONAL

EU

Definitive regime from 1 Jan 2026

NEXT

UK

Legislation in place; launch planned for January 2027

DEVELOPING

Australia

Policy proposals and review continue

WATCH

Other markets

Active discussions across multiple jurisdictions

Thai exporting firms should prepare for multiple regimes, timelines and verification requirements

Must invest in resilience

…through building adaptability and buffers

Financial sector can contribute to better resource allocation

Credit Risk

- Data Bureau, SMEs Credit Portal
- Loan guarantee
- Bankruptcy/foreclosure process

Funding diversity

- Market-based funding
  - ❑ Venture capital, private equity/debt, crowdfunding
- Virtual Bank

Efficient + Secure

- Digital innovation
- Prevent scam/illicit finance

The 14th National Economic and Social Development Plan

Economic Transformation

❶ Raise productivity + competitiveness

❷ Productivity; Inclusivity; Adaptability; Immunity

❸ Execution!

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Economic Transformation in Action

Guiding Principles

- Private sector leads transformation
- Public sector enables adaptation and restructuring
- Financial sector allocates resources efficiently

7 Strategic Sectors

- Automotive
- Tourism
- Retail & Commerce
- Creative Economy
- Smart Electronics & Digital Services
- Agriculture & Agro Processing
- Medical and Wellness

Apply Reinvent Thailand framework to transform Agriculture/agro-processing

- Identify pain points
- Practical transformation model
  - market-led
  - innovation-driven
  - whole value chain integration
- Ready-to-go cases

Ultimately…

Uplifting productivity = Resilience