



**H.E. General Prayut Chan-o-cha**  
**Prime Minister of the Kingdom of Thailand's Closing Keynote Address**  
**at the Prosperity for All Summit**  
**organised by the ASEAN Business Advisory Council**  
**under the theme**  
**“Driving Growth through Micro and Small Entrepreneurs in Trade, Services and**  
**Agriculture”**  
**28 April 2017, 17.00 – 17.30 hrs.**  
**The Grand Ballroom, City of Dreams, Manila**

\*\*\*\*\*

Mr. Jose Ma. A. Concepcion, Chairman of the ASEAN Business Advisory Council, Leaders from the public and private sectors, Members of the ASEAN Business Advisory Council and Distinguished Participants,

1. It is a great honor to be invited by the ASEAN Business Advisory Council, a very prominent organisation of the ASEAN Community, to share my views on the promotion of micro, small and medium enterprises or MSMEs. MSME promotion is a very important undertaking, with an increasingly integral role in driving this region's economy in the years to come.
2. Under the ASEAN Economic Community Blueprint 2025, MSMEs are a major driver of the ASEAN economy as they constitute more than 95 percent of enterprises within each member country. If these businesses are thriving, the ASEAN Economic Community will undoubtedly achieve a resilient and robust economy, bringing prosperity to the nations and the region as well as fulfilling the priority set by this year's ASEAN Chair.
3. In fact, ASEAN has already attached great importance to MSMEs, as reflected in the three blueprints on development of MSMEs. The first document, the ASEAN Policy Blueprint for SME Development of 2004-2014 focused on putting in place in each member country the foundation for SME development, particularly the establishment of SME promotion agencies and financial institutions for SMEs. The second blueprint placed emphasis on enhancing competitiveness for SMEs. However, in my view, the latest blueprint is the most important for several reasons. First, it reiterates ASEAN's commitment to achieving MSME development goals by 2025 and announced ASEAN's common vision to gear regional MSMEs toward becoming globally competitive and innovative. These are major steps in driving the role of MSMEs to support regional growth. And second, the ASEAN Policy Blueprint for SME Development is a ten-year action plan, comprising more than 60 activities aiming to propel ASEAN towards achieving the MSME development goals



4. It is notable that MSME promotion in ASEAN has received much attention from many developed countries. Japan, the United States and Canada have confirmed their commitment to assist the implementation of the action plan, reflecting international consensus that “strengthening MSMEs is a way forward for sustainable development.” Additionally, ASEAN has directed its focus on micro enterprises by opting for the term “MSMEs” in place of the original “SMEs” to reflect the economic makeup of ASEAN, where the majority of businesses are micro enterprises. If ASEAN desires to pursue the goal of an inclusive economy, it must place the development of these enterprises as a priority.

#### Distinguished Participants,

5. I am very pleased that ASEAN’s private sector, specifically the ASEAN Business Advisory Council, has expressed interest in assisting MSME entrepreneurs since any effort to drive the economy necessarily requires business sector inputs from large businesses and SMEs alike. They are the major players while the public sector merely plays a supporting role. Furthermore, I believe providing solutions and support for MSMEs requires public and private partnerships. As mentioned earlier, Thailand has initiated “Pracharat,” an advocacy programme for MSMEs, involving tripartite collaboration between the Government, large private businesses and micro enterprises, particularly those grassroots economies in rural areas. Collaboration is carried out in a “fraternal” manner, with the Government providing motivation for large business in the form of tax incentives or relaxation of certain regulations. Larger businesses will help introduce innovation to smaller enterprises, provide management mentoring as well as distribution channels.
6. The topics discussed by all of you today reiterate common challenges faced by MSMEs, especially access to finance to allow MSMEs to upgrade their capacity to better cope with increased competition in the digital age. The challenges also include the need for cost reduction, access to technology an innovation, increase of value added to their productions as well as better access to finance, innovation and market and identify concrete mechanism to achieve these goals, including the development of a more transparent financial market, the introduction of non-collateral/information-based lending, as well as the fostering of marketing network across the region.
7. In 2016, Thailand had a total of 2.9 million SMEs. If we include micro enterprises, the number would be approximately 5 million enterprises. SMEs alone created employment for 10 million people and contributed to 42 percent of the country’s GDP. It is interesting to note that, like those of other ASEAN countries, approximately 80 percent of Thailand’s MSMEs are involved in food-related businesses, agricultural processing, services and retail sales.



8. Recently, Thailand has been engaging intensively in implementing the ASEAN Economic Community Blueprint 2025 and the ASEAN Strategic Action Plan for SME Development 2016-2025. Earlier this year, “Pracharat” or Public-Private Partnership Fund was established to develop and assist MSME entrepreneurs. This is deemed a major restructuring for MSMEs, aiming not simply to provide credit but also to foster new start-ups throughout Thailand’s economic provincial clusters. In particular, the Fund is targeted at enabling new generation graduates, who are still full of business ideas, to return to their hometowns and start up businesses in their localities. In the future, support will also be channelled to the ever increasing number of MSMEs in agriculture, tourism and services.
9. The establishment of this Public-Private Partnership Fund constitutes a part of the Government’s policy to increase the number of new entrepreneurs. Meanwhile, the Fund will create enhanced capacity for existing entrepreneurs by financing the improvement of goods and services, a process involving the use of new technology and innovation to better accommodate market needs. E-Commerce will help bring agricultural products from remote regions to the hands of urban consumers who have purchasing power, both in Thailand and in major cities of ASEAN. In this regard, logistics management plays a pivotal role in promoting e-commerce and necessitates that ASEAN Member States join hands in the development of cross-border logistic systems.
10. To promote MSMEs in the agriculture and tourism sectors, I would like to suggest that Member States utilise three distinctive characteristics that the ASEAN Economic Community has in common. We are the world’s food hub. We have diversified arts and cultures. And we are renowned for our service sectors. The next step forward is to facilitate the integration of MSMEs in agriculture, creative industries, and service sector such as tourism into the global and regional value chains, particularly tourism related services. As such, Thailand is putting its efforts into developing a new generation of “Young and Smart Farmers,” into agricultural entrepreneurs with technological and innovative capabilities, and helping them create higher value goods or services. Smart farming activities include organic farming, processing of raw materials into functional food as well as agricultural tourism that leverages on local culture and wisdom in their local areas. These smart farmers can provide employment and generate income to their locality. They can also accelerate agricultural restructuring in a more effective manner.
11. In the manufacturing sector, we have launched Thailand 4.0 Policy aiming at assisting innovative MSMEs and start-ups to integrate into existing supply chain, especially in our first S-curve industries, including Food for the Future and Food Innopolis Scheme, focusing on MSMEs’ adoption of innovation to further increase value added in their production. Additionally, MSMEs are now encouraged to integrate into the digital economy and the five New S-Curve industries, namely, robotics, aviation, biofuel and biochemical, digital industries and medical hub.



12. The Thai Government recognises that MSMEs do play a crucial role not only in the economic but also in social dimensions as MSMEs are numerous and dispersed throughout every region. If we can help these MSMEs to become more resilient, then we can improve the living conditions of these business owners as well as their employees and at the same time help narrow the development gaps, which have been a challenge for both Thailand and ASEAN in general.

Mr. Chairman and Distinguished Guests,

13. I would like to reaffirm that our vision on MSME development set out for the ASEAN Community integration process can actually be realised. On the part of Thailand, we are ready to cooperate and share with you our MSME development model with our common goal in mind, that is, for our region to grow sustainably. It will be a growth suited to our economic structure where MSMEs play an important role as a fundamental pillar. To date, many Pracharat enterprises have sprung up Thailand, and the ones who stand to benefit most from this setup are the MSMEs and agricultural enterprises. These are grassroots economies, which allow for greater participation by women as well as for skills transfer to younger generations, who are the future assets of ASEAN.
14. In closing, I commend the ASEAN Business Advisory Council's constructive role in organising today's Summit, especially for initiating a network of mentors who will help design world-class training modules for ASEAN MSMEs. With rising challenges in the global market, we need to focus more efforts on the development of human capital. The public and private sector partnership in ASEAN will be instrumental in helping us form initiatives that benefit the region. ASEAN was established 50 years ago in 1967 with the signing of the ASEAN Declaration in Bangkok. Active cooperation among ASEAN Member States will help boost the international community's confidence in Asia's economy. Last but not least, I hope you will all be inspired to come together to support, promote and develop MSMEs in this people-centered Community and work together for the benefit of all and of future generations, while leaving no one behind.

Thank you.