

EXCLUSIVE INTERVIEW

EA chief advises change in direction

Thailand has been priced out of low-cost manufacturing, and this billionaire says value-added products are the best path forward.

By **Yuthana Praiwan** and **Srisamorn Phoosuphanusorn**

Thailand is no longer in a position to profit off manufacturing and commodities driven by cheap labour and should instead pivot towards value-added products to recover after the lockdown, says renewable energy tycoon Somphote Ahunai.

The chief executive of SET-listed Energy Absolute (EA) proposes a shift in the nation's economic thinking, given that other emerging economies are manufacturing at cheaper costs.

The new focus should be on promoting Thailand's geographic advantage as a gateway to Asean and upskilling the labour force.

"We have great infrastructure, and in a few years we will see some major development upgrades completed," Mr Somphote said. "We also have a lot of skilled labour that can be used to produce value-added goods."

He said Thailand has not been a commodity-grade manufacturing hub for many years, and this may be part of why Thailand is stuck in the middle-income trap (meaning labour is too pricey to compete in manufacturing but lacks the skills to compete with developed countries in producing value-added goods).



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SOMPHOTE AHUNAI
Chief executive, Energy Absolute

Mr Somphote said Thailand can no longer depend heavily on foreign direct investment (FDI) and should promote domestic investment.

In the past, several industrial sectors, namely automotive and electronics, were FDI-dependent and benefited from investment under the OEM (original equipment manufacturing) model in which Thailand could benefit only from low wages.

"Over the last few decades, we gained only a few thousand baht in salaries per one unit of car made," Mr Somphote said.

Policy makers and state agencies should think out of the box in order to find new ways to market Thailand to investors, he said.

Another investment incentive is to promote original brand manufacturing or the OTM (original technology manufacturing) model. This type of investor would bring far greater benefits to the country than OEM, Mr Somphote said.

This means Thailand needs to design and make its own products instead of relying on foreign companies, especially as domestic stakeholders lack the rights to international patents.

Mr Somphote said the government should use the 1.9-trillion-baht economic

recovery package wisely, not only to recover financially from the lockdown but also to spend on capital goods in new industries that will create jobs in new sectors, rather than simply trying to recover old ones that were lost.

Mr Somphote is one of Thailand's 20 richest billionaires, according to *Forbes* magazine, with assets worth an estimated US\$1.9 billion at the end of 2019.

EA is one of Thailand's fastest-growing companies, stemming from a 100-million-baht investment in a biofuel plant in 2006 and diversifying into other renewable energies like solar and wind in the years since.

EA was listed on the Stock Exchange of Thailand in 2014, and the company's stellar performance has made Mr Somphote one of Thailand's biggest fortunes.

The company is expanding into energy storage with a \$3-billion battery factory to make lithium-ion batteries in Chachoengsao.

A subsidiary, Energy Mahanakorn, is building 1,000 charging stations for electric vehicles across the country.

Another subsidiary, Mine Mobility, unveiled its first electric car, a five-seat hatchback, in June 2019.