

# Global Trade War: Implication for Health in ASEAN

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Wednesday 20<sup>th</sup> November 2019

Charmchuri Ballroom, Mövenpick BDMS Wellness  
Resort Bangkok



Ministry of Commerce

**TPSO**  
Trade Policy and Strategy Office



# Outline

- Trade War and its impact on Thailand and ASEAN's economy
- Potential and opportunity on Health sector in ASEAN
- Implication of global trade war for Health in ASEAN : Opportunity and Challenge



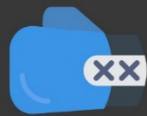
# TRADE WAR



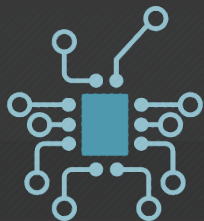
and its impact on Thailand and ASEAN's economy



# TRADE WAR



VS



Technology

Huawei BAN with 114 companies in Entities List



Currency

US declares China is a currency manipulator

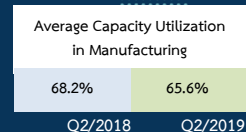
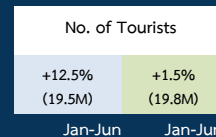
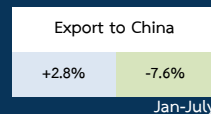
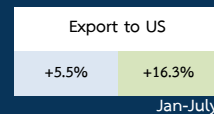
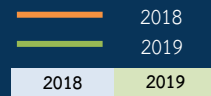
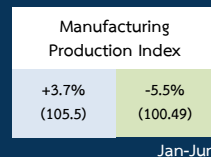
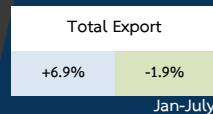
Also with EU, Turkey, India and Russia

## Overall Effect

Since US, China, EU, Turkey, India and Russia economies account nearly 70% of world GDP in 2018, trade tension has started to hit economic activity worldwide.

IMF forecasts World Real GDP in 2019 to 3.2%, world trade volume will expand by 2.5%.

Trade war and trade disputes among nations push a **realignment of trade and investment flows** to diversify and leverage economic interests.



## Effect to Thailand

Trade war, and global economic uncertainties has affected Thai economy. For instance, lowering production performance of industrial sector, sluggish growth in tourism, slowing export

# Trade War and its impact on Thailand and ASEAN's economy

## Direct and indirect effects to Thailand's economy



### Direct Effects from US Trade Measures (Jan – July 2019)



Note: US measures are applied in Feb – Mar 2018. Hence the direct effects on Thai exports are accessed from the first quarter of 2018 onward.

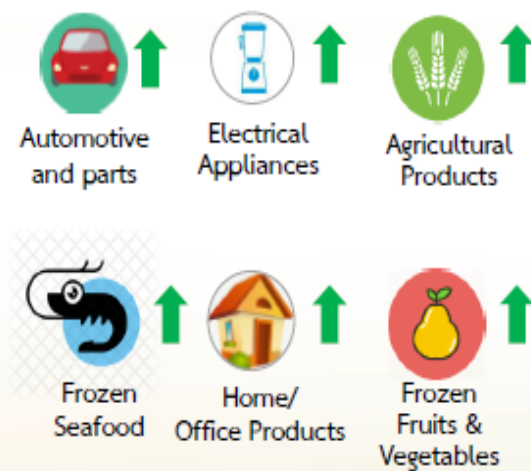
### Indirect Effects (Jan – July 2019)

#### Effects through China's Supply Chain



Note: The indirect effects are accessed from the fourth quarter of 2018 onward, after US measures and China's countermeasures are fully effective.

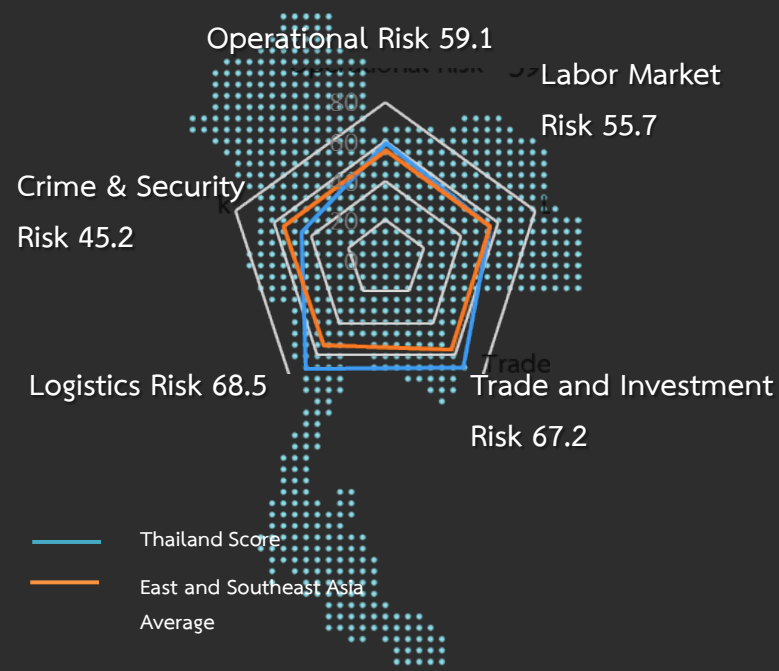
#### Export Opportunities in US Market



# Trade War and its impact on Thailand and ASEAN's economy

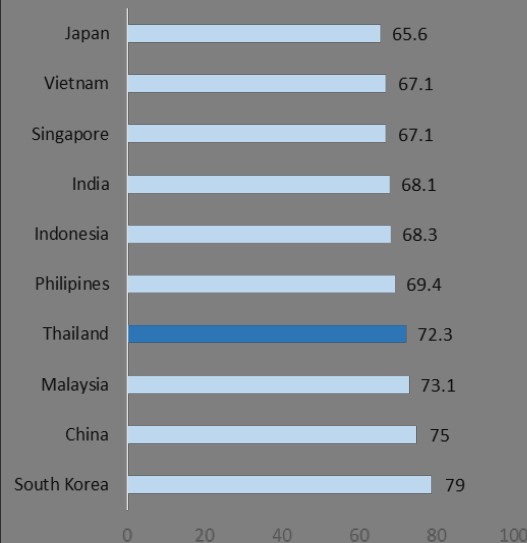
Thailand remains strong with potential growth and opportunities

## Thailand's Operational Risk on Q4/2019

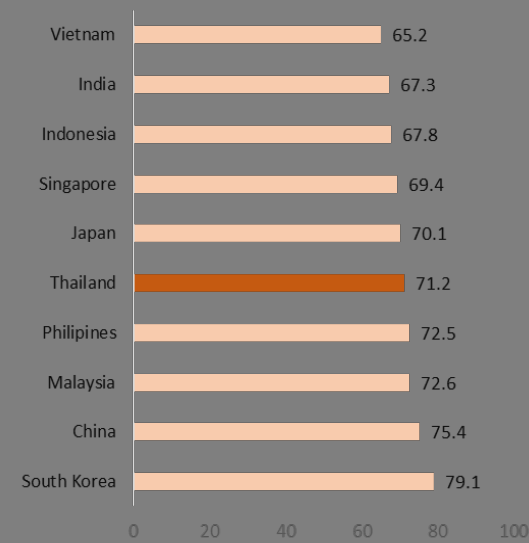


Source: Fitch Solutions

## Short-Term Economic Risk Index



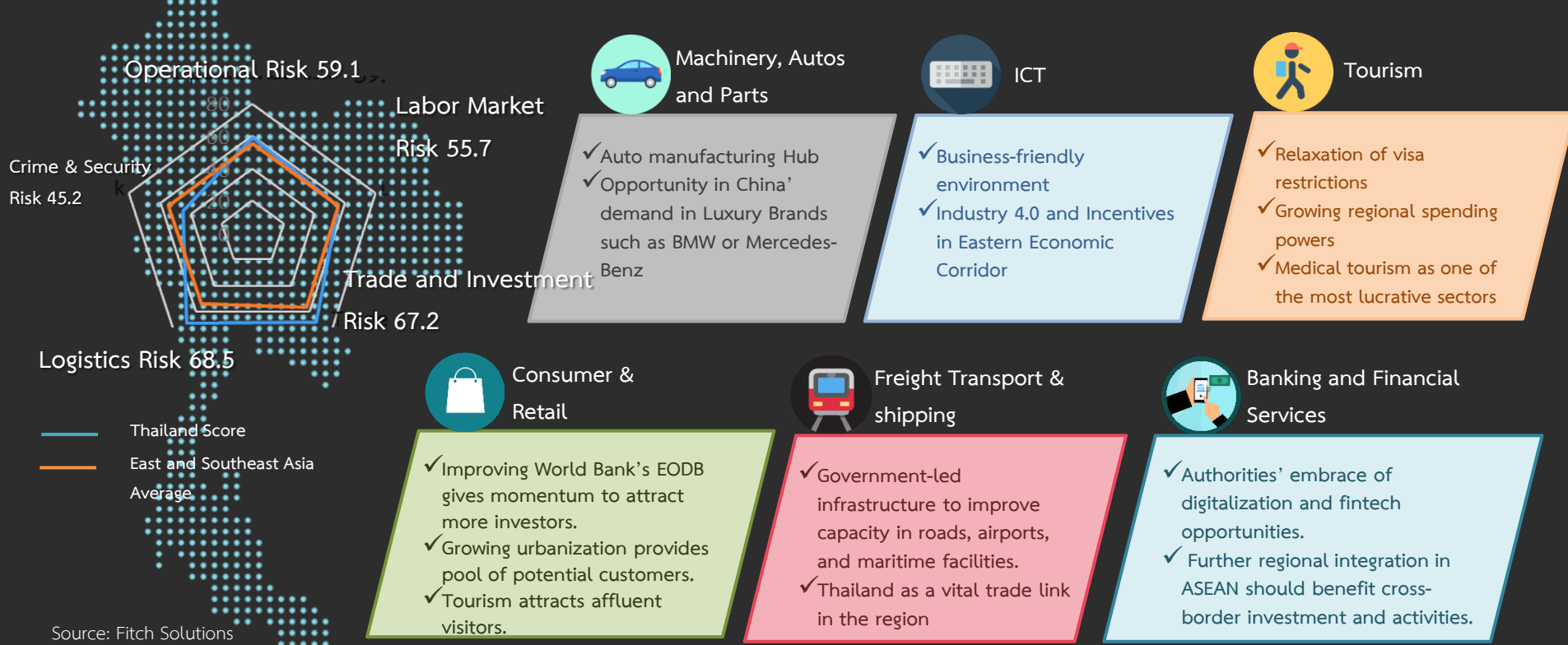
## Long-Term Economic Risk Index



# Trade War and its impact on Thailand and ASEAN's economy

Thailand remains strong with potential growth and opportunities

## Thailand's Operational Risk on Q4/2019





# TRADE WAR



- Tariff: 25%
- Goods: 818 + 284
- Values: 34 billion USD

- Tariff: 10%
- Goods: 5,745
- Values: 200 billion USD

Tariff: + 25%

US and China proposed to impose new tariffs and increase the existing ones

October 2019

US and China reached "Phase 1" agreement to pause a tariff increase on Chinese goods to 30% which will be imposed on 15 December 2019.

US

July 2018

August 2018

May-June 2019

September 2019

China

- Tariff: 25%
- Goods: 545 + 114
- Values: 34 billion USD

- Tariff: 10%
- Goods: 5,207
- Values: 200 billion USD

- Tariff: 5-25%
- Goods: 5,140
- Values: 60 billion USD



# MEGA TRENDS



## Geopolitics

### 1. Trade war and Brexit

IMF forecasts global economic growth to 3% in 2019.

2. CLMV GDP of CLMV in 2030 expecting to grow 7.9% which will be the fastest growth in ASEAN (Kawai, 2012)

3. E7 GDP > G7 GDP in 2050 (IMF, 2016)



## Technology

1. Technology ABCDE (AI, Blockchain, Cloud, Big Data, E-Business)

2. Data and AI 95% of US multinational corporations expedite their investment in Big data in the past five years (Big Data Executive Survey for 2017)

3. E-commerce value of global e-commerce 28 trillion USD, growing 44% in the past five years (International Trade Commission, 2017)



## Demographic change

1. Aging society In 2050 aging population will be 30% of world population (3,400 million population) Thailand in 2040 proportion of aging population will be 32% (United Nations World Population Ageing)

2. Urbanization Urbanization rate in Thailand is 51.5% in 2016, ten-year increasing by 38.8% (Statista)



## Climate change

1. Risk and impact from climate change Myanmar, Philippines, Vietnam and Thailand are in the top 10 countries having the highest risk from climate change (Global climate risk index, 2016)

2. Drought/ air pollution This year Thailand is facing drought and PM 2.5 pollution

3. Global warming Global average surface temperature has increased by 0.9 degrees Celsius. Melted ice and glaciers impact on sea-level rise 0.13 inches a year

# Aging Society



Decrease of birth rate

Economic recession



Longevity

Consumer behavior



Reduction of labor force

Saving reduction



Lower income

Reduction of national  
revenue

- Rising in labor cost
- Losing competitiveness
- Transforming of production

- Slowdown of consumption
- Transforming of consumer behavior

- Aging people use their money from saving account instead of saving

- Transforming of social structure effecting government tax collection
- Government spending on health and welfare

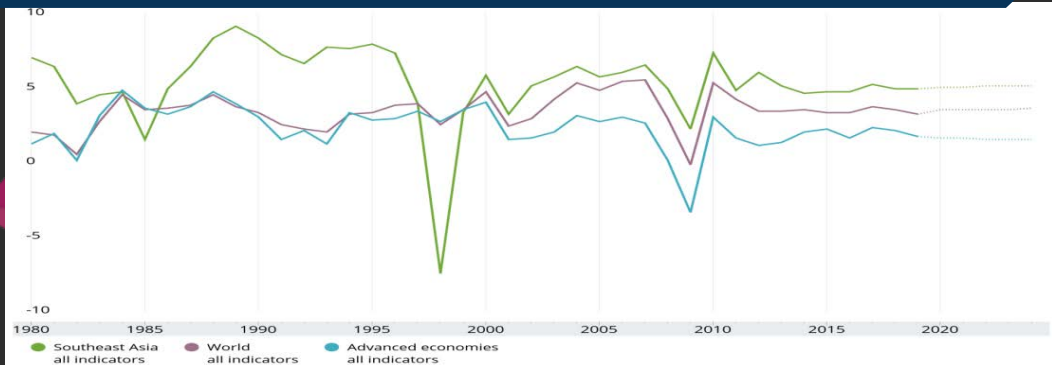
Beneficial sectors: Medical technology, health and wellness, elderly care business, pharmaceutical and food

# Trade War and its impact on Thailand and ASEAN's economy

ASEAN GDP at Current Prices (US\$ billion):  
3.11 Thousand billion USD/ 3.6% of world GDP

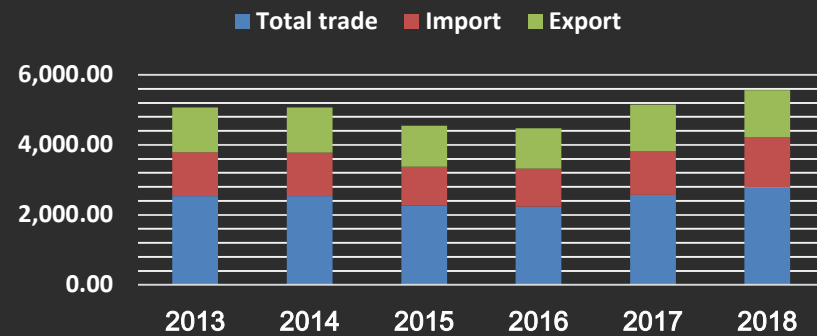


Surrounding in global trade tensions reduced global GDP growth in 2018 to 3.6% and weakened the forecast for 2019 to 3.0%, ASEAN economy remains strong with expected GDP growth to 4.6% in 2019 and 5% in 2021

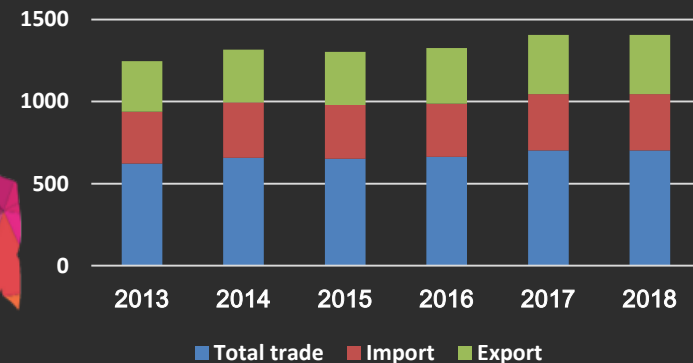


# Trade War and its impact on Thailand and ASEAN's economy

Total trade in goods in ASEAN values 2.783 Thousand billion USD/ 7% of global trade



Total trade in services in ASEAN values 703 billion USD.  
ASEAN FDI inflows value 154 thousand million USD.



FDI inflow

154

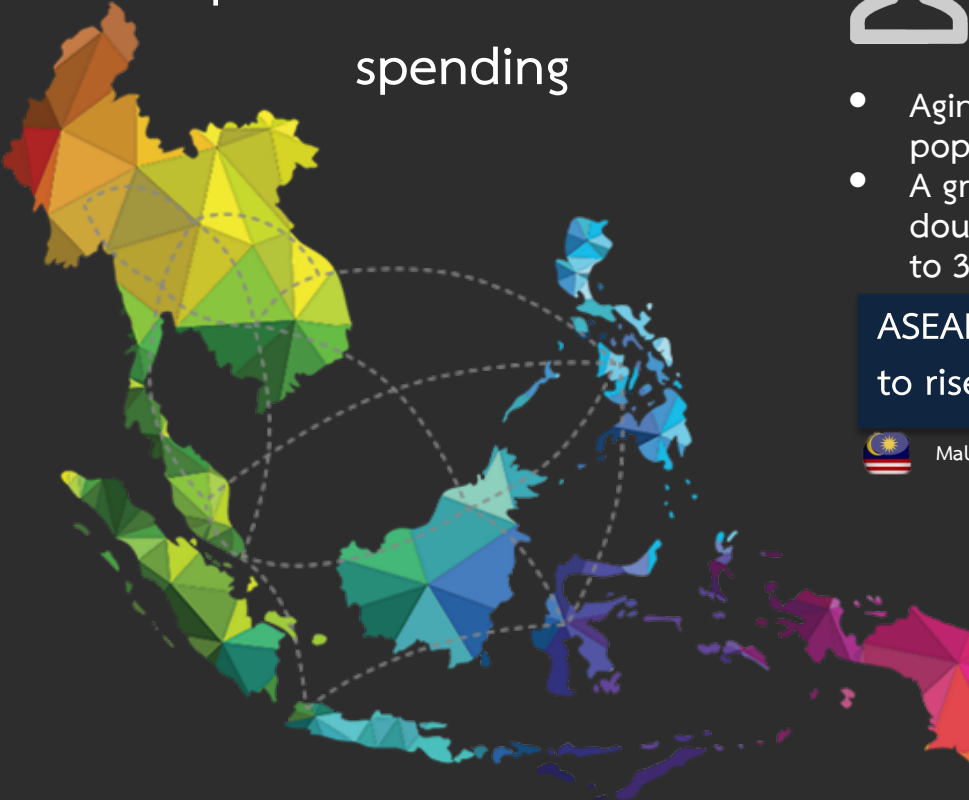
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# Potential and opportunity on Health sector in ASEAN

# Potential and opportunity on Health sector in ASEAN

## Population and healthcare spending



- Total ASEAN population is 642.1 million people in 2017 and the average growth rate is approximately 1.33% per year.



- Age under 20 years = 221.5 million >> 34.5%
- Working population (age between 20-54 years) = 321.05 million >> 50%
- Old-age population (60 years and above) = 99.55 million >> 15.50%

- Aging population is expected to increase to 21% of ASEAN population in 2050
- A growing ASEAN's middle class is expected to more than double in size from 135 million (24% of ASEAN's population) to 334 million (51% of the population) by 2030.

ASEAN 6's healthcare spend in 2025 is expected to rise to 740 billion USD from 420 billion USD in 2017.



Malaysia



Singapore



Thailand



Indonesia



Philippines



Vietnam



2017 :

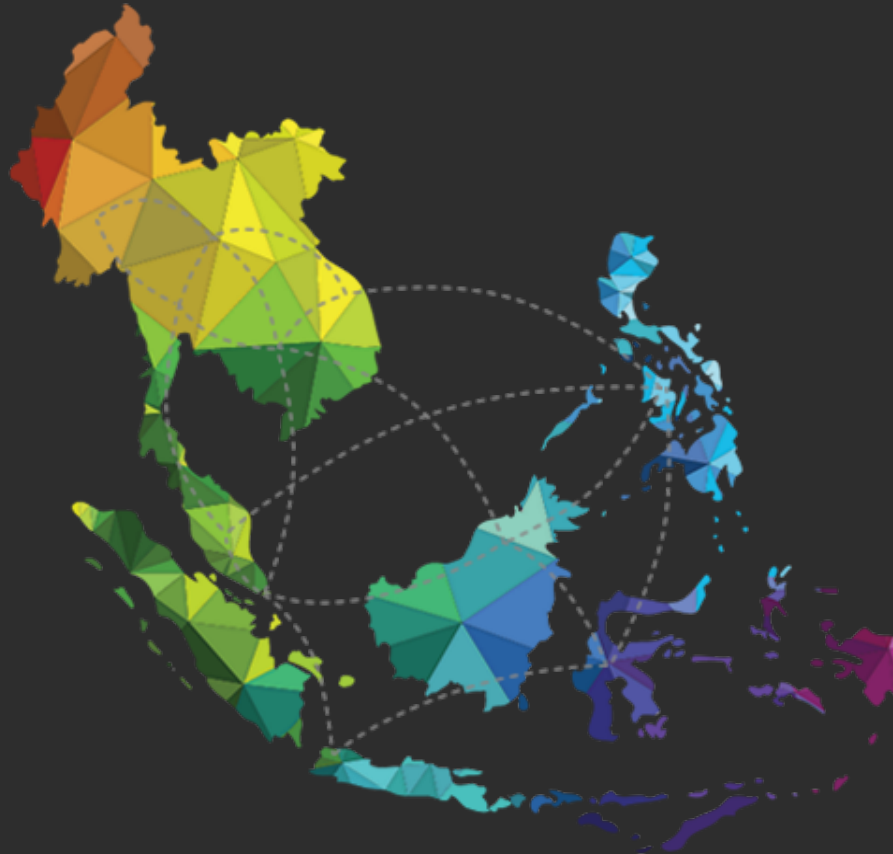
420 billion USD



2025 :

740 billion USD

# Potential and opportunity on Health sector in ASEAN



## Thailand, the leader in ASEAN medical tourism



Thailand

4.3 billion USD Estimated earnings  
2.5 million Number of foreign patients



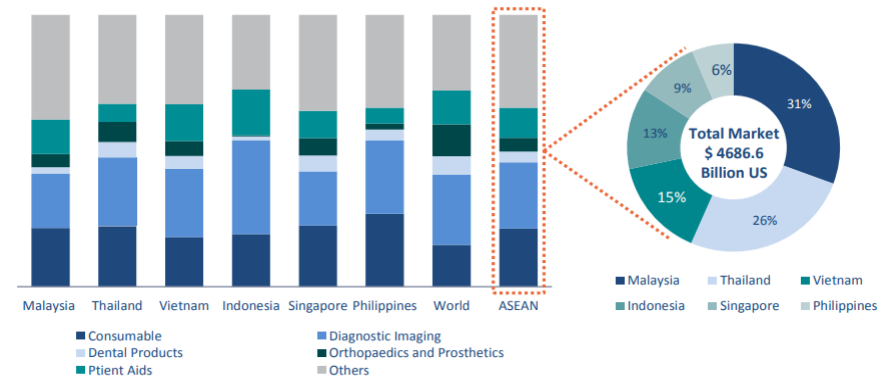
Singapore

3.5 billion USD Estimated earnings  
850,000 Number of foreign patients



Malaysia

158 million USD Estimated earnings  
583,000 Number of foreign patients



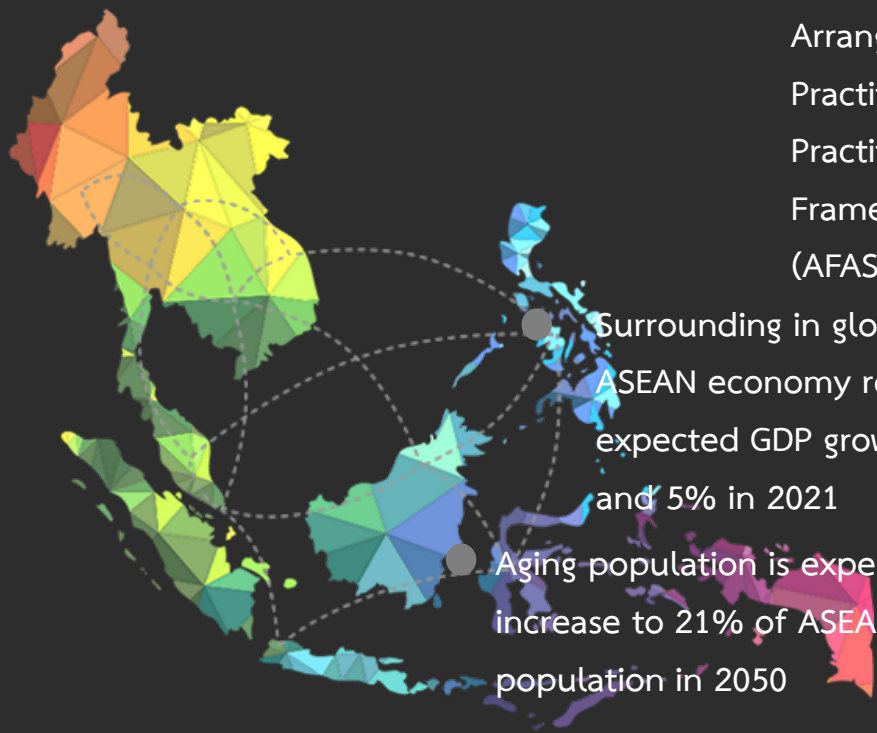
Source: Espicom Business Intelligence, Ipsos Business Consulting

Figure 5: Breakdown of medical device market by category in 2013<sup>2</sup>

# Implication of global trade war on economy and health in ASEAN



# Implication of global trade war on economy and health in ASEAN



## Opportunity

- The potential business in ASEAN: food, premium food, consumer product, hospital and health care and restaurants.
- The ASEAN Mutual Recognition Arrangements (MRAs) on Medical Practitioners, Nursing and Dental Practitioners and the ASEAN Framework Agreement on Services (AFAS)
- Surrounding in global trade tensions, ASEAN economy remains strong with expected GDP growth to 4.6% in 2019 and 5% in 2021
- Aging population is expected to increase to 21% of ASEAN population in 2050
- Policy and regulatory development on HealthTech and digital health care in ASEAN
- The balanced and coherent system of government spending on health care

## Challenge



Ministry of Commerce

**TPSO**

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