



Comments on  
“Uncovering Productivity Puzzles in  
Thailand”  
Amares, Chucherd and Paweenawat  
Bank of Thailand Symposium

เกียรติพงศ์ อริยปรัชญา

ธนาคารโลก



What are the key contributions of this paper?

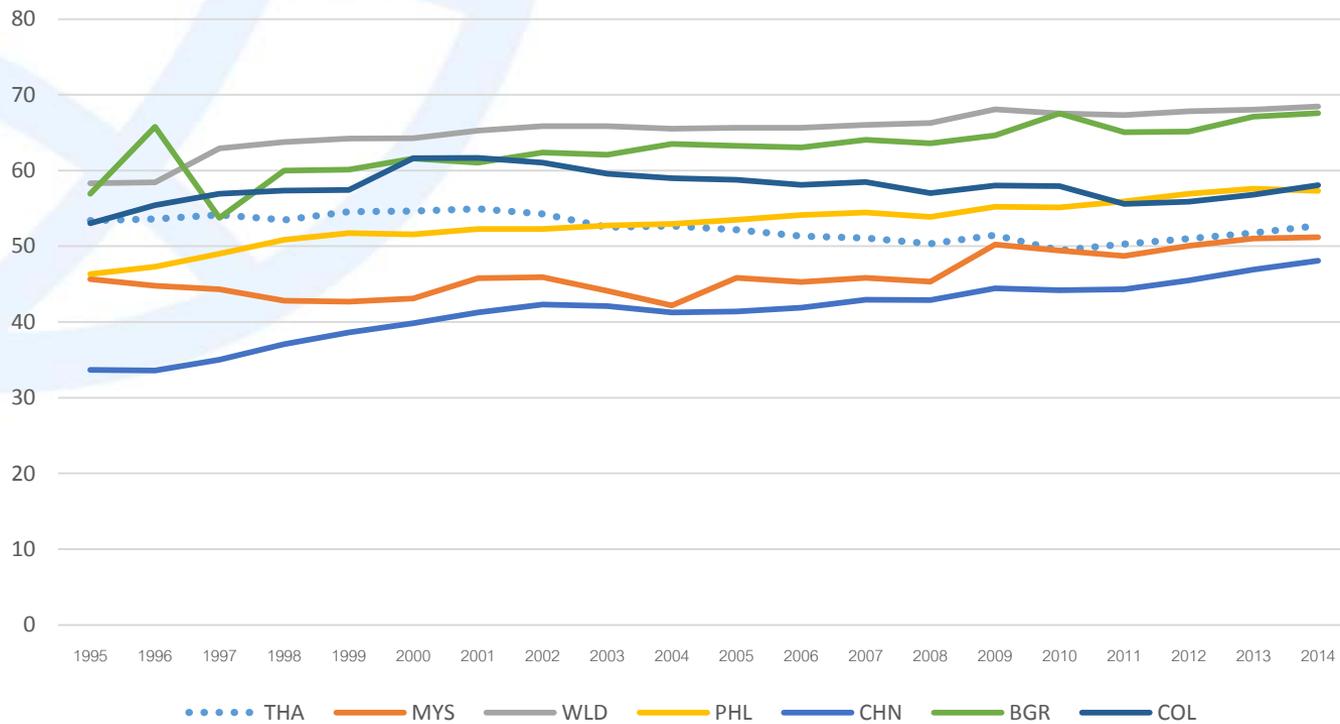


# What else should we ask?

- Service sector
- Innovation
- Policy

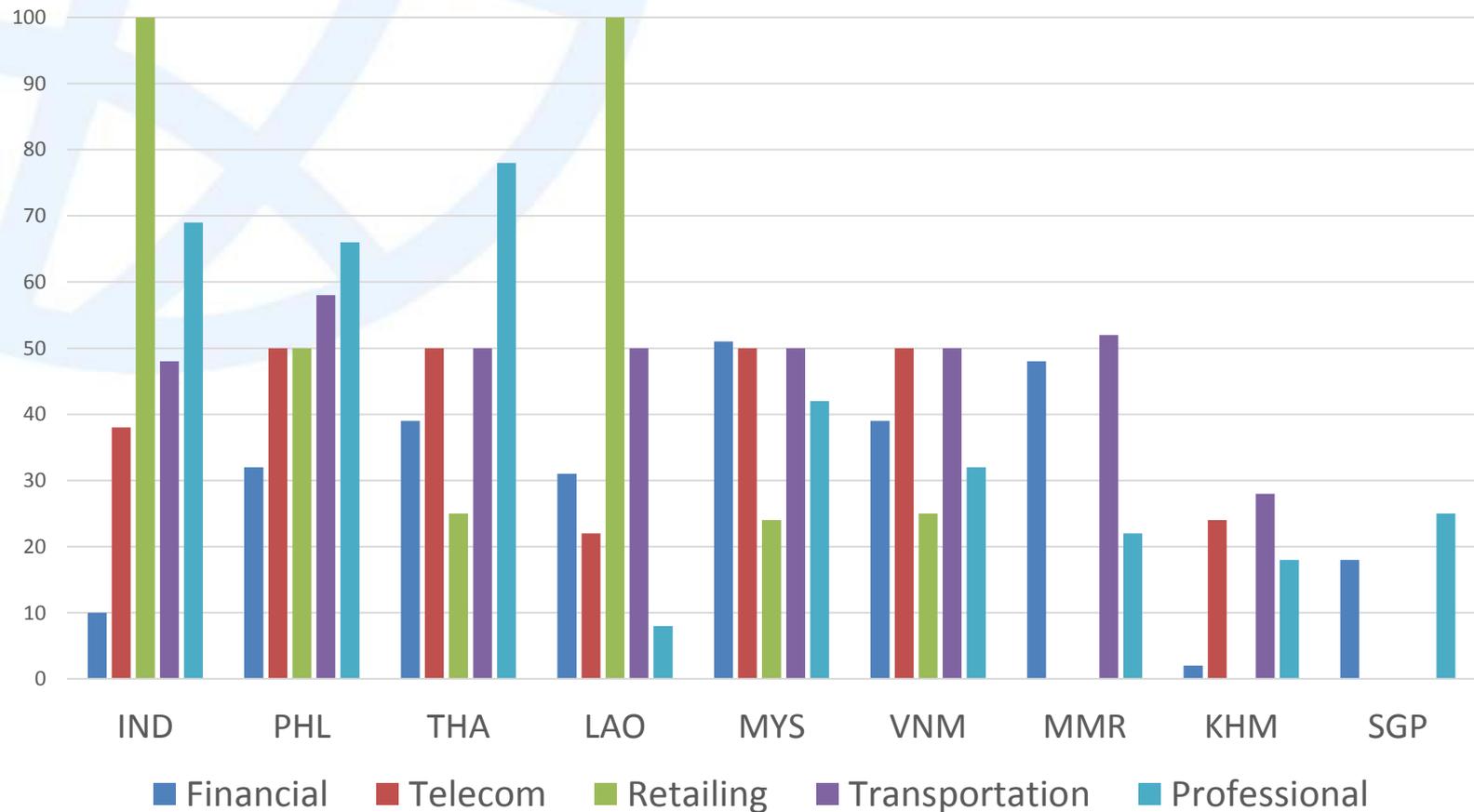
# Stunted Service Sector

Thailand's Service Sector has Remained Stunted (%GDP)



# Services Trade Restrictedness Index

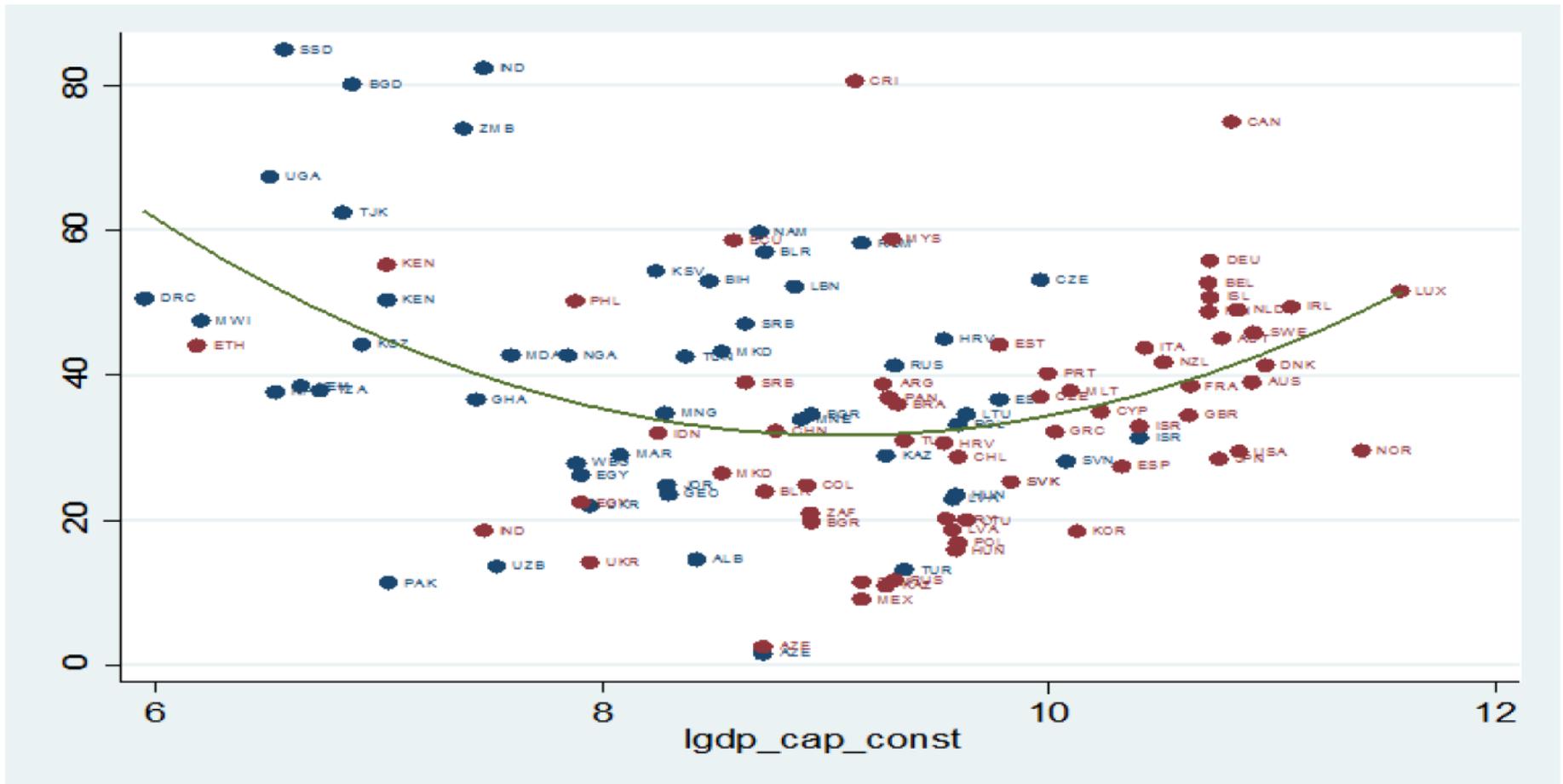
Services Trade Restrictiveness Indices by Industry for ASEAN Member Countries





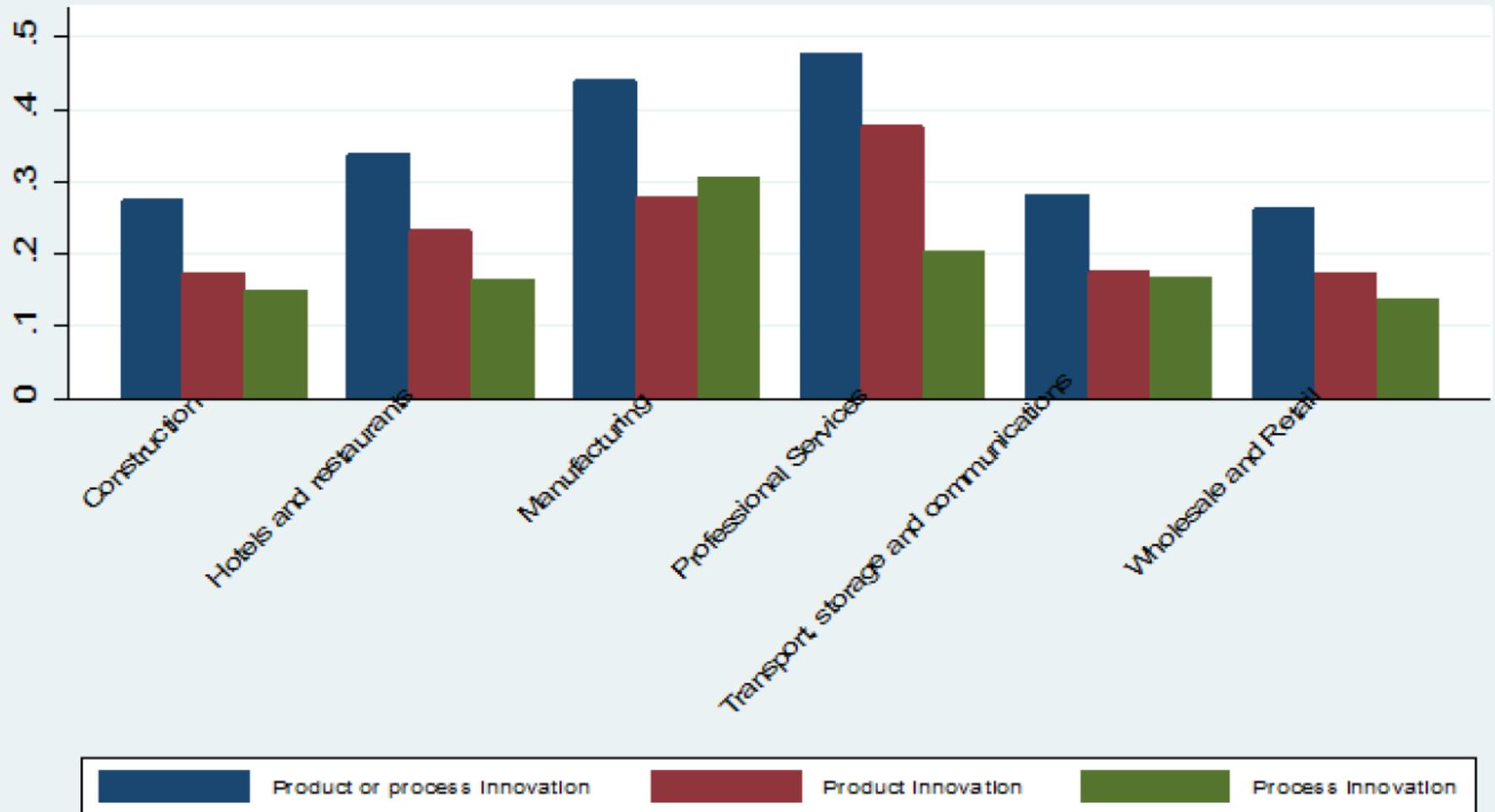
# The Innovation Paradox

**Figure 2.2 Innovation levels differ by country income (share of manufacturing firms reporting product or process innovation, percent)**

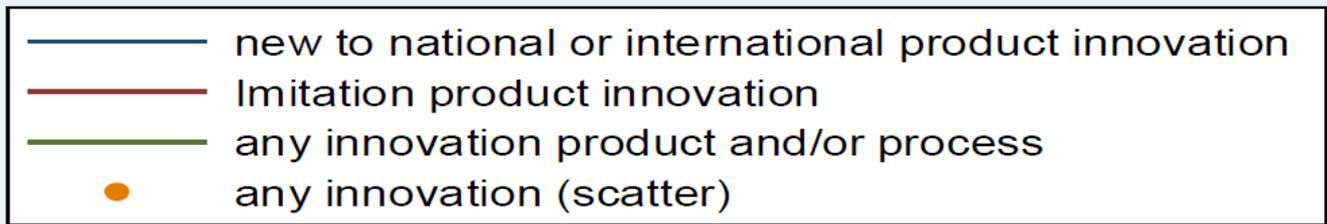
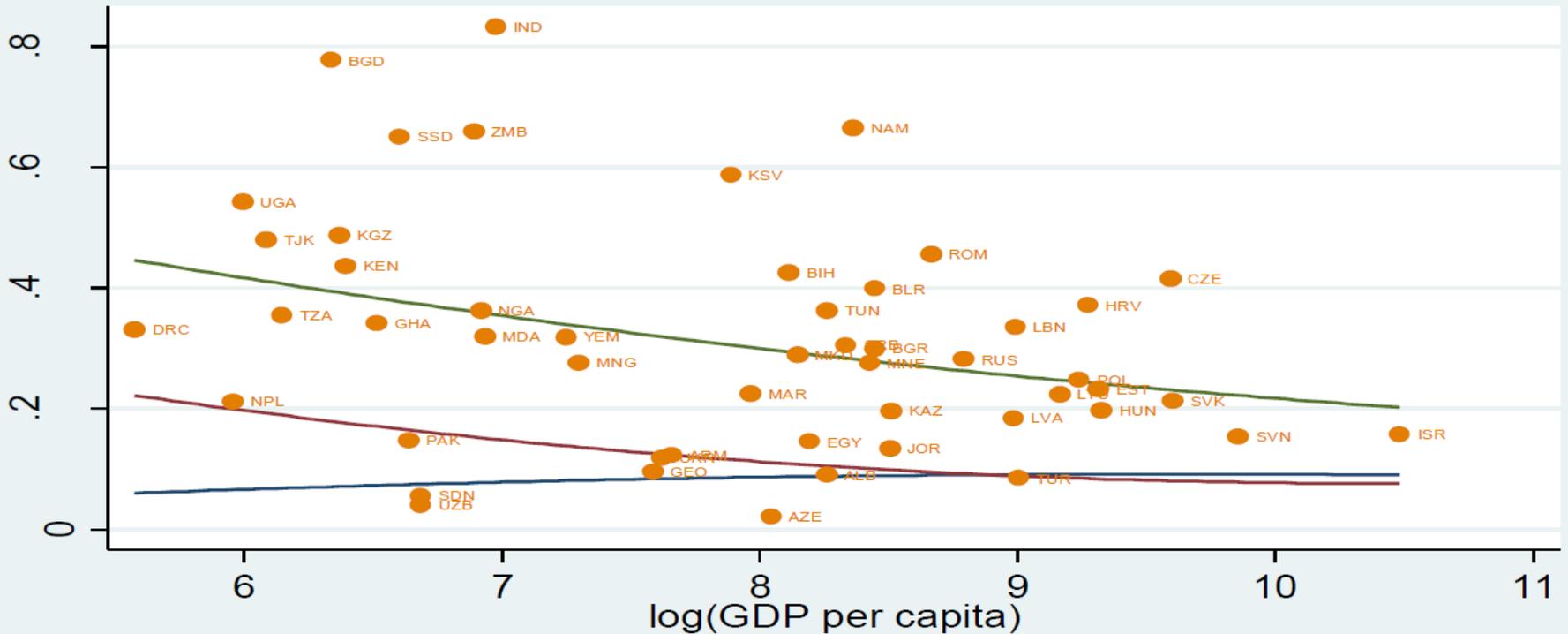


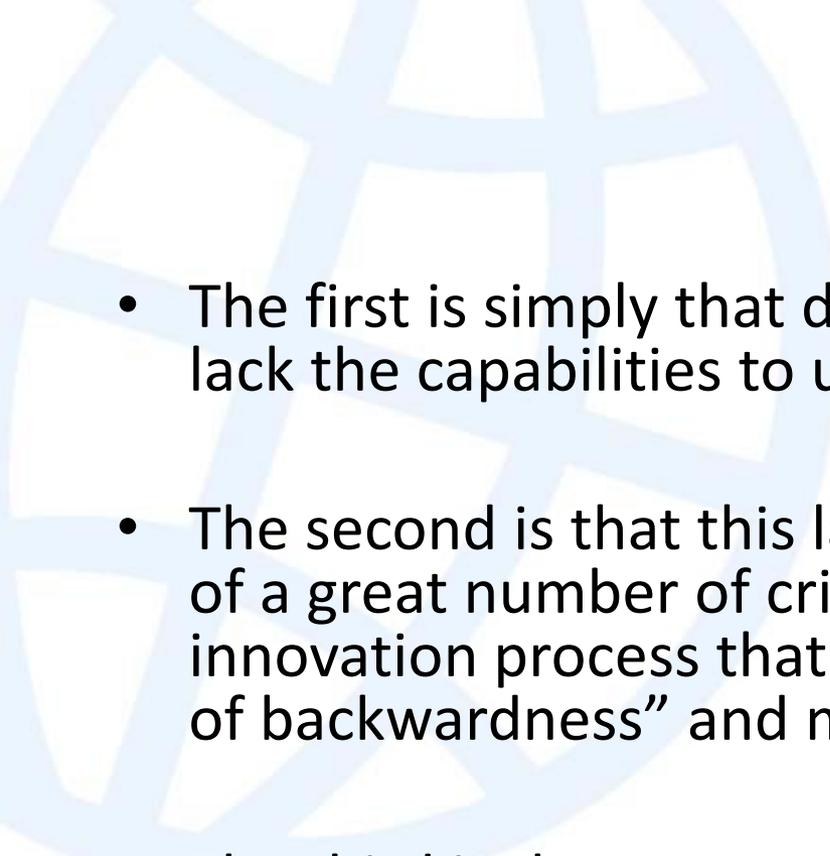
Note: Y axis is the % of innovative firms; X axis logarithm of GDP per capita

**Figure 2.3 Innovation rates differ modestly by sector**



**Figure 2.5 Innovation is uncorrelated with country income, but radical innovation increases with income**



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- The first is simply that developing country firms may largely lack the capabilities to undertake meaningful innovation.
  - The second is that this lack of firm capabilities is only one of a great number of critical complementarities to the innovation process that substantially reduce the “benefits of backwardness” and make innovation less profitable.
  - The third is that government capabilities to manage the increased complexity and breadth of the innovation policy implied by the previous two points are, also, weaker than those of countries at the frontier.

# Stylized Facts on Firm Innovation

- A large fraction of firms report innovating in product and process across the entire income spectrum, seemingly more among the very poor countries than the middle-income. With tighter definitions of what constitutes an innovation, we find innovation more consistently correlated with income.
- Innovative activity occurs across the economy and is not just restricted to, for instance, the manufacturing sector.
- Imitation and adoption are the prevalent forms of innovation in low and middle-income countries.
- The process of increasing innovation nationally includes both increasing the share of firms that undertake innovation as well as the intensity with which they do it.



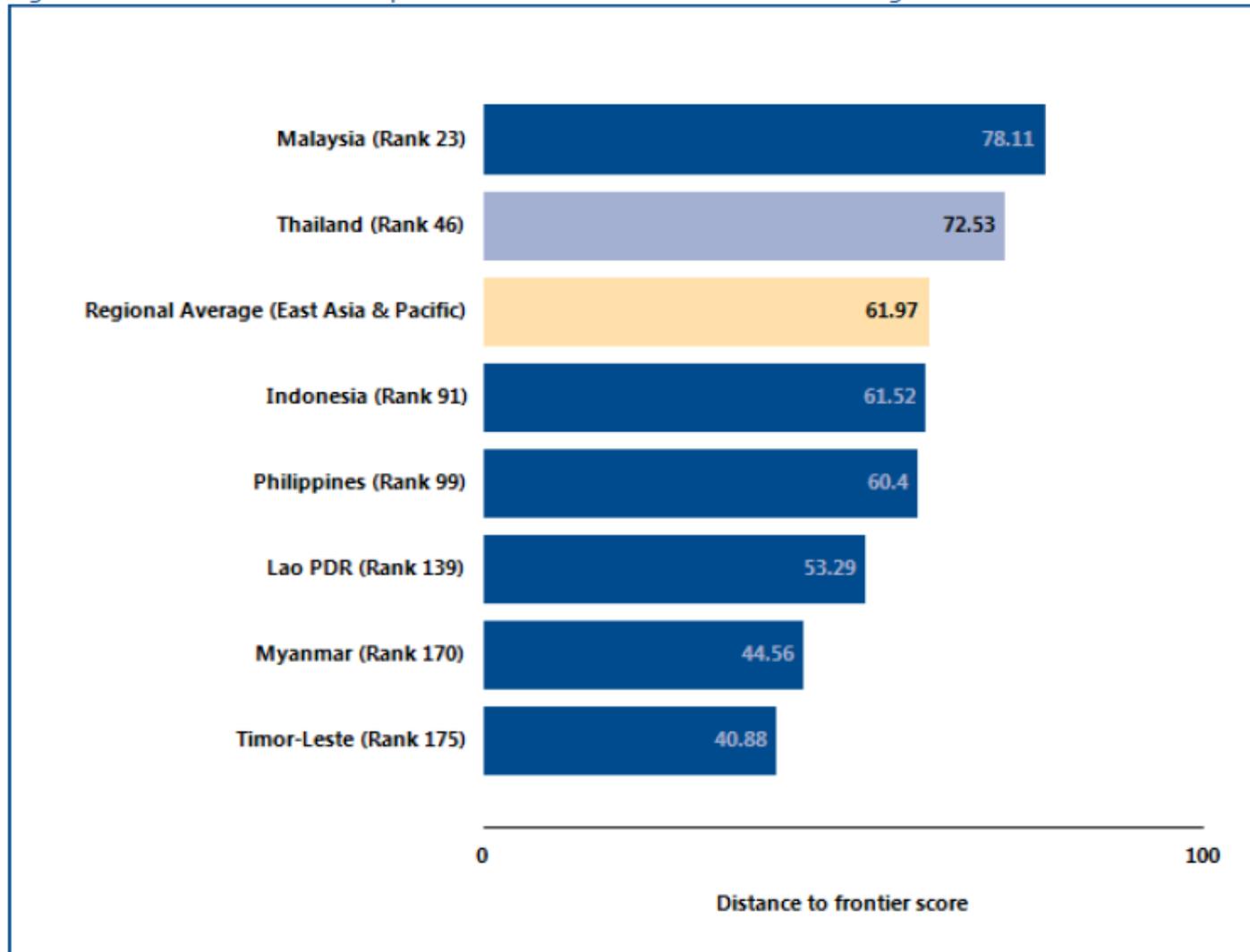
# On Policy



Why has Thai productivity fallen since  
1997?

# Ease of Doing Business

Figure 1.2 How Thailand and comparator economies rank on the ease of doing business





# Does Thailand need a Center for Strategic Futures?