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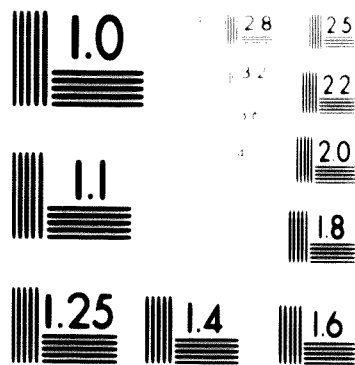
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MICROCOPY RESOLUTION TEST CHART
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1970

MARKETING ORGANIZATION

FOR INDUSTRY.

REPORT TO THE GOVERNMENT OF THAILAND

BY

LA. COCHRAN

(UNIDO)

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R E P O R T

to the

GOVERNMENT OF THAILAND

by

A.
LEONARD CONROGAN

UNIDO Marketing Adviser

(Industry and Handicraft)

**Bangkok,
1st August, 1970**

(This report has not been cleared with the Bureau of Technical Assistance Operations of the United Nations, which does not therefore necessarily share the views expressed)



MINISTRY OF INDUSTRY
DEPARTMENT OF INDUSTRIAL
PROMOTION
BANGKOK

31st July, 1970

Group-Captain Winon Wiriyawit
Director-General
Department of Industrial Promotion
Ministry of Industry
Bangkok, THAILAND

Sir,

.....

I have the honour to submit to you my report in fulfilment of the terms of reference which you gave me early in February this year. Much in this report is already known to you, because you have given time to discuss the progress of the project with me as it developed. But I have shown a fair amount of detail, because this will not be familiar to some other readers of the report.

The proposals for the Handicrafts Promotions Organization are fairly modest and I hope will be accepted by the Government of Thailand. Those for the Industrial Trade Centre involve a good bit of money and may shock some people, particularly in this period of austerity. But I believe that this would be money well spent in achieving a much greater profit for the country. It would put urgency into the organisation of achieving higher targets, both in accelerating industrialisation at home and in increasing exports of manufactured goods abroad. Compared with what other Countries have done and given the necessary urgency attached to the task, there seems no reason why Thailand should not double the number of jobs in Industry and quadruple her exports of manufactured products within five years.

The other conclusion is that in my opinion best results flow from joint working-together between Government and Industry. I have suggested this in my proposals both for the Industrial Trade Centre and for the Handicrafts Promotion Organization. In most countries the business community is a loyal part of society, and if it is made clear to them what they have to do, they respond faithfully. I believe that you will find that the recommendations which follow in this report are very much in the national interest.

I am, Sir,

Your Obedient Servant,

Edward Corcoran
(Edward A. Corcoran)

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Summary of Recommendations

- (1) That the Government of Thailand take the initiative in setting up the Marketing Organisation for Industry with a Director of high grade and with three component parts, the Handicrafts Promotion Organisation, the Industrial Products Design Centre and most important of all, the Industrial Trade Centre.

- (2) Handicraft Promotions Organization
 - (a) that Design Development and Export Promotion Sections with a Government budget be added to Narayana Phand.
 - (b) that the location of Narayana Phand be moved to a more central position in Bangkok
 - (c) that the Handicrafts Promotions Organization thus formed be considered as primarily creating conditions to enlarge the private Handicraft's sector.
 - (d) that the Chief of the newly-formed Export Promotion section form a working party with the principal Handicraft exporting firms to remove obstacles standing in the way of exporting handicrafts and to set targets for multiplying their export sales.
 - (e) that the Government of Thailand should establish the Handicrafts Promotions Organization from the beginning of the 3rd National Plan (1971-75) at a total cost to the Government (excluding cost of moving Narayana Phand to a better location) of 6,300,000 Bahts for the five years, with the United Nations over the same period contributing 2,790,000 Bahts in respect of Experts and Fellowships.

- (3) Industrial Products Design Centre
 - (a) that long-term it should confine its product designing to that of handicrafts, and responsibility for this should be transferred to the Handicrafts Promotion Organisation.

- (b) that it should develop its very effective Product Exhibition side, but the responsibility for this should in due course be taken over by the Industrial Trade Centre.
 - (c) that it should continue its preparatory work for the Packaging Institute, to help plan which an UNIDO expert has been requested. Substantial Government and United Nations expenditure might be needed from 1973 onwards.
 - (d) that it should continue its preparatory work on the Design Index and Council of Industrial Design, to help plan which an UNIDO expert has been requested to arrive later this year. Government and United Nations expenditure on this project should be expected from 1972/73.
- (4) Industrial Trade Centre
- (a) that it is very much in the national interest to lose no time in setting up a modern Industrial Trade Centre to help accelerate the rate of industrialization and to increase exports of manufactured goods.
 - (b) that formal negotiations should be started with the Association of Thai Industries to set this up as a jointly-controlled Government/Industry public corporation with a President and Board of Directors.
 - (c) that its organization should follow the successful pattern of similar Industrial Trade Centres abroad by making readily available to Buyers all necessary information about the products of Thai industry (small and medium-scale as well as large), promoting these products by means of Exhibitions and display, and providing a marketing research service to identify new opportunities for Thai products both at home and abroad. One of its most important tasks is to help improve the quality image of Thai products which conform to industrial standards by means of quality marking schemes, both at home and abroad.

- (d) Proven experience from other successful Industrial Trade Trade Centres shows that they produce best results for the Country when their work covers both the home and export markets. Since this overlaps the fields of work of several Ministries and Government Agencies with responsibilities towards Industry, a suitable Government procedure must be found to combine all in the national interest.
- (e) The Industrial Trade Centre should be established in a central location in Bangkok, adjacent to the good hotels and business facilities. Preferably a new custom-built multi-storey building with an area of 4,000 square metres should be found.
- (f) This is a big project requiring two years careful preparation. It is planned therefore to start in full operation in 1973. Preparatory work in 1971 and 1972 would be from the Government side particularly in respect of small and medium-scale industry.
- (g) The cost in the five years of the 3rd National Plan (1971-75) would be 38,900,000 Bahts for the Government and 11,500,000 Bahts for the United Nations. This excludes likely contributions of finance from industry, either directly or for services rendered, and revenue from profit-making activities which the Industrial Trade Centre would generate.

Mr. Corcoran's Full Report

1. My terms of reference, as given by the Government of Thailand, are shown below:-

"The expert is expected to assist the Department of Industrial Promotion in appraising the whole problem of marketing, both domestic and export, of products of industry and handicraft in Thailand with a view to establishing an Industry and Handicraft Marketing Organization. It is planned that the organization will carry out comprehensive measures of assistance to industry and handicraft, including market surveys and research, dissemination of information, advertisement and publicity, quality control and standardization, supply of improved design, sales and distribution and export promotion programme, and will maintain close liaison with industry associations."

2. I arrived in Bangkok on Sunday, 1st March 1970. I was given an office in the Department of Industrial Promotion, Ministry of Industry, with a helpful assistant, Miss Bangonrat Teasilapa of the Division of Product Promotion. My part-time counterparts were Mr. Vandi Hutasingh, Chief of the Industrial Product Design Centre and Mrs. Boothain Ramadheja, General Manager of Narayana Phand, the Ministry of Industry's retail Handicraft's shop. I was to report to Group-Captain Wimon Wiriyawit, Director-General of the Department of Industrial Promotion. My programme of work during the period of assignment proceeded as follows:-

March - Seeing people, mainly within the Ministry of Industry, UNDP and other UN Agencies and gathering opinions and facts.

April/May - Visiting a large number of industrial and handicrafts establishments both in and around Bangkok and in the North and South of Thailand, also foreign trade centres in Bangkok (Japan, Taiwan, Korea, America etc.).

Formulating the concept of the Marketing Organization for Industry in fulfilment of my terms of reference.

June - Mr. Vandi Hutasingh was appointed as my full-time counterpart. We discussed the above concept with senior officials in the Ministry of Industry and with other Ministries having responsibilities towards industry, especially the Ministry of Economic Affairs, the Board of Export Promotion, the Board of Investment, the National Economic Development Board and also with representatives of industry and the private sector, especially the Association of Thai Industries, the Board of Trade and the Chinese Chamber of Commerce.

July - Working out details with Mr. Vandi Hutasingh and others and writing my report to the Government of Thailand.

1st to 18th August

- Discussion of my report with the Government of Thailand, UNDP, the Association of Thai Industries and others, especially on receiving UNIDO comments from Vienna.

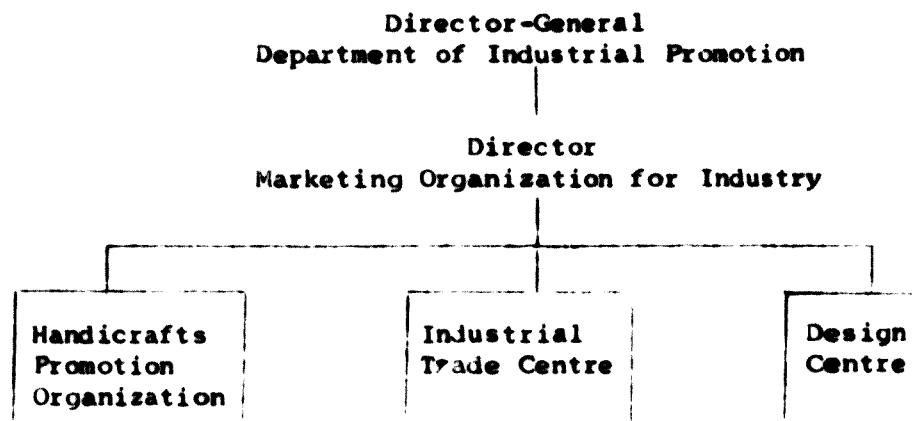
19th August - Travel from Bangkok to Vienna

20th - 21st August

- De-briefing with UNIDO in Vienna.

3. The proposal for the Marketing Organization for Industry

We propose that the Government set up a Marketing Organization for Industry, reporting to the Director-General of the Department of Industrial Promotion. The Director of the Marketing Organization for Industry requires to be a key man, who should be at least of Deputy Director-General status. The proposed scheme would be:-



4. Why a Marketing Organization for Industry is necessary!

Thailand's balance of payments are now adverse and are expected in the next few years to become further adverse, because of the falling-off in exports of rice and other primary products. In addition the gradual modernization of agricultural methods within Thailand is leading to a reduction of employment on the land. The birth-rate continues at the rate of over 3.2% which means more young people progressively coming onto the labour market and seeking jobs. To cope with these problems, it is generally recognized that Thailand needs to accelerate its rate of industrialization, increasing manufacture of industrial products and production of handicrafts, first to provide additional jobs especially in country areas and secondly to create more exports to help correct future adverse balance of payments.

5. Manufacturing is progressively contributing a bigger share in Thailand's Gross Domestic Product as that from agriculture declines though not yet enough as the table below shows:-

	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Gross Domestic Product				
(at market prices, millions of Bahts)	100,866	106,699	116,129	
<u>Origin</u>	%	%	%	
Agriculture	37.1	32.7	31.7	
Mining & Quarrying	1.9	1.9	1.8	
Manufacturing	13.3	14.5	14.9	
Construction	6.1	6.9	7.0	
Transport/Communication	6.3	6.4	6.3	
Wholesale & Retail trade	16.6	17.4	17.2	
Others	18.7	20.2	21.1	
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	

Figures not yet available

6. So far as employment of labour is concerned, manufacturing is still likewise not contributing enough, as the following figures show:-

	<u>1966</u>	<u>1967</u>	<u>1971 (projection)</u>
Total Labour Force (millions of persons, both sexes)	14,550	15,180	16,870 (but may well be greater)
	%	%	
Agriculture forestry hunting, fishing	79.8	73.8	
Mining & Quarrying	.1	.1	
Manufacturing	4.9	5.0	
Construction	.8	1.1	
Electricity, Gas, Water & Sanitary Services	.2	.1	
Commerce	7.1	8.7	
Transport/Communication	1.6	1.6	
Services	5.5	8.1	
Not elsewhere classified	-	1.5	
	-----	-----	
	100.0	100.0	
	-----	-----	

The National Statistics office made no survey in 1968 and the figures from their 1969 survey are not yet available. The above 1966 and 1967 figures are not entirely comparable statistically, but they show the need for manufacturing especially to provide more jobs for those being made redundant from agriculture as well as for the growing labour force. The above tables do not reflect the importance of handicrafts in the field of employment. The Narayana Phand management estimate that 5 % of the population (not of the labour force) depend directly or indirectly on the sale of handicrafts, because many farmers and their families work on handicrafts in their spare time.

7. Turning to the balance of trade problem, in so far as it is influenced by exports and imports, the relevant statistics for the last three years are shown in Appendix A, which indicate the need for a greater contribution to export by manufactured goods as well as for manufacture in Thailand of more import substitutes.

8. Whether manufacturing for export or home markets, the main emphasis up till now in Thailand has been on exploitation of domestic raw materials or the manufacture of import substitutes. There has been less attention paid to marketing (with some notable exceptions) either in Government or Industry; by marketing I mean the careful study of customers' needs, finding out their likes and dislikes of existing products and thence establishing the profile of the products they require not only to satisfy their present but also their future needs. (Once having done this, it is of course necessary to calculate whether it is feasible to manufacture them competitively and at a profit). Wherever I have been during my five months in Thailand, I have been welcomed as a marketing man and told how difficult it is to get marketing information, such as accurate forecasts of industrial markets information about opportunities for export, etc. It is not easy in Thailand to dig out industrial statistics and information, as I have found with all the facilities of Government open to me. It is even more difficult for the medium-sized manufacturing firm and for the potential trade buyer, whether from home or abroad.

9. Thailand's competitors' in the industrial field, Japan, Hong Kong, Taiwan, Korea, Singapore and other countries have all had for many years Marketing Organizations for Industry in one form or another, sponsored wholly or partly by Government. In many cases these have had spectacular success, helping to transform the industrial positions of their countries within a few years. Surely it is time that Thailand profited by their experience and set up its own Marketing Organization to be at least as effective

10. The Director of the Marketing Organization, as stated above, needs to be a leader of high calibre and intellect. He is the co-ordinating boss of three operating units, each of which I will describe in turn.

11. The Handicrafts Promotion Organization

As mentioned earlier, handicrafts are of great importance to Thailand, both culturally and because they offer an alternative means of employment to agriculture in rural areas. The total sales of handicrafts in the domestic market are estimated at more than ~~over~~⁵⁰⁰ million Bahts per annum. Much of these sales are to meet needs of local rural markets, but in addition there is the substantial business with tourists. There is no doubt that foreign tourists are extremely well looked after by the private sector handicraft establishments, from the big hotels and tourist agencies down to the small contact man, who pilots the American soldier in a taxi to a Gift Shop and sits him down before a bottle of beer prior to purchase.

12. Customs figures for Handicrafts indicate exports of some 250 million Bahts per annum, but if one subtracts jewelry (about 150 million) and cotton fabrics (30 million), both of which are specialist industries not really influenced by a Government Handicrafts Promotion Organization, one gets down to a figure of 60 to 70 million Bahts, made up in this order:-

Thai Silk	30	Millions
Wood carvings/Lacquer ware	16	"
Bronzeware	9	"
Silverware/Nielloware	8	"
Ceramics	2	"
Basketry/Wickerware & others	2	"

Most of these exports are made by firms with access to factories, which can turn out reasonable quantities of standardized products. These should really have a designation like factory-crafts, as opposed to the handicrafts made by very small establishments or village industries, which cater for local demand and tourists.

These export sales could and should be much bigger.

13. Narayana Phand, the Government Retail Handicrafts Shop (named after a God giving abundant benefits) is an effective organization, which sells some 13 million Bahts worth of Handicrafts per annum (one third export), making a trading profit of some 800,000 Bahts per annum. The General Manager, Mrs. Boonthain Ramadheja, is a capable business woman who in her trips around the country does personally help handicraft producers, but because Narayana Phand has no Government budget, apart from provision of its fixed and working capital, all its emphasis is on making sales and profits. Out of its profits, Narayana Phand provides a useful service to the Ministry of Industry and other Ministries and Agencies like the Tourist Organisation of Thailand by providing attractive well-stocked stands of Thai Handicrafts at their exhibitions and displays. Narayana Phand does about 2 % of the whole Handicrafts business, so that it cannot be said to damage the sales of the efficient private sector, but there is no rational reason for a Government establishment just to sell in competition with a private sector which is as efficient as that in Thailand. Its main objective should be to help provide conditions to increase the size of the private sector.

14. What the Government ought to do in particular (but it requires a budget) is:-

(a) to stimulate new designs and new types of handicrafts to meet changing market tastes. At present there continues to be too much copying of other people's designs and a disinclination to change from what has served of old.

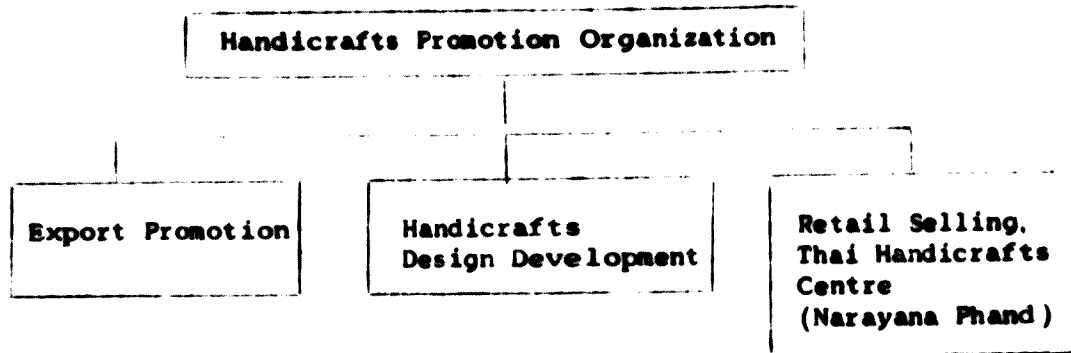
(b) to help existing handicraft exporters, and encourage new ones, to export more.

The retail selling of the Government shop serves a useful purpose, if it is primarily regarded as a source of information about the Handicraft industry and as a market research test-bed to try out new designs and new ideas. But there seems no reason to seek a

substantially to be seen to be better than it is achieving at present

15. Accordingly we recommend adding on to Narayana Phand a Design Development Section and an Export Promotion Section.

The organization would thus be as follows:-



16. The Design Section requires 16 persons, including a chief designer and 12 designers, working in teams of 2 in each of the following six fields - Woodworking/lacquerware, nielloware/silverware, bronzeware, ceramics, wickerwork/basketry and textiles (for small handloom establishments).

17. The Export Promotion Section requires 14 people. The Chief needs to be of superior type (if possible, 1st Grade) because he has to get out to the important foreign markets and stimulate sales on the ground. It is also proposed that he should have an editorial staff of two persons for the purpose of sending press releases and news about the novelties and successes of Thai handicrafts to newspapers, magazines and other media abroad.

It is strongly recommended that the Chief of the Export Promotion Section should work very closely with the private sector, in fact he should explore the possibility of forming a permanent working party with the 20 or so Firms which already do the bulk of exports in this field. This working party should actively define what obstacles to increased exports of handicrafts need to be removed and what other positive action requires to be taken to enable greater Export targets to be achieved. Provided Government and the exporting industry work together, there is no reason in my opinion why Thailand should not quadruple her present exports of handicrafts within five years and sell ten times as much within a decade.

18. It is recommended that the Government gives urgent attention to moving Narayana Phand to a better location. Apart from its present unsuitable shopping environment, with a total space of just under 1,600 square metres it is cramped for what it does now. To give more comprehensive displays of handicrafts, to have more packing and storage facilities and to house the two new sections, there is need for 2,600 square metres, of which 600 (for store-room and finishing services) can be at a cheaper site, such as Kluey Nanthai. Because this is entirely a Government matter, I have not pressed for any particular solution, but some possibilities are outlined in Appendix B, which contains in more detail our full proposals for the establishment of the Handicrafts Promotion Organization.

To help the two new sections get into their stride, we propose that UNIDO should provide two-experts, one for Handicrafts Design and one for Handicrafts Export Promotion. We also recommend 9 fellowships in the same fields.

19. The cost of all this is fairly modest. Excluding the cost of moving Narayana Phand to a new location and the building of a new stock-room, the cost to the Government of Thailand and United Nations for the five years of the 3rd National Plan would be as follows:-

	(1000 Bahts)					
<u>Government Share</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>Total</u>
Design Development	550	400	400	400	400	2,150
Export Promotion	1,150	750	750	750	750	4,150
	—————	—————	—————	—————	—————	—————
	1,700	1,150	1,150	1,150	1,150	6,300
 <u>United Nations Share</u>						
Experts	490	490	490	490	240	2,200
Fellowships	236	118	118	118	-	590
	—————	—————	—————	—————	—————	—————
	726	608	608	608	240	2,790
Total Cost	2,426	1,758	1,758	1,758	1,390	9,090

Government Share	69 %
United Nations Share	31 %
	<hr/>
	100 %
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Narayana Phani's retail sales are not included in these financial estimates because they would continue on a profitable basis; and if Narayana Phani moves to a more central location as recommended, the profitability could well increase from the present annual level of 100,000 Bahts. Anyway the profit from retail sales do make some contribution towards the costs of the more comprehensive Handicrafts Promotion Organization.

20. The Industrial Product Design Centre

This is the second operating unit of the Marketing Organization for Industry. While I have been in Thailand, an "ad hoc" working group met together to discuss the future planning of the work of the Industrial Product Design Centre. The recommendations of this group of which Mr. Vandi Hutasingh and I were members are attached at Appendix C. The main ones are as follows:-

- (a) Long-term the Industrial Product Design Unit should confine its product designing to that of handicrafts. The handicrafts designers should be taken onto the budget of the Handicrafts Promotion Organization.
- (b) The already big amount of Exhibition Work being done at the Design Centre, using its efficient workshops, should continue but eventually the responsibility for this should be transferred to the Industrial Trade Centre, as explained later in this report.
- (c) The preparatory work for the Packaging Institute should continue. A UNIDO expert has already been requested by the Government of Thailand to help plan this.
- (d) The preparatory work for the Design Index and Council for Industrial Design should continue. A further UNIDO expert has already been requested by the Government

of Thailand to help plan this.

- (e) By 1973, we expect the Industrial Product Design Unit to become the Council of Industrial Design, which will more properly describe its function of stimulating good industrial design in Thailand following the successful pattern of the similar UK organization.

No action or new budgets are needed for the present, but further plans will be presented next year for the implementation of the work on the Packaging Institute and Design Index.

21. The Industrial Trade Centre

This is the third and most important of the operating units of the Marketing Organization for Industry. We are not proposing for Thailand any new idea in an Industrial Trade Centre, but only what other neighbouring countries have already operated with proven success since World War II. I submitted a proposal to UNIDO that Mr. Vandi Hutasingh and I should make a quick tour of similar centres in Taiwan, Korea, Hong Kong, Japan and Philippines, in order to find out technical details such as numbers and calibre of staff employed in each of their divisions, sources of finance, their profit centres, the latest methods used for information storage and delivery and how they evaluated results. We did not make this trip because UNIDO thought that it would be too rushed. They suggested instead a fellowship of a minimum of three months for a Senior Thai Official implicated in the preparations for the Industrial Trade Centre to visit and get the necessary detailed technical information from all the most successful Trade Centres in other countries (this useful offer should I suggest be accepted).

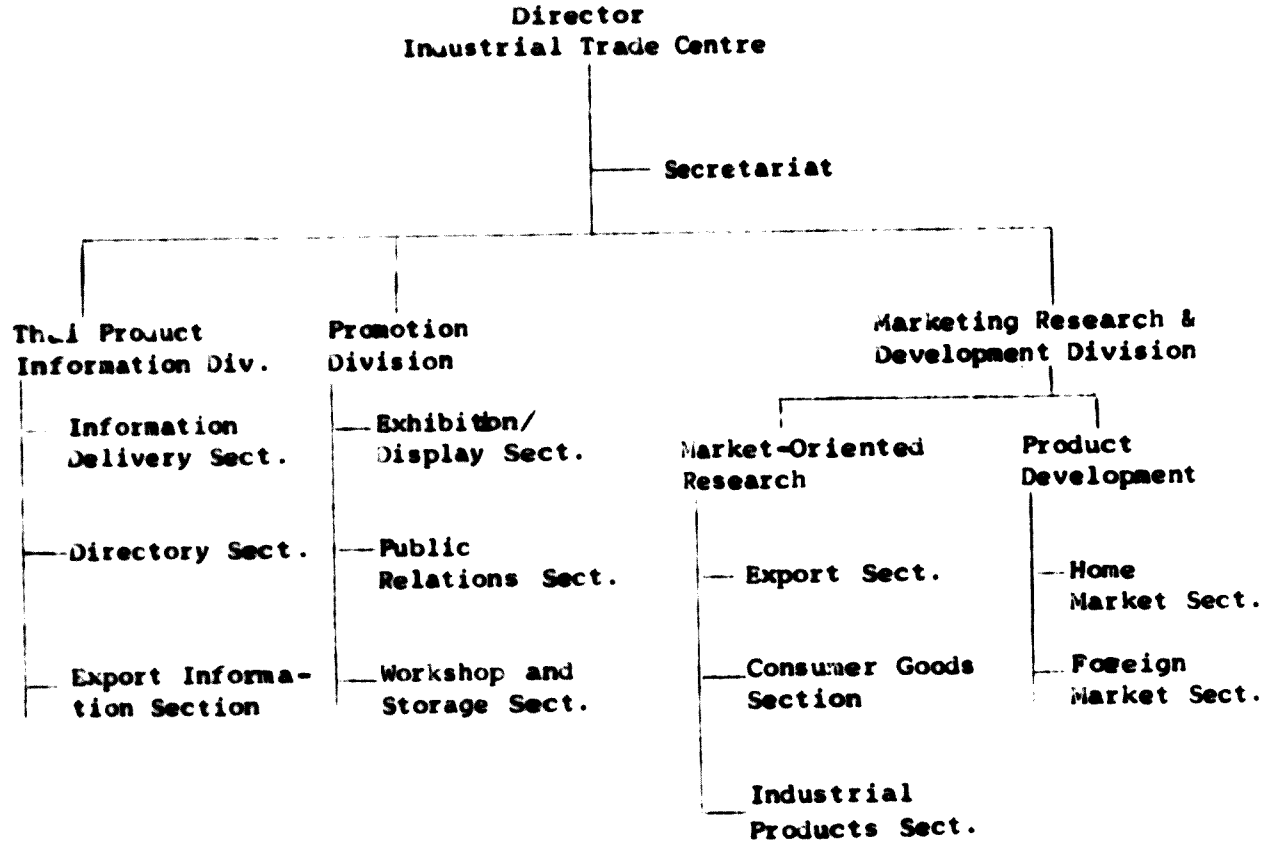
I am therefore making these proposals from general knowledge.

22. The scheme which we propose is to set up in the centre of Bangkok an Industrial Trade Centre, whose main object will be to improve communication between seller and buyer, to be in fact a real "Shop-window" for Thai Industry. In the same way as establishments abroad, it will promote Thai products by exhibitions

and will also provide Marketing Research and Development services

to identify opportunities for Thai industry, both at home and abroad.

The organisation chart of the proposed Industrial Trade Centre is shown below:-



I attach at Appendix D a document describing the work of the Industrial Trade Centre in some detail as seen from the Government side. This does not include estimates of contributions from industry in respect of finance and staffing, about which it is hoped there will be later discussions with representatives of Thai Industry.

23. While we were working out the details of the Industrial Trade Centre as a wholly-run Government project we heard through the working party of Government officials with the Association of Thai Industries that the latter were also working on a similar project to be run by Industry. This working party came about as the result of a Seminar in March 1970 between Government officials and representatives of Industry, whose object was to get things done to remove obstacles to industrial flow. This seminar was attended by all Government Departments and Agencies having

responsibilities towards industry, and the work was coordinated

by the Ministry of Industry. The seminar led to the formation of a permanent working party between representatives of the Association of Thai Industries and Government officials, with the Ministry of Industry coordinating the work.

24. I am writing at some length about this working party, because while the Industrial Trade Centre is intended primarily to remove one constraint (that of Communications between buyer and seller) it will achieve maximum results, if other constraints to industrial flow are also removed. The working party divided industrial constraints into those which could be removed quickly and those which would take longer because of the need for legislation and other measures. The working party is recommending for immediate action nine items, many of them having to do with Customs procedures and tax regulations. Three of them are of special interest:-

- (a) Removal of multiple taxation at different stages of manufacture of domestic products, which will help the sales of locally-made intermediary trade products.
- (b) Steering more Government purchasing towards domestic instead of imported products. (The proposed Industrial Trade Centre with its immediately available knowledge of the capabilities of Thai manufacturers could well be used as part of the enforcement machinery).
- (c) Establishment of an Industrial Information Centre, where business men can get information in one place about industry, instead of having to go to numerous different places as now.

25. We visited the Association of Thai Industries and learnt that, quite apart from the latter recommendation, they had their own project for an Industrial Trade Centre, to be a new building with five floors, the two bottom ones for display of Thai products, two floors for offices and services and the top floor an industrialists club. It was mutually agreed to consider combining

the Government and Thai Industries' projects, with a view to having one really effective one rather than two not so strong and to some extent in competition. (This would in fact follow the pattern of some very successful Industrial Trade Centres abroad). If an acceptable basis can be agreed for a joint Government/Industry controlled organization, it will mean establishing a public corporation with a President and Board of Directors, partly Government-nominated and partly industrialists.

26. There is some procedural difficulty from the Government side, in that the Industrial Trade Centre, following the proven practice effective in other countries must deal with both home and export marketing and this straddles the fields of operation of a number of Ministries and Government Agencies having responsibility towards industry, particularly the Ministries of Industry and Economic Affairs and the Boards of Investment and Export Promotion. However, preliminary discussions indicate that all Ministries consider the setting-up of an Industrial Trade Centre to be in the national interest and that they are not unfavourable to the concept of a public corporation controlled jointly by Government and Industry. While the Ministry of Industry is best suited to coordinate the work of the Government, because it knows most about the industry of Thailand, nevertheless it could be that other Government Departments would help with staff, because people with experience in marketing are scarce in Thailand. For examples two of the Board of Export Promotion's Divisions (Planning/Research and Export Promotion) have very similar functions to two parts of the proposed Market Research and Development Division of the Industrial Trade Centre, and some of their experienced people would be of immense help to it. In my mid-term report I showed a list of Governmental and semi-governmental establishments rendering services to industry, having a bearing on marketing. This is rather long and I will not repeat it here, but there does seem some need for streamlining the Government apparatus vis-a-vis Industry. Agreement to establish an Industrial Trade Centre may

offer an opportunity to take some steps in this direction.

27. It has been decided by the Ministry of Industry to raise the question of a joint Government/Industry controlled Industrial Trade Centre in one of the next meetings of the working party of Government officials and representatives of the Association of Thai Industries. An advantage of this procedure is that all the main Ministries, who may be affected by the Industrial Trade Centre, are represented on this working party. But the Ministry of Industry has stated that there will be no harm in Mr. Vanui Hutasingh and myself having an informal talk with the Association of Thai Industries to see how the details of the two projects could fit together, particularly over such matters as constitution, finance and staffing. This we propose to do after the completion of this report, and before I leave Thailand.

28. There are also many details to discuss. The Ministry of Industry is interested that the Industrial Trade Centre should act as the shop window for the 4,000 significant manufacturing firms (see Appendix E for details) namely small and medium-sized as well as large industry, whereas the Association of Thai Industries have only 209 members, albeit the biggest firms of all. However, the Association of Thai Industries seeks to increase its membership, and perhaps this will also give the opportunity to encourage the formation of more manufacturers associations in specific industrial branches, of which there is a lack in Thailand. These help greatly to provide more effective communication between Government and Industry.

29. Informal discussions indicate that certain of the Banks, such as Industrial Finance Corporation of Thailand, might be interested to cooperate with the Industrial Trade Centre, anyway so far as their market research and feasibility studies are concerned. It could be also that the Board of Trade and such bodies as the Chinese Chamber of Commerce, which has 400 to 500 manufacturer members, should be invited to participate in the Industrial Trade

Centre, which both support in principle. To illuminate further our thinking, there is attached at Appendix E the text of a talk which I gave to the Marketing Association of Thailand on 15th July, 1970 on the subject "Does Thai Industry need a better shop-window?"

30. Below is given a summary of the total estimated costs of the Industrial Centre, if financed solely by Government and

United Nations.

<u>Government Expenses</u>	(1000,000 Bahts)					<u>Total</u>	<u>% Shares</u>
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>		
<u>Preparatory Expenses</u> (mainly for small and medium-sized industry)	1.0	2.0				3.0	
<u>Operational Expenses</u>							
(a) Initial Equipment			2.3	-	-	2.3	
(b) Annual Operating Expenses			6.0	6.0	6.0	18.0	
(c) Rental (if Siam Centre)			4.8	4.8	4.8	14.4	
(d) Building an Exhibitions Store at Kluey Namthai			1.2	-	-	1.2	
	1.0	2.0	14.3	10.8	10.8	38.9	77% (Government Share)
<u>United Nations Expenses</u>							
(a) Initial Equipment			1.0			1.0	
(b) Experts	.9	2.6	2.6	2.3	.9	9.3	
(c) Fellowships	.3	.3	.4	.2	-	1.2	
	1.2	2.9	4.0	2.5	.9	11.5	23% (U.N. Share)
<u>Grand Total</u> (Government and U.N.)	2.2	4.9	18.3	13.3	11.7	50.4	100%

It will be seen that the total cost of establishing the Industrial Trade Centre over a five-year period is 50,400,000 Bahts, of which it is suggested the Governments' share should be 38,900,000 Bahts (77 %) and the United Nations share 11,500,000 Bahts

31. Date Plan - all parts of Marketing Organization for Industry

In conclusion, we give below a suggested date plan for priority of work and expenditure in connection with the setting-up of the Marketing Organization for Industry, which may be of value for consideration by the National Economic Development Board in connection with the 1971/75 3rd National Plan.

Government Budgets needed

(100,000 Bahts)

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
<u>Handicrafts Promotion Organization</u>					
(a) Adding Export Promotion and Design Sections to Narayana Phani	1.7	1.15	1.15	1.15	1.15
(b) Moving location of Narayana Phani to more central position,	Cost depends on Government decision				
(c) including building new stock room at Kluey Nantai	.5				
	<hr/> 2.2	1.15	1.15	1.15	1.15

Industrial Product Design Centre

- | | |
|---------------------------|---|
| (a) Packaging Institute) | No special budgets needed in 1971 & 1972, but dependent on U.N. experts' advice substantial expenditure from 1973 onwards may be necessary. |
| (b) Design Index) | |

Industrial Trade Centre

- | | | | | | |
|--|-----|-----|-----|-----|-----|
| (a) Preparatory work for the three Divisions* | 1.0 | 2.0 | | | |
| (b) Commencement of Industrial Trade Centre as full working entity | | | | | |
| (i) Initial equipment | | | 2.3 | | |
| (ii) Annual Operating | | | 6.0 | 6.0 | 6.0 |

P.T.O.

* The preparatory work in 1971 and 1972 for the Thai Product Information Division and Marketing Research and Development Division would be particularly in respect of small and medium-sized industries.

(1000,000 Bahts)

	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>
(c) Moving into central location in Bangkok, if Siam Centre			4.8	4.8	4.8
(d) Building Exhibitions Store at Kluey Namthai			1.2		
	1.0	2.0	14.3	10.8	10.8

32. Conclusion

So I come to my conclusion! I have worked with enthusiasm on my project, because I have become progressively more and more convinced that it is in the national interest. The project has developed into a big one and because it now needs top-level consideration between a number of Government Departments as well as formal negotiations with the Association of Thai Industries, I cannot leave it as clear-cut as I could have wished. However, I hope to do a good bit of further work on it during my last month in Thailand and perhaps have fresh news to discuss with UNIDO during my de-briefing period in Vienna.

It is no empty gesture to end by expressing my thanks for the great help I have received from many Government officials both within and outside the Ministry of Industry and from innumerable persons in private industry. Especially would I like to thank the Director-General and his colleagues of the Department of Industrial Promotion, a Department which works harmoniously together as a united team, into which they have gone out of their way to make me feel a welcome member.

E.A. Corcoran
(E.A. Corcoran)

THAILAND'S FOREIGN TRADE - 1966 TO 1968

<u>IMPORTS</u>		<u>EXPORTS</u>	
Commodity Groups	1966	1967	1968
Total Imports ('000,000 Bht)	24,052	21,055	24,103
	%	%	%
Food	8.4	4.6	4.6
Beverages & Tobacco	3.6	1.5	2.0
Crude Materials	2.1	2.8	2.6
Fuels & Lubricants	9.3	7.5	8.3
Animal & Vegetable Oils and Fats	.1	.2	.2
Chemicals	14.0	12.2	11.9
Manufactured Goods	24.6	28.7	25.9
Machinery	26.6	33.9	36.6
Miscellaneous Manufactured Goods	8.6	5.7	5.5
Miscellaneous Transaction and Commodities	2.7	2.9	2.4
	100.0	100.0	100.0
Commodity Groups	1966	1967	1968
Total Exports ('000,000 Bht)	10,436	14,189	13,679
	%	%	%
Food	66.5	54.0	51.4
Beverages & Tobacco	1.1	1.1	1.5
Crude Materials	27.7	25.5	26.7
Fuel & Lubricants	.6	.7	.6
Animal & Vegetable Oils and Fats	.1	.1	Negl.
Chemicals	.1	1.1	.2
Manufactured Goods	2.4	14.7	14.1
Machinery	.1	.1	.6
Miscellaneous Manufactured Goods	.3	.2	1.1
Miscellaneous Transaction and Commodities	1.1	2.5	3.8
	100.0	100.0	100.0

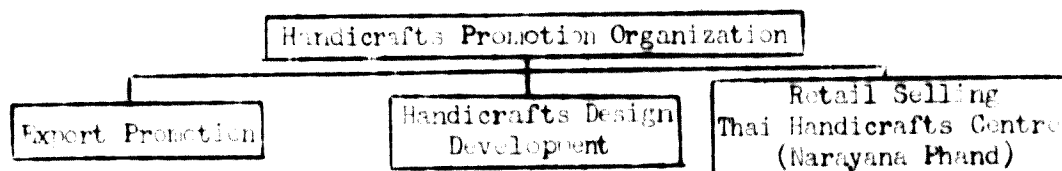
Note : 1969 figures not yet available

Proposal for the Handicrafts Promotion Organization

1. Overall Objectives

- (a) To increase the total sales of all Thai Handicrafts both at home and abroad. The target for exports should be at least to quadruple them within five years.
- (b) To help create the environment in which the handicrafts private sector can grow bigger.
- (c) To stimulate new designs and new types of handicrafts to meet changing market tastes, at home and abroad.
- (d) To operate a profit-making Government shop, as a source of intimate knowledge about handicrafts, as a test-bed for trying out new designs, to provide comprehensive displays of all Thai Handicrafts at exhibitions and other displays organized by Government departments at home or abroad and to help small producers with practical marketing advice.
- (e) To stimulate export sales of Thai Handicrafts by sending capable representatives (in association with private-sector exporters) to stimulate sales "on the ground" in important foreign markets.
- (f) To form a permanent Government/industry working party with the principal Thai Handicrafts exporting firms to define what obstacles to increased export of handicrafts need to be removed and what other positive action has to be taken to achieve greatly magnified export targets.

2. To achieve these aims, it is proposed to add two new sections to the existing Narayana Phand organization, namely Design Development and Export Promotion, these to form together a new organization called the Handicrafts Promotion Organization. The organization chart will be as below:-



3. Staffing and Costs

The proposed staffing of the two new sections, together with cost of equipment and supplies would be as follows:-

<u>No. of persons</u>	<u>Handicrafts Design Development Section</u>	<u>Annual Cost (Bahts)</u>
1	Chief Designer (Counterpart, United Nations expert)	
6	Designers	
6	Assistant Designers	
1	Secretary/Procurement Officer	
1	Typist	
1	Driver	
—		
16		240,500
—		
	Supplies (Travelling, office and car expenses, materials, samples, stationary and printing)	154,500
	Annual expense	400,000
	Initial Equipment (Car, office furniture, drawing boards and design equipment, office furniture, typewriter)	150,000
	Total (first year)	550,000
	Subsequent years	400,000

<u>No. of persons</u>	<u>Handicrafts Export Promotion Section</u>	<u>Annual Cost (Bahts)</u>
1	Chief, Export Promotion (First Grade - Counterpart, United Nations Expert)	
1	Deputy Chief, Export Promotion	
1	Editor	
1	Assistant Editor	
1	Translator	
2	Economists	
2	Typists	
2	Drivers	
3	Messenger/cleaner/janitor	
—		
14		210,200
—		
	Supplies (Office expenses, stationary, car expenses, materials, samples, printed matter, publications)	239,800
	Export Promotion (Travel expenses, abroad and inland, advertising)	300,000
	Annual Expense	750,000
	Initial Equipment (2 Cars, Office Furniture, Duplicator, Photo-copier, Calculator, Typewriters)	400,000
	Total (first year)	1,150,000
	Subsequent years	750,000

After payment of the relatively small initial expenses, the total annual budget required by the two new sections would be 400,000 Bht for Design Development and 750,000 Bht for Export Promotion, totalling 1,150,000 Bht per annum, which it is submitted is a modest sum in relation to the great benefits it should bring.

4. Design Section

It is proposed that there should be appointed a Chief Designer, having six designers plus six assistants working under her/him. A nucleus of these would come from the product designers already working at the Industrial Product Design Centre.

There will be a team of a designer plus assistant working in each of the following fields:-

Wood-working, including lacquer ware and carved furniture.

Niello ware/Silverware.

Bronze ware.

Ceramics.

Wickerwork/Basketry.

Textiles (small hand loom establishments).

Each designer will make a study and indeed a hobby of her/his field and will be expected to make this a long-term work, if desired becoming known as a lecturer and writer in the particular field. The designers should ultimately work in the same building as the retail shop, but there is little room at the present location of Narayana Phand and as a stop-gap they can work at the Industrial Product Design Centre, Kluey Nam Thai, where of course there are good design facilities.

5. Export Promotion Section

This would cover the following services:-

(a) To send Thai Government Handicraft specialists to enliven six important foreign markets per annum (in association with main private-sector exporters), with the object of stimulating the sales of Thai handicrafts by visiting sales outlets, checking the performance of Thai handicrafts against those from competing countries, and bringing back market intelligence about the type of handicrafts, design and pricing required to improve Thailand's competitive position.

(b) To prepare and distribute articles and news items about Thai Handicrafts to Trade Journals, hobby magazines, etc., abroad.

These are willingly accepted free of charge on account of their intrinsic news value and if tied up with the foreign sales agents, can result in good extra business.

- (c) To circulate lists of foreign enquirers about Handicrafts to private exporting firms in Thailand.
- (d) To maintain contact through the usual channels with Thai trade representatives abroad, to provide them with news about Thai handicrafts developments and to make known the needs for foreign intelligence to flow back from them.
- (e) To compile, from all available Government and other sources, foreign market statistics about Thai exports of handicrafts to the principal foreign markets, as compared with those of competing countries selling handicrafts, with a view to uncovering opportunities for Thailand to improve its position competitively.

Both the Chief and Deputy-Chief of the Export Promotion Section will spend much of their time visiting foreign markets, but they will organize their trips, so that one of them is always in Thailand supervising the home activities.

It is also strongly recommended that the Chief of the Export Promotion Section explore actively the possibilities of forming a working party with the twenty or so firms, which already do the greater part of present exports, with a view to forming a real Government/industry partnership with the object of greatly increasing Thai handicraft exports in the immediate future. These firms would include Exotic Siam (Wood-carvings), Como International (Wood-carvings), Thai Celadon (Ceramics), Thai Antiquarium (Antiques), Thai Home Industries (General), Bangkok Arts and Crafts (Bronzeware), Thai Lapidary (Jewelry) and the principal Thai Silk firms. This should be a permanent working party, meeting every few weeks to recommend the quick removal of obstacles, which impede export. One example is the Customs Department not giving clearance for earthenware vases or wooden Thai swords, unless first

cleared by the Fine Arts Department, who require a fee of 5 RM per piece for this plus a photograph of each and every piece produced, thus loading the cost so as to make the goods unexportable. There should be a strong philosophy in the Handicrafts Promotion Organization that as a Government organization they are responsible for the welfare of the whole Handicrafts industry

6. Location of Narayana Phand

The present location is in a bad area for tourists and foreign trade buyers, it has no car parking facilities and is too small for its needs. It would be advantageous to move it to a better location, with rather more display space, more packing and stock room space and room for the proposed export promotion and design sections. The table below shows the minimum needs:-

	<u>Present Location</u>	<u>New Location</u> (square metres)
Display area	960	1,200
Office	260	600
Packing & Stock room	370	800
	<u>1,590</u>	<u>2,600</u>

Note: 600 sq. metres of the stock room could be sited at the cheaper space at Kluey Nam Thai, leaving 2,000 sq. metres required at a new central location.

There are various possibilities for re-locating Narayana Phand, but since this is entirely a Thai Government responsibility, it would be wrong for me to press for one or another. Examples are:-

- (a) Keep Narayana Phand where it is in the Larn Luang Road with its export section established in space in the Board of Export Promotion building in Rajdamnern Avenue.
- (b) Move to a better location, such as the Siam Centre.

It would need a very quick decision to get into the first phase of their building programme, but 1,200 sq. metres shop display space on the street level would cost 2,000,000 RM per annum (which need not require a Government budget as this should be covered by profit from

sales of goods) while the rental of 800 sq. metres on the second floor above the shop to house the office, design development and export promotion sections would cost 1,000,000 Bht per annum, which would require a budget.

In addition there would be need to build a new stock-room of 600 sq. metres on a cheaper site, say at Kluey Nam Thai, at a cost of 500,000 Bht. Siam Centre is given as an example at the top end of the "cost barometer", because their charges are known and factual. But there are other perfectly practicable and less expensive possibilities. Since Government policy as expressed through the National Economic Development Board is to put emphasis on increased promotion of Handicrafts from the beginning of the 1971/75 National Plan, it is necessary that a decision about location be made quickly. The best solution would be to move to a good central location with enough space for the whole organization to work together.

7. UNIDO's part - Provision of Experts

UNIDO assistance for the strengthened Handicrafts Promotion Organization would comprise the provision of experts and fellowships, which are proposed as follows:-

<u>Experts' Designation</u>	<u>Duration of Assignment (in months)</u>
Handicrafts Design	48
Handicrafts Export Promotion	36
	—
	84
	—

A suggestion has been made that a Handicraft Production (Intermediate Technology) expert be provided, to help develop practical production methods for the new designs of handicrafts, which had proved successful in the test-selling in the retail shop. But I do not think that such an expert should go at this stage to the marketing organization, but rather, to the Cottage Industries section of the Division of Industrial Promotion. (But when the Handicrafts Promotion Organization

with its active Design section has **got** into its stride, it would seem right to consider the possibility of incorporating into it the Ministry of Industry's small Cottage industry section, which exists to train cottage industry workers to improve their production methods and make more saleable products.)

The total costs of the two experts recommended above are estimated at U.S.\$110,000. Details of their suggested qualifications are shown below:-

Handicrafts Export (Markets and Procedures): this expert will have worked in a Handicrafts export promotion organization in a country like India, Philippines or Scandinavia. He will have a good knowledge of the best markets for handicrafts and will understand the procedures under which developed countries are increasingly allowing entry of duty-free imports of handicrafts. He will also understand export marketing and export practices, e.g. selling and distribution methods, shipping and despatch, insurance, credit and customs procedures.

Handicrafts Design: this expert will be an experienced handicrafts designer from a Scandinavian or southern European country with a tradition for introducing new design ideas. He will be a good leader and teacher of young designers. A 4-year period is recommended because of the need to absorb Thai culture and marry it with new ideas from outside, and to implant his sense of vision into the Thai designers.

8. Fellowships

The fellowships which we recommend are:-

<u>Field</u>	<u>Number</u>	<u>Man/months</u>
Handicrafts Export (Markets & Procedures)	1	12
Handicrafts Design	8	48
	-	-
	9	60
	-	-

The estimated cost of the above fellowships is U.S.\$29,500.

9. Summary of Proposals for the Handicrafts Promotion Organizations:-

- (a) That a Design and Export Promotion Section be added to the Narayana Phand organization.
- (b) That the name of Narayana Phand be changed to Thai Handicrafts Centre (Narayana Phand), so as to be more intelligible to foreign buyers.
- (c) That the main objective of the new Handicrafts Organization should be to help the private sector to create a bigger handicrafts industry.
- (d) That a decision be made quickly about moving the Handicrafts Promotion Organization to a better location, in order that the Government intention to give greater emphasis to Handicrafts sales and production from the beginning of the 1971/75 National Plan may be realised.

10. Summary of Costs

Excluding the cost of moving Narayana Phand to a new location, and building a small new stockroom at Kluey Nam Thai or other cheap location, the total annual Government budget required from 1971 onwards would be 1,700,000 Bht in the first year plus 1,150,000 Bht in subsequent years. The total Government and United Nations expenditure spread over the five years of the Third National Plan would be as follows:-

<u>Government Share</u>	<u>1971</u>	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>Total</u> ('000 Bht.)
Design Development	550	400	400	400	400	2,150
Export Promotion	1,150	750	750	750	750	4,150
	<u>1,700</u>	<u>1,150</u>	<u>1,150</u>	<u>1,150</u>	<u>1,150</u>	<u>6,300</u>
 <u>United Nations Share</u>						
Experts	490	490	490	490	240	2,200
Fellowships	236	118	118	118	-	590
	<u>726</u>	<u>608</u>	<u>608</u>	<u>608</u>	<u>240</u>	<u>2,790</u>
Total Cost	2,426	1,758	1,758	1,758	1,390	9,090
Government Share	69%					
United Nations Share	31%					

Narayana Phand's retail sales are not included in these financial estimates, because these would continue on a profitable basis; and if Narayana Phand moves to a more central location as recommended, the annual profitability could well increase from the present annual level of 800,000 Bht. Anyway the profits from retail sales do make some contribution towards paying the costs of the more comprehensive Handicrafts Promotion Organization.



To Group Captain Wimon Wiriyawit
Director-General of Department of Industrial Promotion
Ministry of Industry

Future Planning - The Industrial Product Design Centre

Herewith for your consideration are the conclusions of a working group, which discussed future planning for the Industrial Product Design Centre with a view to determining how this fitted into the proposals for the Marketing Organization for Industry. No further planning work is being done by us in connection with the Design Centre, except to add the relevant items to the proposals for the other parts of the Marketing Organization for Industry, namely Industrial Trade Centre and Handicrafts Promotion Organization. No action is needed on this document, provided you are in agreement with it, because you have already requested other UNIDO experts to advise on aspects of the Packaging Institute and Design Index. The members of the working group, which prepared the following proposals were:-

Mr. Vandi Hutasingh
Mr. Jorg Glasenapp
Mr. Sivavong Changkasiri
Mr. E.A. Corcoran

EAC/db
9th July, 1970

Distribution

To Group Captain Wimon Wiriyawit (2 copies)
The members of working group
Mr. Ramin-Ericson - for information (UNIDO, Bangkok)
Mr. Wali-Shah Wali - for information (UNDP, Bangkok)

THE INDUSTRIAL PRODUCT DESIGN CENTRE, KLUHEY NAMTHAI

I. Background

1. The Industrial Product Design Centre, now situated at Kluey Namthai, was set up by the Department of Industrial Promotion, Ministry of Industry, 1963 with the objectives of raising the standard of industrial and handicrafts design in Thailand and giving assistance in product design to small manufacturers who had not the knowledge or money to provide good designs for themselves. Industrial design is in its infancy in Thailand. There are as yet no private firms of industrial designers. Some of the advertising agencies have small product design departments but they do not amount to much. A few of the big firms have their own design departments.

2. Obviously the concept of the Government taking action to encourage good industrial design was a right one, and in certain fields the Industrial Product Design Centre has done useful work. As part of its service for its own designers, it built up an efficient workshop for mocking-up designs, making display pieces etc. This workshop, which could produce display material, electric lighting effects, charts & other visual aids quickly and cheaply, found itself increasingly used for Ministry of Industry exhibitions and other functions. The services of the Chief of the Centre, Mr. Vandi Hutasingh, were also frequently sought for this type of work, because he was good at it and there was no one else to do it.

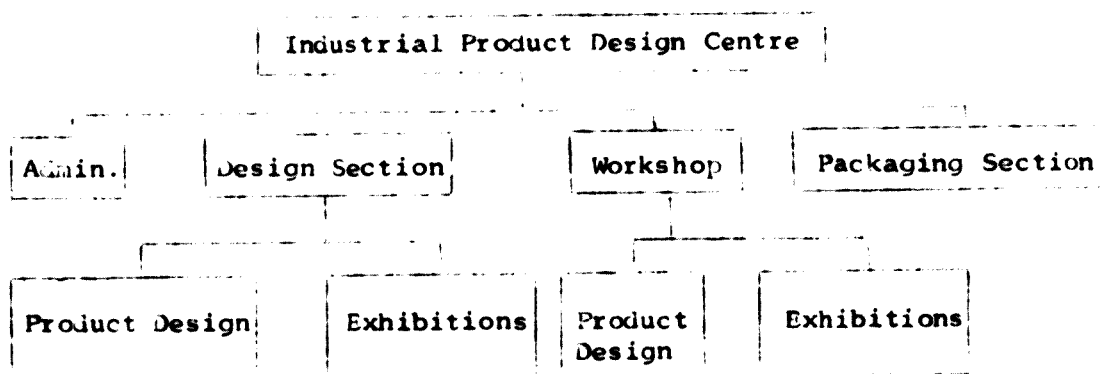
3. This has taken away the concentration of the Centre on pure design work; in fact one might say that at present the Centre has two functions, product design and exhibition work.

4. There are nine designers on the establishment. They are recruited from the graduates of the Fine Arts faculties of the universities. They then need considerable training to become practical industrial designers, but Government salary levels are

too low to provide incentive for the man or woman who has become really experienced. There are of course many approaches from small firms wanting the gratis Government design service, but communications are not easy, many of the small business men don't know how to explain their requirements and the designs produced are not always utilised.

5. The Workshop Section at present comprises one foreman, two carpenters, two metal workers, one electrician, one display-maker and an assistant. As explained above, the services of the Workshop are valuable to all divisions of the Department of Industrial Promotion and are fully utilised.

6. The 1969/70 budget for the Industrial Product Design Centre was 690,000 Baht, representing good value for an organization of thirty-five people. Its provisional 1970/71 budget is 820,000 Baht (subject to approval by Parliament). Its current organization is as shown below:-



6. In addition to the design work of the Centre, there is some Handicraft design being done in other parts of the Department of Industrial Promotion, namely by two designers who help train handicraft workers up-country for the Division of Industrial Promotion, one designer in this Division's Basketry/Weaving factory and one designer at Narayana Phand.

7. The Small Industries Service Institute (S.I.S.I.) have their own Product Design Unit, called the Design and Testing Division, which renders product development and industrial design services

besides supporting the other Divisions of S.I.S.I. This comprises four designers plus six other staff, total ten. Future planning envisages increasing it to fifteen or sixteen persons by the addition of mechanical and electrical engineers and additional designers.

II. Future Planning - Product Designing

7. It has already been suggested in the draft proposals for establishing a comprehensive Handicrafts Promotions Organization (expanded from Narayana Phand) that the major product design work of the Design Centre should be confined to that of Handicrafts. Below is the relevant extract from these proposals:

"A small budget would be needed for the Handicrafts Design Section. It is proposed in future that certain of the designers from the Industrial Product Design Centre for Handicraft Design should be transferred in year 1971/72 to the budget of the proposed Handicrafts Promotion Organization. The reason is that with the low Government salary levels for designers, starting from 1,000 Bahts per month rising after many years' service to 3,000 Bahts per month, it is not judged feasible long-term to retain good-class industrial product designers against the increasing competition of private industry.

The Handicrafts Promotion Organization will have a Chief Designer with an office adjacent to the General manager's Office in the Thai Handicrafts Centre, but twelve designers will be located for the present at the Design Centre in Kluey-Namthai, where there are all needed facilities including workshops and model-making and where space is cheaper."

8. There will be a handicraft designer plus assistant designer in each of the following six fields:-

Wood carving, including lacquerware
Nielloware/Silverware

(Ceramics)

Ceramics

Bronzeware

Wicker work/Basketry

Textiles (small hand-loom establishments)

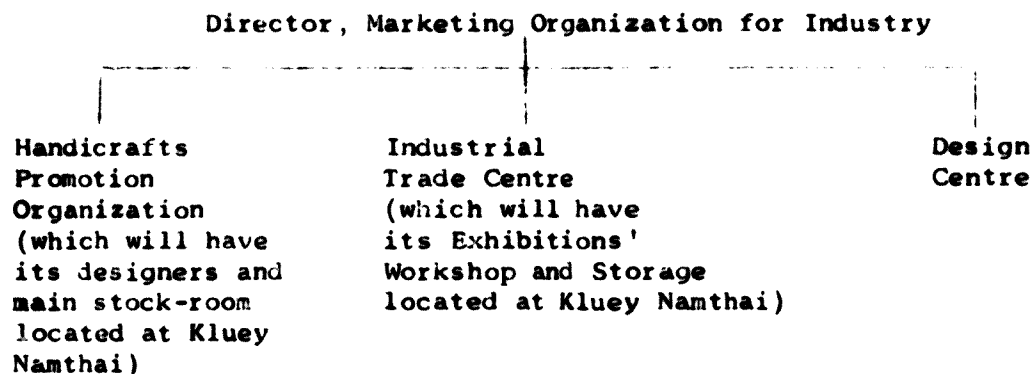
9. As stated above, from year 1971/72 the costs of these designers will be taken onto the budget of the Handicraft Promotion Organization, which will control their work. Each designer will make a study and indeed a hobby of her/his field and will be expected to make this a long-term work, if desired becoming known as a lecturer and writer in the particular field.

III. Future Planning - Exhibition/Display and storage

10. (a) The Department of Industrial Promotion is expected to expand its work considerably during the next five years in the field of industrial exhibitions and displays. In the proposed Industrial Trade Centre there will be some 2,000 square metres of display space for Thai products, including a special room for industrial products, where it is intended to have eight trade exhibitions per annum with comprehensive attendances of trade buyers. There will also be a number of major provincial exhibitions per annum plus minor exhibitions on the lines of those already successfully conducted by the Department of Industrial Promotion, but with more industrial content. The Promotion Division of the Industrial Trade Centre will have a workshop and storage section. In view of the high cost of space at the Industrial Trade Centre (situated in the best position in Bangkok) it is intended to house this at Kluey Namthai, where some facilities already exist and where the space is cheaper. This will involve enlarging the Kluey Namthai Workshop and storage facilities. The costs will be taken onto the budget of the Industrial Trade Centre, as part of its Promotion Division.

(b) The Handicrafts Promotion Organization too will be situated on a central site in the middle of Bangkok, and it is proposed to have its main stock-room at Kluey Namthai, with inspection and finishing facilities for those handicrafts (e.g. wood-carvings) which need final polishing or other attention before being put up for sale. This will be under the direction of the General Manager of the Handicrafts Promotion Organization and beyond being physically located at Kluey Namthai, and perhaps using its workshop facilities, it will be quite separate from the management of the Industrial Product Trade Centre.

IV. To make clear where the various parts fit into the Marketing Organization for Industry, here is the proposed scheme:-



V. Packaging Institute

11. The Design Centre in the past three years has begun work to stimulate the improvement of packaging in Thailand. Through its initiative there was formed in 1969 the Thai Packaging Association. The Packaging Section at the Design Centre comprises Mrs. Orrasa Jirapinyo with two assistants. It is not intended that they should themselves do package designs for products, but to help create the conditions for stimulating good packaging in industry. The intention is during the period 1971/73 to lay the foundations for the Packaging Institute of Thailand, which will assist and complement the work of private industry, firstly by promoting and publicizing good packaging (annual awards, etc.) and secondly by providing facilities for technical research. From 1973 onwards, the Packaging Institute would become a separate establishment under the Department of Industrial Promotion.

.../It is

12. It is intended that the Packaging Institute should have a laboratory to do research work on many kinds of materials (paper, metal, metal foil, board, wood, plastics of all kinds etc. etc.). It will need equipment and machines of many types, e.g. for measuring tensile strengths, contractions, influences of extremes of climate, simulation of transport conditions of all kinds, etc.

13. It is intended that the Packaging Institute will deal with problems like standardization of sizes of packets and other containers, palletisation and containerization and other commercial problems. It would be the "power-house" for the growing packaging industry. It would also be concerned in the setting of standards for packaging, in association with the Thailand Industrial Standards Institute.

14. UNIDO has been asked to send a Packaging Expert to Thailand for two months to draw up a "5-year blue-print" for the establishment of the Packaging Institute. Mrs. Orrasa Jirapinyo will be responsible for the preparatory work on the project of the Packaging Institute, which it is intended should be broken away from the Design Centre about 1973.

VI. Council of Industrial Design and Design Index

15. Mrs. Nuanwan Thirawat, one of the senior designers, has been chosen to lead the preparatory work on the projected Design Index whose concept is based on that of the Council of Industrial Design in U.K. The initial work will be done at the Industrial Product Design Centre, but it is intended that from 1973/74 the work of the Council of Industrial Design will operate from the Industrial Trade Centre in the Centre of Bangkok. This will include the Design Index, Display and Exhibition of products of good design and other promotion of good industrial design.

16. The council of Industrial Design would award prizes annually for the best designs (like the Duke of Edinburgh's awards in the U.K.) and these would be publicized by the Centre. The display

of the products accepted for the Design Index would attract foreign buyers, because it gives them the assurance of goodness. It will also act as a guide to procurement by Government Departments, and to selection of exhibits for Government pavilions at foreign Exhibitions.

17. Complete information about the U.K. Council of Industrial Design, Design Centre and Design Index has been received. The description of the Design Index is attached in the Appendix. It will be noted that the Council of Industrial Design works only in the fields of consumer durables and capital/engineering products, and the Design Index covers only consumer durables. It is intended that this example should be followed in Thailand, i.e. consumer non-durable products will be excluded.

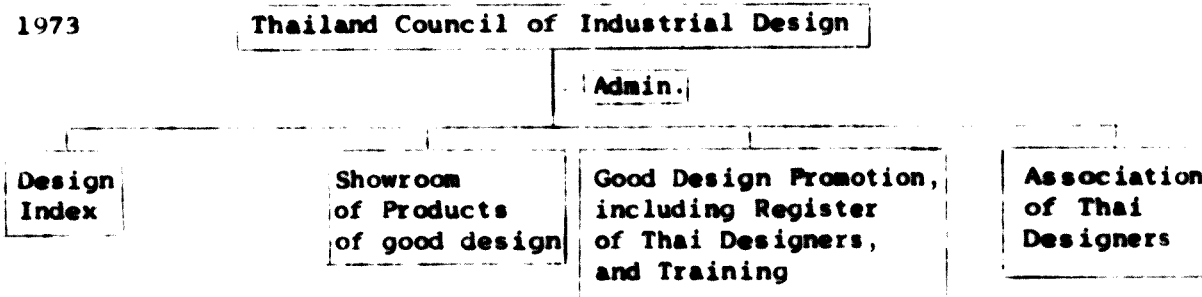
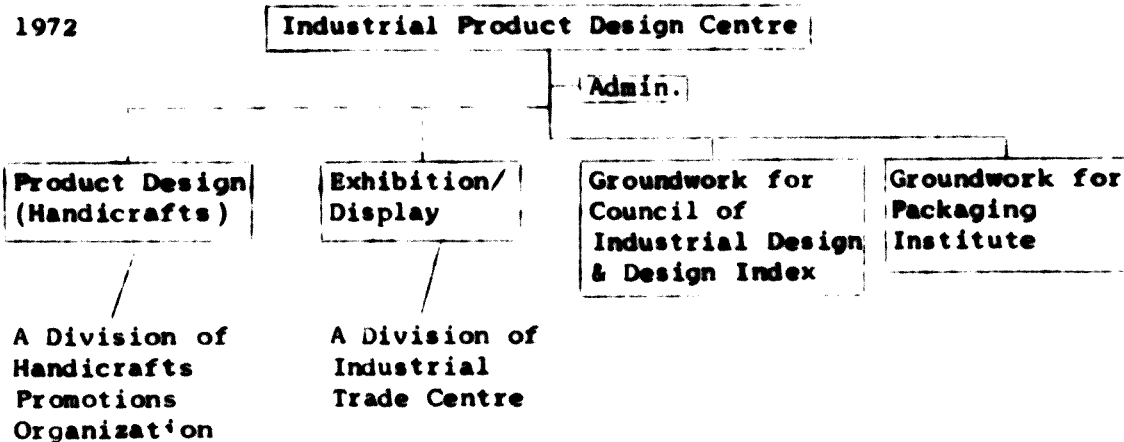
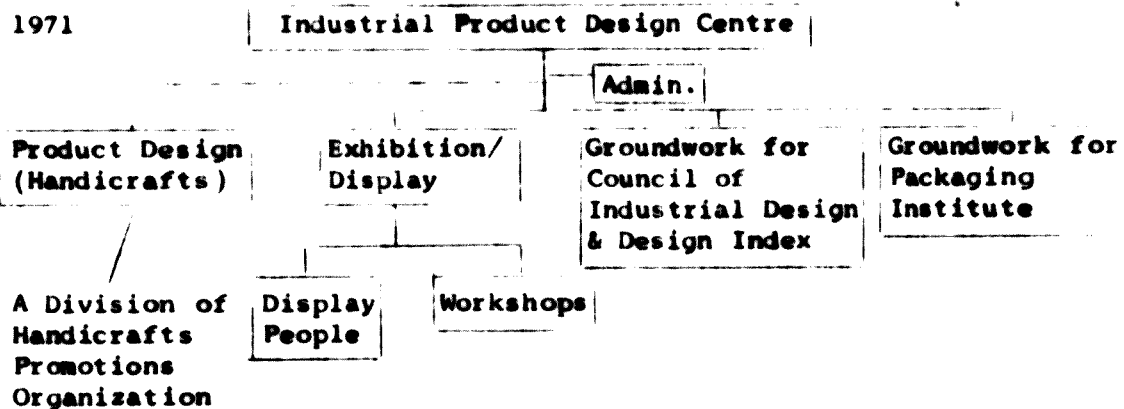
18. UNIDO has been asked to send an Expert to help prepare a "5-year blueprint" for the establishment of the Design Index. He will be attached to the Industrial Product Design Centre for about three to four months, it is hoped before the end of this year. Mr. Ramm-Ericson has suggested that the Thai Government request either Sir Paul Reilly (director of U.K. Council of Industrial Design since its inception) or one of his senior lieutenants. Informal approaches are being made to see if one of these can be made available.

19. The U.K. activities are financed 2/3rds by Government and 1/3rd by various charges made to industry. The UNIDO expert will be asked to go into the question of how much of the finance for the Design Index, if any, should come from industry. The U.K. Design Index has no connection with the enforcement of legal protection of designs and it is not intended that this should be part of the Thailand Design Index project, unless the expert advises otherwise, when the question will be reconsidered on its merits.

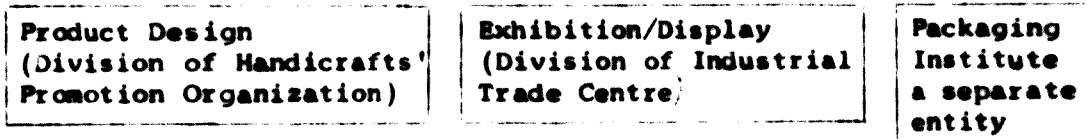
VII. Future shape of the Design Centre in its totality

20. Mr. Vandi Hutasingh stated that he expected the future shape of his organization to develop as shown below (and this was the

shared opinion of the group as a whole):



Physically at Kluey Namthai



(Concluded)

Vandi Hutasingh, Chief of Industrial Product Design Centre

Jorg Glasenapp, Industrial Designer and ILO Expert, Small Industries Service Institute

Sivavong Changkasiri, Department of Industrial Promotion

E.A. Corcoran, UNIDO expert, Department of Industrial Promotion

UNITED KINGDOM - COUNCIL OF INDUSTRIAL DESIGN

DESIGN INDEX - An Illustrated Record of Good Industrial Design

WHAT IT OFFERS - A free service of special value to trade visitors (Particularly those from overseas), to architects and designers, to manufacturers, to the Press, and to those concerned in organizing selective exhibitions and displays at home and abroad.

WHAT IT IS - A reference index, in photograph or sample, of current British products of a high standard of design, restricted for the most part to durable consumer goods, and in the following categories:

Clocks and Watches	Plastic Ware
Cutlery and Flatware	Plumbing and Sanitary
Domestic Appliances	Pottery
Domestic Textiles	Radio, TV and Sound Reproduction
(including plastics)	Refrigeration
Door, Window, Cupboard,	School Furniture
Stair Furniture	Souvenirs and Gifts
Floor Coverings	Sports Equipment
Furnishing Fabrics	Street Furniture (including
Furniture	Lighting Columns, Bus Shelters,
Glass	Litter bins, Outdoor seats, etc.)
Hardware	Tiles
Heating and Cooking Equipment	Toilet Accessories
Kitchen Equipment	Tools (Household and Garden)
Laundry and Cleaning Equipment	Toys
Lighting Fittings	Travel Goods
Metal Tableware	Venetian Blinds
Motor Accessories	Ventilation Equipment
Office Equipment	Wallpaper and Wallcovering
Optical Equipment (including	Wood and other ware.
Cameras, Fieldglasses, etc.)	

At the request of the Ministry of Transport, the Street Furniture Section includes the approved lamp post designs qualifying for contributions to local authorities towards the cost of trunk road lighting.

HOW ITEMS ARE RECORDED - In most cases by photographs in black and white, mounted in easily handled and visible card index cabinets.

In the case of Furnishing Fabrics, Domestic Textiles, Tiles, Wallpapers and Floor Coverings, actual samples are held. Each item, whether photograph or sample, is accompanied by the appropriate catalogue description. This gives the names of manufacturer

and designer, date of Design and of production, the chief design features, finishes, materials and price.

WHAT ITEM ARE ELIGIBLE - Only item belonging to one or other of the categories listed above, that are manufactured in the United Kingdom, and that are in current production on a quantity basis (craft pottery excepted), may be considered for inclusion in Design Index. Raw materials, semi-finished goods and products from overseas (except Northern Ireland) are excluded.

HOW ITEMS ARE ACCEPTED - Manufacturers submit samples of their products, with full descriptive particulars. These are carefully studied by a Committee of the Council, under the chairmanship of the Director. The members of this Committee are drawn from Council members, from outside advisers on design in the craft based and light engineering industries, and from senior members of the staff with practical experience of the trades featured in Design Index. Whenever an item submitted fails to reach the required standard of design, including performance, the reasons for not accepting it are given to the manufacturer concerned.

WHAT STANDARDS ARE LOOKED FOR? - In accepting products for Design Index the Council of Industrial Design attempts to assess all aspects of a design - its fitness for purpose or function, its appearance, its quality of materials and of manufacture, its ease of maintenance, and its ease of fabrication, since that may have a bearing on cost and, therefore, on value for money. The Council also has to be satisfied, as far as is possible, on the technical efficiency of each product submitted. But having no testing laboratories or other facilities of its own for checking these technical and user considerations, the CoID has to look to other bodies for help and guidance.

Among tests to which a product may be subjected before it can be accepted are those specified by the British Standards Institution to ensure conformity with a British Standard. These tests are carried out by the British Standards Institution itself, and by

such organizations as the British Electrical Approvals Board for Domestic Appliances, the Coal Utilization Council and the Gas Council, and in these categories acceptance into Design Index depends on prior approval by one or other of these bodies, which from time to time publish lists of the appliances approved. The Council attaches particular importance to British Standards concerned with safety.

Some domestic appliances are also checked in use, at the Council's request, by a university household science department.

WHAT TECHNICAL ADVICE IS TAKEN? - As well as referring to these various test results, the Council has appointed, for every Design Index category, technical advisers to whom products are submitted whenever the Council's selection committees want further technical information. In such cases final acceptance for Design Index depends on a favourable report from the technical adviser. The technical advisers may also be consulted when a complaint is received that reveals some unforeseen defect in performance and this in turn may lead to the withdrawal of a product from Design Index.

DESIGN INDEX AND THE DESIGN CENTRE - Design Index is located in the Design Centre and forms part of the information service offered by the Centre to trade visitors and to the public. Products in the categories named must have been accepted for Design Index before they can be selected for display in the Centre. Details of the conditions governing exhibition in The Design Centre will be forwarded on request. The Design Centre and Design Index are open daily, except Sundays, Christmas Day and Good Friday from 9.30 am to 5.30 pm (Wednesdays and Thursdays until 9 pm). On Boxing Day, Easter Monday and other Public Holidays the opening hours are 2.30 - 6.30 pm.

PUBLICITY - Products in Design Index are likely to get wide publicity in the Trade and National Press. They may also from time to time be seen in television programmes. Photographs of

many of the items accepted for Design Index are also included in the Council's Photographic Library which, for a small service fee, provides the Press, and others interested, with duplicates of Design Index photographs. These prints are fully captioned, and acknowledgment to manufacturers is requested if they're reproduced. The Library contains over 40,000 different photographs from all over the world, covering all aspects of design.

The Photographic Library is open from Mondays to Fridays, 10 am to 5 pm.

ENQUIRIES - Should be addressed to Design Index, the Council of Industrial Design, 28 Haymarket, London, SW 1 (Telephone: 01 839 8000).

Proposal for the Industrial Trade Centre

1. The overall objectives are:-

- (a) To provide up-to-date information about the product ranges and capabilities of all significant manufacturers throughout Thailand and to facilitate contact between them and potential buyers, both domestic and foreign.
- (b) To promote and display Thai-manufactured goods both in central show-rooms in Bangkok and in the provinces.
- (c) To provide manufacturers with up-to-date and intelligible information about markets, whether domestic or foreign.
- (d) To conduct market research to identify customer needs for Thai products and to stimulate the development of products to satisfy these needs.
- (e) To implement quality marking schemes in cooperation with the Thailand Industrial Standards Institute.
- (f) While not itself doing business, to create the environment for Thai industrialists to sell more of their products.

2. Location and Size

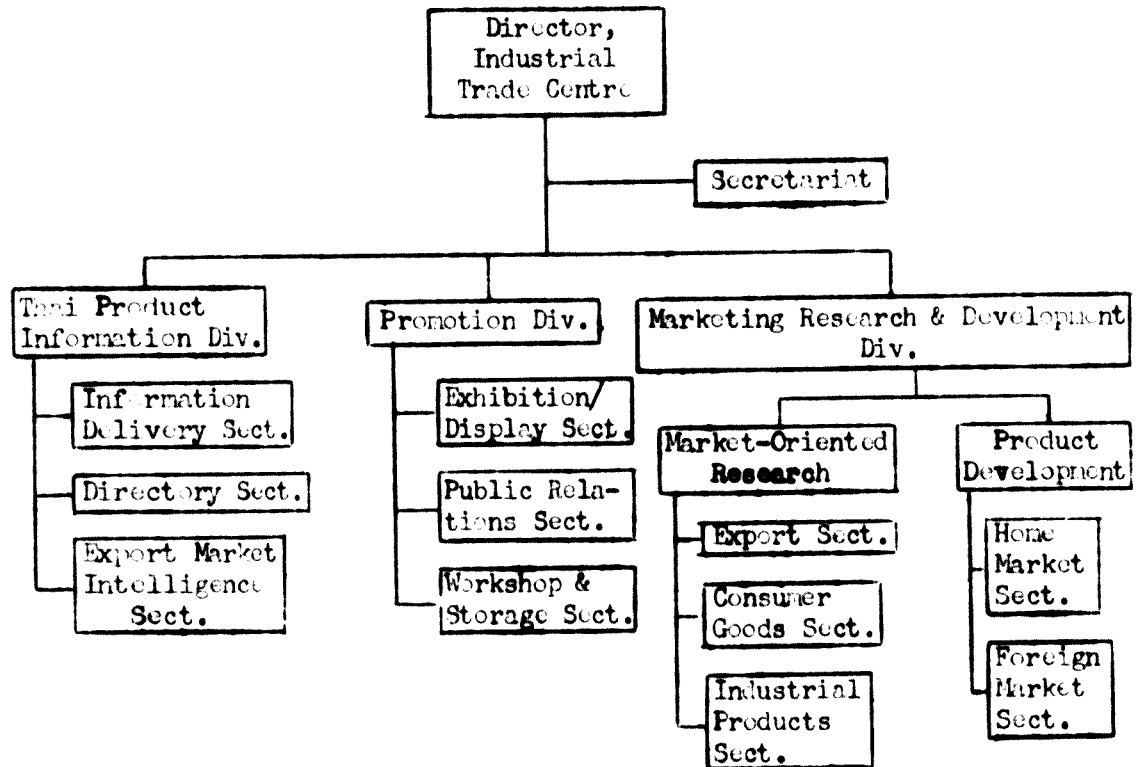
This needs to be housed in a really central part of Bangkok, easy of access to potential buyers, potential trade customers and Thai industrialists. A building with space of approx. 4,000 sq. metres is required, 2,000 sq. metres of display space and 2,000 sq. metres for offices, conference and meetings rooms and facilities. Good car parking space is essential. Ideally a special modern multi-storey building should be built for the purpose, as has been done by competing countries. The architecture of the building must express the character and modernity of Thai industry. In addition 720 sq. metres of space will be needed at a cheaper site for Exhibition Store and workshops (a suitable location would be at Kluey Nam Thai adjacent to the Industrial Product Design Centre).

3. Organization

The Industrial Trade Centre will have three main sectors:-

- (a) Thai Product Information
- (b) Product Promotion/Exhibition
- (c) Marketing Research and Development

The organization chart is shown below:-



4. The proposed staffing of the Industrial Trade Centre is shown below (FE means Counterpart to Foreign Expert):-

	No. of persons	Total		No. of persons	Total
Director (F.E.) (special Grade)	1		<u>Thai Product Information Division</u>		
Stenographer	1	2	Chief (F.E.) (First Grade)	1	
<u>Secretariat</u>			Typist	1	2
Secretary-General (First Grade)	1		<u>Information Delivery Section</u>		
Accountants	2		Chief	1	
Personnel Officers	2		Secretary (admin.)	1	
Procurement Officers	2		Information Officers	6	
Correspondents	2		Asst. do	2	
Translator	1		Typists	2	
Typists	4		Commissionaire	1	13
Book-keeper	1		<u>Directory Section</u>		
Filing Clerk	1		Chief (Associate F.E.)	1	
Conference Room Officer	1		Directory Officers	2	
Projector Operator	1		Asst. do	3	
Electrician	1		Operator (punch-card or other system)	1	
Cleaners	5		Typists	2	9
Messengers	4				

	No. of persons	Total		No. of persons	Total
Drivers	2		Export Market Intelligence Section		
Gardeners	2		Chief	1	
Watchmen	5	37	Economists	5	
			Asst. Economists	2	
		39	Statisticians	2	
			Typists	3	13
					37
Promotion Division			Market Research & Product		
Chief (First Grade)	1		Development Division		
Secretary (admin.)	1		Chief (First Grade)	1	
Drivers	5	7	Driver	1	2
Exhibition Section			Market-Oriented Research		
Internal Chief	1		Chief (F.E.)	1	
Display Designers	3		Drivers	2	3
Asst. Display Designers	3		(i) Export Section		
Receptionists	4		Chief	1	
Telephone Operator	1		Economists	3	
Labourers	2		Asst. do	2	
External (provincial & outside Centre)			Statistician	1	
Chief	1		Typists	2	9
Display Designers	2		(ii) Consumer Products Section		
Asst. Display Designers	2		Chief	1	
Receptionists	3		Economists	3	
Labourers	2	24	Asst. do	2	
Public Relations Section			Typists	2	8
Chief	1		(iii) Industrial Products Section		
Officers	4		Chief	1	
Photographers (Still)	2		Economists	2	
Asst. do	1		Asst. do	2	
Movie Cameraman	1		Statistician	1	
Script-writers	2	11	Typists	2	8
Workshop & Storage Section			Product Development		
Chief	1		Chief	1	
Carpenters	5		Drivers	2	3
Metal-workers	5		(i) Home Market Section		
Electricians	2		Chief (F.E.)	1	
Mechanic	1		Advertising Officer	1	
Labourers	10		Asst. do	1	
Stock-keepers	2	26	Economists	2	
			Asst. do	1	
		68	Typists	2	8
			(ii) Foreign Market Section		
			Chief (F.E.)	1	
			Economists	2	
			Asst. do	2	
			Statistician	1	
			Typists	2	8
					49

Grand Total - 193 persons

4. Thai Product Information Division

(a) Information Delivery Section - this will be in a large attractive open office on the lines of a modern airways office, containing receptionists of Thai nationality speaking English and/or other languages. They will be trained to deal with normal queries, give out literature, direct to the appropriate show room and record the details of the enquiry. Enquiries, which involve making appointments with Firms, will be passed to the manager or his deputy for action with the client. There will be a staff of uniformed guides to take clients to the show-rooms or to other Government Departments, if the clients' business requires this.

(b) Directory Section - this will be responsible for gathering information about the significant 4,000 manufacturers in Thailand. Up-to-date Information will be kept, showing the name of each Firm, location, factory size and numbers of employees, product range, its industrial standards, capabilities for extension, capital levels (fixed assets and total capital employed) and its sales office(s) and distribution point(s). This information will be published annually in the Thai Industry Directory. Prior to new publication, copies of the firms' records will be sent to each firm for checking and the cooperation of manufacturers associations will be obtained to ensure that manufacturers will cooperate. This Section will also be responsible for the distribution of the Directories, e.g. to Thai Trade Representatives abroad, manufacturers associations, provincial Governors, etc. It will also have responsibility for the Business-Contact (letter-writing) service, given at a fee to smaller firms (particularly those in the provinces) who have not the facilities for business correspondence in foreign languages.

(c) **Export Market Intelligence.** This section will keep in a ready and digestible form the relevant information about foreign markets needed for reference by Thai firms contemplating opening up exports in new foreign markets (corresponding to the so-called Export Data Bank operated by comparable Industrial Trade Centres abroad). It will also conduct the Centre's Library.

5. Promotion Division

This Division will be responsible for the display of Thai products on the various floors of the Industrial Trade Centre, on some of which space will be available for manufacturers to set up their own stands, paying for the space occupied. It is expected also that other Government Departments and Agencies, e.g. Board of Investment and Tourist Organization of Thailand, will set up stands staffed by their own people giving information about their services. There will be a special display room for industrial intermediate products and here it is intended to hold Trade Exhibitions each month with comprehensive attendance of trade buyers from the particular industrial branch forming the subject of the Exhibition. This division will also operate frequent major provincial exhibitions on the lines of those already successfully operated by the Department of Industrial Promotion, but with more industrial product content.

Special attention will be paid to ensuring that all goods displayed at the centre are immediately available for sale, whether at home or for export. This means having to hand information about the location of the sales office or agents, the price, delivery time and all other relevant details needed to clinch the sale immediately.

The three operating sections will be:-

(a) **Exhibition/Display Section,** which in addition to its exhibition/display functions at the Centre and in the provinces will have the responsibility of contact with exhibiting firms, ensuring that immediate sales tie-up

arrangements are made, and contact with local authorities to obtain their cooperation in the provincial exhibitions.

- (b) Workshop and Storage Section. In view of the high cost of space at the Centre, this will be housed at a convenient place elsewhere, where the necessary space is cheaper (Kluay Nam Thai is recommended).
- (c) Public Relations Section - this will give an active News Service to the Press, TV, Radio, etc., about the Centre's Exhibitions, the news of interesting orders booked and about its successes generally. The aim would be to have a constant communication of Thai industrial news to all media in Thailand. It would also provide a news-service for publications and media abroad, in association with other Ministries and Agencies having responsibilities here.

6. Marketing Research and Development Division

(a) Market-oriented Research

(i) Export Section

Marketing Research will be done by this section to uncover additional export possibilities both by product line and market, for specific Thai products in various foreign markets, including using UNIDO foreign market services to identify such opportunities. The specific products would be mainly in labour-intensive industries, where the advantages of Thailand's industrious, dextrous, adaptable, mobile and, above all, extremely low-cost labour make Thailand manufacturers especially competitive, especially for light-weight items which can be transported at low freight costs. The products would include electronic products (TV, radios, components), electrical accessories, watch accessories, toys (plastic, metal, stuffed), garments and wearing apparel (shirts,

blouses, sweaters, slacks, underwear, raincoats and night wear), plywood and veneers, sports goods, wigs, hairpieces and false eyelashes, toilet preparations and perfumes, spices, plastics (flowers, householdware, plastic-coated rattan goods for attraction and durability), processed foods (seafood, fruits, vegetables, etc.)

This Research would be married up with data from the Thai Product Information Division, showing those Thai firms manufacturing or capable of manufacturing in these fields, which may be able to seize these export opportunities. In addition the information would be of value to all Trade Association, the Association of Thai Industries and Ministry of Economic Affairs, with a view to possibly sending Trade Missions abroad for survey and negotiations, and/or for the Ministry of Economic Affairs to alert Thai Trade representatives abroad to take advantage of the indicated opportunities.

(ii) Consumer Goods Section

This section will sift available market research data in such domestic fields as food-processing, textiles, metal-working, wood-working, etc., to uncover new opportunities for Thai consumer products in the home market. It will evaluate statistics such as the quarterly Industrial production Index (shortly to be started in 150 fields by the National Statistics Office) and the large amount of information from other sources. It will work in consonance with the Industrial Economics and Planning Division of the Ministry of Industry. One of its priority tasks will be to evaluate prospects in domestic markets for products, for which manufacturing standards have been agreed by the Thailand Industrial Standard Institute (T.I.S.I.).

(iii) Industrial Products Section

This section will sift available market research data pertaining to the domestic market opportunities for industrial products, working in consonance with the Industrial Economics and Planning Division of Ministry of Industry. Examples are the manufacture of parts, components and sub-assemblies needed by factories in the home-market producing main-assembly products, such as radio, T.V., refrigerators, air conditioners, generators, water-pumps, and other intermediary materials used in end-products, such as automotive component parts. The opportunities in the home-market for industrial or trade products will be increased, once the constraint of multiple-taxation at different stages of manufacture has been removed, as sought by the joint working party of Ministry of Industry/Association of Thai Industries.

The market research information so obtained about opportunities for industrial products will be married up with the list of firms in the records of the Thai Product Information Division, capable of taking advantage of them.

(b) Product Development

(i) Home Market Section

This will translate into action with individual firms the conclusions about opportunities in the domestic market shown by the Market-Oriented Research. It will work closely with the Board of Investment, and with other Government establishments. An immediate task will be to raise the reputation in the home-market of Thai produced products which have adopted industrial standards and will display the Thai quality emblem. This section will work closely with the Thai Industrial Standards Institute

(T.I.S.I.) and will direct advertising campaigns to the consuming public, including helping to design a suitable Thai quality emblem as the living symbol that the goods displaying it are of superior value. For the home market an advertising budget will be needed, spread over three years: in the first year the Greater Bangkok area will be covered, after which the campaign will go national. The list of Thai products, for which domestic industrial standards have been formulated, is shown in Appendix G.

(ii) Foreign Market Section

This section will draw conclusions from other parts of the Industrial Trade Centre about opportunities existing for Thai products in export markets. It will stimulate manufacturers to enter export markets, where opportunities exist for Thai manufacturers, particularly in labour-intensive assembly industries, where the advantages of the trainable, low-cost Thai labour makes the products especially competitive. It will work closely with other Ministries and Agencies having responsibilities in this area. Establishment of a Thai quality image abroad and education of manufacturers at home as to its importance will be one of its most important tasks. This can be done in part by direct effort and abroad through the support of the Ministry of Economic Affairs.

7. Location, Land & Buildings

A "must" for the Industrial Trade Centre is that it should be situated right in the centre of Bangkok, adjacent to the big hotels and business facilities. The preferred site is within the triangle formed by the Erawan, Siam Inter-Continental and Dusit-Thani Hotels.

There are many possible alternatives:-

- (a) Acquire a plot of land and build a custom-built multi-storey building.
- (b) Buy or rent an existing building, such as an hotel which is not doing well commercially and reconstruct it to fit the needs of the Industrial Trade Centre.
- (c) Rent the required space from an existing building development, which means a big annual rental but avoids the expensive purchase of land and the construction costs of building, if the specific needs of the Trade Centre can be made a part of the development.

A total space of 4,000 sq. metres will be required, 2,000 representing space for display of products and 2,000 for offices and services.

The breakdown of this space is shown below:-

	<u>square metres</u>
Display Space - Display of Thai-manufactured products (chargeable)	1,000
Industrial Intermediate Products Exhibition	250
Good Design & Design Index	400
Ministry of Industry & other Government Information Stands	250
Facilities (Banking) etc.	100
	<u>2,000</u>
Office Space - for personnel as shown on page 63 below	1,580
Conference Room (150 sq. metres)	
3 Discussion Rooms (150 sq. metres)	
Operating space & Storage for equipment (50 sq. metres)	350
Contingencies	70
	<u>2,000</u>

In order to show what is likely to be the top level of expense, the Siam Centre Development, in which the Government has a third share, is given as an example. It would be possible to have the Industrial Trade Centre custom-built during the second phase of this development,

which would mean it could start functioning from the Siam Centre in 1973. At current prices 2,000 sq. metres of excellent display space on the street level plus 2,000 sq. metres for offices, etc., on the floors above would cost 4,800,000 ~~RM~~ per annum in rental. No doubt if the Government went into serious negotiation with the Siam Centre, a reduction on the above rental could be obtained, if only because the Industrial Trade Centre would be a good neighbour which would attract other good tenants. But for the sake of putting down some known cost in our estimates, we are taking the Siam Centre factual rental of 4,800,000 ~~RM~~ per annum.

It should be added that informal enquiries are being made by the Ministry of Industry for good but much cheaper sites. We understand also that the Association of Thai Industries have in mind an excellent central site, which would be much cheaper than the Siam Centre. But in presenting cost estimates to give a total for the whole project, we are showing prudence by using the top location costs (namely those of the Siam Centre).

In addition it would be necessary to build a simple structure for Exhibitions Store room and workshops at a cheaper site. A space of 720 sq. metres would be required and to build this at Kluey Nam Thai, including levelling of site and building access road, would cost a further 1,200,000 ~~RM~~ .

8. U.N.D.P./SF Assistance Required

Altogether six Experts, including a Chief of Project, for a total duration of 252 man-months, will be required as follows:-

<u>Designation</u>	<u>Duration of Assignment in months</u>
Chief of Project	60
Information Communication	36
Trade Directory (Associate Expert)	24
Marketing Research	60
Product Development (Home Market)	36
Product Development (Export)	36
	<hr/>
	252
	<hr/>

The total Experts' costs are estimated at U.S.\$465,800.

Below are brief descriptions of the posts:-

Chief of Project: he will advise the authorities on the overall implementation of the project, co-ordinating and supervising the work of the team of international experts. His counterpart will be the director of the Marketing Organization.

Information Communication: this expert will know the latest techniques for assembling and communicating information (e.g. close circuit T.V., use of computer and other methods). He should have a feel for Statistics and know how to present them by means of visual aids. He should also have some experience of the techniques of public relations. His counterpart will be the chief of the Thai Products Information Division.

Trade Directory: this associate expert will have had in a practical experience of assembly of information about Firms and products, keeping it up-to-date and publishing it in annual Directories. He should have some knowledge of modern mechanical and electronic methods of information storage and delivery. His counterpart will be the Chief of the Directory Section.

Marketing Research: this expert will be an experienced Marketing Research specialist, knowing how to go about searching for required information and drawing it together into coherent conclusions. He will also be responsible for sifting United Nations marketing research available from foreign countries and converting it to Thailand's use. His counterpart will be the Market-oriented Research Chief.

Product Development (Home Market): he will be experienced in developing products, specifying formulation requirements, design needs, etc., to meet known market needs. He will also have experience in directing Government or Institutional Advertising campaigns. His counterpart will be chief of the Product Development (Home Market) Section.

Product Development (Export): he will have knowledge of export marketing and export procedures, e.g. selling and distribution methods, shipping and despatch, insurance, credit and customs procedure, plus experience of some foreign markets. He should also be familiar with the working of industrial standards for export manufactured products. His counterpart will be the chief of the Product Development (Foreign Markets) Section.

9. Fellowships

The following fellowships are suggested:-

<u>Field</u>	<u>Number</u>	<u>Man/months</u>
Industrial Trade Centre Operation	2	6
Product & Firms' Information/storage & delivery	1	6
Information Communication	1	6
Product & Firms Directory publication	1	6
Planning & operation of Industrial Exhibitions/modern techniques of product display	2	6
Direction of Marketing Research/Product Development	1	6
Presenting Marketing Research	2	12
Industrial Quality Marks publicizing (domestic and export markets)	2	12
Marketing Research (Export)	1	18
do (Consumer Products)	1	18
do (Industrial Products)	1	18
	<u>15</u>	<u>114</u>

This fellowship training programme, upon completion, will ensure that the Industrial Trade Centre has the fully qualified and thoroughly competent staff capable of operating the Centre and further developing it.

In total 15 Fellowships of 114 man-months are requested at a cost of U.S.\$58,368.

10. Equipment

The initial equipment required will be as follows:-

<u>Division</u>	<u>Item</u>	<u>Bahts</u>	<u>Bahts</u>
Secretariat	Sound Equipment* (Microphones, simultaneous translation, etc.)	150,000	
	Visual Aid Equipment* (Projectors, screen & overhead, etc.)	150,000	
	Office Equipment	150,000	
	Furniture	50,000	
	Typewriters	15,000	
	Cars	280,000	
	Maintenance Equipment	50,000	845,000
Thai Product Information	Internal & external Telephone Communication	100,000	
	Information Visual Layout System*	50,000	
	Modern Library System*	50,000	
	Office Equipment & Furniture	200,000	
	Typewriters	80,000	
	Cars	200,000	680,000
Promotion Division	Workshop Equipment*	300,000	
	Photographic Equipment* (Still & Movie Cameras, Developing, enlarging, copying equipment, etc.)	300,000	
	Cars & Trucks	500,000	
	Typewriters	20,000	1,120,000
Market Research & Product Development Division	Furniture	100,000	
	Modern Filing System*	50,000	
	Typewriters, Calculators	120,000	
	Cars	400,000	670,000
	Total		<u>Bht 3,315,000</u>

Of this amount, application is to be made to the UNDP (Special Fund) to provide certain items of modern equipment not obtainable in Thailand (marked * above), viz:-

		<u>Bahts</u>
Secretariat	Modern Visual Aid System	150,000
	Modern Sound Equipment (part)	100,000
Thai Product Information	Information Visual Lay-out System	50,000
	Modern Library System	50,000
Promotion Division	Modern Photographic Equipment	300,000
	Modern Workshop Equipment	300,000
Market Research & Development		
	Modern Filing System	50,000
		<hr/>
		1,000,000
Leaving the Government of Thailand's share		2,315,000
		<hr/>
Total		Bht 3,315,000
		<hr/>

11. Annual Operating Costs

The summary below shows the breakdown of the annual operating cost of the Industrial Trade Centre, which amount to 6,000,000 Bht per annum when the Centre's Operations are in full swing.

							(Bahts)	
Division	No. of Staff	Space ² m	Salary	Equipment (annual charge)	Supplies	Operating Expenditure	Total	
Secretariat	39	300	541,460	46,000	109,296	136,620	833,376	
Thai Product Information	37	680	496,440	42,020	120,000	474,110 (a)	1,132,570	
Promotions	68	720*	851,200	60,530	670,240 (b)	412,800	1,994,770	
Market Research & Product Development	49	700	691,920	36,000	138,384	1,172,980 (c)	2,039,284	
Total	193	1,580	2,581,020	184,550	1,037,920	2,196,510	6,000,000	

720* (at Kluey Nam Thai)

Please note the following comments on important items:-

(a) the operating expenditure of Thai Product Information division includes money for modern information storage and delivery (hire of punchcard, sorters, tabulating machines, hire of computer time and use of a modern multi-line telephone system)

(b) the supplies expenditure (Promotion Division) includes 200,000 Bht special travelling expenses in connection with

Exhibitions.

(c) the operating expenditure (Market Research and Product Development Division) includes an advertising appropriation of 1,000,000 Bt per annum to publicize the Thai Quality Mark.

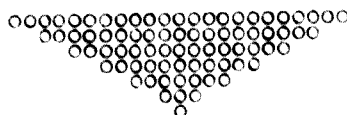
12. Summary of Total Costs of Industrial Trade Centre

Below is shown a summary of total costs of the Industrial Trade Centre from beginning of build-up to the full operation:-

		('000,000 Bt.)					
		Year 1	Year 2	Year 3	Year 4	Year 5	Total (5 years)
Government of Thailand's share	<u>Preparatory Expenses</u>						
	Thai Product Information	.5	.5	-	-	-	1.0
	Promotion	-	1.0	-	-	-	1.0
	Market Research & Development	.5	.5	-	-	-	1.0
	<u>Operational Expenses</u>						
	Initial Equipment	-	-	2.3	-	-	2.3
	Annual Operating Cost	-	-	6.0	6.0	6.0	18.0
	Rental (Siam Centre)	-	-	4.8	4.8	4.8	14.4
	Building Exhibitions Store at Kluey Nam Thai	-	-	1.2	-	-	1.2
		1.0	2.0	14.3	10.8	10.8	38.9
United Nations' Share	Initial Equipment	-	-	1.0	-	-	1.0
	Experts	.9	2.6	2.6	2.3	.9	9.3
	Fellowships	.3	.3	.4	.2	-	1.2
		1.2	2.9	4.0	2.5	.9	11.5
Grand Total		2.2	4.9	18.3	13.3	11.7	50.4

Therefore the total project is estimated to cost 50,400,000 Bt over the five years, of which the proposed share of the Government of Thailand is 38,900,000 Bt (77%) and that of the United Nations 11,500,000 Bt (23%). Of course if a less costly location than the Siam Centre is chosen (which is likely), then the longer-term costs will be much less.

The above cost estimates take no account of profit to be obtained from certain of the Centres activities, such as renting of display space at the Centre, profits from running certain Exhibitions, profits from sale of advertising space in the Trade Directories, etc. Industrial Trade Centres in neighbouring countries make profits on certain of their activities, which help to finance the Centre's operations. We have thought it prudent not to attempt to estimate these profits at this stage, nor what contribution towards the financing might be made by the Association of Thai Industries, Central Banks and the Trade Associations. But it can be expected that there will be some contributions from these sources, thereby reducing the finance to be contributed by the Government of Thailand. It must be accepted, however, that to get the Industrial Trade Centre started, the major part of the funds at the outset will have to be provided by the Government of Thailand. Experience in other countries has shown, particularly with organizations jointly controlled by Government and Industry, that once the Industrial Trade Centre is fully operating, the share of the annual operating expenses, contributed by Industry becomes greater (whether by payments for services rendered or other methods) and that of Government progressively less. There is no reason why this should not happen in Thailand's case also.



"Does Thai Industry need a better shop-window?"
(Edward Corcoran's talk to member of
the Marketing Association of Thailand on 15th July, 1970)

1. We marketing people have to be aggressive, questioning present practices, seeking new ways of doing things better. Although rather under time-pressure in making as a United Nations marketing expert my recommendations to the Government of Thailand, I welcomed the opportunity to come to discuss my project with your members and get your comments and criticisms, which I know will help me to complete the final picture.
2. There is general agreement that Thailand needs to accelerate its rate of industrialisation, which means the marketing of manufactured goods, first to create new employment at home especially in the provinces; and secondly to increase exports of manufactured goods to help to correct Thailand's adverse balance of payments which will get worse with reduced sales abroad of rice and primary agricultural products. At the beginning of the Third National Plan (1971-75) the Government's policy economically is to continue to spend most effort on export of primary products and industrially on the manufacture of import-substitutes. But in the middle of the Plan period, the Government intends to increase its efforts to step up the export of manufactured products.
3. Whether manufacturing for the export markets or for the home market, the main emphasis up till now in Thailand has been on exploitation of domestic raw materials or the manufacture of import-substitutes. With some notable exceptions, there has been less attention paid to marketing either in Government or Industry - by marketing I mean finding out customers needs, their likes and dislikes of existing products, leading to the specifications of the products wanted not only to satisfy their present but also their future needs; and then calculating whether we are in the position to make it competitively and at a profit.

4. Our competitors in neighbouring countries have done wonders in accelerating their rate of industrialisation. Japan started it off, Hong Kong too was early off the mark, Taiwan started in the 1950's, Korea in the early 60's and Singapore even more recently. They all began by paying attention to marketing, finding the products they were in the best position to manufacture to satisfy the markets, in most cases taking advantage of their industrious, dexterous, low-cost labour to specialise in labour-intensive, assembly industries, where none the less a high degree of precision and discipline was necessary. All these countries started off by setting-up Industrial Marketing Centres to find out what products to market and to facilitate communications between buyer and seller. Japan had their JETRO (which first stood for Japan External Trade Recovery Organization), Hong-Kong their Trade Development Council, Taiwan their China Trade Center, Korea their KOTRA (Korean Trade Association) and Singapore their Trade Development Centre, which, the Singaporeans being what they are, has after only two years even begun to make a profit.

5. Some of these Trade Development Centres catalysed remarkably quick results. Taiwan 15 years ago, when the China Trade Centre began, produced virtually no manufactured goods, now it exports nearly 1,000 million US Dollars worth - seven times Thailand's exports of manufactured products. Korea before 1962, when KOTRA was started, had exports consisting of over 80% agricultural and other primary products, now 7 years later 85% of its exports are manufactured goods.

6. All these Trade Development Centres had elements in common. They made it easy for buyers, whether foreign or domestic, to get information about the products of their Country by making it readily available in central buildings easy for buyers to reach; they went in for Promotion of these products by means of Exhibition and other means (both at home and abroad) and they had strong market research and marketing sections, to find out what sort of products the various markets needed and then to stimulate local manufacturers to produce and sell what was

required. None of these Trade Centres did business on their own, they created the climate for individual Firms to do better business.

7. Now most of these Countries began by exploiting what they were most competitive in, their good low-cost labour for well-designed products for which markets were developing. Some of them, notably Japan and Hong Kong, have had such success, that the once-abundant supply of labour has become scarce and their labour has become therefore costly.

8. Thailand is in the good position of having abundant reserves of good, trainable, low-cost labour, half the equivalent cost of Japan's, much less than Hong Kong's and very competitive with that of other South East Asian Countries. Thailand is thus in the position to enter successfully, provided this is accompanied by professional marketing, the labour-intensive industries, especially for light weight items which can be transported at low freight costs. These would include electronic products (T.V., radios, components), electrical accessories, watch accessories, toys, garments and wearing apparel (shirts, blouses, sweaters, slacks, underwear, nightwear), sports goods, wigs, hair pieces and false eyelashes, toilet preparations and perfumes, spices, processed foods of many kinds (sea-foods, fruits, vegetables) , etc.

9. Now the proposal, which I and my able counterpart, Vandi Hutasingh, are making to the Government of Thailand is to set up a better Industrial Trade Centre than our competitors have, in other words to give Thai Industry a better shop-window. This will cost a lot of money, but the question is not "can we afford it?" but "can we afford not to have it, if the Country wants to achieve its industrial objectives?"

10. You may say, "O.K., establishing a proper Industrial Trade Centre may ease one constraint to Industrial Flow, (that of Communications) but what about all the other constraints which impede action. I grant this argument - an Industrial Trade Centre is most effective, when industrial Firms are not blocked anywhere in achieving extra sales with the right products.

11. One of the best things in my opinion that has happened in the interests of Thailand's industrial future was the Seminar last March, between Government officials and industrialists, with the object of removing obstacles to industrial flow. This led to the formation of a permanent working party to make joint recommendations for action. This working party, which comprises representatives from the Association of Thai Industries and government officials from all Ministries concerned (with the Ministry of Industry coordinating the work) is recommending certain steps for immediate action to unblock restraints and others longer-term, because they will require legislation. The voice of this working party, because it is concerted, will surely lead to quick results. In fact a bright spot on the industrial scene is the good working arrangements between the Ministry of Industry and the Association of Thai Industries. "We speak the same language" - so said Mr. Thawee Bunyaketu to me himself. One of the recommendations of the joint working party for immediate action is the setting-up of an Industrial Information Centre. All this has led my colleague and myself to the conclusion that Thailand needs now to set up a Marketing Organization for Industry, with the organization structure as shown on this Chart. I apologize for producing a chart at a lunch time meeting, but this is the only one and it will help me to make my points.

12. Our projects call for a modernised Handicrafts Promotion Centre and for development of the Industrial Product Design Centre, but I will only deal with the Industrial Trade Centre now, which should have the following objectives:-

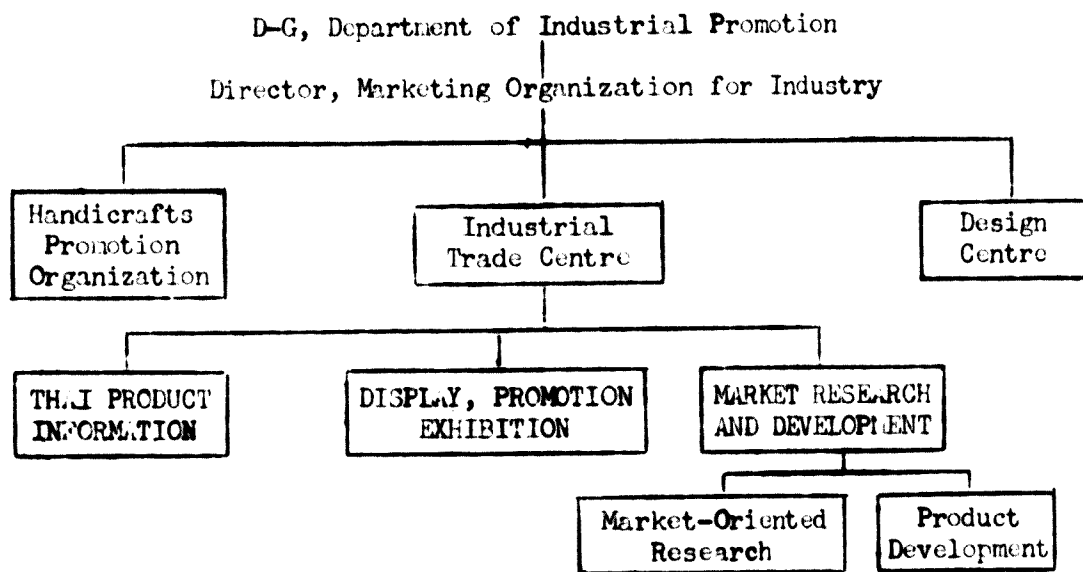
- (a) To provide up-to-date information about the product ranges and capabilities of all significant manufacturers throughout Thailand and to facilitate contact between them and potential buyers, both domestic and foreign.
- (b) To promote and display Thai-manufactured goods both in central show-rooms in Bangkok and in the provinces.
- (c) To provide Thai manufacturers with up-to-date and intelligible information about markets, whether domestic or

foreign

- (d) To conduct marketing research to identify customer needs for Thai products and to stimulate the development of products to satisfy these needs.
- (e) To implement quality marking schemes in cooperation with the Thailand Industrial Standards Institute.
- (f) While not itself doing business, to create the environment for Thai industrialists to sell more of their products.

13. A central location in Bangkok is a "must", adjacent to the leading hotels, Banks and other business facilities.

(Explain the organization of the Industrial Trade Centre from the Chart)



14. Thai Product Information

This Division will have immediately available up-to-date information about the significant 4,000 manufacturers in Thailand, their product ranges, capacities, capabilities, etc., so that potential buyers (whether foreign or domestic) can find easily what they seek. The most modern forms of information storage and delivery will be used. Really comprehensive and up to date Thai Business Directories will be published annually. There will be an information room, where marketing

data about foreign markets will be readily available for Thai industrialists.

15. Promotion

This will be a professional Exhibition and Display organization, supervising the displays of Thai products in the Trade Centre and arranging periodic exhibitions of industrial products at the Trade Centre and in the provinces. There will be an active Public Relations section propagating news about the successes of Thai Industry.

16. Marketing Research and Development

This Division will have two functions, (1) identifying new marketing possibilities for specific Thai products both in home and export markets and (2) stimulating action with individual firms.

The Research will be market-oriented, starting from user attitudes towards products, their likes and dislikes and thence to the specifications of the products needed to satisfy market needs.

The marketing research people in the Industrial Trade Centre will draw conclusions from the masses of information, both here and abroad, which has not been fully utilised in terms of marketing conclusions for Thai industry. A great advantage is that the marketing research conclusions can be married up with the easily-accessible information about Thai firms and their products in another part of the Trade Centre.

The Product Development section will also have as one of its functions the supporting of Firms which have adopted Thai industrial standards, including directing advertising first at home and then abroad to raise the reputation of Thai-produced products which conform with industrial standards. Both the Association of Thai Industries and the Thailand Industrial Standards Institute desire to enforce more conformity with accepted industrial standards and the Industrial Trade Centre can do much to help here. Government/Industry Committees have agreed industrial standards in 50 product fields, but there is much still to be done, including designing and publicizing a Thai quality mark meaningful to buyers and the public. Also the setting of industrial

standards should be extended to many other product fields.

17. You will ask why I, as a foreign expert, have the temerity to make proposals for Thailand. The reason is that the United Nations in one form or other has participated in setting up the Industrial Trade Centres in all the other Countries, this is the sort of project which the United Nations believes to be sound and viable and which it can help start, utilising the lessons of past experience in other Countries, not only what to do but equally important what not to do! The United Nations, although a junior partner, can help especially with the provision of Experts, Fellowships and the most modern equipment.

18. When we in the Ministry of Industry got to this stage, we found (through the working Party previously mentioned) that the Association of Thai Industries had a very similar project. It came to be mutually suggested that consideration be given to amalgamating the two projects together, on the basis that "Unity is strength". Certainly a public Corporation, controlled jointly by Government and Industry, with a President and Board of Directors nominated from both Government and Industry, would be a strong and effective way to get things moving.

19. From the Government side, there is some procedural difficulty in that the Industrial Trade Centre, following the proven practice effective in other Countries, must deal with both home and export marketing and this straddles the fields of operations of a number of Ministries and Government Agencies having responsibilities towards industry. However preliminary discussions indicate that all Ministries consider the setting-up of an Industrial Trade Centre to be in the national interest and that a suitable Governmental procedure will be found to combine all in a common effort. As Mr. Bunchana Atthakor himself said a year ago in his thoughtful speech to the Bangkok Economists' Club, under the title "The Economic Machine" "Ten years of Rivalry for Progress" have passed and now is the time for changing the concept to "Cooperation for Progress". Again a few months later, before the

Thailand Management Association, he spoke on the same theme, using the slogan "Cooperation for Economic Development and Trade Expansion".

20. My colleague Vandi Hutasingh and I are now working out a detailed draft recommended plan for the Industrial Trade Centre to represent the Thai Government and United Nations sides. It will be a big establishment, employing some 200 people and requiring at least 4,000 sq. metres of space in preferably a custom-built modern building, 5 or 6 storeys high. Fairly soon now there will have to be a get-together with the Association of Thai Industries to see how their requirements match with the Government requirements and to talk with them about how to arrange such matters as constitution, staffing and finance. There will be many details to discuss, for example the Ministry of Industry is interested that the Industrial Trade Centre should act as the shop-window for the 4,000 significant Manufacturing firms in Thailand, i.e. small and medium-size as well as large-size industry, while the Association of Thai Industries has only 209 members, albeit the biggest Firms of all.

It may be that the Board of Trade, and such bodies as the Chinese Chamber of Commerce, which has 400 to 500 Manufacturer members, should be invited to participate. The question of finance will not be an easy one, because there is no value in starting an enterprise of this kind, unless it is done properly. But experience has shown that these Industrial Trade Centres, if well-organized, develop profit Centres (e.g. renting of exhibition space, advertising in the comprehensive trade directories, etc.), so that once the heavy initial expenses are paid, the operating expenses need not be so high.

21. Now for comments, criticisms and questions please - I have a note book and your views will help my colleague and myself with the drafting of our final proposals.

The Significant Manufacturing Firms

A short classification of the 4,000 firms, as shown in a physical check in 1968/69, having ten or more persons engaged, is given below. It should be added that by the end of 1970, all manufacturing firms have to renew their licences, so that by then more accurate information about Thailand's manufacturing base will be available.

	<u>Industry Group</u>	<u>Number of Establishments</u>	<u>Number of Persons Engaged</u>
20	Food	1051	37,497
21	Beverages	57	8,500
22	Tobacco	256	40,273
23	Textile	372	43,942
24	Apparel	85	1,516
25	Wood	514	28,758
26	Furniture	79	1,978
27	Paper	17	2,810
28	Printing	190	7,296
29	Leather	19	716
30	Rubber	118	7,149
31	Chemical	180	13,878
32	Petrol & Coal Products	5	1,109
33	Non-metal Mineral Products	297	16,869
34	Basic Metals	71	5,125
35	Metal-working	386	13,425
36	Machinery	53	1,743
37	Electric Machinery	63	4,698
38	Transport	321	13,528
39	Miscellaneous	102	2,881
		<u>4,236</u>	<u>253,694</u>

The regional Break-down of the above firms is :-

<u>Region</u>	<u>Number of Establishments</u>	<u>%</u>	<u>Number of Persons Engaged</u>	<u>%</u>
Bangkok/Thonburi	1871	43.4	124,671	49.3
Central	880	21.1	42,560	16.8
North	690	16.5	48,966	19.4
North-East	437	10.6	25,000	9.9
South	358	8.5	12,514	4.7

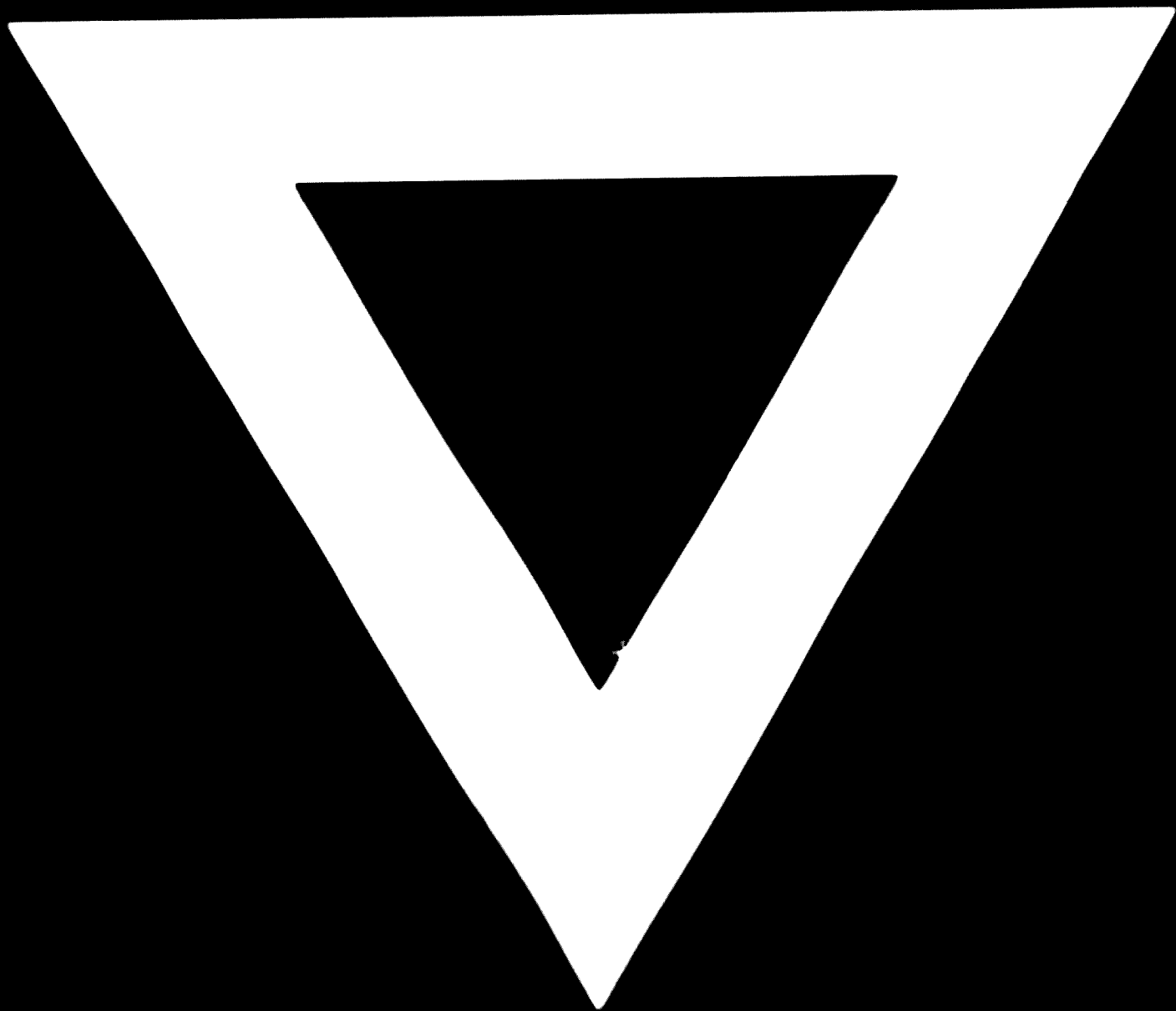
In the course of the preparatory work for the Industrial Trade Centre, some of these firms will be weeded out (e.g. the majority of the tobacco establishments are just collection and packing stations), but there are in Thailand some inspiring examples of firms which a few years ago had no more than ten employees and have now grown to be important; these sort of firms the Ministry of Industry does not want to neglect and wishes to help promote through the services of the Industrial Trade Centre.

THAI INDUSTRIAL STANDARDS INSTITUTE

Industrial Products for which Standards have been or will shortly be agreed, classified under ISIC code.

<u>Code</u>		<u>Industrial Products</u>
20	Food Industries	Maggi sauce, Fish sauce, MSG (accent), White sugar, Rice bran oil, Lichi canned, Lamyai canned, Rambutan canned, Pine-apple canned, Vegetable canned, Mixed vegetable canned, Bamboo shoot canned, Mushroom canned, Luntao bean canned, Corn
21	Beverage Industries	Alcoholic drinks, Drinking water
22	Tobacco Industries	
23	Textile Industries	Gunny bags
24	Apparel Industries	
25	Wood (incl. Cork) Industries	
26	Furniture Industries	
27	Pulp and Paper Industries	
28	Printing, Publishing Industries	Paper sizes
29	Leather Industries	Shuttle-cocks
30	Rubber Industries	
31	Chemical Industries	Sulphuric acid, Electrolyte for storage batteries, Distilled water, Fertilizer
32	Petroleum, Coal Industries	Fire extinguishers, Butane gas tanks
33	Non-Metallic Mineral Products	Portland cement, Lead from porcelain, Asbestos cement pipes, Corrugated asbestos cement sheets, Aerated water glass bottles
34	Basic Metal Industries	Tin plate, Zinc plate
35	Metal Products	Reinforcing steel rods, Nails, Steel pipes, Auto and truck springs
36	Machinery, excl. Electrical	
37	Electrical Machinery and Appliances	Electric light bulbs, Dry cell batteries, storage batteries, PVC wire and cable, Ballast for fluorescent lights, Container for storage batteries, Cathodes for electric arc welding, Link fuse, Electric socket, Electric wire, Electric lamp
38	Transport Equipment	
39	Others (Misc)	PVC water pipe

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