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ORGANIZATION AND ADMINISTRATION OF INDUSTRIAL SERVICES
IN
THAILAND

Technological Division
Industrial Institutions Section

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TABLE OF CONTENTS

	Page
Foreward	1
Background	1
CHAPTER	
I. INDUSTRIAL POLICIES, AIMS AND OBJECTIVES	1
II. MACHINERY FOR PLANNING INDUSTRIAL DEVELOPMENT	3
III. RESEARCH AND DEVELOPMENT, STATISTICS, TESTING AND STANDARDIZATION	5
IV. INDUSTRIAL PROMOTION	7
V. ADMINISTRATION OF PUBLIC INDUSTRIAL ENTERPRISES	10
VI. INDUSTRIAL FINANCING	12
VII. MANPOWER AND TRAINING	14
VIII. INDUSTRIAL ADVISORY AND EXTENSION SERVICES	17
IX. LEGAL AND REGULATORY MATTERS	18
Bibliography	19

FOREWORD

The present report is one in a series of thirty-four country studies in Asia, Africa and Latin America, which attempt to identify those public and semi-public institutions important to the organization and administration of industrial development. This is not a study of the substantive aspects of the economy of Thailand, but rather a review of the institutional framework for industrial development.

The study was undertaken by the Centre for Industrial Development after endorsement of this programme by the Committee for Industrial Development during its Fifth Session in May 1965.

To ensure some measure of uniformity in the country reports, the Centre for Industrial Development suggested a general outline for the use of the consultants responsible for the country reports. In accordance with these guidelines the Thailand report follows a functional breakdown of the institutions involved in industrial development, namely: a) Objectives; b) Planning; c) Research and Standardization; d) Promotion and Development; e) Public Industrial Enterprises; f) Finance; g) Manpower and Training; h) Extension Services; and i) Legal and Regulatory Provisions.

This report has been prepared with the assistance of Dr. Lawrence W. Bass, who conducted the study in Thailand in December 1965 as a consultant to the Centre for Industrial Development.

ORGANIZATION AND ADMINISTRATION OF INDUSTRIAL SERVICES
IN THAILAND

Background

1. Thailand, a constitutional monarchy with strong centralized control, has a population of about 30 million in an area of 514,000 square kilometres. It has a fairly favourable population density of 58 persons per square kilometre.
2. The gross national product in 1962 was about 61.5 billion Baht, equivalent to a per capita annual income of roughly 2,000 Baht or \$US100. The index of cost of living has been fairly stable, having advanced from 105 (1958 = 100) in January 1963 to 108 at the beginning of 1965. The economy is based chiefly on agriculture, in which over 80 per cent of the population is engaged, but the ratio of agricultural output to gross national product dropped from 43 per cent to 33 per cent in the decade of 1951-61. Commerce and other services account for 10 per cent of employment. Manufacturing, chiefly the processing of agricultural products, uses only 3 per cent of the work force but accounts for about 12 per cent of gross national product. (18)
3. Foreign trade has been an important factor in the economic growth of the country. The chief exports are agricultural products, more than 80 per cent of the total, and tin. Over 70 per cent of imports are manufactured goods, 24 per cent of which are machinery, equipment, and other capital goods. Some trade deficits have been experienced, but these have been offset by invisible receipts, foreign grants and loans.
4. Manufacturing output experienced an annual increase of 5.4 per cent during 1956-60, which increased to 9 per cent in 1960-63. The number of factories has grown from 290 (representing 42 types of industries), to 2,805 in 1956 and to 27,336 in 1963, representing 110 types of industries.

1. INDUSTRIAL POLICIES, AIMS AND OBJECTIVES

5. The first economic development plan, (20) covering the six-year period 1961-66, has the broad objective of increasing per capita real income by 3 per cent per year. Government expenditures for development are concentrated on infrastructure facilities such as irrigation works, roads, and electric power.
6. Encouragement of growth in the private sector is the keynote of the Development Plan. (1) Measures to promote industrial expansion include improvement of the industrial infrastructure, loans on favourable terms, industrial estates, tax relief, etc. The Second Phase of the Plan (1964-6) contemplates an increase in manufacturing to reach 14.4 per cent of gross national product in the final year.
7. Programmes for different regions of the country have been or are being formulated and integrated into the over-all Plan.
8. The Government does not now propose to undertake any comprehensive planning for industrial development. It will not interfere with the operation of private businesses. Some measures for quality control have been initiated as a means of stimulating a wider demand for manufactured products.
9. Further industrialization is expected to play an increasing role in raising the level of income and expanding employment opportunities. Greater capital expenditures will be required and the Government will need to increase its activities to maintain and improve the investment climate for private funds. It is the policy to encourage diversification of manufacturing.
10. To promote the export of manufactured products, it is stated that the Ministry of Economic Affairs and the Board of Trade will co-operate closely with the Ministry of Industry and Board of Investment to find measures for expanding this type of foreign trade.
11. It is planned to encourage assistance from other countries in furthering industrial development through joint ventures for the processing of raw materials and utilization of manpower to overcome the disadvantage of a limited

domestic market. Studies are in progress to select those areas and types of assistance which are most needed.

II. MACHINERY FOR PLANNING INDUSTRIAL DEVELOPMENT (1)

12. "The National Economic Development Board (NEEDB), created by law in July 1959, is charged with the functions of a central planning agency. Essentially, the NEEDB operates at three levels. At the top level is the Board with the Prime Minister as Chairman, two Deputy Prime Ministers as Deputy Chairmen, the Secretary-General of the NEEDB as an ex-officio member of the Board and its secretary, and 45 other government and non-government members appointed by the Council of Ministers. Cabinet Ministers act as advisers to the Board and Ministers directly concerned with economic development of the country function as chairmen of sectoral sub-committees. The Board, however, does not meet frequently and its function is therefore delegated to the Executive Committee, which has nine members including the Secretary-General of the NEEDB. The Executive Committee meets regularly as a policy-making body. It has the authority to supervise the work of the Planning Secretariat, which forms the base of the organizational pyramid, and that of a number of ad hoc and standing committees, including the Department of Technical and Economic Co-operation and the Foreign Loans Sub-Committee. The Board, or in practice the Executive Committee, recommends plans, programmes, projects and policies to the Council of Ministers for final approval.

13. "The Planning Office has an Industry Division, which is responsible for the approval of the capital budgets of the public enterprises and government policies affecting industrial investment. A Private Sector Planning Group, composed of representatives from government and private sectors, has been organized to broaden the planning process conducted by NEEDB to include the private sector. Working sub-committees have been formed for manufacturing, trade, and services. The projections of private economic activity are to be

integrated into the next national development plan, namely, the Five Year National and Social Development Plan, 1967-'71, in order to give more realism and consistency to the national plan, to assist in the formulation of policies necessary to achieve objectives, and to provide guidelines concerning relations between state-owned enterprises and private businesses."

14. No comprehensive feasibility surveys for industrial development have been conducted by any government agency or private organization. (1) A general industrial feasibility study is now being undertaken for five provinces in the north-eastern region by a small survey group in the Department of Industrial Promotion of the Ministry of Industry. The group will be enlarged in 1966 to include techno-economic surveys in ten more provinces.

15. Through the American Bi-lateral aid programme some initial steps in the direction of studying industrial potential have been taken in recent years. An initial survey by a consultant identified 18 specific industrial opportunities using as criteria market demand, growth potential, utilization of local raw materials, reduction of imports, contribution to the economy, and profit potential. A team of foreign consultants, working with counterpart staff, then carried out economic feasibility studies in depth of four selected industries, all of which were projected to yield attractive returns.

16. Mineral surveys are being undertaken by the Department of Mineral Resources in the Ministry of National Development. Although much of the country has not been surveyed, preparation is being made to expand the programme. Some oil explorations are being conducted by private enterprises, and applications for additional concessions are under review by the Government.

III. RESEARCH AND DEVELOPMENT, STATISTICS, TESTING AND STANDARDIZATION (5)

17. "Though industry and research are not new to Thailand, their developments have been practically independent of one another. In these recent years hundreds of factories have been built, many of them using imported capital and technology ... Several industries ... face numerous technical problems than can be solved only by research carried out locally... . Industrial research and development are still in their struggling infancy ...

18. "There is little fundamental research in progress in the universities. Only one out of the existing seven universities offers graduate courses in sciences ...

19. "Applied research is usually carried out in government departments' laboratories. There have been only few scientific achievements as the outcome of the research efforts of these laboratories in spite of the large amount of money allocated for equipment and supplies ... all laboratories operated by various government departments face a serious shortage of adequately trained staff".

20. The National Research Council was established in 1956; in 1959 its scope of activities was enlarged and the Prime Minister is its present President. It has carried out a survey of research works and scientific equipment, has compiled a register of scientific and technical personnel, and has given research grants and graduate fellowships. It has recommended the establishment of research institutes.

21. The Department of Science, (1) a department in the Ministry of Industry, had its origin as a small laboratory in 1891 and gradually expanded its functions. It now has divisions of chemistry, biological science, physics and engineering, analytical chemistry training, and research. It has completed several industrial research projects and has acquired new equipment, including instruments and material-testing equipment, and is now installing a food products pilot plant.

22. The National Economic Development Board has made the following recommendations for expanding the programme, and these suggestions are under

consideration: (a) activities related to industrial development and assistance to industrial enterprises; (b) expansion of service functions of testing and certification for industry; (c) specific applied research activities.

23. The Applied Scientific Research Corporation of Thailand (12) was established in 1964 by the Government, following preliminary studies begun in 1960, to undertake applied research on problems in natural resources, agriculture, industries, and administrative services. The Board, consisting mainly of scientists, is the central executive body. Plans have been approved for the Technological Research Institute, the Agricultural Research Institute, and the Nutrition and Food Sciences Research Institute.

24. The Technological Research Institute has recently begun operations. (12) Total financing is \$US3.86 million for five years' operation, of which \$778,200 is being provided by the United Nations Special Fund for research experts, specialized equipment, and foreign training fellowships. Under the Colombo Plan, Australia is providing expert services.

25. The institute deals with research work in four major fields: industrial chemistry, minerals and metallurgy, materials of construction, fibres and textiles. Although the institute, the first of its kind in Thailand, is in its early stages of development, an internationally recruited staff of three United Nations experts and a local staff of 91, of which 16 are senior technical personnel, have started working on various research projects. Projects underway and planned include improving methods for retting kenaf, treatment of local manganese ores for dry batteries, screening of Thai plants for fragrance and flavouring material, stabilization of soil with cement for cheap forms of construction, assistance in kiln design for local lime production, industrial exploitation of clays for white ware and refractories, industrialization of coconut by-products, and development of adhesives from local raw materials.

26. The Technological Research Institute is also planning to undertake the establishment of the following associated agencies: The National Reference

Standards Laboratory; The Instrument Repair and Calibration Centre; and the Centre for Thai National Standard Specifications.

27. Thai National Documentation Centre, (2) also a part of the Applied Research Corporation, was opened in December 1964 in a new technical centre on the outskirts of Bangkok. It was established with the assistance of UNESCO.

IV. INDUSTRIAL PROMOTION

28. In harmony with Government policy to encourage the private sector, both local and foreign, to spearhead industrial development, the pertinent basic legislation should first be mentioned. The first promotion law in 1954 created a Board of Investment to render assistance to potential entrepreneurs. In 1960 this Board was made administrator of the programme, and in 1962 the scope of responsibilities was defined more specifically in terms of three classes of "promoted industrial activities (industries)" as follows:

- (a) Group A are those vital and necessary to the economy as designated by ministerial regulation defining the categories, sizes, and other applicable conditions. Thirty-four industry categories are listed in this class, and the sizes, and conditions are stated, including such matters as approval of machinery and equipment, by the Board, sources of raw material, and specifications for products.
- (b) Group B are industrial operations less vital and necessary to the economy, and are similarly to be designated by ministerial action defining categories, sizes, or other conditions. Fifteen categories are now listed.
- (c) Group C are industrial operations other than those in Groups A and B, and categories, sizes, and other conditions shall be defined by announcement of the Board of Investment with the approval of the Prime Minister. There are now 68 industries listed in this group.

29. These lists are not necessarily inclusive nor final, and have been modified from time to time. After 5 years from the effective date of the Act, rights and benefits accruing to Groups A and B shall be terminated.

30. The Government guarantees not to engage in competition with a "promoted person", i.e., an approved undertaking, and also against expropriation or nationalization.

31. The "promoted persons" or undertakings enjoy certain privileges, with differentials in some cases among the three classes, in respect to ownership of land, import duties on machinery and accessories, five-year exemption from income taxes, remittance of money abroad, employment of alien experts or skilled workers, export of products, and import taxes for five years on raw materials. The Board of Investment may grant additional benefits after individual consideration and negotiation, such as prohibition or increased import duty on competing imports, exemption or reduction of export duty, and business tax.

32. The Ministry of Industry (1). This Ministry, created in 1942, has direct responsibility for the promotion and development of industries and for the planning and implementation of programmes to assist in development of small industry. Its major agencies, discussed in more detail below, are:

- (a) Department of Industrial Promotion
- (b) Department of Science
- (c) Thailand Management Development and Productivity Centre

33. Department of Industrial Promotion (1). Because most industries in the country are small-scale, employing less than 50 persons, the policy of the department has been to concentrate on their problems, although the duties are also to promote and assist medium and large industries.

34. The Small Industries Service Institute (1) is just getting under way. During the first three years efforts will be concentrated in the Bangkok and Thonburi areas, but later on it is contemplated that there will be extension centres throughout the country. The United Nations Special Fund and the

Government have approved financial assistance to the extent of \$US2,430,000 for establishment and initial operation. The functions are defined as provision of technical and advisory extension services to small entrepreneurs, developing prototype equipment, and conducting techno-economic surveys. A group of 15 Thai graduates were sent to India in 1964 under Colombo plan fellowships for a two-year training period in specialized techniques of various industries, and a second group of 10 graduates will be sent abroad soon; these trained men will become extension officers on their return. In addition, a small staff group is undertaking techno-economic surveys in the northeast region. The Cotton and Silk Experimentation Unit established in the department in 1962, will become the Textile Division of the Institute and will broaden its extension services to small industry.

35. Establishment of industrial estates (1) is being planned, and a feasibility study has been carried out. A tract of 1,000 acres, 40 kilometres from Bangkok owned by the Ministry, is being studied as to best utilization. It is hoped that several industrial estates will be set up in different parts of the country within the next decade.

36. Creation of a small industries marketing centre (1) is being studied by the department. The Centre is planned to carry out promotional campaigns, market research, product design, marketing and pricing studies, contracting for large orders to be distributed among small industries, bulk purchase of raw materials, product inspection, physical centralization and delivery, and assistance in the mechanics of export.

37. An Industrial Design Centre was set up in 1963. It organized Industrial Design Exhibitions in 1964 and 1965.

38. Five cottage industries - pottery, blacksmithy, basketry, handmade paper, and hand-loomng have been studied and demonstrations of new and improved techniques have been carried out at 14 locations in the northern part of the country.

39. Department of Science. This department operates a laboratory for chemical, physical and technical work, and until 1964 was the only government organization conducting applied research. It carries out quality control of food stuffs and beverages, makes other types of analyses and has begun to draw up standards for a range of industrial products. Another function is to train students in applied science, and its chemistry institute, attached to Chulalongkorn University, offers a three-year course in Practical Chemistry.

V. ADMINISTRATION OF PUBLIC INDUSTRIAL ENTERPRISES (1)

40. Public Enterprises. A public enterprise is defined in the National Economic Board Development Act as a company or corporation in which major equity is held by the Government. There are at present 108 state enterprises according to this definition, but the Government also has minority holdings in 19 other business concerns.

41. Certain types of enterprises are reserved for the State, under the Act on the Control of Business Activities Affecting Public Security or Welfare, passed in 1928 and subsequently amended. These are:

- (a) Production of arms and military weapons including ammunition and explosives, but excluding fireworks;
- (b) Production of cigarettes;
- (c) Railways;
- (d) Ports;
- (e) Domestic civil aviation.

42. There are several additional types of enterprises in which investors are required to enter into agreements with the Government:

- 1) Production of alcoholic beverages and beer;
- 2) Passenger transportation
- 3) Electric power;
- 4) Water supply;

- 5) Telegraph;
- 6) Telephone;
- 7) Mineral prospecting, mining, and quarrying;
- 8) Oil prospecting, extracting, and refining;
- 9) Forestry;
- 10) Banking;
- 11) Insurance, including life insurance.

43. These limitations are seen to apply to safeguarding transportation, power and water, communications, fiscal enterprises, and utilization of certain natural resources, as well as tobacco and alcoholic beverages, activities which are very often subject to government regulation in highly developed countries.

44. The policy was formulated in 1958 (Ministry of Industry Notification, 13 January 1958) that if and when any enterprises previously owned and operated by the State could be taken over by Thai nationals, the Government would sell the share capital to them. A State Organizational Activity Advisory Group appointed by the Prime Minister in December 1964, has responsibility for recommending whether any state enterprises should be dissolved or transferred to the private sector.

45. A measure of the growth of industry in the private sector as compared with the public sector is found in the following table of the relative rates of capital formation (18):

	Gross Fixed Capital Formation in Manufacturing						
	(Millions of Baht; Current Prices)						
	1952	1954	1956	1958	1960	1962	1963
Public sector	40.0	55.0	52.1	102.8	54.7	284.8	339.0
Private sector	902.1	1,124.4	1,229.2	1,782.4	2,355.9	2,355.1	2,819.5

VI. INDUSTRIAL FINANCING

46. Board of Investment (1, 8, 13, 14). In Section IV, Industrial Promotion, the purpose and scope of the Board of Investment, operating under the provisions of the Act on the Promotion of Industries (1959, 1962), were described. The effect of this programme on the establishment of new enterprises is summarized below. It has a Board consisting of a chairman and not to exceed 14 other members, appointed by the Cabinet. It conducts evaluation and certification of "promoted persons" (industries).

47. "Since the establishment of the Board of Investment on 13 April 1959 and up to 31 May 1965, the Board has received altogether 745 applications for promotion, and has approved 407 of them. (1) However, out of these 407 approved, promotion certificates have only been issued during the same period to 299 of them, the remainder still asking for time to make up their minds definitely whether to proceed or not. During the same period, 123 of these already promoted industries have come into operation, while ten others have had their rights and benefits withdrawn because of some failure or other. The total registered capital of the 299 ventures promoted amounts to over 2,382 million baht, out of this almost 1,582 million baht (more than 66 per cent) being subscribed by local investors. The total working capital of the 299 ventures, however, amounts to over 7,722 million baht, out of this, approximately 4,403 million baht being spent on machinery and equipment."

48. The extent of participation of foreign capital (major sources being Japan, Republic of China, United States, United Kingdom, Malaysia, Denmark, Federal Republic of Germany, India, and Italy) is shown in the following table from the same document:

<u>Registered Capital of Promoted Industries</u>		
	Baht	Per cent
100 per cent Thai	831,556,243	34.9
100 per cent foreign	147,670,000	6.2
Joint ventures:		
Thai capital	750,360,867	31.5
Foreign capital	653,148,133	27.4
TOTAL	2,382,735,243	100.0

49. The Industrial Finance Corporation of Thailand (1, 4) was established by special charter in 1959 as a privately owned and controlled financial institution for providing long-term credit facilities for industrialists. It is one of the important steps taken by the Thai Government to encourage industrial development. It should be noted that the Corporation is successor to the Industrial Bank, which was dissolved in 1959. The objectives of the Corporation are:

- (a) to assist in the establishment, expansion or modernization of private industrial enterprises;
- (b) to encourage the participation of private capital, both internal and external, in such enterprises.

50. The Corporation is authorized to make long-term and medium-term loans, with or without security, to purchase shares or securities, to underwrite issues of securities, and to guarantee loans from other private sources. It is privately owned and controlled. It deals only with private industrial enterprises, and any enterprise with over 15 per cent of government participation in its registered capital is ineligible for financial assistance.

51. The Corporation, with authorized capital of 100,000,000 baht, has shares outstanding in the amount of 30,000,000 baht. Ownership of these shares is as follows: Thai banks 33.7 per cent; Thai corporations and individuals 6.7 per cent; foreign banks with Thai branches 24.8 per cent; foreign banks and corporations 17.2 per cent; International Finance Corporation 13.3 per cent. Initial financing and some subsequent additions to capital have been supplied by the Government.

52. At the end of 1964, the Corporation had assisted 38 companies with loans amounting to nearly 87 million baht. In general, no loans of less than 500,000 baht are considered, because of the expense of investigation. The Corporation maintains an Engineering Department to prepare loan appraisals and to offer technical assistance to borrowers.

53. Loan Office for Small Industry Development.(1) This agency was established within the Ministry of Industry in March 1964, financed by a Government 3 per cent loan of 10 million baht a year for three years to two commercial banks which are to contribute another 10 million baht a year. During the first year of existence 153 applications were received, and of this number 44 loans had been approved by the end of March 1965, for a total of 9,251,000 baht at 9 per cent interest per annum. Of this amount, 48 per cent is for working capital, 30 per cent for machinery and equipment, and 22 per cent for land and buildings. Applications, after comprehensive investigation by the Loan Operation and Engineering Departments, are recommended by the General Manager and Executive Loan Committee to a Loan Board representing the Government and the two banks.

VII. MANPOWER AND TRAINING

54. Specialized Manpower Needs. The census of 1960 showed that only 3.4 per cent of the economically active population of eleven years of age and older were engaged in manufacturing. In addition to the 82.3 per cent in agriculture, forestry, hunting and fishing, 0.8 per cent were in mining, quarrying, construction, and utilities. In commerce there were 5.7 per cent, and in transport, storage and communications, 1.2 per cent. This census lists the following manufacturing industries as the major sources of employment:

	<u>Percentage of industrial workers</u>
Wearing apparel	17.1
Wood and cork, except furniture	12.7
Food preparations	8.3
Grain mills	7.9
Cordage, rope, and textiles n.e.c.	5.8
Saw and planing mills	5.6
Motor vehicles and bicycles, including repair	4.6
Spinning, weaving and finishing of textiles, n.e.c.	4.6

The data of the industrial census which was started late in 1963 will undoubtedly show an increase in industrial employment.

55. Other surveys by the National Statistical Office in 120 municipalities show that in these areas 17.2 per cent of the economically active population were employed in manufacturing industries. Of the 64,641 manufacturing workers in 1964 in the Bangkok and Thonburi areas, nearly two-thirds worked in six industry classes: textiles, foods, printing and publishing, chemicals, tobacco, and metal products.

56. The Manpower Planning Unit of the National Economic Development Board, organized in 1963, is responsible for manpower assessment and planning.

57. Educational Programme. The national scheme of education proclaimed in 1960 is outlined in the following chart. The accompanying table gives the results of a recent compilation of the number of university graduates in natural and applied sciences, by subject of specialization, for the period 1922-64, during which the total number of graduates in all fields was 40,917.

Elementary

Kindergarten

First stage - four grades

Second stage - three grades

Secondary

First stage - three grades

Second stage - two or three grades

University

Chulalongkorn University

Four or five years,
(Masters degrees two years)

Facilities of Education, Commerce and
Accounting, Political Science, Science,
Engineering, Architecture, Arts.

Seato Graduate School of Engineering

Chemistry Institute (Department of Science)

Chiangmai University, founded 1964

Faculties of Humanities, Science
and Social Sciences

North-Eastern University, founded 1964

Bachelor's degrees in Agriculture and engineering

Vocational

Boys - mechanical, building
construction, etc.

Girls - "domestic science"
and secretarial
skills

58. Thailand Management Development and Productivity Centre (24, 25, 26)

The agreement establishing this centre was signed in 1962 by the Government, the United Nations Special Fund, and ILO, as a continuation of a previous project initiated in 1957. Six international experts with counterpart staff are conducting training courses in general management, production, marketing, finance, and personnel. An interesting feature of these courses is the institution of a programme of practical projects carried out subsequently by the trainees under the guidance of the teaching staff. Consulting projects have been undertaken to help train the technical officers. Also some assistance is given to companies to conduct their own training programmes. Discussions are being held regarding the possibility of consolidating and expanding business administration training under a National Institute of Development Administration (private communication).

59. The Centre participates in, or acts as the national agency and secretariat for the following: Productivity Group (Government Enterprise), Thailand Management Association (23), and Asian Productivity Organization.

60. Sixteen training courses were given in 1962 with 206 participants. These numbers rose in 1963 and 1964 to roughly courses and about 650 participants. During the first quarter of 1965 there had already been held 17 courses with 245 participants.

The subjects that have been covered are:

- 1) Production Management (cost reduction, planning and control, plant layout);
- 2) Marketing (sales management, market research, advertising and sales promotion, sales training, salesmanship);
- 3) Management Accounting (cost accounting and budgeting, financial analysis, inventory control, cost statistics);
- 4) Personnel Management (supervisory training, leadership, work force development, training for trainers);

- 5) General Management (organization, office organization and methods, top management conferences).

61. Asian Institute for Economic Development and Planning. (27, 28) This organization was inaugurated in January 1964 as an autonomous organization under the aegis of ECAFE. It is in essence a school of management offering four types of courses for senior and middle-level officials of governments, public corporations, or banks, and possibly of private corporations with a role in national development. The training courses consist of the General Course, the Advanced Course, the Visiting Lecturers Programme, and the Short-term National Courses. In 1965, 46 officials from Governments in the ECAFE region attended courses.

VIII. INDUSTRIAL ADVISORY AND EXTENSION SERVICES

62. Activities of an advisory character are just beginning in Thailand. Certain agencies now exist which, with suitable backing and encouragement, can expand their programmes for such services.

63. The Industrial Finance Corporation of Thailand (4) through its Engineering Department, is offering technical assistance to borrowers in efforts to improve their manufacturing methods.

64. Thailand Management Development and Productivity Centre (24, 26), through its courses in production, marketing, finance, personnel management, and general management, has initiated a programme of practical project work to follow the initial period of training at the Centre. Such projects are undertaken by the participants at their own places of work. Real and specific problems are selected and carried out under the guidance of the teaching staff. The staff also performs short consultative assignments.

IX. LEGAL AND REGULATORY MATTERS (1)

65. The basic legislation embodied in the Act on the Promotion of Industries (1954 and subsequent modifications) sets the policy of encouraging industrial development in the private sector and of welcoming participation by foreign investors in all areas of industry. There are only minor exceptions to freedom of ownership or control by foreigners, except that for "promoted" industries enjoying special benefits, certain conditions may be specified by the Board of Investment. As measures to improve the investment climate for foreign capital, the Government has also sought agreements with certain foreign countries covering relief from double taxation and reciprocal protection to guarantee investment.

66. The Government guarantees against expropriation or nationalization of any private industrial activity. For "promoted" industries, it guarantees not to engage in competition through public enterprises. gives permission for ownership of land, and grants certain exemptions from import duties and/or business taxes on machinery, component parts, and raw materials not produced locally. Foreign currency representing capital, profit, and dividends may be remitted abroad, subject to protection of the country's foreign reserves, and the Bank of Thailand maintains a Special Register for such transactions.

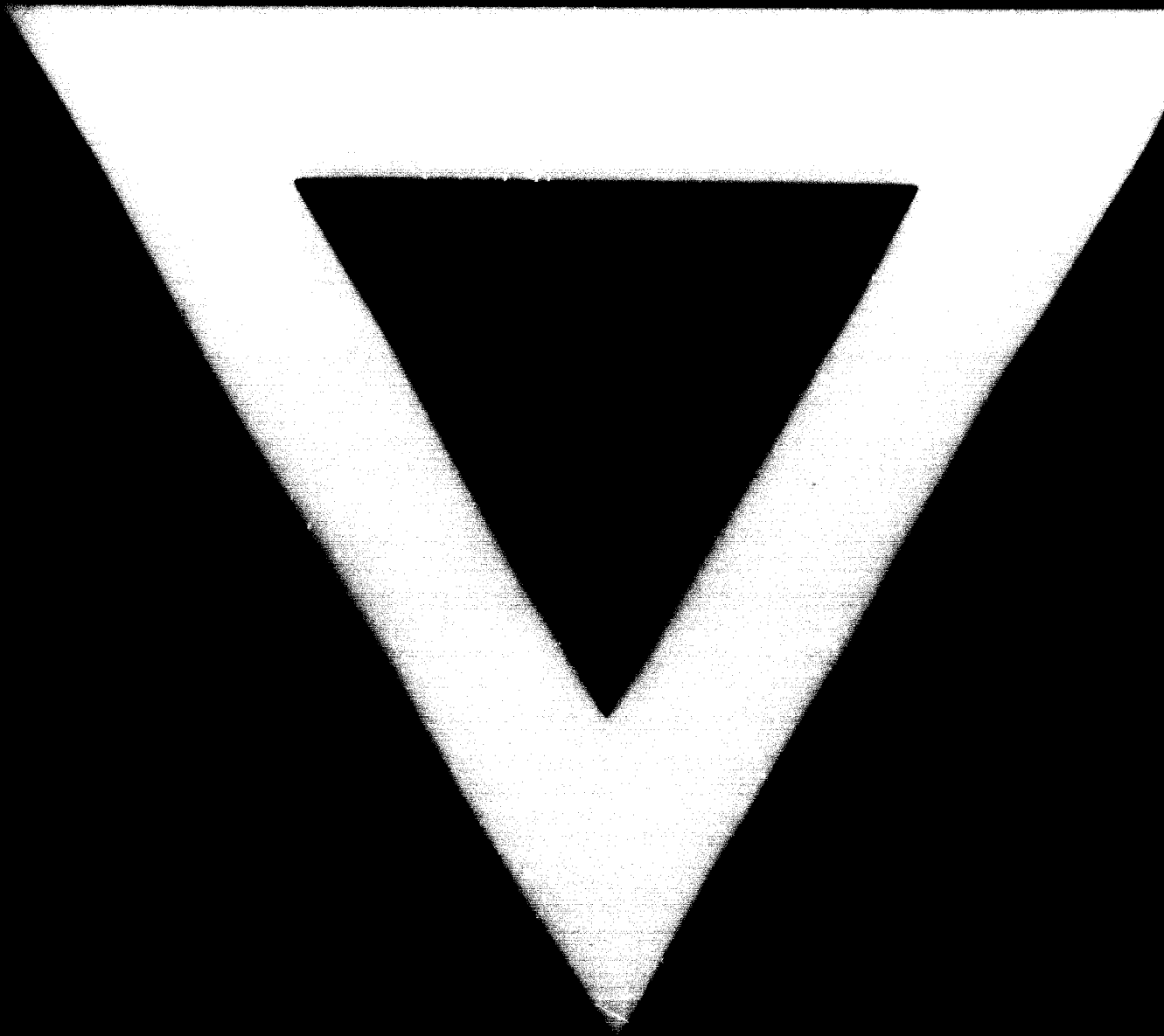
67. "Promoted" industries may bring in alien skilled workers and experts with the approval of the Board of Investment. Export of products is permitted, unless such export is contrary to national security. "Promoted" enterprises may receive additional benefits, such as protection against competing imports.

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