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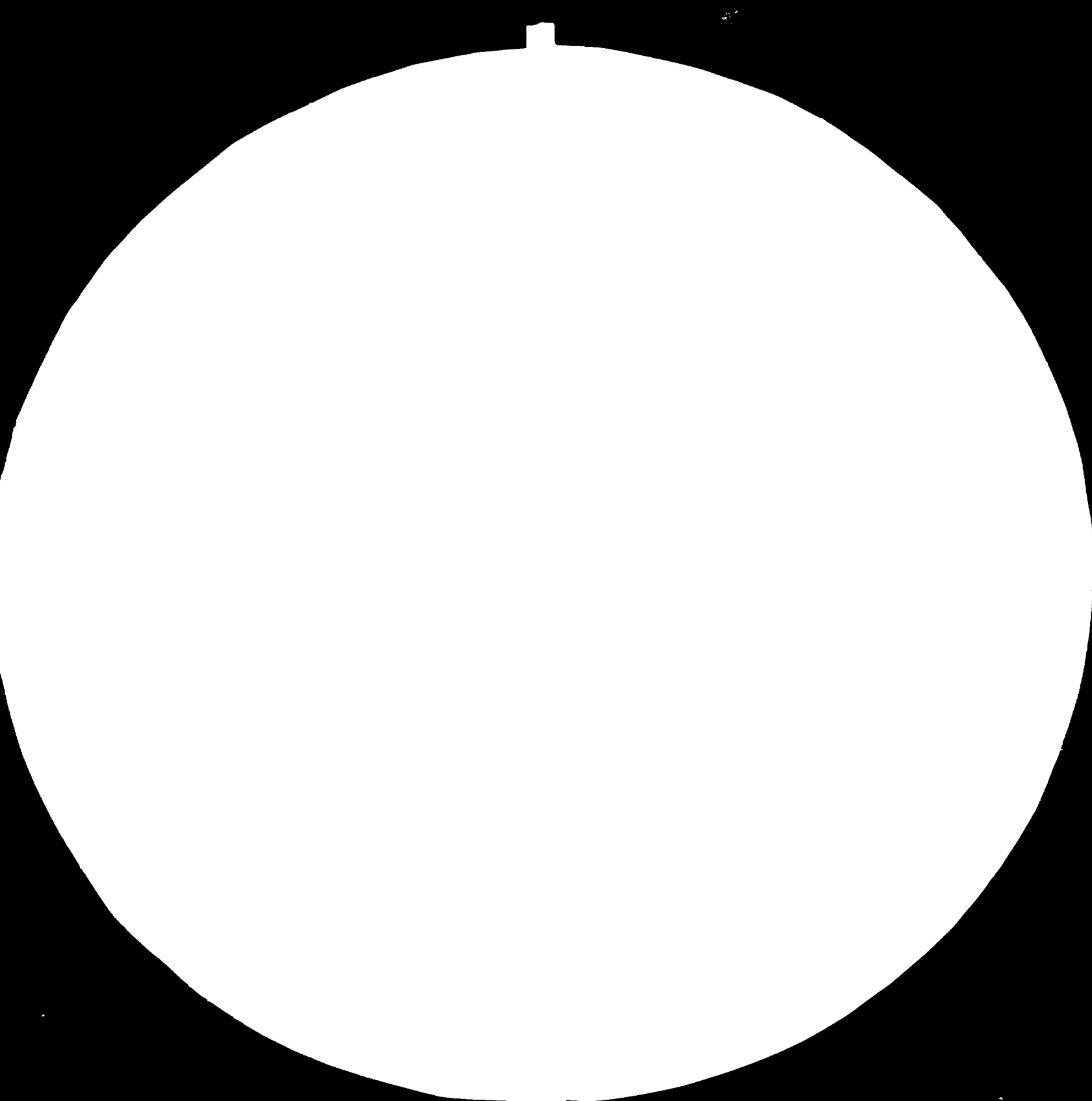
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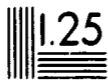
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THAILAND.

INDUSTRIAL RESTRUCTURING PROJECT

(DP/THA/82/011)

CONSOLIDATED FINAL REPORT

ON

TECHNICAL ACTIVITIES

by

THE INDUSTRIAL MANAGEMENT CO., LTD.

(under contract No. 82/90)

27 March 1984

CONSOLIDATED FINAL REPORT

ON

TECHNICAL ACTIVITIES

by

THE INDUSTRIAL MANAGEMENT CO., LTD.

1. Background

As a major component of the Fifth National Economic and Social Development Plan, 1982-1986, the Thai Government has embarked upon an Industrial Restructuring Program. In this context, UNDP has provided a technical co-operation project to the Thai Government, which is executed by UNIDO. The project provides local and international expertise and other inputs to the National Economic and Social Development Board, which serves as secretariat to the interministerial Industrial Restructuring Committee (RESCOM).

In the framework of the present sub-project, the Industrial Management Co., Ltd. has been subcontracted by UNIDO to provide technical consultancy services to the National Economic and Social Development Board. The duration of the sub-project is approximately twelve months, commencing February 1983 to January 1984.

2. Purpose and Scope of Consultancy Services

As outlined in the terms of reference, the subcontract will provide a consultancy team which will carry out the following tasks:

a. Provide a technical manager (part-time) to be responsible for the overall management of the technical (techno-economic) work carried out under the project.

b. Support and assist (2) international consultants (funded separately) who, respectively, are to carry out restructuring studies on

the automotive and chemical/plastics industry subsectors.

c. Select and recruit (after necessary approvals) local consultants to carry out the following studies on key issues involved in industrial restructuring:

- (i) Strengthening the Effectiveness of Financial Institutions for Industrial Restructuring (5 m-m).
- (ii) Increasing Exports of Textiles and Processed Foods through Quality Enhancement and Product Improvement (4 m-m).
- (iii) Increasing the Technical Strength of the Engineering Industries (5 m-m).

d. Support and assist the local consultants recruited under (c) above in completing their assignments.

e. On the basis of the study reports itemized under (b) and (c) above, prepare documents and presentation materials (in Thai) for submission to the Restructuring Committee as a basis for decision making.

f. Assist Government officials in explaining technical reports and implementation plans to implementing/cooperating agencies.

g. Organize (in cooperation with UNIDO) a technical seminar on industrial restructuring for the participation of Government officials, academics, and private sector executives.

h. Participate in the planning of study tours supported by the project.

i. Carry out other related duties to assist the secretariat, within the limits of specified inputs.

3. Technical Activities Performed by the IMC

Within the framework of the project objective and scope of the subcontractual agreement mentioned above, the IMC provided on a regular basis to the RESCOM advisory/consultancy services designed to lay the basis and mechanism for carrying out the tasks of industrial restructuring. Contributions made by the IMC in this regard included the following:

a. Dr. Narongchai Akrasanee, the Technical Manager, is responsible for the overall management of the technical (techno-economic) works carried out in the project.

Mr. Chalermpoj Iamkamala, Ms. Sunee Kutravut, and Mr. Kittivong Singhasemanond, who worked for the project full time, formed the research team under the leadership of Dr. Narongchai Akrasanee to work with the secretariat of the RESCOM in providing technical services on day-to-day basis.

b. Dr. Narongchai Akrasanee provided necessary advice, guidance, and direction to two international consultants who undertook the subsectoral studies on automotive and chemical/plastic industries, respectively.

Mr. Chalermpoj Iamkamala served as counterpart to Mr. William Hock, UNIDO consultant, in conducting restructuring study on the automotive subsector beginning May 1983. A preliminary report on policy proposal for the restructuring of the automotive industry was prepared in August 1983 and distributed to the members of the RESCOM and Automotive Development Committee, and the industry people concerned. The automotive expert finalised his study and prepared the terminal report on restructuring the automotive industry in March 1984.

Ms. Sunee Kultravut supported and assisted Mr. Mohamed El Halfawy in carrying out the restructuring study on the chemical/plastic

subsector. The chemical expert started initial phase of the field work in November 1983 and drafted an interim report on the existing Thai chemical industry in December 1983. The terminal report on the chemical industry study will be completed in early April 1984.

In this regard, the IMC in co-operation with the NESDB organised three workshops, one on the automotive industry and two on the chemical industry, in order to gain reaction, views, and criticism from both the public and private sectors on the materials and policy guidelines recommended by the international experts.

c. Three local consultants were selected and recruited on short-term basis for undertaking the studies on key policy issues:

- (i) Development of Financial Institutions for Industrial Restructuring in Thailand: by Dr. Pairoj Vongvipanond
- (ii) Export Promotion in Processed Foods and Textile Products: by Dr. Juanjai Ajanant
- (iii) Technical Assistance for the Engineering Industries: by Dr. Chatri Sripaipan

Under IMC supervision, the studies have been completed and submitted herewith. The summary of the respective technical reports are presented below.

- (i) Summary of financial institutions report.

The report intends to place the role of finance in industrial restructuring's context envisaged in the Fifth Plan. It is organised into three parts: (a) role of financial institutions in industrial credit extension and selected problem

issues; (b) policy framework and policy recommendation; and (c) policy appraisal.

The Thai financial system has been able to mobilise financial resources mainly through the banking system and finance companies, mostly short-term financing for expansion and working capital purposes, with the exception of Industrial Finance Corp. of Thailand which provides medium- and long-term financing largely for fixed assets. Refinancing facilities at the Bank of Thailand and foreign sources are significant sources of industrial credit.

The present problems of industrial financing consist of the following aspects:

- (a) weakness of financial system in mobilising long-term savings and in allocating long-term debt and equity finance;
- (b) inefficiency and imperfect competition in financial system;
- (c) unbalanced regional distribution of credit;
- (d) limited role of existing specialised financial institution;
- (e) inadequacy of rediscount facilities to meet the needs of small industries; and
- (f) limited absorptive capacity in the development of basic industrial projects.

In the light of aforementioned problems, the report lays out appropriate policy framework and recommendations which center on:

- (a) efficient functioning of financial system and markets through well-designed financial and fiscal policies and programs in the macro context;
- (b) reforms of existing financial institutions; and
- (c) the need and feasibility of creating new institutions, including Small Industrial Finance Corp. of Thailand, Credit Guarantee Scheme, and Export Credit Insurance Scheme.

The report concludes with the discussion on a few constraints and presumptions which might be affecting the possibility of the proposed policies.

(ii) Summary of export promotion report.

As a part of Industrial Restructuring Program, the report analyses pertinent issues relating to exports of processed foods and textile products. It also designs and formulates policy measures required to boost the effective and efficient expansion of those exports. Basically, the report serves to illustrate two points: (a) processed foods and textile products are viable industries in Thailand; and, (b) export promotion should be systematised to serve the needs of the growing economy.

In recent years processed foods and textile products play a prominent role in the structure of manufactured exports. They earn a considerable amount of foreign exchange and show expansion potential. The products with high marketable potential are frozen shrimps of superior grade, canned fishes (tuna), and canned fruit juices in case of processed foods, and fabrics and garments in case of textile products.

The Thai Government has emphasized on export incentives such as tax rebates, export credit financing and promotional privileges for export-oriented activities and trading companies. Marketing information services are also provided to the exporters. But these are not without problems. Much left to be done to improve the efficiency and effectiveness of export product manufacturing and marketing strategy. Moreover, there are some sorts of contradiction in Thai export promotion policies, notably protection structure is still unfavourable to the establishment of a trade regime for exports. The industry protection is unnecessarily high for processed foods which Thailand has a clear-cut comparative advantage. For textile industry, spinning and bleaching and finishing are penalised by the tariff structure while other textile activities are sufficiently protected. Export procedural constraint and technical aspects which are very important to the cost and quality of the products seem to be neglected.

From the above mentioned problems and obstacles to encourage the exports of processed foods and textile products and non-traditional, manufactured exports in general, the report concludes that export promotion in Thailand is not systematised. Some tentative recommendations are made to remedy such environment. Specifically, a set of tariff rates and business tax rates on processed foods and textile products is proposed.

To promote manufactured exports, the report concludes that there is the need for and feasibility of institutional arrangement in terms of reforming the existing institutions and establishing new units within the governmental system. The latter component includes the establishment of:

- (a) Export Industries Division in the Office of the Board of Investment.
 - (b) Technical Service Center in the Ministry of Industry.
 - (c) A one-stop Export Service Center, and
 - (d) Export credit institution.
- (iii) Summary on technical assistance report. ←

The report intends to design and examine the feasibility of technological improvement and development programs for engineering industries in Thailand. The report is divided into two parts. The first part assesses the current status of various governmental assistance and correspondingly derives tentative policy guidelines. The second part develops detailed, phased action plans necessary for upgrading and developing the capability of governmental agencies concerned as well as creating new institutions.

Areas have been looked into encompass:

- (a) Supply of manpower.
- (b) Technical assistance mainly in the form of training.
- (c) Financial assistance with regard to specific element to encourage technological development.

- (d) Standards and testing, and
- (e) Research and development system.

The report finds out that in general the scope and number of various assistances by government sector and few private institutions are quite limited. Moreover, previous efforts are not well designed and properly coordinated to make the full use of scarce resources available.

The report proposes specific action plans to cope with pertinent areas of problems for some key organisations as follows:

- (a) Restructuring of Industrial Service Institute.
- (b) Establishment of the Institute for technological development.
- (c) Incentive package for technological development.
- (d) Strengthening the capabilities of the Thai Industrial Standards Institute, and
- (e) Reform of R&D system which will cover adjustment of national R&D budget and manpower, restructuring of Thailand Institute for Scientific and Technological Research, and establishment of specialised institutes in the field of metallurgy, ceramics, plastics, and rubber.

d. Dr. Narongchai Akrasanee provided necessary guidance and direction to the work of local consultants recruited under (c) above in accordance with the project's terms of reference.

IMC staff members supplied data, information, and other supporting services to facilitate the work and assist the local consultants in completing their assignments.

e. On the basis of the study reports itemized under (c) and (d) above, the IMC prepared documents and presentation materials in Thai for submission to the RESCOM as a basis for decision making. Only the document on technical assistance for engineering industries was hitherto proceeded to the full consideration by the RESCOM and resulting in the government decision to establish the Engineering Industries Development Program under the jurisdiction of the Ministry of Industry.

f. Dr. Narongchai Akrasanee elaborated and articulated the aim, objective and approach of the restructuring program to the RESCOM. He also assisted government officials in explaining technical reports and implementation plans to those agencies concerned including Ministry of Industry, Ministry of Finance, and Office of the Board of Investment.

g. In collaboration with UNIDO and NESDB, the IMC organised a technical seminar on "Industrial Restructuring in Thailand" at Pattaya and Bangkok during 22-25 October 1983. There were fifty participants at the seminar representing government officials, academicians, private sector executives, and UNIDO officials and consultants. The IMC prepared six seminar papers as follows:

- (i) Industrial development and industrial restructuring.
- (ii) Industrial restructuring in the electrical and electronics industry.
- (iii) Industrial restructuring in the automotive industry.
- (iv) Export promotion in Thailand.

- (iii) Rural industrialization strategies (reviewing current status of rural industrialization and proposed policy framework and measures for accelerating the development of rural industries);
- (iv) Administration of joint-venture contracts and the transfer of technology (providing an outline of mechanism for co-ordination and collaboration in administering the technology contracts under joint-venture and in technology transfer among Board of Investment, Ministry of Industry; the Bank of Thailand; and Ministry of Science, Technology and Energy);
- (v) Engineering Industries Development Project (examining comprehensively various alternatives and preparing a detailed proposal for the project on engineering industries development);

j. The project document of sub-project No. 2 was prepared in close connection with the tasks carried out under sub-project No. 1. The sub-project No. 2 was designed to cover three subsectoral studies and two issue studies as follows:

- (i) Industrial restructuring in textile industry.
- (ii) Industrial restructuring in machinery industry.
- (iii) Industrial restructuring in iron and steel industry.
- (iv) Measurement of industrial efficiency and productivity.
- (v) Industrial projection

4. Project Assessment

The IMC consulting team has worked closely with the secretariat of the RESCOM in providing technical services to the RESCOM. UNDP/UNIDO support helped improve and strengthen technical capability of the RESCOM's secretariat.

A number of reports prepared by the local consultants and UNIDO international consultants provided information, analyses, and policy recommendations which proved to be useful. Those reports have been digested and fed into the decision-making process of the RESCOM.

Specifically, some comments on the three policy issue studies prepared by the local consultants are as follows:

(i) Development of financial institutions.

The report puts an emphasis on macro view of financial and monetary policies which, of course, are crucial to the development of financial institution generally. To a lesser extent, the report examines specifically industrial financing issues and related policy proposals and then cannot make a detailed, phased programs of actions. A further indepth analysis on policy appraisal will be very useful for future development and implementation.

(ii) Export promotion in processed foods and textile products.

The report discusses certain issues concerning the promotion of manufactured exports and provides a broad policy guideline and institutional arrangement required to develop and strengthen the effective export development strategy. To put this into effect, a strategy for promoting manufactured exports from Thailand with phased program of action are needed.

The report evaluates the viability of processed foods and textile industries exclusively on their export performance. The structure of the industry especially its backward linkage which has a strong implication to export development should be taken into account.

The report points out the roles, importance and functions of brand names, international subcontracting and marketing links of foreign investors in export development from Thailand, but it does not propose any specific guideline to promote those kinds of activities.

(iii) Technical assistance for the engineering industries.

The report provides extensive discussions and analyses on what have been done in assisting and servicing the need of engineering industries. Careful considerations have been made to build up a set of ways and means conducive to effective and efficient technological improvement and development in the engineering industries.

The technical seminar, organised by the IMC in collaboration with UNIDO, helped clarify the industrial restructuring process in both the national and international context. Many reflections, suggestions, and policy recommendation were made during the seminar which formed the basis for the future work's of RESCOM and the emanating recommendations for action.

In the past two years, industrial restructuring in Thailand has been successful to a certain extent especially with regard to the consistency of the various policies and policy measures. Meanwhile, it is becoming

apparent that certain elements of the industrial policy are faced with difficulties in terms of implementation.

There are two broad areas which need to be reviewed: action programs and institution built-up.

- (i) A large number of policy recommendations and proposals are made available to those government agencies concerned. For structural adjustment tasks to be operationable, the transformation of various policies to action-oriented programs are required.
- (ii) Experiences have shown that industrial restructuring is an ongoing process. It is necessary to have a strong institution to implement the various programs identified. Under the existing set-up, industrial restructuring, particularly the rationalisation of selected industrial subsectors, can not be implemented on a sustainable basis. To achieve the restructuring objectives outlined in the Fifth Plan, it is recommended that the Thai Government first decides on such an institution while continuing to study the pertinent policy issues and the structural problems of the subsectors previously identified.

Appendix

Summary Report on
Seminar on Industrial Restructuring in Thailand

- Attachment 1 : Seminar Schedule at Pattaya
22-23 October 1983
- Attachment 2 : Seminar Schedule at Bangkok
25 October 1983
- Attachment 3 : Opening address by H.E. Wongse Polnikorn
- Attachment 4 : List of seminar papers

SUMMARY REPORT

SEMINAR ON INDUSTRIAL RESTRUCTURING IN THAILAND

Pattaya and Bangkok, Thailand

22-25 October 1983

1. The aim of the seminar was to review the work of RESCOM and the findings and recommendations of the UNIDO missions during its initial phase 1982/1983. More specifically, the discussion was to: (i) examine the results of the RESCOM work hitherto; (ii) exchange views and comments on these results; and (iii) enlist suggestions for the future programs of RESCOM. The intention would thus be to assess the various issues of the restructuring programs in their entire context, to get the response from the point of view of government agencies, academic circle, business community and to lay the ground for continued joint work towards structural adjustment and growth in the manufacturing sector.

2. The seminar on industrial restructuring in Thailand was organised jointly by the Industrial Restructuring Committee (RESCOM) and UNIDO at Pattaya during 22-23 October 1983. There were 50 participants representing the members of RESCOM, government officials, industry people, UNIDO officials and international consultants (Attachment 1). The Discussion on follow-up activities between UNIDO officials, international experts, RESCOM secretariat, and selected government officials, was held in Bangkok on 25 October 1983. (Attachment 2).

3. H.E. Wongse Polnikorn, Deputy Minister, Ministry of Industry, RTG, delivered an opening address on behalf of the Minister, the Ministry of Industry (H.E. Ob Vasuratana). (Attachment 3)

4. The first part of the seminar was the lectures and general discussions, forum and group. The second part was the consultation between

UNIDO officials and government officials on the future technical work program in the next 12 months.

5. General discussions were concentrated on:
 - a. industrial development and industrial restructuring;
 - (i) definition and rationale in general,
 - (ii) the case of Thailand,
 - (iii) the case of Republic of Korea.
 - b. industrial restructuring in selected industrial subsectors;
 - (i) electrical and electronics industry,
 - (ii) automotive industry.
 - c. policy issue and its implementation on;
 - (i) investment incentives,
 - (ii) promotion of manufactured exports,
 - (iii) technical assistance for engineering industries.
6. General conclusions of the seminar are as follows:
 - a. Structural adjustment is of crucial importance because the world economy keeps changing very rapidly. Many countries, developed and developing, are carrying out industrial restructuring policies, programs, and actions in order to improve and strengthen the efficiency and competitiveness of the industrial sector.
 - b. In the case of Thailand, industrial restructuring programs have progressed to a certain extent, with special reference to the consistency of various government policies and measures. However, the implementation is limited mainly to government agencies' constraint on their capability to transform various policies to action-oriented programs.

- c. There are some provisional policy conclusion in the industrial restructuring in selected industrial subsectors, electrical and electronics industry and automotive industry. But their implementations have faced with many obstacles and problems. The main feature is the co-operation and coordination between intergovernmental departments involved. The present organisation structure cannot implement the work of rationalisation of industries at subsectoral level on a sustainable basis.
- d. Investment incentives have been improved in many aspects as well as tax and non-tax measures. However, there is the need for further readjustment in investment incentives in line with industrial restructuring objectives.
- e. The manufactured exports of Thailand have benefited from recent development and changes in various government policies and measures. It is becoming apparent that the industrial structure is becoming more export oriented. This process should be accelerated further.
- f. The need for technical assistance for engineering industries calls for immediate actions by the Thai Government. Definite policy guidelines and action programs should be designed and formulated, with special emphasis on the development of technological capability and capacity of the industries.

7. For the future program of work of RESCOM, the seminar concluded that:

- a. In case of the electrical and electronics industry, the proposed tariff reform should be undertaken and other proposed programs should be accelerated.

- b. Definite conclusion should be made on the future direction of the development of the automotive industry.
- c. Investment promotion policy should be implemented as follows:
 - (i) investment incentives should be provided on industrial subsector basis and should be a part of industrial subsector study,
 - (ii) investment incentives should be provided in package form including tax and other incentives,
 - (iii) financial incentive should be taken into account,
 - (iv) studies on the appropriate tax structure are required
- d. The tasks of export promotion to be implemented include the following;
 - (i) efforts should be made to eliminate various export barriers and at the same time to increase the export promotion measures co-ordinated by the Export Development Committee,
 - (ii) the new tax rebate rates should be completed as soon as possible,
 - (iii) the Government should make a decision on the establishment of Export Credit Guarantee Scheme.
- e. The development of engineering industries;
 - (i) the Government should specify the engineering industries as "strategic" industries,
 - (ii) the significance of engineering industries should be publicised, e.g., by organizing "Engineering Industries Day",

- (iii) the studies on current status of the engineering industries with regard to production process should be conducted.
- (iv) the role and function of government and private sectors should be clarified,
- (v) the action plans of various government offices and private institutions should be designed and formulated.
- (vi) investment incentive package for the engineering industries should be provided.

SCHEDULE

Seminar On
Industrial Restructuring in Thailand

22-23 October 1983
Siam Bayshore Hotel
Pattaya, Thailand

Friday 21

Evening Arrive at Pattaya

Saturday 22

8.30 - 9.00 Registration

o Morning Session

Chairman: H.E. Chirayu Israngkun na Ayuthaya

9.00 - 9.15 Opening Address
by H.E. Wongse Polnikorn
Deputy Minister
Ministry of Industry

9.15 - 10.30 Overview on Industrial Restructuring

1. Global Context
Speaker : Herman Muegge
2. Thailand
Speaker : Narongchai Akrasanee
3. Republic of Korea
Speaker : Pil-Soo Park

10.30 - 10.45 Coffee Break
10.45 - 12.00 General Discussion on Industrial Restructuring
12.00 - 14.00 Lunch

o Afternoon Session

Chairman: Herman Muegge

14.00 - 15.30 Electrical and Electronics Industry
Speaker : Narongchai Akrasanee

Automotive Industry
Speaker : Siriboon Nawadhinsukh
Peter O'Brien

15.30 - 15.45 Coffee Break

15.45 - 16.30 Financial Institution
Speaker : Pairoj Vongvipanond

Export Promotion
Speaker : Juanjai Ajanant
David Wall

16.30 Closing

19.00 Barbecue Dinner at the Beach Club

Sunday 23

9.00 - 10.30 Group Discussion on Key Issues

1. Investment Incentives
Chairman : H.E. Chirayu Israngkun na Ayuthaya
2. Technical Assistance for Engineering Industries
Chairman : Manu Leopairote
3. Export Promotion
Chairman : Sukon Kanchanalai

10.30 - 10.45 Coffee Break

o Morning Session

Chairman: Staporn Kavitanon

10.45 - 13.00 Summary, Conclusion and Future Plan

13.00 Closing

LIST OF PARTICIPANTS AT PATTAYA

A. THAI PARTICIPANTS

1. H.E. Wongse Polnikorn
Deputy Minister
Ministry of Industry
2. H.E. Chirayu Israngkun na Ayuthaya
Deputy Minister
Ministry of Industry
3. Miss Sukon Kanchanalai
Director-General
Department of Commercial Relations
Ministry of Commerce
4. Mr. Staporn Kavitanon
Assistant Secretary-General
NESDB
5. Mr. Chumong Phanuschutabull
Deputy Director-General
Department of Industrial Works
Ministry of Industry
6. Mr. Sukri Kaocharoen
President
The Industrial Finance
Corporation of Thailand
7. Mr. Wanchak Voradilok
Governor
The Industrial Estate Authority
of Thailand
8. Dr. Supachai Panitchpakdi
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The Bank of Thailand
9. Mr. Manu Leopairote
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10. Mr. Marong Nitsayaphorn
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12. Dr. Pornchai Tulyadhan
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13. Mrs. Suvimol Ramakomud
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21. Dr. Arporn Sribhibhadh
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22. Mr. Kavee Vasuvat
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23. Mr. Suchart Uthaiwat
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| 30. Dr. Pairoj Vongvipanond | Assistant Professor
Faculty of Economics
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| 31. Dr. Juar.jai Ajanant | Assistant Professor
Faculty of Economics
Chulalongkorn University |

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4. Mr. Jacques de Bandt
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Industrial Finance Corporation
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9. Mrs. Somsri Kantamala
Deputy Secretary-General
Office of Accelerated
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Tentative List of Participants

By Discussion Group

on

October 23, 1983

GROUP I INVESTMENT INCENTIVES

Chairman: H.E. Chirayu Israngkun na Ayuthaya

Staporn	Kavitanon	Jacques	de Bandt
Sukri	Kaocharoen	Faten	Chauduri
Wanchak	Voradilok	Shakil	Faruqi
Suvimol	Ramakomud		
Narong	Nitayaphorn		
Chokechai	Aksaranan		
Narongchai	Akrananee		
Sumida	Buranasiri		
Vissut	Sethaput		
Somchai	Kuwakornporamat		
Wai	Jarmornmarn		

GROUP II TECHNICAL ASSISTANCE FOR ENGINEERING INDUSTRIES

Chairman: Manu Leopairote

Damri	Sukhotanant	Herman	Muegge
Chakramon	Phasukavanich	Tadashi	Kondo
Kanokphan	Chancharaswat	Peter	O'Brien
Kavee	Vasuvat		
Suchart	Uthaiwat		
Siriboon	Fwadhinsukh		
Chatri	Sripaipan		
Somchob	Chaiyavej		
Pasuk	Phongpaishit		
Sutham	Vanichseni		
Apiporn	Pasawat		
Somsri	Kantamala		

GROUP III EXPORT PROMOTION

Chairman: Sukon Kanchanalai

Channong	Phanuschutabull	Nils	Ram-Ericson
Supachai	Panichpakdi	Staffan	Burenstam Linder
Noravat	Suwarn	David	Wall
Pornchai	Tulyadhan	Pil-Soo	Park
Santi	Bang-or	Junzo	Kuwabara
Aporna	Sribhibhadh	Akihika	Urata
Kittirat	Srivisanvacha		
Pairoj	Vongvipanond		
Juanjai	Ajanant		

SCHEDULE

Discussion On
Follow-up Activities Between UNIDO Officials
International Experts, RESCOM Secretariat
and Selected Government Officials

25 October 1983

9.00 - 12.00

Chompunute Room, Imperial Hotel

Bangkok, Thailand

Chairman : Narongchai Akrasanee

9.00 - 9.20	Industrial Restructuring: Overview by Herman Muegge
9.20 - 10.10	Export Promotion by Noravat Suwarn David Wall
10.10 - 10.20	Coffee Break
10.20 - 11.10	Investment Incentives by Pornchai Tulyadhan Staffan Burenstam Linder
11.10 - 12.00	Technical Assistance for Engineering Industries by Peter O'Brien Chatri Sripaipan
12.00	Lunch at Jimmy Kitchen

LIST OF PARTICIPANTS AT BANGKOK

A. RESCOM SECRETARIAT

1. Mr. Manu Leopalrote
Director
Industrial Economics & Planning Div.
Office of the Permanent Secretary
for Ministry of Industry
2. Mr. Chakramon Phasukavanich
Chief
Industrial Planning Sector
Economic Projects Division
NESDB
3. Dr. Narongchai Akrasanee
Advisor to Deputy Minister
Ministry of Industry
4. Mrs. Kanokphan Chancharaswat
Economist
Industrial Economics & Planning Div.
Office of the Permanent Secretary
for Ministry of Industry
5. Mrs. Chutaporn Lampasara
Policy and Planning Analyst
Industrial Planning Sector
Economic Projects Division
NESDB
6. Ms. Sutham Panichwong
Economist
Industrial Economics & Planning Div.
Office of the Permanent Secretary
for Ministry of Industry

B. SELECTED GOVERNMENT OFFICIALS

1. Mrs. Nopporn Ruangskul
Deputy Director
Department of Bank Supervision
and Examination
Bank of Thailand
2. Mrs. Suvimol Ramakomud
Director
Fiscal and Tax Policy Division
The Fiscal Policy Office
Ministry of Finance
3. Mrs. Preamsri Katewongse
Director
Planning Division
Office of the Board of Investment
4. Dr. Pornchai Tulyadhan
Director
Project Development Division
Office of the Board of Investment

5. Mr. Noravat Suwarn Director
Export Service Center
Ministry of Commerce
6. Mr. Santi Bang-or Acting Chief
Commerce and Services Sector
Economic Projects Division, NESDB
7. Mrs. Somsawat Chansawas Chief
Tariff Policy Subdivision
Customs Tariff Division
Customs Department
Ministry of Finance
8. Mr. Pisit Samhito Chief
Industry Unit
Department of Economic Research
Bank of Thailand
9. Dr. Chatri Sripaipan Assistant Professor
Faculty of Engineering
Chulalongkorn University

C. UNIDO OFFICIALS AND INTERNATIONAL EXPERTS

1. Dr. Herman Muegge Acting Head
Regional and Country Studies Branch
Division for Industrial Studies
UNIDO
2. Mr. Nils Ramm-Ericson Senior Industrial Development
Field Advisor
UNIDO
3. Mr. Staffan Burenstam Linder Consultant
UNIDO
4. Mr. Peter O'Brien Consultant
UNIDO
5. Dr. David Wall Consultant
UNIDO

Opening address by
H.E. Wongse Polnikorn
at the Seminar on Industrial Restructuring in Thailand,
Siam Bayshore Hotel, Pattaya
22-23 October 1983

Mr. Chairman, distinguished participants, ladies and gentlemen:

(On behalf of Minister Ob Vasuratna) I am very pleased to have the opportunity to open the seminar on Industrial Restructuring in Thailand today.

First of all I would like to welcome the distinguished foreign participants who have travelled from afar to attend this seminar. It is a privilege for Thailand to have the opportunity to share with all of you, who are experts on industrialization, the various issues of industrial restructuring and how best to cope with them. I am confident that there will be many things that we could learn from each other, which would help us in designing ways and means to solve the industrial problems of Thailand.

I would like to take this opportunity to assure all of the participants at this seminar that the Thai Government is committed to the industrialization of Thailand. While Thailand remains a strong agricultural country, we are aware of the fact that agriculture alone will not be enough to fulfill our development needs. Also our work force is growing very rapidly, because of the high population growth during the last two decades. We must therefore create employment

opportunities as much as possible. Industry is one of the areas which we believe can be developed to help alleviate the unemployment problem.

To develop industry in Thailand we must have our own strategy and style. While Thailand is not considered to be a resource-rich country, we do have a variety of natural resources compared with other developing countries. Thus our industry should be linked to our resources as much as economically possible. Secondly we have population of about 50 million. With per capita income of about US\$ 800 our domestic market is considered to be very large. Therefore we do not need to have a completely export-oriented industrial sector like Singapore and Hong Kong. Thirdly, our population is widely dispersed throughout the country. We need to find a pattern of industrial development that can involve in one way or another as many people as possible. Rural industrialization is therefore very important to Thailand.

So far I must admit that our process of industrial development has not been as systematic as we would like it to be. As a consequence the pattern of industrial growth is not completely consistent with our development objectives. Furthermore certain industrial sectors are not strong enough to compete with imports at a more reasonable level of protection. This is the reason why we have started the work on industrial restructuring. We expect that by restructuring we will eventually have an industrial sector which is resource based, competitive domestically as well as internationally, employment oriented, and diversified to large areas of the country.

Our works on industrial restructuring have just begun. And already we are encountering several problems, some of which are technical in nature. That is why we need to have the research project on industrial restructuring and this technical seminar. I hope that these efforts can help us resolve some of the pending issues and make it possible for us to restructure our industry for further growth and efficiency.

I wish you all the best in your deliberation and a successful seminar.

Thank you.

LIST OF SEMINAR PAPERS

1. Industrial Development and Industrial Restructuring
by Narongchai Akrasanee
2. Industrial Restructuring in the Electrical and Electronics Industry
by Narongchai Akrasanee
3. Industrial Restructuring in the Automotive Industry
by Siriboon Nawadhinsukh
4. Export Promotion in Thailand
by Juanjai Ajanant
5. Finance in Industrial Restructuring's Context
by Pairoj Vongvipanond
6. Technical Assistance for Engineering Industries
by Chatri Sripaipar.
Yongyuth Yuthavong
Krissanapong Kirtikara
Rachain Chintayarangsan
7. Policy Proposals for the Restructuring of the Automobile Industry
in Thailand - Preliminary
by William Hock
8. Industrial Restructuring in Thailand some Observations by a UNIDO
Mission 28 October - 4 November 1982
Interim Report, Prepared for the Government of Thailand
9. Industrial Restructuring in Thailand some Observations on Export
Policy Instruments and Institutions
Interim Report, Prepared for the Government of Thailand
10. Industrial Restructuring in Thailand some Observations on Policy
Issues Concerning the Automotive Industry
Interim Report, Prepared for the Government of Thailand
11. Short Report on the Automotive Industry in Thailand : Is a
Strategy Possible ?
by Peter O'Brien for the Seminar on Industrial Restructuring
in Thailand

12. Short Note on the Export Policy:
by David Wall for the Seminar on Industrial Restructuring
in Thailand
13. Short Note for the Seminar on Industrial Restructuring in Thailand
by Jacques de Bandt
14. Short Note for the Seminar on Industrial Restructuring in Thailand
by Pil-Soo Park

