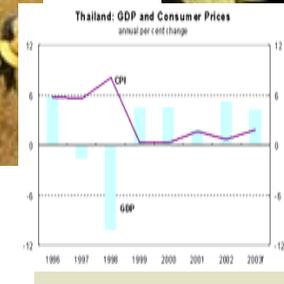
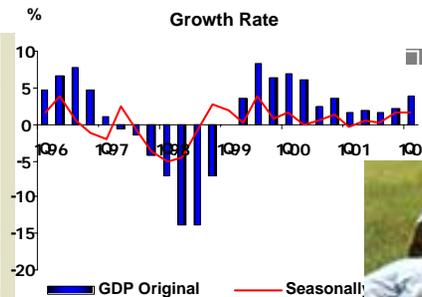
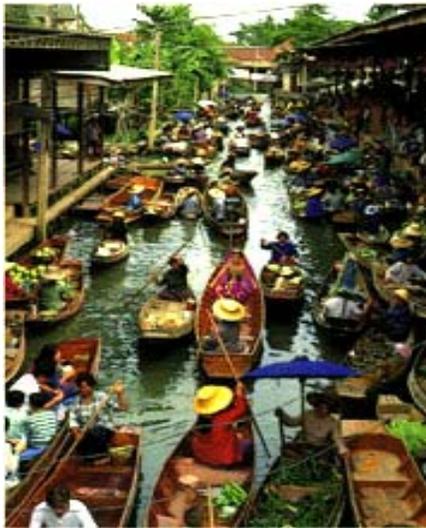
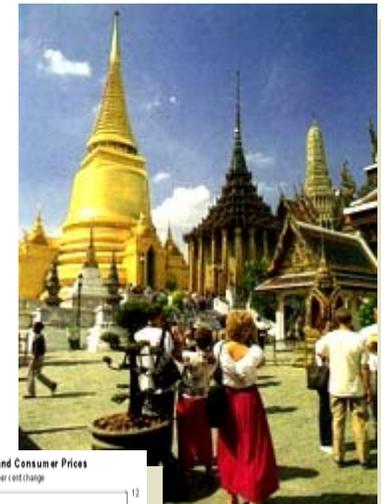
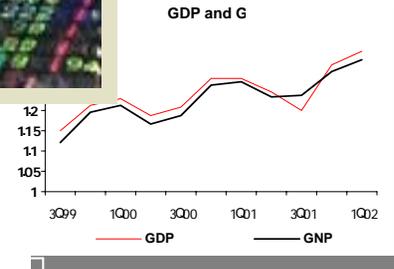


# Economic Situation of Thailand



by  
Fuat Berk Kiri

# Socio-Cultural Profile of Thailand



- ☸ **Area** : 513,120 sq. km.
- ☸ **Climate** : Tropical monsoon
- ☸ **Population** : 63 million
  
- ☸ **Annual Birth rate** : 1.1 %
  
- ☸ **Ethnic groups** : Thai 89%, other 11%
  
- ☸ **Religions** : Buddhist 94.6%, Muslim 4.6% , Christian, Hindu, Brahmin, others
  
- ☸ **Education** : *Literacy* 95 % male, 91% female
  
- ☸ **Health** : *Life expectancy* 67.9 years male, 74.9 years female
  
- ☸ **Government Type** : Constitutional monarchy
  
- ☸ **Independence** : Never colonized ; traditional founding date 1238
  
- ☸ **Government Branches** : King (chief of state), prime minister (head of government)
  
- ☸ **Political parties** : Multi-party system but Communist Party is prohibited.

# Thailand's economic situation in brief



- ॐ The industrialization strategy in Thailand in the late **1950s** focused on expanding investment in infrastructure and primary education, increasing agricultural output, and promoting import-substitution industries.
- ॐ A worsening balance of payments in the late **1960s** led to a policy shift toward the export promotion.
- ॐ Worldwide recessions following two oil shocks, together with domestic political unrest in **1970s**, led to a slowdown in real GDP growth. But the Thai government reacted quickly and efficiently by adopting a series of adjustment policies and reforms.
- ॐ The economy accelerated sharply in **1980s**. Rapid growth was characterized by surging exports and investment boom.

# Thailand's economic situation in brief



- ॐ **At the start of the 1990s**, a combination of trade expansion, private investment, and tourism provided powerful driving forces that gave Thailand 3 consecutive years of double digit growth.
- ॐ Economy began to slow down once again toward **the mid 1990s**, this time not a result of world recession, but because of competition.
- ॐ **In the late 1990s**, Thailand economy suddenly faltered under its heavy financial burden – export almost came to a standstill, the international financial position worsened, the baht weakened, and Thailand went into its worst recession in recent history.
- ॐ **By early 1997**, the Thai economy was in serious crisis in many areas. Several short and long term measures were introduced to revive certain sectors and slow the of the others.

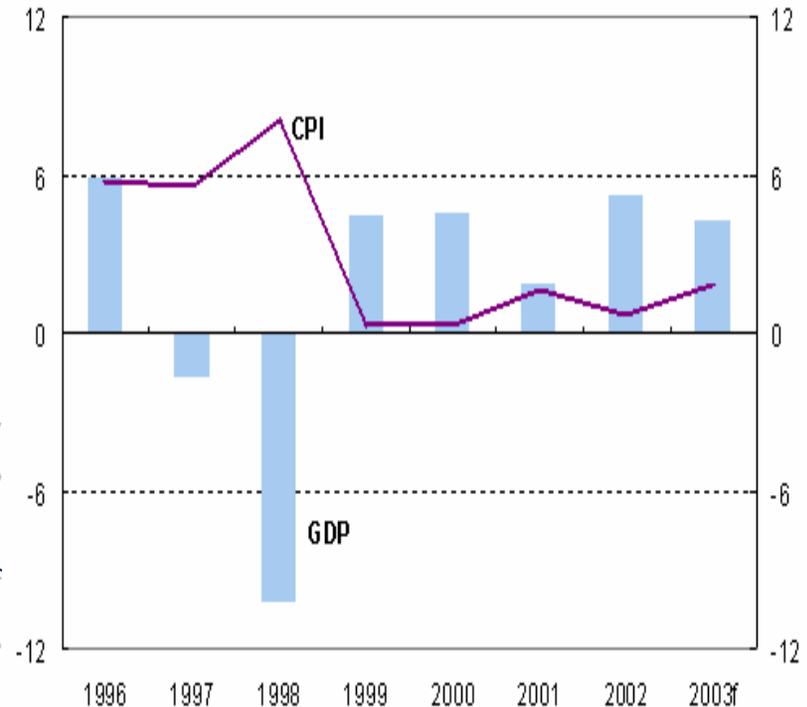
# Thailand's economic situation in brief



ॐ **After the crisis, by the year 1998**, Thailand began rebuilding from the crisis under an **IMF-led assistance package worth US\$ 17.2 billion**, which allowed Thailand to rebuild its depleted foreign exchange reserves and eventually to stabilize the currency.

ॐ **In 1999**, with the macro-economy stabilized, the government increasingly focused on stimulating domestic demand and investment through a variety of programs outlined in major stimulus packages.

Thailand: GDP and Consumer Prices  
annual per cent change



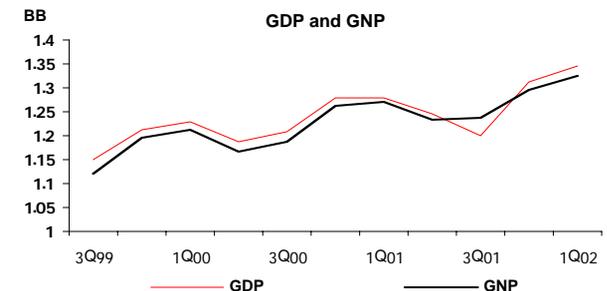
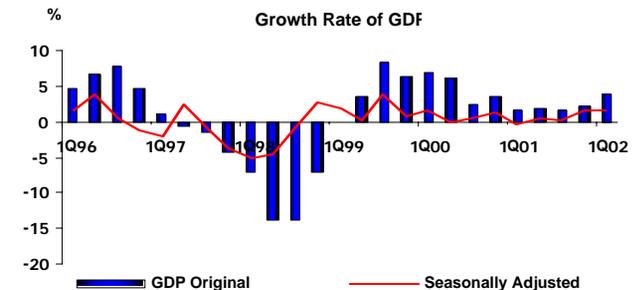
# Thailand's economic situation in brief



☸ Thailand entered a recovery stage in **1999**, expanding 4.2% in real Gross Domestic Products (GDP) and grew about the same amount in 2000, largely due to strong exports - which increased about 20% in **2000**.

☸ **With the year 2001**, the Thai economy grew by 1.9% compared with the same period last year. Private consumption and overall investment were key contributors to growth in the second quarter.

☸ The Thai economy grew by at a rate of 3.5-4.0 percent in **2002**. The recovery of internal and external demand played an important role in restoring the economy.



# Thailand's economic situation in brief



☸ **Exports** have been a key component of Thailand's post-1997 economic recovery. As a result of stronger exports, Thailand achieved a 2002 trade surplus of about \$US 4.5 billion. And it is expected that it will reach approx. \$US 7.8 billion at the end of the 2003.

☸ Thai government estimated their important economical indicators according to their pay-back plan to IMF for 2003-2006 period . But realizing of these numbers are strongly related with the export-import balance of the country and how much investments and technological transfers are placed within the country.

	2003	2004	2005	2006
Real GDP Growth (%)	3.0	4.0	5.0	5.5
GDP (Current price, Baht Billions)	5,564.8	5,926.5	6,377.0	6,893.5
(US\$ Billions)	123.7	131.7	141.7	153.2
Consumption Growth (% , 1988=100)	3.5	4.0	5.1	5.3
Private	3.2	4.0	5.3	5.5
Public	5.0	4.0	4.0	4.0
Investment Growth (% , 1988=100)	3.6	3.7	5.5	6.5
Private	4.0	4.2	7.0	8.5
Public	3.0	3.0	3.0	3.0
CPI Inflation (%)	2.4	2.5	2.6	2.6
Export Value Growth (% , 1988=100)	5.0	5.7	7.5	8.7
Import Value Growth (% , 1988=100)	5.7	6.5	7.9	9.0
Trade Balance (% of GDP)	0.4	0.0	-0.2	-0.3
Current Account (% of GDP)	2.3	1.5	1.1	0.8

# Investment Climate



- ॐ The Thai governments has long maintained an open, market-oriented economy and encouraged foreign direct investment as a means of promoting economic development, employment and technology transfer. Thailand welcomes investment from all countries and seeks to avoid dependence on any one country.
- ॐ Given the Thai economy's long-term dynamism and diversity, there are many industry sectors with attractive opportunities for foreign companies.
- ॐ Technological transfers are required at all stages of research and development on every sector in Thailand. At the initial stage of industrialization the process of technology transfer is invariably a story of developed and developing countries, where developed countries are generators of technologies which they then transfer to developing countries.

# Most Promising Sectors for Technology Transfer to Thailand



- ๐ Airport and ground support equipments
- ๐ Water resources equipment and services
- ๐ Automotive parts/ services equipments
- ๐ Medical equipments
- ๐ Laboratory and scientific instruments
- ๐ Education/ training services and supplies
- ๐ Franchising
- ๐ Food processing equipments
- ๐ Computer software, computer services, electronic components, computers and telecommunications equipments
- ๐ Leasing services

# As a Summary : Overview to Thailand Economy (2002)



- ☸ **GDP** : \$126 billion
- ☸ **GDP Growth rate** : 5.3% ; (2003, projected): 5.7%
- ☸ **Per capita income** : \$ 2,004
- ☸ **Natural resources** : Tin, rubber, natural gas, tungsten, tantalum, timber, lead, fish, gypsum, lignite, fluorite
- ☸ **Agriculture** : Rice, tapioca, rubber, corn, sugarcane, soybeans
- ☸ **Industry** : Tourism, textiles, garments, agricultural processing, cement, integrated circuits, jewelry, electronics, auto assembly
- ☸ **Trade** : *Exports*--\$67 billion: textiles and footwear, fishery products, computers and parts, electronics, electrical appliances, jewelry, rice, tapioca products, integrated circuits, rubber, automobiles. *Major markets*--U.S., Japan, EU, Singapore, Hong Kong, China  
*Imports*--\$63 billion: machinery and parts, petroleum, iron and steel, chemicals, vehicles and parts, jewelry, fish preparations, electrical appliances, fertilizers and pesticides. *Major suppliers*--Japan, EU, U.S., Middle East, China, Taiwan, South Korea