



INSTITUTE OF SOUTHEAST ASIAN STUDIES

# **Business Groups in Thailand**

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and  
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**BUSINESS GROUPS IN THAILAND**

**by**

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## PREFACE

Economic development and industrialization are progressing rather smoothly in the ASEAN countries, but little is known of the indigenous people and organizations responsible for this economic transformation. This is because most past studies which dealt with actors in the industrialization process have concentrated on foreign enterprises. This is understandable since they are more visible. Although a significant indigenous entrepreneurial class has emerged, most are publicity-shy and keep a low profile, and are therefore not much known. This paper, which gives the profiles of twenty of the large Thai business groups and their characteristics, tries to fill part of the research gap. Of course, more research on Thai business groups is needed. Much less is known of such groups in the other ASEAN countries. If this paper leads to similar research in these countries, its purpose will have been served.

2 October 1983

Krirkkiat Phipatseritham  
Kunio Yoshihara

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## INTRODUCTION

In the process of dynamic economic growth in the past few decades, large business groups emerged in Thailand, but despite their importance as a politico-economic institution, they did not attract serious attention from scholars for a long time. Several years ago, one of the authors of this paper started research on these groups and recently published a monograph in Thai (Krirkkiat Phipatseritham, **Vikoa Luksana Karnpenchaokong Thurakit Kanardyai Nai Pateth-Thai** [An Analysis of Ownership Patterns in Big Business in Thailand], Faculty of Economics, Thammasat University, 1982). This paper conveys the major findings of the study in English, and tries to put them in an international perspective.\*

The paper is organized as follows. Chapter I presents the profiles of the twenty major business groups chosen from the above study. Chapter II is a comparative analysis between the Thai business groups, the Japanese **zaibatsu** and Philippine

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\* A few studies on Thai business groups are available in English. For example, Kevin Hewison discusses banking families in "The Financial Bourgeoisie in Thailand", **Journal of Contemporary Asia** 11, no. 4 (1981). Peter Beal gives the profiles of 23 business groups in the **Investor**, February and March 1981. A fairly detailed work entitled **A Study of the Ownership Structure of the Thai Corporate Sector** (1980) deals with 36 business groups. Details of each of the 36 groups are described in several sections, the first of which gives the profiles. The profiles of the 23 groups covered in the **Investor** are included in the study. This study sells for a few thousand dollars, and only a small number of copies are available and difficult to obtain.



business groups. It also discusses what we consider to be the major characteristics of the Thai business groups. In the last chapter we relate our findings to general development issues in Southeast Asia.

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## PROFILES

The study by Krirkkiat Phipatseritham lists ten financial and about sixty non-financial business groups. Since these are too numerous to include in this paper, the number was reduced to a more manageable size. Altogether twenty groups were chosen, comprising six financial and fourteen non-financial groups. The non-financial groups were selected from a list of thirty-one groups whose assets exceed one billion baht each. Below are the profiles of the twenty. The major companies of each group are listed in Appendix 2.

1. **Bodhiratanangkura.** Headed by Sukri Bodhiratanangkura, this is the biggest textile group in Thailand. It includes Thai Blanket Industry, Thai Cotton Mill, Thai Tricot, Thai Synthetic Textile, Thai American Textile, Thai Textile, Thai Melon Textile, Thai Melon Polyester, and Siam Dyeing & Printing. Thai Blanket Industry and Thai Cotton Mill produce cotton yarns and fabrics; Thai Synthetic Textile, Thai American Textile, Thai Textile, and Thai Melon Textile, synthetic yarns and fabrics; and Thai Melon Polyester, polyester fibres. Thai Tricot and Siam Dyeing & Printing are engaged in the finishing process. Thai Wuthipat acts as a holding company which also handles distribution for the group.

2. **Boonsoong.** In the southern province of Phuket, the Boonsoong family originally made their fortune in tin-mining, and this is still the group's major activity. Boonsoong Tin Dredging and Cherng Talay Tin Dredging belong to the group. In Bangkok, the Boonsoong family set up a number of joint ventures with foreign companies. These are Reynolds Aluminium (Thailand), producers of various aluminium products; Isuzu Motor (Thailand), assembler of Isuzu commercial vehicles; Tri Petch Isuzu Sale, distributor of Isuzu vehicles; Nippondenso Thailand, manufacturer of automotive parts; and Thai Bridgestone, producer of tyres. Except for Reynolds Aluminium (Thailand), all are joint ventures

with Japanese companies. Jootee Boonsoong, who headed the group until his death in late 1982, had a close affinity with Mitsubishi Corp., and had participated in various Mitsubishi projects in Thailand. In addition to the joint ventures mentioned, Boonsoong and Mitsubishi set up Thai Trading & Investment, which is engaged in indent business. Recently, the Boonsoong group diversified into the financial field, and became one of the major shareholders of Laem Thong Bank.

3. **C.P. (Charoen Pokphand).** This is the largest agri-business group in Thailand. Two Teochew brothers, Chia Ek Chaw and Chia Seow Whooy, founded the group, setting up at first a company called Chia Tai Seeds & Agricultural in order to sell seeds and fertilizer imported from China, and export pigs and eggs. Then in the mid-1950s, they set up Charoen Pokphand Feed Mill to produce their own feed requirements. This feedmill and the trading company became the foundation of the integrated chicken-and-egg business of today. The group raises layer and broiler chicken stock in co-operation with foreign companies, and provides financial and other assistance to contract farmers who raise the chicken. The group then buys back the eggs and grown-up chicken, which is then processed and packaged, stored and transported to retail stores and other institutional buyers. Some of the products are exported, especially to Hong Kong and the Middle East.

Outside agri-business, C.P. Textile, which produces jute bags, is the largest company in the group. The group is also engaged in carpet production, paint manufacturing, and import trade. However, these have not become the major activities of the group. The founders have since retired, and the group is currently headed by Dhanin Jiaravanont, the third son of Chia Ek Chaw.

4. **Chinthamitr.** Also known as the Kwang Soon Lee group, this is the second biggest sugar group, after the Thai Roong Ruang group, which will be discussed shortly. The main activity of the Chinthamitr group is sugar-milling. This is undertaken by its sugar-mills, namely Tamaka Sugar Industry, New Kwang Soon Lee Sugar Factory, Khon Kaen Sugar Industry, Prachuab Sugar Industry, New Krung Thai Sugar Factory, and Thonburi Sugar Factory. Among these, Tamaka Sugar Industry had the largest sales in 1979 (ranking fifth among all sugar-mills). The group is also engaged in the transport of sugar, storage and trading through its companies, Thai Sugar Transport, Thai Sugar Terminal, Thai Sugar Warehouse, Thai Sugar Silo, and Thai Sugar Trading. However, not all the companies in the group are engaged in the sugar business. One company, Thai Fermentation Industry, for example, produces a food seasoning, marketed under the brand-name, "Ve Wong".

5. **Chirathivat.** The principal activity of this group is retail trade. Central Department Store and Chidlom Department Store belong to the group. Tiang Chirathivat, the founder, was a restaurateur in Thonburi before the Pacific War, and shortly after the war ended, he opened the first retail business on New Road. Although small, the shop prospered because of his innovative ideas in merchandising (mainly handling a number of newly imported goods). In 1957, he opened a relatively large retail store, which may be considered as the first department store of the group. Then in 1967, the Silom branch was opened, followed in 1974 by another branch on Ploenchit Road. A few years ago, the fourth store was opened at Thonburi, and about a year ago, the fifth one at Lard Prao. The Chirathivat family is also engaged in import trading through Central Trading, and garment manufacturing through Central Garment Factory. Both companies were set up to supply goods to the department stores. Recently, the Chirathivat family began diversifying into areas unrelated to the retail business. With the Techapaibul, PSA, and Saha Union groups, the Chirathivat group invested in the Central Plaza Hotel complex currently under construction. They also participated in the take-over of Siam City Bank which had been previously controlled by Mongkol Karnchanapas.

6. **Hong Yiah Seng.** Founded by Leo Keng Hui (founder of the Leopairatana family) and Tae Kim Hong (founder of the Taepitsawong family), the major activity of this group is agri-business. The largest company in the group, Thanapornchai, is engaged in milling and exporting rice and other agricultural products. Betagro, a feedmill, is another company in the group. In addition, the group owns poultry farms and warehouses. Outside agri-business, there are a few textile companies. These are Lian Thai Textile Industrial, Sara Buri Cotton Factory, and Saha Thunyapherch Sack Factory. The founders were originally textile traders in Sara Buri, and from trading, they went into production. Later, they also traded in rice, which became the basis for the group's agri-business. Today, agri-business has become a much more important activity. The group has also diversified into other areas, such as insurance, finance, and other manufacturing. It is currently planning to set up a petrochemical plant using natural gas from the Gulf of Siam. This plant is to be located at the Eastern Seaboard, an industrial zone being prepared by the government.

7. **Laem Thong.** Yongsak Kanathanavanich, the founder, was originally an exporter of rice and jute, and made money, especially by speculation. The main activity of the group today is agri-business. Laem Thong Corp., the largest company in the group, produces wheat flour and animal feed; Laem Thong Farm produces chicken and eggs; and Laem Thong Livestock Trading is a livestock processor. Laem Thong Industry, the second largest

company in the group, produces jute bags and other jute products.

8. **Lamsam.** Thai Farmers Bank, the third largest commercial bank in Thailand, is the main company in the group. Lamsam is also engaged in other financial fields. Among these are Phatra Thanakit and TISCO (Thai Investment & Securities), both finance companies; Sinkahakarn, a credit foncier; Muang Thai Life Assurance, a life insurance company; and Phatra Insurance, a non-life insurance company. Organized in 1932, Phatra Insurance was the first venture of the Lamsam family in this field. At that time, it was called Lamsam Insurance. The Lamsam group is also active in non-financial fields. Tham Rong Yart, Thai Dairy Industry, and Loxley Trading are involved in the distribution of food and other consumer products. Loxley (Bangkok), the largest trading firm of the group, imports machinery and hardware products. The group is also involved in pineapple growing, canning, and juice production through Siam Food Products and Dole (Thailand). Real estate development is another field in which the group is involved; it owns the Rajprasong Shopping Center. At present, the group is managed by the third- and fourth-generation Lamsams, headed by Bancha Lamsam.

9. **Metro.** Trading, fertilizer production, and flour milling are the three major divisions in the Metro group. Metro Co., which handles trading for the group, was organized in 1966 as an importer of fertilizer. In 1973, it established a fertilizer plant called Thai Central Chemical. In 1974, Metro Co. merged with a few other trading companies, and began diversifying. As a result, the group came to be owned jointly by several families (Laohathai, Lim, Tangtrongsakdi, and others). In 1976, it acquired United Flour Mill and its subsidiaries (International Warehousing, and United Silo & Service). Today, the group is managed by Prasert Tangtrongsakdi, who founded the original Metro in 1966.

10. **Osathanukroh.** The Osathanukroh family was originally an importer and distributor of pharmaceutical products from China. In the post-war period, when the import-substitution policy was implemented, the family went into pharmaceutical production. Osothsapha (Teck Heng Yoo) became one of the biggest pharmaceutical manufacturers and distributors in Thailand.

In the early post-war years, Osathanukroh entered the real estate field. He bought large tracts of rice fields in the outlying areas of Bangkok. This proved to be a sound investment because in the 1960s when Bangkok's residential areas began to expand to the suburbs, he converted this land into housing estates and made a sizeable amount of money.

Also active in finance, the group owns General Finance &

Securities and General Credit Foncier. It also has a minority interest in Sanyo Universal Electric (the manufacturer of "Sanyo" electrical appliances), and Mass International Trading (a major distributor of "Sanyo" products).

11. **PSA.** The group's principal activities are in the fields of finance, distribution, insurance, and tourism (hotels in particular). Built up jointly by Paul Sithi-Amnuai and Suti Nopakun, the group was initially involved in the distribution of consumer durables through Advance Products. In the financial field, it had Siam Credit Corp. Then, by taking over companies which were in difficulties, it diversified rapidly into a number of other fields. A few years ago, Paul and Suti decided to part ways. Suti left the group and took with him the hotel business and some other businesses acquired more recently.

12. **Ratanarak.** Chuan Ratanarak, the founder, originally operated a lighterage company, from which he diversified into other fields such as distribution and banking. The main company of the group is the Bank of Ayudhya, the country's fourth largest commercial bank. Other finance companies include Ayudhya Investment & Securities, Ayudhya Life Insurance, and Ayudhya Insurance (a non-life insurance company). Outside the field of finance, the group is active in flour milling (Siam Flour Mill), flour distribution (Siam Flour Trading), and warehousing (Siam Silo & Drying, and Ayudhya Warehouse). The Ratanarak family is also a major shareholder of Siam City Cement.

13. **Saha Union.** The group was formed jointly by Damri Darakananda and Thiam Chokwatana. Its primary activities are the distribution and production of textiles and household goods (such as detergent, soap, toothpaste, cosmetics, and food). Saha Union, Saha Pathanapibul, New City (Bangkok), International Cosmetics, Texport International, and Sampanthamitr are in the field of distribution; Bangkok Nylon, Union Pioneer Fabric, Union Thread Industries, Union Textile Industries, Union Yoshida Industries, and Thai Wacoal produce textiles and related goods; while Lion Fat & Oil (Thailand), Lion Dentifrice (Thailand), and Thai President Foods are involved in the manufacture of household goods.

14. **Siam Motors.** The driving force behind this group is Taworn Pornprapha. The group's major activities are the assembly and distribution of Nissan vehicles. These are handled by Siam Motors & Nissan, and Siam Motors. The group is also a producer of motor-cycles (Siam Yamaha) and batteries (Siam G.S. Battery). Recently, the group diversified into international trading (which enjoys the promotional privileges of the Board of Investment), mining, real estate development, and tourism, among others.

15. **Sophonpanich.** Centred around Bangkok Bank, the largest bank in Southeast Asia, the group also includes a number of companies in investment finance, underwriting, consumer finance, and insurance. The companies in these fields are Asia Credit, Bangkok Nomura International Securities, Bangkok First Investment & Trust, Commercial Trust, Bangkok First Tokai, Asia Securities Trading, Bangkok Home, Asia Credit Foncier, Bangkok Insurance, Bangkok Life Assurance, and Wilson Insurance.

Although the group is involved mainly in finance, there are also non-financial companies. Since Chin Sophonpanich, the founder of the group, started as a rice trader, some companies in the group are still engaged in trading (in rice, rubber, maize, and other products) and related activities. The companies are Huay Chuan, an exporter of rubber; Thai Trong, an exporter of rice; Huan Chuan Rice, an exporter of rice, maize, and some other agricultural products; and Bangkok Warehouse, a warehousing company. Other companies in the group include a soft-drink manufacturer, Green Spot. It also has a minority share in a textile company, Thai Melon Polyester, a joint venture with the Bodhiratanangkura family.

16. **Srifuengfung.** The Srifuengfung family, earlier a major shareholder of Bangkok Metropolitan Bank, sold a large part of the holdings in the mid-1970s and resigned from its board of directors. Today, this group includes a company in the field of finance and securities (Cathay Trust Co.) and some large manufacturing companies such as Thai Textile, Thai Asahi Glass, Thai Asahi Caustic Soda, and Goodyear (Thailand).

17. **Tarnvanichkul.** The main company in the group is Asia Trust Bank. Other companies active in the financial and insurance fields are Sincere Trust, Natheethong Finance & Securities, Asia Financing & Trust, and Asia Trust Insurance. The group also includes a cement company, Jalaprathan Cement; a company operating a television station (Bangkok Entertainment); and a real-estate developer, Thepharak Land. The real-estate company has constructed a number of condominiums in Bangkok and Pattaya.

18. **Techapaibul.** The main company in the group is Bangkok Metropolitan Bank. In addition to banking, there are insurance and various kinds of finance companies in the group. For example, Thai Financial Syndicate, Siam Commercial Trust, Thai Oversea Trust, Thai-Mitsubishi Investment, and Srinakorn Pattana Credit Foncier belong to this group. The major non-financial companies are mostly food producers. For example, Thai Amarit Brewery produces "Kloster" beer, which is distributed by Kloster (Thailand). In liquor production, the group has Thai Thum Distillery and Suramaharas. The latter produces "Mekong", a very

popular Thai whisky. Mahaguna Sugar Industry, a sugar-mill, is also a member of this group.

19. **Thai Roong Ruang.** Founded by Suree Assadathorn, a mechanic who used to repair machinery and equipment in the sugar-mills, this group has come to own several sugar-mills, including Thai Roong Ruang Industry, the country's largest. In 1978-79, the group accounted for about a third of the total sugar production in the country. In addition to sugar milling, the group undertakes warehousing, production of molasses, and engineering.

20. **Wanglee.** One major branch of the group's activities is finance, which includes a bank (Wanglee Bank); two insurance companies (Thai Commercial Insurance and Wanglee Insurance); and one finance company (Poonhipat Finance & Securities). Outside the field of finance, the group is active in the processing and distribution of agricultural products (rice, maize, and tapioca). It is also involved in construction and real-estate development.



## II

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### CHARACTERISTICS OF THE LARGE BUSINESS GROUPS

#### Chinese Dominance

One general characteristic of the business groups listed in Chapter I is that the families which own them are Chinese. During the past several centuries, the Chinese came to Thailand as traders, labourers, and artisans, and soon occupied a dominant position in the commercial sector of the economy. In the mid-nineteenth century, the Bowring Treaty was signed. This plunged Thailand into the midst of the international trading network. At that time, there must have been Thai bureaucrats or peasants who saw opportunities for material advancement created by trading goods within the region or between regions, and became part-time or full-time traders. But it was the Chinese who have been most visible as traders in the past century and as industrialists in the past few decades.<sup>1</sup>

In the mid-twentieth century, the Thai Government wanted to promote Thai entrepreneurship in the modern sector of the economy. But the Chinese had built up an infrastructure biased against the Thais, so that the latter found it extremely difficult to embark on commercial or industrial ventures. They were at a disadvantageous position in securing a source of supply for the goods they wanted to handle, in finding customers for such goods, and in obtaining loans on favourable terms, because

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1 We define the Chinese as those who were born in China or those who have ancestors who were immigrants from China in the past few generations and who have retained Chinese culture to some extent. It should be noted that all the Chinese families discussed in this paper have Thai citizenship.