



FACTS
ON FILE

THE MARKETS OF ASIA/PACIFIC THAILAND



พระพุทธเจ้าเสด็จลงจากดาวดึงส์ THE BUDDHA DESCENDS FROM TAVATIMSA HEAVEN

THE MARKETS OF ASIA/PACIFIC THAILAND

The Asia Pacific Centre



Facts On File, Inc.

**460 Park Avenue South,
New York, N.Y. 10016**

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Foreword

'THE MARKETS OF ASIA PACIFIC' SERIES

The series of books under the title 'The Markets of Asia Pacific' is designed to provide an overview of some of the fastest growing and most dynamic markets in the world. The series will be periodically updated: for most countries, every two years.

An important feature of the series is the release for the first time of the banks of market data owned by the Survey Research Group of companies (SRG). SRG is the largest group of market research companies operating in the Asia Pacific region and heavy investment in syndicated research of their own has led to a considerable amount of **NEW** market research information now becoming available. Almost all the SRG information published in this series will not be found in any other published source.

Where SRG information exists, it has considerable depth but it covers by no means all the markets of interest. It has therefore been supplemented by key published statistics from elsewhere. The selection of published statistics has been derived from a search of existing data sources. While it is clearly beyond the scope of the series to quote from all sources found, a listing of titles and locations is included as an important feature in each country book.

In setting a style for the series, emphasis has been put on the provision of hard information rather than interpretative discussion. Wherever possible, however, key points of market development are described in the text. In effect, this is designed as a reference series which should provide mostly numeric answers to a range of marketing questions. To facilitate reference a detailed index is provided at the back of the book.

The broad format of each country book is similar but there is some variation in specific content. This is determined by the particular market characteristics of the country and the data that happens to be available.

THAILAND

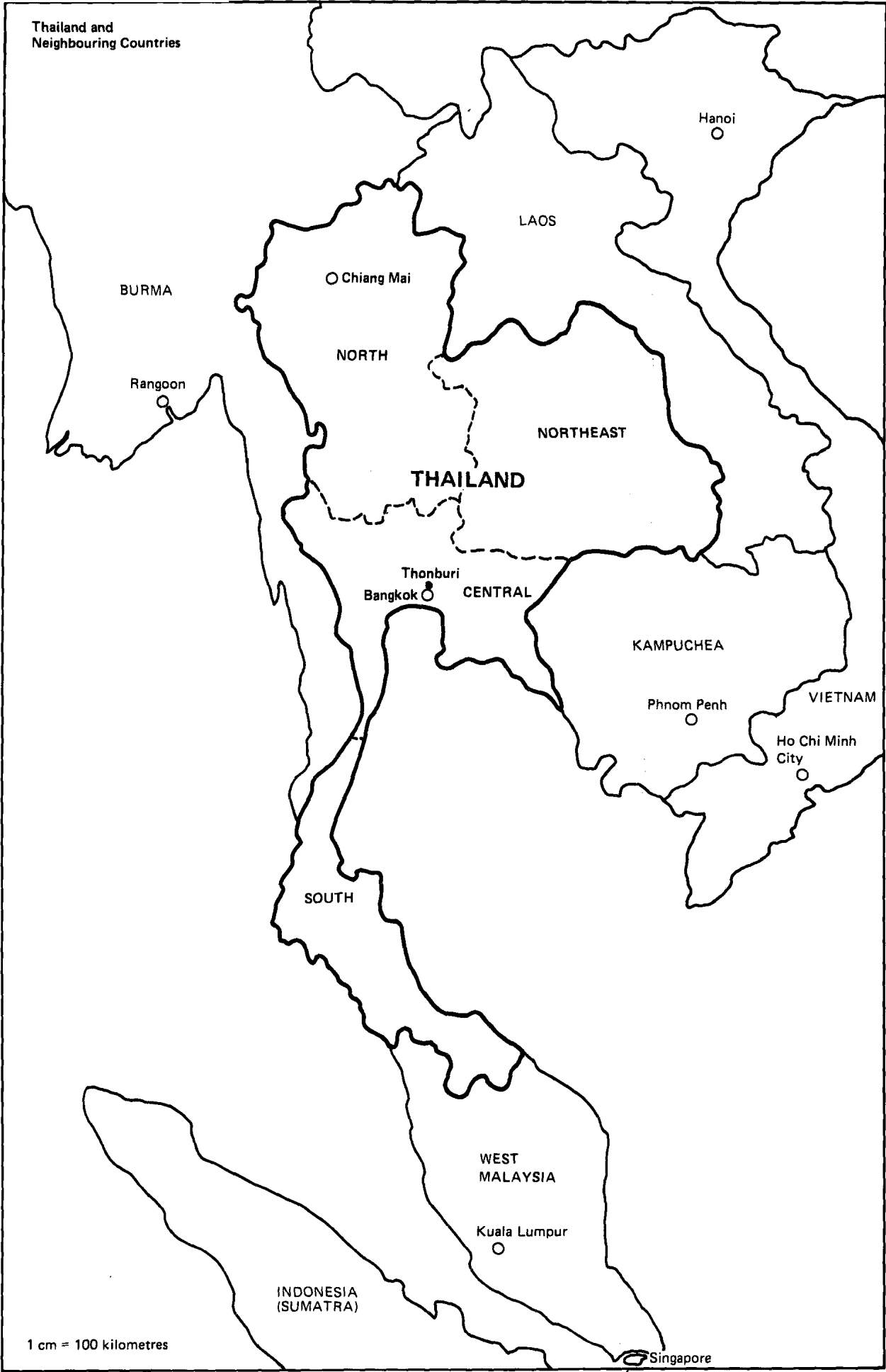
This volume draws heavily on surveys conducted by Deemar Company Limited in the past 2 years. This is the first occasion on which most of this information has been released for general publication and it provides an overview of the main media and consumer markets. We acknowledge the data provided by Deemar and their help in identifying key market trends and characteristics.

The remaining information in this book has been derived from Thailand Government publications. Our use of these statistics is gratefully acknowledged.

Individual sources used for this volume are referenced in the appropriate chapter.

In producing this book the intention has been to provide hard, statistical information across a range of markets and where possible to include information of our own.

It is proposed to update this volume on a two-yearly basis. For the interim, the statistics selected should provide the reader with at least a good indication of the main parameters of the markets. Where the latest figures are essential the reader is invited to refer to The Asia Pacific Centre who will either provide them or indicate the best source.



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1 Economic and political background

ECONOMIC BACKGROUND

Among the developing countries of Asia, Thailand has one of the most complex domestic economies, characterised by sustained growth, diversification, and development of the traditional industries. It has been affected by external political and economic conditions in the last few years, and weather conditions are always a risk for an agricultural economy, but generally there is cause for optimism for the future of the Thai economy.

Table 1 - GDP growth rate

	1975	1976	1977	1978	1979	1980
% annual growth	7.1	9.3	7.3	11.7	6.7	5.5 ⁺

Sources:- National Economic and Social Development Board

Bangkok Bank (+ Estimate)

⁺Bank of Thailand Estimate (Dec. 1980)

For the past two decades the Thai economy has averaged 8% growth a year, and despite serious problems in 1979 still maintained a rate of 6.7% and 5.5% is estimated for 1980, high by the standards of industrialised countries. The Bank of Thailand has predicted a growth rate in 1981 between 7.5% and 8%. The traditional base of the economy has always been agriculture, and this remains the most important single component in 1981. Its share of GDP has declined in the last few years, not due to falling production, but because of increases in other sectors.

Table 2 - GDP by industrial origin

	1975 %	1976 %	1977 %	1978 %	1979 %
Agriculture	31.4	31.0	28.2	27.5	25.8
Mining and quarrying	1.4	1.5	2.1	2.2	2.4
Manufacturing	18.0	18.7	19.0	18.4	19.3
Construction	4.3	4.7	5.1	5.4	5.6
Electricity and water	1.1	1.1	1.1	1.1	1.0
Transport & communication	6.3	6.5	6.3	6.2	6.3
Wholesale & retail trade	18.3	17.6	19.1	19.8	20.0
Banking & insurance	4.9	4.8	5.0	5.3	5.5
Ownership of homes	1.5	1.4	1.3	1.2	1.2
Public admin & defence	4.1	4.0	3.8	3.8	3.8
Services	8.7	8.7	9.0	9.1	9.1

Source:- National Economic and Social Development Board

The strength of Thai agriculture is amply demonstrated in the following table, ranking major exports in 1979. 1980 has seen an all time high in rice exports, and Thailand accounted for 2.8 million out of the total world rice trade of 11 million tons. Rubber and tapioca rank as second and third major exports, and export volume has increased substantially in the past five years, although not to compare with rice exports. Maize is still an important export, although volume has marginally declined. Kenaf and jute have halved in export volume, and there has been a serious decline in wood exports. In the mineral sector, tin has almost doubled export volume, and current high prices have pushed it up to number four position.

An important feature of Thai agricultural development in the last decade is the extent to which it has changed the geographical distribution of the economy. Regions which ten or fifteen years ago were classified as deprived have in some cases overtaken traditionally fertile areas of Thailand, as a result of planting and development programmes. This is dealt with in more detail in the chapter dealing with agriculture.

Table 3 - Major exports

	volume growth/decline 1979 as % of 1975	value 1979 (Baht million)	% of all exports %
Rice	294%	15,555	14.6
Rubber	151%	12,349	11.6
Tapioca	165%	9,537	9.0
Tin	188%	9,252	8.7
Textiles		8,525	7.9
Maize	96%	5,567	5.2
Sugar	162%	4,702	4.3
Shrimp	114%	2,250	2.0
Kenaf and jute	49%	384	.4
Teak and other wood	9%	126	.1

Source:- Bangkok Bank

1979 was a year in which the Thai economy suffered a number of reverses. Inflation rose to a peak of 15%, caused by a number of internal and external factors. Thailand has been seriously affected by the world energy crisis, and in 1979 the government adjusted the controlled price of petroleum upwards by approximately 50%. The government also relaxed some of the control on the price of rice for urban dwellers, to give a more equitable return to farmers. There were a number of salary and wage increases in the government and private sector. Investment was at a very low level. But despite this the balance of payments recovered ground in 1979, from the record Baht 13,298 million deficit of 1978, to Baht 7,925 million. Thailand continues to suffer from high energy costs and in 1980 fuel accounted for 50% of all imports, at a cost double that of the same period in 1979.

However, while energy costs have in the past been a heavy drain on the economy of a country with no oil reserves yet discovered, natural gas

has now been found in the Gulf of Thailand. Oil costs will continue to be a severe drain in the short term, but long term the situation is one of optimism. This will come on-shore in the second half of 1981 and reserves are estimated to last for 20 years. It has been stated by the government that together with other energy resources - gas, oil-shale, lignite and hydro-electric power - Thailand will be self-sufficient in energy by 1986. In January 1981 new discoveries of natural gas were made in the Gulf of Thailand.

POLITICAL BACKGROUND

The political situation of Thailand has to be viewed from two points of view, internal and external.

It is a constitutional monarchy, and has been through a number of upheavals in recent decades. The most radical of these was the students' revolt of 1973 in which the long-standing military dictatorship was overthrown, and democracy substituted. Democracy in Thailand has experienced many teething problems, such as worker unrest and rising expectations, a spiraling crime rate, border and rural communist insurgency, and administrative inefficiency. These problems have been fuelled by inflation. These basic problems will remain for the foreseeable future. Actual changes in recent governments, though they have not been brought about by democratic means, have been relatively smooth. The April 1981 coup effort was a failure. Additionally recent appointments in key areas like finance reflect more serious concern with the basic structure of the economy, which is the source of many of Thailand's political problems. The exploitation of natural gas could contribute to internal stability.

External problems in the 1970's have aggravated Thailand's internal difficulties by creating a climate of uncertainty. The withdrawal of the U.S. from Vietnam in 1975 created a crisis of confidence in Thailand's future, both inside and outside the country. However, the recently declared support of both the U.S. and China have done much to