



4 Years of Repair

# for All Thais and Thailand


Under the Government of

**Prime Minister Dr. Thaksin Shinawatra**

(2001-2005)



Achievements of the  
4 years of dedicated  
work for all Thai  
compatriots. The Government  
and all officials remain  
committed to work tirelessly  
and wholeheartedly to the  
best of everyone's ability for  
the better living condition of all  
Thais and for the progress and  
prosperity of our beloved motherland.

  
Thaksin Shinawatra Ph.D.



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# Preface

The administration of Dr. Thaksin Shinawatra, Thailand's 23<sup>rd</sup> Prime Minister, took office on 26 February 2001 at the time when Thailand was still mired in the aftermath of the worst economic crisis in recent history.

Four years on, this administration became the first elected government ever to complete its term in office as prescribed in the constitution, following the completion of the 4 year-term of the House of Representatives.

Throughout its term in office, entrusted with the task of reviving the country's economy, the Government has devoted all its time and energy to work strenuously, in cooperation with the whole nation, to redeem the country from the entailing catastrophic economic crisis.

Several urgent and vital projects were expedited to achieve that goal while numerous fresh projects were initiated and launched to lay down appropriate foundation for the country's next stage of development.

All work has been carried out under the "Think Anew, Act Anew" principle which has the people always at the centre.

Today, four years of this administration, Thailand has put behind it that economic crisis. The country has taken up a new prominent role and position in today's world arena.

The book presents the Government's achievements, focusing on major projects and operations that the Government has found essential in steering Thailand and its economy proudly and firmly to where it is today.

For further details of the Government's work, achievements and performance and reports on the work of the Cabinet, please consult the annual executive summary of the Government, prepared in accordance with the Constitution's Directive Principles of Fundamental State Policies.

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# 2000 : Thailand and the Remaining Unsolved Problems

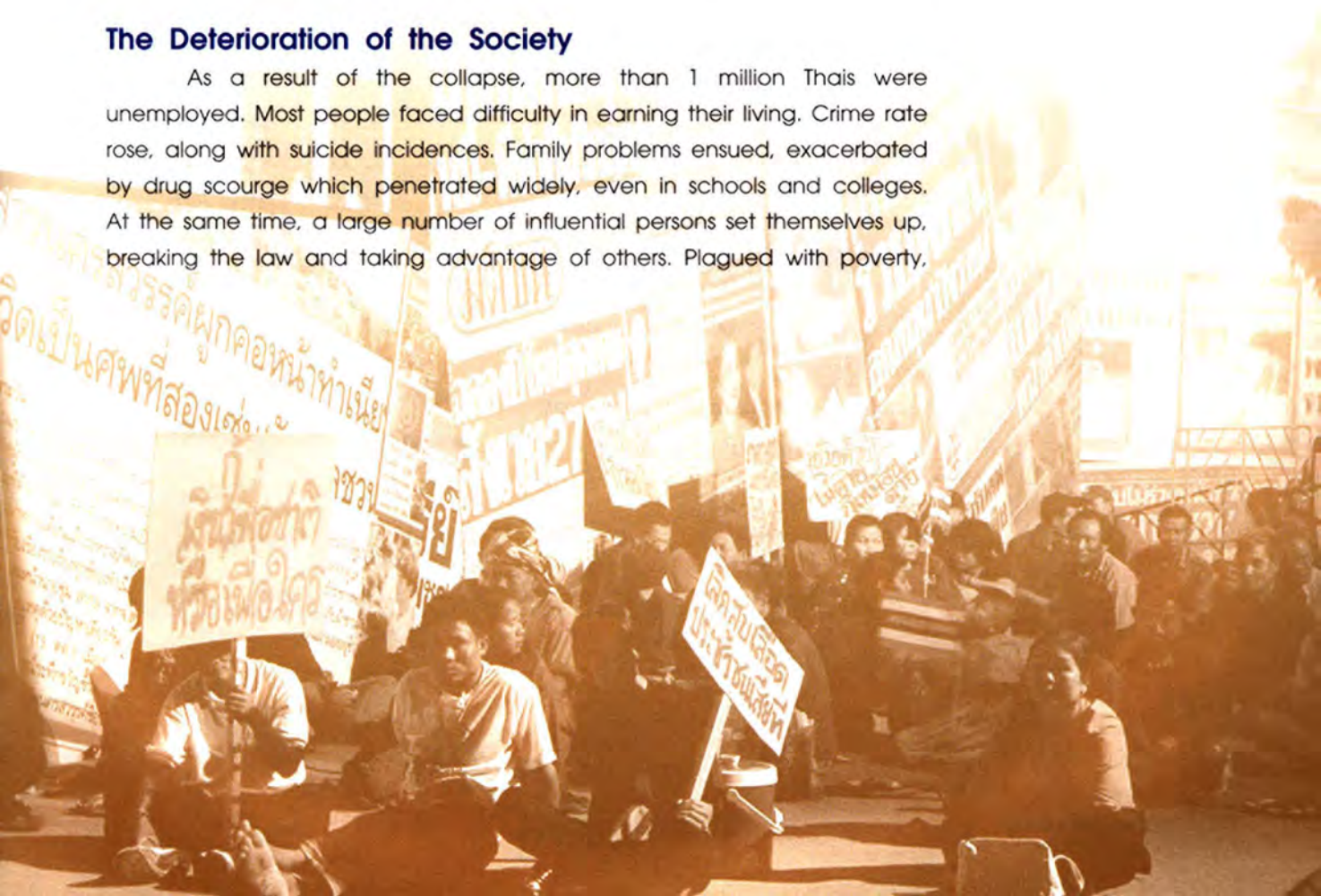
**T**he year 1997 saw Thailand severely hit by the worst economic crisis in recent history, with profound consequences on the country's image in the world, and on the lives of all Thais in every aspect.

## The Collapse of the Economy

Up to 56 financial institutions were suspended. Tens of thousands of enterprises went out of business, as they were no longer viable in the aftermath of the economic melt-down. Commercial banks withheld credits, and Thai exports started to decline. Prices of farm products depressed. The baht currency came under repeated attacks, and the stock market plummeted.

## The Deterioration of the Society

As a result of the collapse, more than 1 million Thais were unemployed. Most people faced difficulty in earning their living. Crime rate rose, along with suicide incidences. Family problems ensued, exacerbated by drug scourge which penetrated widely, even in schools and colleges. At the same time, a large number of influential persons set themselves up, breaking the law and taking advantage of others. Plagued with poverty,



and struggling to survive in the harsh condition, the majority of Thais not only had a hard time feeding their families, but also found it impossible to keep their children in schools. A large number of children left schools. Moreover, the poor were excluded from proper health services.

### **Lack of Confidence in the Thai Economy**

Thailand was perceived as the origin of the economic problems that engulfed countries and regions of the world, and the country's image suffered badly as a result. The international community's confidence in the Thai economy evaporated in a short time, as credit rating was downgraded to the lowest level, further eroding international investors' confidence. Foreign capital outflows and loan recalls aggravated the situation to the point that financial and technical assistance had to be sought from the International Monetary Fund (IMF) which came with an economic adjustment program and a standby credit of 14,500 million US\$ or 470,270 million baht in 1988. The country's monetary and fiscal policies were under strict guidelines of the IMF. Thailand thereby lost its authority to negotiate in the international arena.

### **Thailand's Key Economic Indicators in the Year 2000**

● <i>Gross Domestic Product (GDP)</i>	4.9	<i>Trillion Baht</i>
● <i>External Debt</i>	2.8	<i>Trillion Baht</i>
● <i>International Reserve</i>	32,300	<i>Million US\$</i>
● <i>Official Reserve</i>	40,000	<i>Million Baht</i>
● <i>Total Revenue</i>	747,631	<i>Million Baht</i>
● <i>Exports</i>	2.73	<i>Trillion Baht</i>
● <i>Stock Market Value</i>	1,279	<i>Trillion Baht</i>
● <i>Stock Exchange Index</i>	269.19	<i>Points</i>
		<i>(annual average)</i>
● <i>The country's credit rating</i>	BBB-	
● <i>Unemployment</i>	1.2	<i>Million</i>

# 2001 The Beginning of the Revival of the Thai Economy

**I**n the year 2000, the then Prime Minister, Mr. Chuan Leekpai, dissolved the House of Representatives on 9 November 2000 and set a new general election on 6 January 2001. The elections turned the newest political party of the country, the Thai Rak Thai, an overall victor, with the highest number of seats, both the constituency and the party-list representatives. Police Lieutenant Colonel Thaksin Shinawatra, the party leader was appointed by a royal command as the country's 23<sup>rd</sup> prime minister on 9 February 2001. Thailand was then languishing in the state of decline, economically, socially and politically.



*“My esteemed compatriots, I wish to express my deep gratitude to His Majesty the King for having graciously entrusted me as Prime Minister. I thank voters all over Thailand and members of the House of Representatives who voted their confidence in me, affording me the opportunity to repay my debt to the motherland, and to utilize the knowledge and expertise acquired and accumulated all my life, in bringing about happiness and well-being to all the Thai people. Let me emphasize that **all policies pledged to the people will be implemented with care, speed and accountability.***”

*My dear compatriots, although I cannot make decisions in all matters under my administration satisfactory to all 61 million Thais at the same time, I pledge that **all decisions will be based on the benefits of the majority, and on the basis of the people’s happiness and well-being, not on political survival.** The four years ahead of us will be the time of changes and reforms in all aspects, to set Thailand clear of crisis and to lay down firm foundation for a brighter future of our children. **I will never be just a leader by law, but a leader of change for a better Thailand.** My dear friends, I shall perform my duties in the Government tirelessly, devotedly and with honesty!*

*Indeed, I alone, or my Government, cannot solve problems of the country. But, my dear compatriots, **we are all fortunate to have a central rallying point, a highly respected monarch, whose name ๕Bhumibol๕ means the strength of the land. There would be no greater strength that can make us overcome the crisis and able to lay down foundation for our future than the strength of the land.** I volunteer to bring back unity into the nation, among all Thais. We shall not be fractured and losing the strength to revive and develop our country for the lack of unity.*

*My dear friends, I shall perform my duties as the Prime Minister leading the royal Thai government to work hard for the benefits of all Thais. I shall do my best to uphold the pride and dignity of the Thai nation forever. Thank you very much.”*

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*The first speech to the public by Pol.Lt.Col. Thaksin Shinawatra, the Prime Minister, on Friday, 9 February 2001, the day he received a royal command appointing him Prime Minister.*

# From the Concept to the Directive in the Formulation of Policies

**On** 26 February 2001, the Cabinet led by Pol.Lt.Col.Thaksin Shinawatra, the Prime Minister, presented a policy statement to the National Assembly, outlining the policies and directions to revive the country to full recovery from the crisis. This was based on the premise that the widespread and profound damages caused by the crisis of 1997 reflected how the thinking and administrative methods in the past were not in conformity with the Thai social structure and oblivious of changes in the global economy. The solving of the country's problems was carried out in fragmented efforts, based on departmentalized thinking, without integration, resulting in incomplete results, with new problems created in the process. The development of the country was not based on firm foundations, as progress and prosperity were not distributed equally into all areas, but concentrated in Bangkok and other big cities. The mass of the population remains impoverished. Benefits from development projects are confined to a handful of people, and national incomes rely mainly on exports. Domestic production sector is not firmly and securely based. Thailand thus underwent high but unstabilized growth, as evidenced by the quick and severe decline.

## **Facing the Challenges**

- How Thailand can steer clear of economic crisis and its fallouts, and create confidence in the economy, both among the Thais and in the world community?
- How to prepare the country to be fully equipped and able to cope with competitions and keep pace with changes in the world?

## **Major problems faced by the country at the time**

- The downward trend of the world economy. Both the United States and Japan showed no prospects for growth, confounded by the threat of looming war.
- The production and private business sectors have been weakened, by the economic crisis, the problems with financial institutions and the decline in the economy in general
- Financial institutions which provided liquidity for the business sector remained non-functional. During 1997 to 2000, credit system in Thailand disappeared, as financial institutions withheld credit lines for fear of non-performing loans. Businesses faced a severe liquidity crunch.
- The population at the base of the economy, mostly those in the provincial areas, were impoverished, debt-ridden and without means to earn their living. Middle - class people in the cities were also in difficult situation. Purchasing power in the country remained low.
- Thailand was ill-prepared to compete in the international arena.

# “The Pulls” in the Revival of the Thai Economy

## **The disappearance of driving forces in the economic system**

With the suspension of over 50 finance companies, the closure of about 20,000-30,000 enterprises, the reduction of real estate companies from more than 2,000 to about 200, Thailand was left with fewer businesses as driving forces for the economy after the crisis.

## **Limited state budget**

The bulk of the annual budget, or 80 percent, was normally meant for regular expenditures, with the remaining 20 percent as investment budget, not including about 100,000 million baht for external debt servicing each year. Thailand's external debts then stood at 2.8 trillion baht, adding to the financial burden, with repayment commitments for both the principal and the interest.

Moreover, the administration of the country under the strict guidelines of the IMF following the acceptance of the stand-by loan, failed to shore up the situation, due to several internal and external factors. More importantly, conditions set for Thailand for the economic adjustment program were not based on the true understanding of the Thai economic system. On her part, Thailand failed to come to grasp with the root causes of the problems that led to the collapse of the economy. At the same time, the government bureaucracy which provided important tools for the government's problem solutions was not prepared to deal properly with the situation due to the lack of experiences.

# From “Public Pledges” to Administrative Policies

Pledges made to the people during the election campaigns, to solve the problems as seen at the time, were transformed into government policies and immediately implemented after the presentation of the policy statement to the National Assembly.

- 9 Urgent Policies - to solve urgent short - term problems faced by the people, so that they become hopeful and see the chance for recovery.

- 16 General Policies - to repair and consolidate the base of the economy, so that the Thai people in general enjoy better quality of life, and are equipped to compete in the world, with pride and dignity.



# Urgent Policies

## 1. Urgent Policies

- (1) 3-Year Debt Suspension for Small Farmers
- (2) Village and Urban Revolving Fund
- (3) People's Bank
- (4) SME Bank
- (5) Thai Asset Management Corporation
- (6) Development of State Enterprises
- (7) Universal Health -Care Insurance Scheme
- (8) Setting Up of Drug Rehabilitation Centers, along with Drug Suppression and Prevention Operation
- (9) Promoting Public Participation in Anti-Corruption Efforts

# General Policies

2. Economic Policy
3. Income Generation Policy
4. Commerce and International Economic Policy
5. Communications Policy
6. Labor Development Policy
7. Science and Technology Policy
8. Natural Resources and Environmental Policy
9. Energy Policy
10. Social Strengthening Policy
11. Educational, Religious and Cultural Policy
12. National Security Policy
13. Foreign Policy
14. Public Safety Policy
15. Public Administration Policy
16. Regional and Bangkok Metropolitan Development Policy

# “Thinking New, Acting New”

in Problem Solving :

From *Grass Roots* to *Main Roots*

Reviving the Farm Sector for Sustainability

Rejuvenating the Strength of the Society

Creating the Future of Open Opportunities

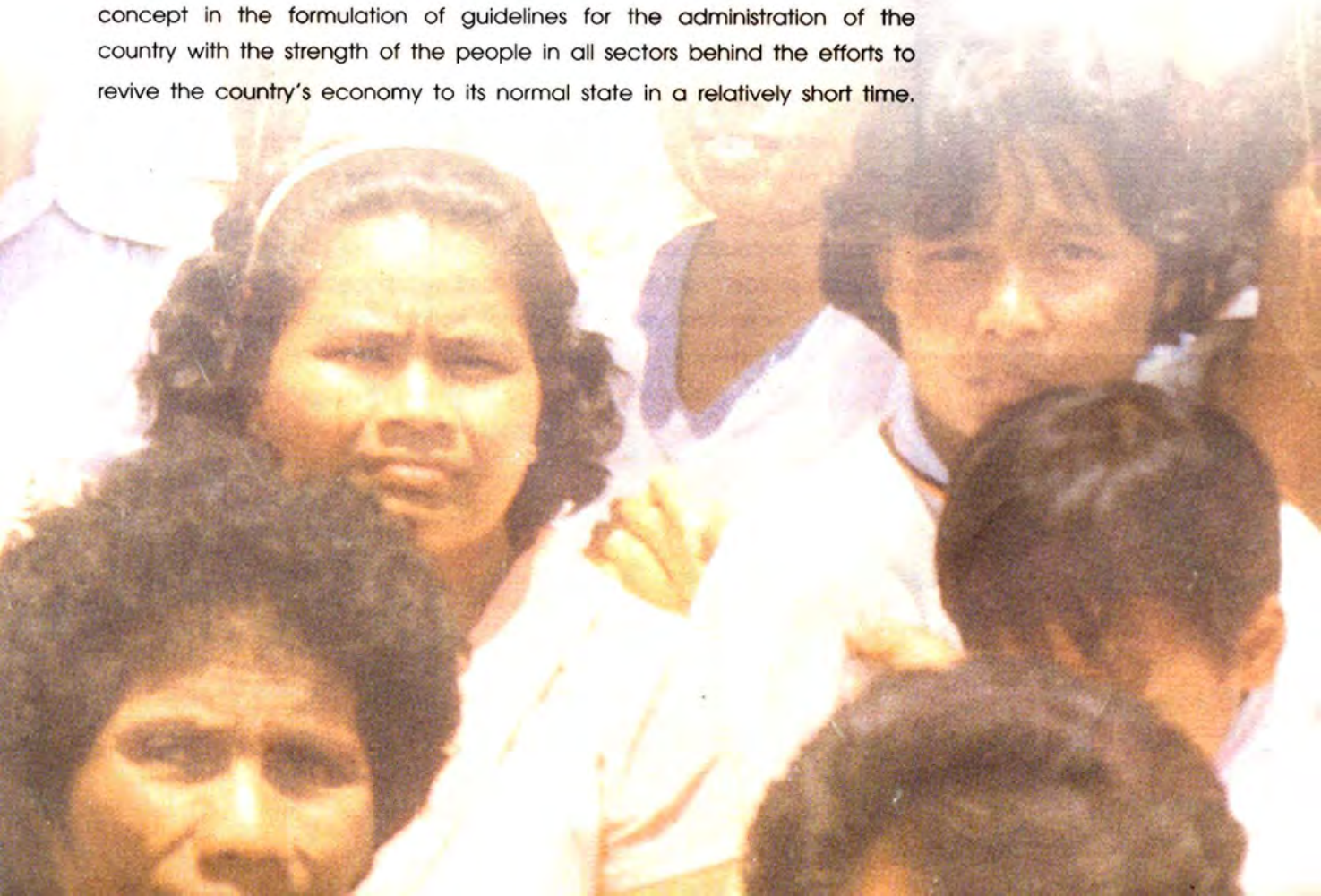
Reworking of the Country’s Infrastructure  
Getting Ready for Fierce Competition  
in the World Arena

Reestablishing Confidence in the Thai Economy  
Reclaiming the Country’s Place in the World

The Government has formulated 5 major strategies as stated above, in reaching the lofty goal set for the country, by means of combining the 9 urgent policies with the 15 general policies, and implemented simultaneously in three dimensions, namely civic, public, and international.

**"From Grass Roots to Main Roots"** has been the main concept in the formulation of the 5 strategies, implemented in tandem with the "Dual Track" policy which builds upon the inner strength of the country in reviving the economy, with the stimulation of domestic economy through **"spending reduction, income augmentation, and opportunity extension"** for people at the grassroots level, creating purchasing power within the country, while seeking to expand the country's export markets. At the same time, the society is strengthened and pacified with proactive approach to solve problems faced by the people in all aspects, to rejuvenate the strength of the Thai society, making it ready for competition in the international arena on equal terms and with dignity.

The solving of grave problems faced by the country, with the two mentioned obstacles as **"The Pulls"** led to the **"Thinking New, Acting New"** concept in the formulation of guidelines for the administration of the country with the strength of the people in all sectors behind the efforts to revive the country's economy to its normal state in a relatively short time.





# 1

## Reviving the Farm Sector for Sustainability





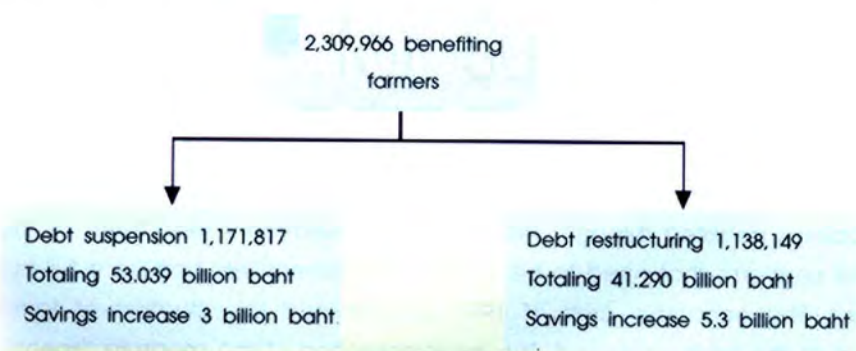
The majority of the Thai people are agriculturists. However, economic growth in the past never benefited them. Most Thai farmers thus remain impoverished, debt-ridden, and landless. Such problems persisted through decades. The Government view them as structural problems that need to be solved comprehensively and on a full-cycle basis. The economic crisis of 1997 exacerbated the situation of farmers and all the underprivileged. The implementation of the measure **“spending reduction, income augmentation, and opportunity extension”** has been made possible through several newly - launched projects, reviving small farmers and the underprivileged as one significant force in the country’s production sector.



## Solving Farm Debts and Career Rehabilitation Program

### ● 3-Year Debt Suspension and Debt Restructuring for Small Farmers

The Government implemented the project through the Bank for Agriculture and Agricultural Cooperatives. Farmers can opt for a 3-year grace period or to work out debt restructuring programs. During the period, the Government assists them with production restructuring and career rehabilitation.



A total of 878,555 farmers joined the career rehabilitation or production restructuring programs following debt suspension, resulting in the following increase of incomes:

	Before	After	Increase
● Household income	100,110	112,508	12,398 (baht)
● Farm income	46,063	51,352	5,289 (baht)
● Non-farm income	54,047	61,156	7,109 (baht)

Source : Ministry of Agriculture and Cooperatives

Mr. Prasom Siangyai, 56, was another customer of the BAAC, with a small farmland of 2 acres. He took up short-term loan of 20,000 baht to buy cattle, and was unable to repay as the cattle remained unsold. He had to obtain more loan of 35,000 baht from BAAC..

"It was then very hard for me. After a few years, I could only pay the interest. I was so glad that a grace period was extended. When I contacted the Bank, I had the plan already. I would use the money to raise chicken. Then I would supplement it in the "Sufficiency Economy" manner, with the raising of duckling, pig and fish, the growing of vegetables and crops, so that we would not have to buy anything but salt and sugar. We made our own fermented fish. For a small rice-field of 5 rai, if we do not resort to expenditure reduction with this "Sufficiency Economy" philosophy, we might not survive" he recounted.

Mr. Prasom earned supplementary income of no less than 6,000 baht per month from his skills as an electrician and a plumber in the village. Certain produce from his farm such as fresh chili, garlangal, and lemon grass are collected for the market at 2-3 kilogram a day, keeping the family comfortable with the additional income.

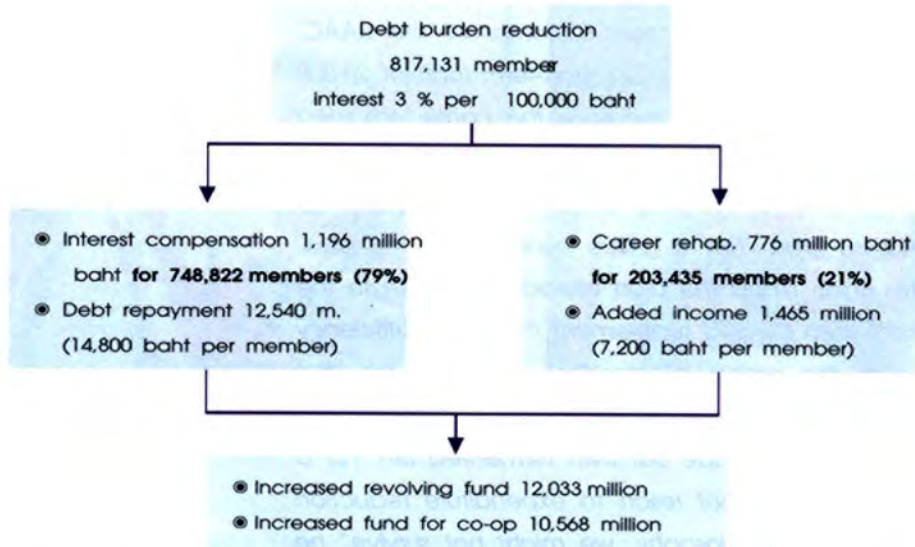
"When a training on organic tablet fertilizer production is given, I always attend. I want to make my own organic fertilizer so that chemical fertilizers can be reduced. I used to spend over 3,000 baht on chemical fertilizers, about 400 baht a sack. Now, I can reduce this spending substantially. Some month I spent only 100 baht. I don't have to buy anything, also what is available could be contaminated. I used to drink and smoke. Now I cut down on smoking and stop drinking. I think this part indebted us."

In addition, the knowledge gained from Career Rehabilitation Program when he joined the debt suspension Project also helped Mr. Prasom in his farming practice, such as the spreading of manure from chicken droppings in rice-field to reduce field crabs. The use of organic fertilizers also increased his productivity, from 80 buckets of paddy per rai to 100 buckets at present.

## ● Debt Restructuring for Small Farmers through Farmers' Institutions

Under the program, exemption of 3% interest is offered to farmers who owe no more than 100,000 baht each to the cooperatives, as a motive for them to repay their debts and keeping the cooperatives viable, with the revolving fund to assist more members.





### ● Solving Farm Debt Problems in the Production Restructuring Project and Agricultural Rehabilitation Plan

180,996 small farmers were assisted, with the suspension of interest payment by 30 September 2004, and debt restructuring with the principal repayment extended to 31 March 2012, without interest. Farmers who fail to repay the principal within the period must be responsible for the suspended interest and the cumulative interest thereafter until the sum is repaid.

### ● Debt Restructuring for Members of the Farmers' Rehabilitation and Development Fund

The Government has sought cooperation from 10 financial institutions which are creditors to farmers who are members of the Fund, putting off lawsuits or law enforcement on unpaid debts until debt restructuring is completed. The Fund will buy debts owed by 199,322 registered members, worth 25,000 million baht. Debts with collateral are bought at 90% of their worth, and those without collateral at 50%. Farmers can repay their debts in installment to the Fund for as long as 25 years.





เกษตรชนบทพร้อมกันที่ 326  
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## Provision of Capital Source to Generate Income

### ● Establishment of Village Fund

The fund was set up to promote self-reliance of villages and urban communities in learning, creating and developing innovative ideas, including the solving of economic and social problems through the administering of revolving funds within the villages and communities by themselves.

The fund has provided access to funding sources to 13 million people in 74,722 villages, with loans worth 224,000 million baht. The fund has already revolved three times in the economic system, creating an income of 13,440 million baht to the state.

A survey by the Office of the National Economic and Social Development Board found that with the fund and the people's bank, non-conventional loans were reduced, thereby reducing interest burden on the people from 240% to 7% a year Household income rose from 264,481 to 283,433 baht, an increase of 7.2 %.

- 67% on agriculture
- 17% on trade
- 6% on emergencies
- 4% on industry
- 4% on services
- 1% on social activities
- 1% on others

### ● People's Bank

The People's Bank was set up as another capital source to provide opportunity for people of low-income bracket who seek to set up their own businesses, without having to resort to non-conventional loans.

850,000 low income earners in urban communities obtained loans from the People's Bank worth 17,827 million baht

(source : Ministry of Finance)

Source: Ministry of Interior

NPL amounted to 4.15%, much less than NPL in commercial banks at 12% (source : Ministry of Finance)

A survey by the Office of the National Economic and Social Development Board found that 81% of those who obtained loans had increased income, and 68% of debtors with non-conventional loans could reduce their debt burdens.





## ● Asset Capitalization Program

The program is intended to provide opportunities to poor farmers to access capital source with assets such as land use rights as collateral.

### - Reformed Land for Agriculture

- **So.Po.Ko.4-01** 568,079 registered  
 37,978 loan requests with BAAC  
 32,490 approved loans, totaling 2,527.09 million baht

- **Ko.So.No.3** 19,715 members eligible to seek loans from BAAC  
 716 approved loans, totaling 92.34 million baht

- **Rubber Plantations** 242,474 rai of rubber plantations are surveyed  
 43,000 farmers registered, covering an area of 1 million rai (23.3 rai each), which can be brought into the system

### - No.Kho.1 and Self-Help Settlements

19,755 registered  
 6,841 got occupational and project proposal training  
 3,195 loan requests processed, 2,738 accepted by BAAC, 508 approved, totaling 53.621 million baht

- **Sea Food Bank Project** 284,000 rai area mapped, with 12,191 farmers breeding marine life registered, covering an area of 38,402.04 rai

## ● Accelerating the Issuance of Land Title Deeds to the People

The accelerated issuance of land title deeds under the Asset Capitalization Program has progressed well. In the fiscal year 2004, surveys and investigations were made on land use rights documents of various types, as well as undocumented land that could be included in the program, covering 1,118,370 plots, as against the target of 1 million plots.

Of the number, land title deeds were issued in 218,619 plots

## Augmenting Farm Income

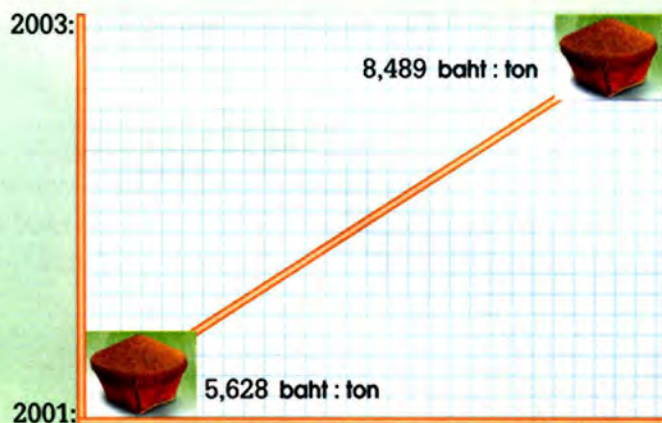
In the past 4 years, efforts have been continuously made to shore up prices of produce such as rice and rubber, with price intervention schemes, and cooperation with major producers. Thailand, Vietnam, India, China and Pakistan, five leading rice producers of the world joined forces to expand rice markets and add value through food processing.

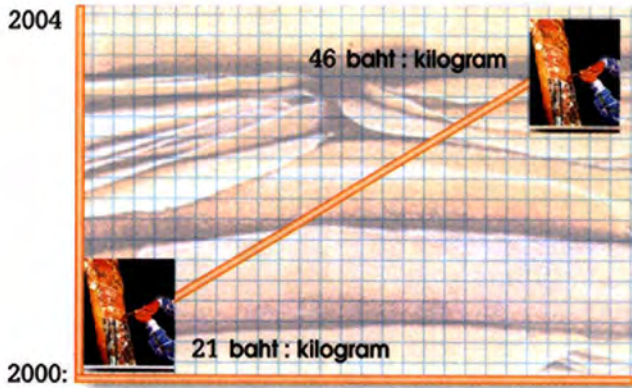
A rubber producer cartel in the form of a joint venture was set up, involving 3 major producers, Thailand, Indonesia and Malaysia. Farmers thus obtained better prices for their produce, for examples:

### ● Hom Mali Paddy

Price of Hom Mali paddy rose from 5,628 baht per ton in 2001 to 8,095 baht per ton in 2003, an increase of 43.8%. For the year 2004 (January - November) the price was 8,489 baht per ton

Thailand exported rice up to 30.34 million tons, as the largest rice exporter of the world





## ● Natural Rubber

Rubber price rose to 25 baht per kilogram, from 21 baht in 2000, and rose further to 46 baht per kilogram, an increase of 119 percent.

Rubber export increased in both volume and value over the period of five years. In volume, rubber export rose by 18.5 percent from 2.37 million tons in 2000 to 2.81 million tons in 2003. In value, an increase of 90.7 percent has been recorded, from 60,742 million

baht in 2000 to 115,822 million baht in 2003.



## ● Oil Palm

Price of palm oil rose by 1.54 baht per kilogram, from 1.83 baht in 2000 to 3.37 baht in July 2004, an increase of 84.2%.

**Average Prices of Key Agricultural Products from 1999 to 2004**

Product Prices	1999	2000	2001	2002	2003	Jan.-Nov. 2004
Hom Mali Paddy (baht per ton)	7,132	7,362	5,628	6,116	8,095	8,489
Glutinous Rice Paddy (baht per ton)	5,084	4,916	5,573	5,612	6,239	6,469
Palm Oil (17% oil) (baht per kilogram)	2.51	1.83	1.43	2.70	2.76	3.42
Raw Rubber Sheet, 3 <sup>rd</sup> grade (baht per kilogram)	17.91	21.47	20.94	27.10	37.63	45.05

**Source** Department of Internal Trade, Ministry of Commerce

## ● Cassava

Farmers with unproductive sugar cane plantations were advised to turn to Rayong 72 cassava, with an income increase from 1,000-1,500 baht per rai in the case of sugar cane to 9,210 baht per rai, with cassava yield of 15.5 ton per rai.

*The Government has launched the project to set up Special Purpose Vehicle: SPV, to effectively assist farmers in management, marketing and financial aspects, starting with cattle, natural rubber and oil palm.*

## ● Promotion of Beef Cow Raising for One Million Farm Families

The program is meant to solve poverty problem among farmers, with beef cow raising as supplementary income. The production of beef is also meant to satisfy domestic demand and for export. Manure can also be used to fertilize the farms in the place of chemical fertilizers.



## Development of Agricultural Resources

### ● Development of Water Sources and Soil Improvement

In 4 years, an average of 30,000 water ponds for farmlands were created each year.

From 1963 to 2000 (38 years) 348,000 ponds for farmlands were dug, or about 9,157.9 a year, benefiting an area of 552,000 rai.

During 2001-2004, 120,000 ponds for farmlands were dug, an average of 30,000 a year, or 35 percent increase over the past period, benefiting an area of 180,000 rai.

The Government has managed agricultural resources for maximum result, using less budget.

Construction Cost for Irrigation Projects was reduced by 32,184 million baht or 26.5 percent.



	1997-2000	2001-2004
Irrigated area (million rai)	1.769	1.772
budget (million baht)	121,552	89,368



## ● Soil Improvement for 2 Million Farm Families, 22.9 Million Rai

From 1963 to 2000 (38 years) soil improvement was completed in an area of 19.05 million rai, for 762,000 families, or an annual average of 514,000 rai 20,590 families.

During 2001-2004 soil improvement was carried out in an area of 22.89 million rai, benefiting 2 million farm families, with an emphasis on the use of organic fertilizers and microorganisms. Farmers achieved an increased productivity of 10 percent, while reducing expenditure by 10 percent, and the use of chemicals by 30 percent.

**Source** Ministry of Agriculture and Cooperatives

## ● Provision of Land for Cultivation

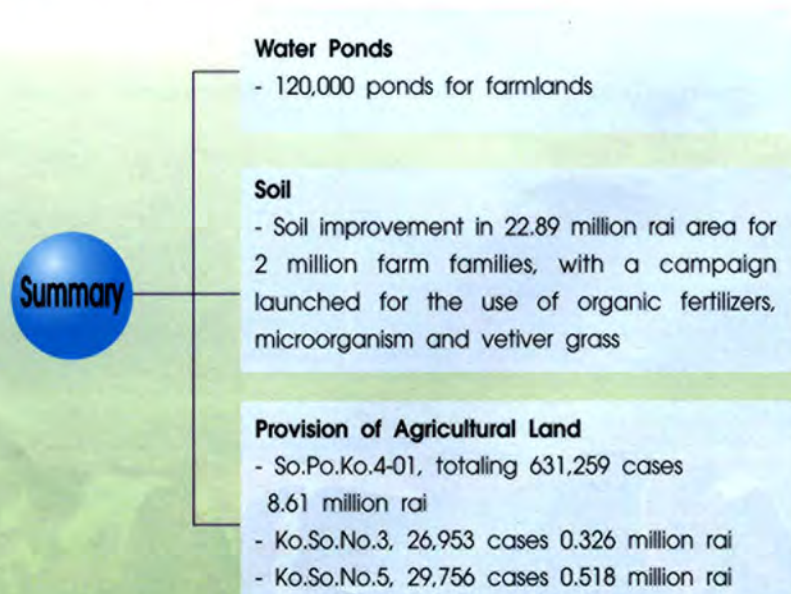
The results of land provision in the Land Reform for Agriculture Program, with the issuance of So.Po.Ko. 4-01 documents, from 2001 to 2004

Year	Cases	Area (million rai)
2001	168,810	2.51
2002	172,142	2.41
2003	131,902	1.76
2004*	158,405	1.93
<b>Total</b>	<b>631,259</b>	<b>8.61</b>

**Note** \*according to the list of 30 September 2004 Under consideration by the committee are 20,215 more cases, covering 0.28 million rai.

Issuance of documents for agricultural land use rights in agricultural cooperative communities, has been made in 36 communities in 21 provinces.

Issuance of Permits	Cases	Area (rai)	Asset Worth (million baht)
Ko.So.No.3	26,953	326,526	2,198
Ko.So.No.5 (to be used in land title deeds and land use rights No.So3 document issuance)	29,756	518,458	4,031



## Accelerating the Implementation of the Royally-Initiated Projects

The Government strongly promoted and maximized the results from over 230 royally-initiated projects in 623 sites around the country, aimed at developing the livelihood of farmers under the Sufficiency Economy principle, raising their quality of life, and promoting self reliance. The projects help reduce impacts from external factors, as well as labor migration, with gradual development of the communities through groupings and organizations such as cooperatives, consolidating the production and marketing operations, linked to funding and energy sources. Community rice-mills and cooperative outlets are set up, with full participation of local people. The projects contribute significantly to sustainable agricultural development.



### ● Pak Phanang River Basin Development Project

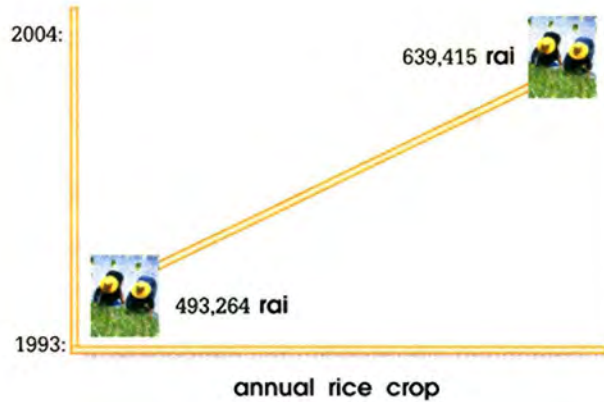
Accelerating the implementation of the **Royally-Initiated Pak Phanang River Basin Development Project in Nakhon Si Thammarat Province**, with over 90 percent of main infrastructure completed, including the spillway system, control buildings and irrigation system. It was expected to be completed as planned within 2004.



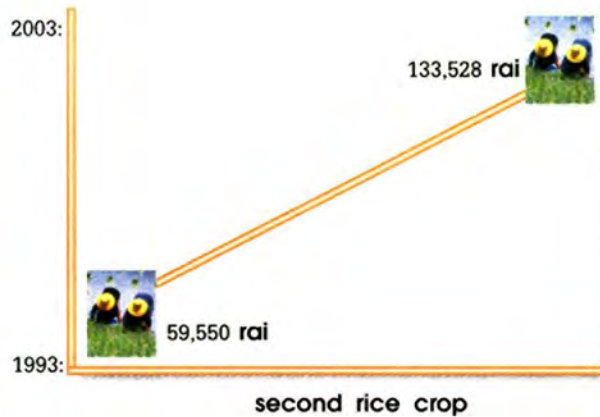
Activities	Year of Completion
Dredging of Ba Kho - Tha Phaya Canal, and Bang Sai Pok Canal, a distance of 33 kilometers	2002
Na Kot Spillway and Na Kot Sluice Gate	2002
Dredging of Hua Sai Canal, a distance of 48.6 kilometers	2003
Digging of a short-cut canal and a sluice gate	2003
Constructing of Tha Phaya Sluice Gate	2004
Pak Phanang (Sua Hueng) Sluice Gate	2004
Cha-Uat - Saek Muang Spillway	2004

### Development of Rice Cultivation

Area for annual rice crop increased from 493,264 rai in 1993 to 639,415 rai in 2004.



Area for second rice crop increased from 59,550 rai in 1993 to 133,528 rai in 2004.



Rice productivity increased with the operation of the sluice gates from an average of 314 kilograms per rai (production year 1993/1994) to 487 kilograms per rai (production year 2002/2003). Some obtained as much as 780 kilograms per rai.

### Enhancement of the Potentials of Rice-Growing Area

31.05 rai of land with soil acidity were neutralized, resulting in an increase of rice productivity from 15 buckets to 40 buckets per rai.

Rehabilitation of deserted prawn farms, bringing an income of no less than 5,000 baht per rai a year to farmers.

Land shaping, especially at Noen Thammang Village, resulting in an increased productivity from 10-15 to 40-50 buckets per rai.

**Development of an Integrated Cultivation System** with implementation in an area of 64,504 rai, increasing farm income by about 4,500 baht per rai a year, three times the amount previously earned from rice-growing.

## Development of New Crops and Livestock

**Development of Agricultural Cooperatives and Community Businesses,** with a brisk sale of One Tambon One Product goods, earning up to 132 million baht for the year 2003 alone.

**Promotion of Fishery** both the fresh water and sea water fishing, for consumption in the area, and to bring extra income. Giant freshwater prawns are raised in earthen ditches and indoor, freshwater white snapper, along with Nile tilapia, and common climbing perch. Technology transfer on environment-friendly prawn farm keeping is promoted, for the production of clean tiger prawns with less mud, bringing in 101,000 baht per harvest

**Solving Problems and Development of the Environment,** with activities such as eradication of weeds in 243 natural waterways, a total distance of 1,038 kilometers, the construction of waste water treatment system at the Pak Phanang Central Market for Tiger Prawns, the community waste water treatment system, and the monitoring of the quality of surface water, sea water and underground water, the management of the peatland area of Khuan Kreng, with the building of 27 temporary weirs to control the water in the area at an appropriate level, with a study and design of a permanent weir to be built in the future.



# 2

## Rejuvenating the Strength of the Society





**T**he Thai society emerged from the economic crisis in a “fragile” and badly “bruised” state. Old and new problems cropped up in both urban and rural communities. The poor people felt trapped in poverty, with no hope to set themselves free. More Thais became underprivileged, without opportunities in education, housing or medical care. They were further aggravated by the spread of illicit drugs and dark influences in the society. It can be said that Thai people after the crisis not only lacked confidence in carrying on with their lives, but also felt insecure and threatened with social ills.

To heal and rehabilitate the injured society, nursing it back to health and renewed strength, became a major task of the administration which volunteered to repair the damages. The rehabilitation of the society has been carried out simultaneously with the revival of the farm sector and the grassroots communities, providing them sufficient income for themselves and their families. Small entrepreneurs have been created as mechanisms to set domestic economy in motion, in turn strengthening the national economy.

## Registration of People with Social and Poverty Problems

It was the first time in history that the Government invited people to register their grievances, so that solutions could be found and directly applied to their needs in a systematic manner. The undertaking was part of the efforts to improve the people's living condition and quality of life.

- \* 8,258,275 people with social and poverty problems have registered, with a total of 12,198,333 problems
- \* 5,292,800 registered were the people's debt problems
- \* Non-conventional debts were found in 1,765,033 cases, totaling 136,750,340,888 baht
- \* 100 percent were brought into negotiation process
- \* Conclusions were reached in 1,645,953 cases, or 97.68%, with the debt value of 119,720,663,063 baht

Source: Ministry of Finance, 15 September 2004

‘From the fragile and badly bruised society, in which members lack confidence and security to a safe and strengthened, compassionate society, and a future of opportunities’

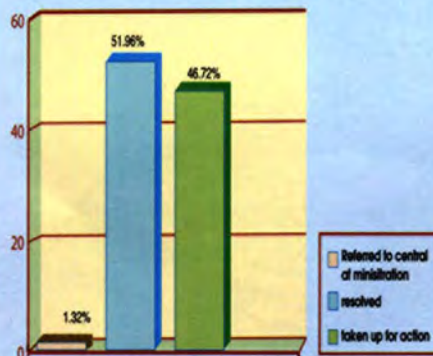
## Prime Minister Thaksin's Grievance Box- Receiving the people's complaints: Another channel for the Government to pinpoint the people's problems and hardships



### Prime Minister Thaksin's Grievance Box

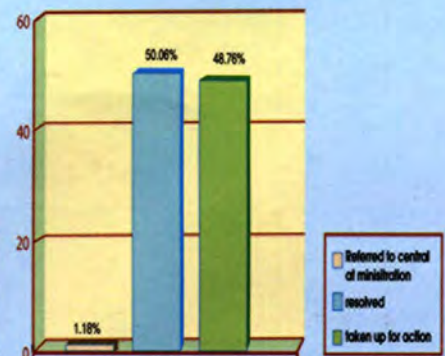
In front of all provincial governors' residences since 1 June 2004

- 9,384 complaints
- resolved 4,876 cases
- taken up for action 4,384 cases
- referred to central administration on 124 cases



In front of the Phitsanulok Mansion, Bangkok, referred to Ministry of Interior since 1 July 2004

- 1,778 complaints
- resolved 890 cases
- taken up for action 867 cases
- referred to central administration 21 cases



Source: Ministry of Interior, 3 December 2004

## Safe and Strengthened Society

### ● 30-Baht Health Care Program

The Government has formulated the universal health insurance scheme to reduce healthcare expenditures of the country and the people, by paying only 30 baht for each visit to hospitals or health centers, and to create opportunities for the people to access health services of good standards on an equitable basis.

Prior to 2001	Present
<ul style="list-style-type: none"><li>● Most Thai people had no health coverage</li><li>● Health cost gap between the rich and the poor was 6.4 times</li><li>● A large number of the Thai people were indebted or bankrupt because of sickness</li><li>● The poor suffered from heart disease with no help</li><li>● A large number of the aged had sight problem because of cataracts</li><li>● Cancers caused tremendous sufferings among the poor who could not afford treatments</li><li>● Each year, brain diseases and injuries caused death among a large number of Thais</li></ul>	<ul style="list-style-type: none"><li>● All Thais are now covered by the universal health insurance scheme</li><li>● Health cost gap is reduced to 1.6 times</li><li>● Over a million Thais are assisted by the 30-baht health care scheme</li><li>● More than 8,832 heart disease sufferers had operation performed under the 30-baht scheme</li><li>● Over 15,000 patients with cataracts were operated</li><li>● More than 199,239 cancer patients received chemo- and radiotherapy</li><li>● Over 20,921 sufferers from brain diseases and injuries were operated on and saved</li><li>● Presently, people suffering from diseases get easy access to health services, with over 120 million visits to hospitals and health centers in a year</li></ul>

*The implementation of the 30-baht Health Care Program reduced healthcare expenditures of households during 2001-2003 by 10,634 million baht*

**Source:** National Statistical Office, analyzed by the International Health Study Office

*The number of households that could go bankrupt because of healthcare expenses fell from 2.98 million in 1996 to 1.87 million in 2002*

**Source:** National Statistical Office analyzed by the International Health Study Office in cooperation with the Office of the National Economic and Social Development Board

*‘Poverty Solving Caravan - taking a proactive approach in problem solving for registered people by visiting them at home, taking care of education, vocational training, and job creation’*

## ● Returning Children to Families through Drug Suppression and Prevention

Before the Government declared an all-out war on drugs on 1 February 2003, there were widespread drug abuses in all provinces of the country, mostly at severe to medium levels. The Government therefore decided to deal decisively with the problem, with the policy of ‘Dealers must be strictly punished, addicts to be treated’. From that time on, the situation has eased to an extent.

*‘The Government scheduled the 2<sup>nd</sup> all-out war against drugs, named as the Strength of the Land Jointly Wiping Away Drugs, during 4 October - 3 December 2004, to stem the return and spread of illegal drugs, and to reassure the people that a surveillance system has been put up by the Government to protect the Thai society from drug scourge.’*

In the suppression campaign, dealers, producers and users were dealt with in 555,060 cases, with 588,539 offenders.

286.6 million tablets of meta-amphetamine were seized, an increase of 92 million, or 54.8 percent over that of 1998 - 2000, when 167.8 million tablets were seized.

Assets worth 5,515.08 million baht were confiscated in drug-related cases, an increase of 4,919.68 million baht, compared with the period during 1998-2000 when only 595.4 million baht worth of assets were confiscated.

The price of meta-amphetamine, prior to 2001, was just 40 to 150 baht, but with the serious crack-down launched by the current administration, the price of the drug rose to 200-300 baht each. (source: Ministry of Justice)

Misled children were returned to the embrace of the families as health centers and hospitals provided treatment and rehabilitation to 555,484 young addicts.

- 524,383, or 94.40% voluntarily joined the program.
- 31,101 or 5.60% were forced to undergo treatment.
- It was found that 75 percent of the treated and rehabilitated stayed away from drugs and remained clean. 55 percent took up honest jobs. (source: Ministry of Public Health, 30 September 2004)
- \* 82,531 villages/communities were cited as strengthened communities to fight against drugs, among 84,221 that were surveyed.
- \* More than 3,330,629 people across the country declared themselves drug fighters in the Strength of the Land Movement.
- \* More than 26 million people joined the To Be Number One Program initiated by Princess Ubol Ratana.

As a result of the serious campaign against drugs in Thailand, the United States of America has taken Thailand out of the list of major drug producing or transit countries.



## ● Suppression of Influential Persons and War Weapons

Since June 2003, the Ministry of Interior and the Ministry of Defence have jointly reviewed and updated the list of influential persons, 3,439 in number. 2,720 were arrested or pressured to give up their exertion of sinister influences. During 17 October - 16 November 2003, 207,672 firearms and war weapons were seized, with 338,511 defendants. An amnesty was also granted to possessors of lethal weapons to surrender them to authorities from 17 October to 11 December 2003, during which 15,542 firearms, 22,816 ammunition, and 550 explosives were turned in.

## ● Prevention and Suppression of Human Trafficking, and Solving Problems of Thai Labor In the Country and Abroad

Human trafficking is a social problem, a serious crime that is found in all areas of the world. It is a grave infringement of national and international laws and human rights principles.

At present, Thailand is the source, the transit and the receiving end of the human trafficking operation. Women and children from neighboring countries in the Mekong sub-region have been smuggled in as forced labor, beggars and prostitutes in Thailand and through Thailand to other countries. At the same time, Thai women and children were also trafficked in foreign countries.

The Thai Government has made sincere efforts to solve the problem by creating national mechanisms, and coordinating with governments, NGOs and international organizations to deal effectively with the issue. On 6 August 2004, the Government announced its intention to place efforts to

deal with human trafficking as a priority issue on the national agenda. Measures are taken to protect and rescue victims, with strict enforcement of the laws, in coordination with the international community.

Foreign women and children who came under the protection of the Department of Social Development and Welfare from 1999 to 2004 totaled 1,633

*‘Hotline number 1507 and P.O.Box 108 Sun Towers 10900 are set up, with 1,021 cases reported.’*

*‘Protecting 1,403 victims, repatriated safely to places of origin, referred to other agencies, and returned to families 1,060 cases.’*

*‘Thai women who faced problems and were rescued and repatriated from 5 countries by networks of Thai volunteers in Europe and Asia, as well as the Ministry of Foreign Affairs, in fiscal year 2003-2004, totaled 412.’*





Occupational training for women has been one significant measure to prevent them from being lured and victimized. During fiscal years 2001-2004, occupational training has been given to 42,654 women at Occupational Training Centers and in communities, while young women in schools and their parents were educated in the anti-prostitution campaign project, about 60,000 a year in average.

In the past four years, 586,552 Thai workers were properly sent to work abroad, remitting a total of 225,424 million baht back to Thailand.

42,442 Thai workers going abroad obtained soft loans in the Loan for Work Abroad Project, totaling 6,120.45 million baht.

22,600 lodged their complaints of labor recruitment frauds. Authorities helped to track down fraudulent agents and retrieved money for 14,487 persons, worth 621.017 million baht.

An integrated migrant workers system has been established for security and economic impact, meant for migrant workers from 3 neighboring countries. Registration has been made for 1,269,074 migrant workers, with permission given to employers to employ 230,043 migrant workers from 3 countries. Work permits have been issued for 250,290 of them.

Special inspections were made to workplaces in connection with the use of child labor in hazardous jobs, as visits to create good understanding among authorities, employers and employees in 38 provinces, to prevent the use of child labor in the worst forms as stated in article 182 of the Convention on the Worst Forms of Child Labor 1999. No such cases were found in the inspections.

**Report on the Confiscation or Freezing of Assets, Listed in Accordance with Offenses for the period of October 2001 - September 2004**

Offenses	2001 (cases)	2002 (cases)	2003 (cases)	2004 (cases)	Total
1. Drugs	56	49	124	149	378
2. Women/children trafficking	1	-	3	2	6
3. Public cheating	1	-	1	-	2
4. Embezzlement /Swindling	-	-	1	6	7
5. Official duty abuse	-	-	1	4	5
6. Customs frauds	3	1	2	3	9
<b>Total</b>	<b>61</b>	<b>50</b>	<b>132</b>	<b>164</b>	<b>407</b>
<b>Asset worth (million baht)</b>	<b>751.61</b>	<b>659.76</b>	<b>916.08</b>	<b>1,248.37</b>	<b>3,575.82</b>

Source: AMLO-Anti-Money Laundering Office.

## ● Reduction of Road Accidents, Creating Safety in Life

Road accidents have emerged a major public health problem of the country, resulting in great losses each year, as statistics from 1999 to 2003 show that an average of 13,400 people died on the roads, and more than 903,638 injured each year. With the damage to property, the loss topped over a trillion baht annually.

The Government set up the Road Safety Directing Center, charged with the responsibilities to work out comprehensive solutions to road accident problems. Strategies have been formulated, with measures enforced to enhance safety. Strong campaigns have been launched to heighten people's safety awareness and to reduce losses, aimed at reducing reckless driving, especially driving under influences. Measures include the ban on television commercials of alcoholic beverages from 05.00 to 22.00 hours, designation of traffic discipline control areas, making indicators in accident reduction a major strategy of provinces, and integrating efforts in accident prevention and problem solving among related units and agencies at all levels.

With such serious and well-coordinated efforts, the Government was able to reduce road deaths by as much as 22.88 percent. Public safety has been enhanced, with the reduction of injuries, morbidity and disability, and ultimately the country's economic loss.



## ● Healthy Thailand Agenda

Under the strategy of "Joining forces to build health, for healthy Thais and healthy Thailand", the year 2002 marked the start of the health building campaign, with November 27 each year designated as the National Health Building Day, focusing on six aspects or 6 Es, namely:

- Exercising
- Eating safe
- (control) Emotions
- (good) Environmental health
- Evading diseases
- Evil deeds (vices) reduction

## E. Exercising

	2001	2004
+ Thai people from 6 years of age get physical exercises	30.7%	increased to 46.8%
+ Health groups	987	increased to 58,770

## E. Eating Safe

	2001	2004
+ Clean Food, Good Taste eateries	8,755	increased to 41,630
+ Delectable Fresh Markets		453
+ Small FDA in schools	4,154	increased to 10,256
+ GMP certified for 54 types of food production	4,300	increased to 8,938
+ Contaminant inspection		
- Red meat enhancer	96%	reduced to 4.77%
- Borax	42%	reduced to 1.06%
- Bleaching materials	10%	reduced to 1.08%
- Formalin	10%	reduced to 0.50%
- Microbicide	17.20%	reduced to 3.38%
- Insecticide	20.60%	reduced to 3.45%

## E. Emotions

	2002	2004
+ Teens Consulting Center	23	increased to 45
+ Mental Health Crisis Center	1	increased to 23
+ Refuge Center	20	increased to 104

*In 2003 screening was conducted among 298,886 children for signs of autism, 1,814 were found.*



## E. Environmental Health

	2001	2004
+ Certified health promoting schools	3,125	increased to 32,464
+ Agreeable childcare centers	603	increased to 5,442

## E. Evading Diseases

	2001	2004
+ Dengue fever population reduced	0.18/100,000 population	to 0.12/100,000
+ AIDS		
- Providing anti-retroviral drugs	-	47,100 cases
- Mother-to-child HIV infection	11%	reduced to 8%
Playing host to the 15 <sup>th</sup> International AIDS Conference in 2004		
+ Tests of cervical cancer for women aged 35-60 years	32,532	increased to 522,000
+ Monthly self-examination of breast cancer for women aged 35 up		31.3%
+ "Kaeo Ta Duang Chai-Cataract and Heart Operation" Project		
- Heart disease patients operated	-	7,424 cases
- Cataract patients operated	-	114,012 cases

## E. Evil Deeds Reduction

	2001	2004
+ Drug destruction	8 tons	4.43 tons
+ Addict treatment and rehabilitation	54,010	462,185
+ "To Be Number One" members	84,451	23 million
+ Alcohol and tobacco control		first implemented

## Organizing of National Health Building Festival or Yellow and Blue Shirts Mobilization

Event	Date	Participating exercisers
1	23 November 2002	46,824
2	23 November 2003	8,661,089
3	20 November 2004	43,110,643



*‘Sale volume of the book “Eating Like Mother” on 30 September 2004: 272,179 copies’*

### ● Safe Food Project

#### “Safe Food Festival in Honor of Mother of the Land”

Organizations and agencies in both the public and private sectors, and all people involved with food safety joined forces to organize the “Safe Food Festival in Honor of Mother of the Land” and pledged to work tirelessly to attain safe food of world standards for consumers’ good health, as a tribute to Her Majesty Queen Sirikit of Thailand on her 6<sup>th</sup> cycle birthday anniversary.

Moreover, a five-point strategic plan has been implemented to effectively supervise and control food items produced and consumed in the country to be safe and of internationally accepted standards, turning Thailand into kitchen of the world, with the emphasis on surveillance of fresh food, cooked food and processed food items, adaptation of legislations in line with the current situation, enhancement of potentials of consumers, entrepreneurs and promotion of professionalism in the entire system. Results from the operation can be summarized as follows:

- Surveillance on food safety up to 5 October 2004, found 4.77 percent of red meat enhancing materials, 3.45 percent of insecticide, 0.50 percent of formalin, 1.08 percent of bleaching materials, 3.38 percent of microbicide and 1.06 percent borax.

- Fresh Markets-The 1,505 type A fresh markets were classified into three grades. Figures shown on 30 September 2004.were as follows:

Grade	Number of certified markets	Percentage
Fundamental	685	45.51
Good	382	25.38
very good	71	4.72



- Of the 123,371 food shops and stalls, 41,630 were certified with "Clean Food Good Taste" signs, or 33.74 percent (data on 24 September 2004)

- Of the 10,294 manufacturers of 54 types of processed food, 8,938 passed the GMP standards, or 86.83 percent.

The Government has designated 1994 as the Year of Safe Food, namely the safe food symbol, the FDA symbol and the Clean Food Good Taste symbol, for food producers and outlets that comply with the safety criteria.



### ● Drinkable Tap Water Project

The Government has declared 58 areas with drinkable tap water in 37 provinces all over the country. Coin-operated water dispensers have been set up in about 1,000 communities. At present, free drinking water stations have been established at about 200 busy junctions in Bangkok.

อาหารแปรรูป

### ● Solving of Problems of the Outbreak of SARS and Bird Flu and the Spread of AIDS

At the outbreak of Severe Acute Respiratory Syndrome, SARS, in Thailand, 9 patients were identified with the symptoms (plus pneumonia). Two of them died. 31 others came under close monitoring, with symptoms (no pneumonia), no death was reported. All were infected abroad. Thailand set up strict monitoring and surveillance system and was successful in preventing the spread of SARS in the country.

Thailand also moved promptly to prevent the transmission of avian influenza or bird flu in humans, with a short-term plan to deal with the problem, and a strategic plan to develop effective surveillance and control system to keep pace with the emerging diseases, with accurate and prompt identification, investigation and control measures, while a close monitoring of the diseases in both humans and animals can be established. A long-term plan to solve and prevent bird flu problems was formulated. At the same time, a preparedness plan was drawn up to deal with bird flu and other emerging infectious diseases. A working party was appointed to formulate strategies to solve bird flu problems. Strategies were also adopted on minimizing diseases among farm birds. Potentials of related personnel are enhanced in surveillance and control of diseases in humans and animals, researches, prevention and control, including the development of vaccines, and providing information for the public, so that individuals and communities are capable to deal adequately with the situation. A comprehensive surveillance structure is prepared to prevent bird flu in the long term.



อาหารปรุงสุก

*‘ Safe food signboards have been awarded to fresh food stalls all over the country, up to the end of September 2004, totaling 97,847. ’*

The 15th International AIDS Conference hosted by Thailand saw the highest number of participants ever, with 17,001 registered participants, and over 30,000 observers from 192 countries all over the world. A total of 10,187 abstracts were submitted, 437 by Thailand, coming third after the United States of America and India.

At the Conference, Thailand announced her leadership in making retroviral drugs accessible to all HIV/AIDS patients. At present, 914 hospitals in both the public and private sectors join the national retroviral drugs access project, with an average of about 3,000 to 4,000 more recipients of drugs each month. Records showed that by August 2004, HIV/AIDS patients benefiting from the project amounted to 47,100.

*‘Small FDA activity involves schoolchildren who are aware of health and nutrition, with random sampling of food inspection at food stalls within schools and in the neighborhood, and information campaigns on food and health products conducted through various media. Presently, no less than 30,000 school-children join the activity.’*

## ● Development of Traditional Medicine and Alternative Medicine

Presently, Thai traditional medicine has been developed into a discipline with courses taught in universities. 6 colleges now offer degree courses. Thai massage methodology and practices have been streamlined as a standard curriculum, with certification for accomplished learners to put their knowledge to practice. There have been 22,036 certified Thai masseurs and masseuses who presently offer their services at spas and health resorts both in the country and abroad. 132 traditional medical centers have been established in health centers and hospitals under the jurisdiction of the Ministry of Public Health, offering traditional medicine as a model for other setups to follow. 12 herbs have been developed as champion products to compete in the world herb market.

As for alternative medicine, studies have been conducted in 3 disciplines to be put to practice, namely macrobotics, yoga and homeopathy. Chinese herbal and traditional medicine has also been incorporated into healthcare services, with 215 certified Chinese doctors practicing acupuncture as treatments. 493 physicians in modern medicine have so far completed the acupuncture course offered by the Ministry of Public Health. A committee has been appointed to review results of clinical tests of traditional and alternative medicines, so that the practices can be scientifically proven for their safety and efficacy.

## ● Sports: Taking Local Communities into the International Arena

Sports for Health	Sports for Excellence/ Professions
<ul style="list-style-type: none"> <li>● Promoting sporting events at the village and community level so that children, youths and the people in general have more opportunities to get physical exercises. They include sports against drugs</li> <li>● Supporting the establishment of professional organizations and leagues, as well as competitions at all levels, both in Bangkok and the provinces</li> <li>● Giving support to sporting organizations and networks in developing athletes to compete at local, national and international levels. In the past four years, 731,000 professional athletes have been created, an increase of 25 percent</li> </ul>	<ul style="list-style-type: none"> <li>● Creating a procedure for systematic development of professional athletes, from local to national and international levels, with the promotion of semi-professional and professional sports</li> <li>● Amending laws and regulations, with tax measures as motives for the private sector to give support to sporting events and athletes</li> <li>● Introducing official sponsorship system into sports, resulting in major sport sponsors created in the private sector since 2002</li> <li>● Initiating sport tourism, such as X - Games, mountain biking, and rock climbing, for instance</li> </ul>

		2001	2002	2003	2004
<b>Major Sporting Events</b>	<b>National level</b>	School sports/ Youth sports	● School sports/ Youth sports ● 33rd National Sports	School sports/ Youth sports	● School sports/ Youth sports ● 34th National Sports
	<b>Inter-national level</b>	● SEA Games ● 3 <sup>rd</sup> ASEAN Para Games (Malaysia)	● Asian Games (Republic of Korea) ● FESPIC Games (Korea)	● SEA Games (Vietnam) ● ASEAN Para Games (Vietnam)	● Olympics (Greece) ● Paralympics (Greece)
<b>New Initiatives</b>		● Fund for Athletes' Welfare ● This Summer for Cherished Little Ones ● Conserving and Propagating Muay Thai Art	● Nationwide Sporting Festival Against Drugs ● Sponsorship system	● Sports for All ● Sporting Equipment Pools in Communities	● National Kindergarten Sports ● Aerobics with Thai Country Music
<b>Significant Accomplishments</b>		Ranked 2 <sup>nd</sup> in SEA Games	Ranked 6 <sup>th</sup> in Asian Games	Ranked 2 <sup>nd</sup> SEA Games	● 29 percent of youths and people in general (18 million) took active part in sports ● Ranked 25th in Olympics (4th in Asia)



## ● Extension of the Power System to All Households

Solar cells have been expeditiously set up to generate electricity in remote areas all over the country, to distribute progress and prosperity nationwide. At the end of September 2004, there were 17,682 households in 25 provinces in the North, the Central Plains, the Northeast and the South that were initially electrified for basic needs, with 121,992 more households registered in the project, which targeted 153,000 households in 2004, carried out with a budget of 4,287.728 million baht.

*‘ Since 2002, 93 schools in remote areas where electricity was not available had been electrified with the use of solar cells for power generation ’*

## ● SML-Small-Medium-Large Community Potential Enhancement Project

Direct funding of villages and communities from state development budget is launched to reduce state authority, with the people in localities empowered to decide on the way to spend the money according to their needs. The project aims at invigorating communities and villages, with local people’s potentials in solving their poverty problems by themselves. 1,002 villages and communities across the country had been selected as pilot communities with development budget allocated according to the size of the population, classified as small, medium and large communities.

## Compassionate Society

### ● Cataract and Heart Operation in Honor of Her Majesty the Queen on her 72<sup>nd</sup> Birthday Anniversary

The project entitled “Kaeo Ta, Duang Chai (The Apple of the Eye, and the Heart) Paying Deep Tribute to the Great Queen” has been formulated to highlight the compassion of the Queen towards her people, with the goal to operate on 7,200 heart patients, and 100,000 people with cataracts, by public and private hospitals, in and outside office hours. It was meant to clear up the backlogs in the waiting lists of hospitals, while reducing the poor people’s health risks, as they could go blind or die while waiting for the operations. Expensive medical equipment and resources are also maximized to benefit the poor in remote rural areas, who normally have no access to quality medical care.

*‘ Power supply has been provided to 7,175 households of the underprivileged, with central meters set up under the “Power for the Underprivileged” to improve their living condition ’*

Patients	Number	Percentage (in proportion with the set target)
Heart diseases	7,424	103.11
Cataracts	114,012	107.75

With a large number of people who suffer from heart diseases and cataracts joining the program for free operations, the Government decided to extend the period of the project to December 2005.

Her Majesty the Queen also gave an instruction for post-operation monitoring on the patients, with periodical reports presented to her. She told the Government to use the monitoring and tracking down method employed by the Office of the Principal Private Secretary to Her Majesty the Queen.



### ● Ua Athon (Care and Concerns) Housing Project

Up to 16 December 2004, 448,548 persons, heads of the households, reserved their rights to buy Ua Athon housing units.  
100,180 were entitled to buy the units, through lot-drawing.  
7 projects have been completed, taking in 4,667 families.

### ● Man Khong (Secure) Housing Project

The project aims at developing housing for poor people who are squatters in slum areas all over the country, making them secure with proper housing units, without the fear of eviction, with the emphasis on the essential role of the poor in developing their own dwellings and communities.

In 2003, pilot projects were carried out in 10 communities, totaling 1,525 units.

In 2004, more 15,016 units were created in 174 communities in 42 cities.

Under the project, 300,000 units will be created in 2,000 communities in 200 cities within the year 2008.



‘ Shortage of low-cost housing in the country left 1.89 million Thais without homes of their own. The Government deems the problem serious and urgent, deserving all the support and assistance. Two low-cost housing projects have been implemented, namely the Ua Athon- Care and Concerns-Housing, for low-income earners who want to buy houses and the Man Khong - Secure - Housing, for former residents of congested communities who want to remain in the original redeveloped areas, by renting the units. ’

## ● Care for the Underprivileged

*‘ The Govern-  
ment regards the  
disabled part of the  
society.*

*As consumers,  
they should be  
cared for in the  
families, educated  
and trained to take  
up vocations ac-  
cording to their  
ages and apti-  
tudes..*

*As producers,  
they can be work-  
ers and add value  
to products and  
services in accor-  
dance with their  
potentials.*

*As developers,  
they can play their  
part in bringing  
about social  
changes, creating  
peaceful and meri-  
torious society. ’*

At present, there are underprivileged children and youths who are orphaned or abandoned, loitering in the streets, abused or misled in various ways. They are rejected by the families and the communities. The Government operates 25 welfare homes where such children are taken care of, with opportunities for education and vocation. They are prepared to be returned to families, substitute families and the society, 5,273 in number. During 2001 - 2004, substitute families have been found for 19,853 children. Moreover, assistance has been given to children in poor families, eradicating their troubles and providing education opportunities, to keep them with the families, at an average of 150,000 a year.

The Government has supported the setting up of private childcare centers and child welfare homes. In 2004, 1,600 private childcare center and child welfare homes were set up, with 80 pre-school centers in slums providing needed care for children in their formative years, benefiting altogether 62,877 children.

Hill-tribe children on highlands have also been taken care of, with 76 pre-school centers set up, for 2,500 children. 12 ad hoc schools have also been in operation, educating 480 hill-tribe children.

There are presently 396,984 registered disabled.

From 2001 to 2004, 771 disabled persons have been assisted to get jobs.

In the year 2001, Thailand received the Franklin Delano Roosevelt International Disability Award, for the country's distinguished progress in the development for the disabled

At present, more and more workplaces employ the disabled as required by law. About 70 percent of workplaces complied with the law, employing 4,311 disabled persons.

Financial assistance is given to the disabled and their families, 10,000 in a year, totaling 20 million baht.

Each year, prostheses and necessary implements for the disabled as determined by physicians are provided to 1,200 persons, with a budget of 1.7 million baht.

Recreational activities are introduced in 9 welfare homes, to rehabilitate persons with disabilities physically and mentally, as well as providing education, job training and employments to 4,000 disabled each year.

More vocational rehabilitation centers for the disabled have been set up as regional centers, special factories or centers for career development of the disabled, where the disabled with job training are employed to enhance their skills, and get them prepared for the employment in the job market, 1,000 persons a year.

Support is provided to disabled athletes. At the Paralympics in Athens, Greece, Thai athletes won 3 gold, 6 silver and 6 bronze medals.

Education opportunities have been provided for disabled children who are entitled to receive at least 12 years of fundamental schooling. Disabled persons can access education, with facilities provided for them, including media, services, and others. An individual education program is also offered to guarantee opportunity and quality of education for the disabled, with families, communities and agencies in all sectors as partners in the provision of non-formal education for the disabled, by coordinating the efforts and focusing on individual learning process, with families and communities as the operation bases.

To integrate the disabled into families and communities with good quality of life, and opportunities to relate their experiences to other members, support services have been arranged as recreational activities, social activities, social welfare and physical therapy in the social service centers for the elders in 9 communities, with mobile welfare units sent out to relieve urgent problems, covering about 18,000 persons a year.

As for the elderly who are abandoned or cannot stay with the families, 20 welfare homes have been set up to provide shelter and services to 2,330 senior citizens at present.



## ● Promotion of Employment and Protection Against Unemployment

***The number of unemployed people has declined 4.8 million new jobs have been added in the past 4 years***

*The economic crisis not only created huge debts, but also made Thai people desperate, unemployed without the hope to find jobs. During the past 4 years, the Government used the direct approach by accelerating the measure "spending reduction, income augmentation and opportunity extension with access to capital sources" to promote employment and careers among the people. In the past 4 years, 4.8 million jobs have been created at the joint efforts of the Government and the people.*

**\* The Government and the people jointly created 4.8 million new jobs** The number of employed people rose from 31.29 million in 2000 to 36.09 million in 2004 (the figure of August 2004), or an increase of 15.3 percent (sources: Bank of Thailand, National Statistical Office)

**\* The number of the unemployed reduced by 54.5 percent** In August 2004, there were 545,900 unemployed people, compared to 1.2 million in 2000, a reduction of 654,100, or 54.5 percent.

*6 Prior to 2001, unemployment rate in Thailand stood at 3.6 percent (survey on employment situation in 2000 by the National Statistical Office). With various measures implemented by the Government during the past four years, it has been estimated that the unemployment rate has been reduced to 2.2 percent. 9*

From the year 2001 to the present time, workplaces that joined the skill development program for their workers, with tax deductible expenses, amounted to 1,431, involving 12,266 courses, and 935,257 workers.

Job skills have been upgraded for target industries (automotive, electronics, fashion and tourism). In the past 4 years, 552,021 were trained, 83.63 percent were employed, with an average income increase of 7,132.22 baht. 93.07 percent of employers were satisfied with their skills.

Instructions were given to government agencies and cooperation sought from the private sector to provide temporary employment or part-time jobs to students during their school vacations and after-class hours. In the fiscal year 2004, 119,688 students were employed in the program (30,257 in the public sector, 89,431 in the private sector).

Job placement services have been expanded in the country. From 2001 to 2004, 447,459 were recruited, earning no less than 26,000 million baht.

622,702 Thai workers got overseas jobs, remitting 213,973 million baht back home.

In April 2002, social security benefits were extended to cover workers in small enterprises, with one or more employees. 850,659 people who were previously excluded from social security benefits enjoyed the right with immediate effect.

Since 1 July 2004, employees who are dismissed or resign, are given subsistence expenses while searching for new jobs. Recruitment services are also offered to

employees in the social security system who became unemployed. There were 25,086 insurers who registered under the program, 2,098 of them were recruited with new jobs.

Rights and benefits for insured workers were enhanced in all aspects. In the past 4 years, the Social Security Fund paid for members' benefits (including unemployment claims) 56,870.88 million baht in total.



8.04 million employees get the following job benefits as security in their lives, namely;

1. Medical care benefit in cases of severe job-related injuries has been increased from 80,000 to no more than 200,000 baht.
2. Protection against unemployment was introduced into the social security system.
3. Childbirth benefit was increased from a lump sum of 4,000 baht to 6,000 baht.
4. Child welfare benefit increased from 150 to 200 baht per child per month..

Minimum wage has been adjusted 7 times, from the range of 130-162 baht in 2000 to 137-175 baht in 2005.

Welfare and safety of employees in factories and other workplaces are taken care of with the implementation of various measures. During 2002 - 2004, the Social Security Fund paid compensation to job-related injured employees (and survivors) a total of 4,935.08 million baht.

Labor relations has been coordinated and promoted, resulting in sustained good employer-employee relationship in 82,744 workplaces, reduced conflicts and disputes and peaceful working condition, with more favorable employment terms than that required by law, benefiting 5,983,062 employees.

Moreover, protection has been extended to cover non-conventional workers who were previously excluded from social security, namely home workers, in terms of wage, welfare and safety, since 8 September 2004, as well as workers in the farm sector.

*To properly regulate migrant workers, cognizant of labor requirements in the private sector and national security, the Government has conducted a registration of migrant workers from 3 neighboring countries, 1,269,074 in number, and approved a quota of migrant workers to be employed 230,043.*

## ● Ua Athon Life Insurance

The program is meant to provide life insurance to all the people, especially low-income earners. The insured pays a premium of only 365 baht a year, or one baht a day. There are presently 589,007 policy holders. 644 of the insured were involved in accidents, and were paid a compensation of 300,000 or 400,000 baht, as the condition warranted.

## ● Freedom Insurance

The insurance program has been initiated to allow the accused or defendants who are arraigned by law enforcers, obtain their temporary release with an insurer's



guarantee. 7,027 people have so far utilized the instrument, with an insurance amount of 1,046.55 million baht.

## Pushing for Education for the Underprivileged

### ● One District, One Scholarship Project

Scholarships are granted to high-school students from poor families both in the cities and the provincial areas, so that they can pursue their studies at bachelor's degree level, in the country and abroad. The students have been selected from each district across the country. 921 have already obtained scholarships, amounting to 496.58 million baht.

### ● Bicycles On Loan for Education Program

From an analytical study of a research work on school dropouts among schoolchildren and students at fundamental level, difficulties in their travels to schools were cited as a significant factor. A survey found that 768,624 of children and youths of elementary to higher secondary levels faced difficulties in going to schools. 172,112 were given financial help as travel costs. Bicycles were offered on loan to 375,900 children going to schools. Of the number, 256,524 were elementary schoolchildren, and 119,376 were at secondary level.

### ● Weaving the Dreams for Thai Youths Scholarship Program

Profits from the sale of state lotteries were allocated as scholarships for sons and daughters of junior officials who were outstanding in performing their duties for the country, and honest low - income earners. In the former cases, 80,000 scholarships have been granted, and 170,000 in the latter cases, totaling 250,000.



### ● One District, One Lab School Project

At present, there are 921 lab schools scattering in all areas of the country. The school is meant to provide opportunities to everyone to be developed to their full potentials, so that they achieve sustainable development with good quality of life. A new approach is taken in teaching and learning, aiming at empowering the learners, with the help of new technologies

and media. Schoolchildren are taught to be highly capable and knowledgeable, recognized by their communities. They are also equipped with professional skills, earning income while studying.

## ● Weaving the Dreams of Thai Children of the Same Mind Project

Underprivileged children are provided opportunities to get new experiences through their visits to significant sites in other regions during their school vacation. The first event, during 14-23 October 2004, saw 17,500 participants, children and youths, teachers and supervisors. For the second time, during 5-13 November 2004, children and youths from 3,255 schools in 76 provinces took part, numbering 20,620 altogether.

## ● In-Country Student Exchange Project

486 students from schools in the provinces are given opportunities to study at 11 famous schools in Bangkok, so that they gain new experiences.

### **Miss Naeonploy Chamnankul, 14, 2nd year of secondary level, Muang Yang Phitthaya School, Chamni District, Buriram Province**

*"I was selected to study at Sueksa Nari School, I was elated as it was my first visit to Bangkok. It was so exciting! When I told my parents, they backed me up, saying that I could gain new experiences I think the project is very useful. I gained knowledge and experiences from the technologies and methods used at famous school of very high standards. I was not worried about the low grade I could get there. I was prepared for that. Otherwise, I was not prepared in other ways, as the time was so short."*

### **Mrs. Khanthong Niratkham, 38, mother of Miss Duanchai Niratkham, 3rd year of secondary level, Tha Sae Ratchadaphisek School, Tha Sae District, Chumphon Province**

*"This project is very good, as it gives provincial youths opportunities to seek new experiences in Bangkok. I have been in the rubber planting business, and I want my daughter to see Bangkok, to know how people there live, how different they are from our people in rubber plantations. She had never been to Bangkok before. What is more important is the chance to study at a famous school in Bangkok. She might become smarter. I was not concerned over safety, from what the teachers told us. Also, I had no fear that she might slip out to experience night life in Bangkok. She is a well-behaved girl. But I also dream that she could study in Bangkok for a better future. So, if she makes good grade and the school admits her for further studies, that would be even better."*

## ● Development of New Forms of Education

Experimentation has been made on the pilot research and development projects in providing education in various forms, with high flexibility in administration and management, for enhanced efficiency in operation, so that learners can be developed to their full potentials, and to upgrade education administration system in schools under the supervision of the Office of the Fundamental Education Board, to finally cover all schools in the country, with target schools grouped as follows:

- Prototype Schools in the Use of ICT, 13
- Buddhist Way Schools, 13,054
- Bi-lingual Schools, 139
- Schools Under State Supervision, 41
- Friends of Children Schools, 395
- Schools for Special Talents, 15
- Dreams and Teams Schools, 9

## ● State Media for Education and Learning for Children, Youths and Families

Radio broadcasting and television services under state control have been instructed to produce educational programs for the learning of children, youths and family members, with a proportion of 10 - 15 percent of airtime dedicated to such programs. At least one to one and a half hours during 16.00 - 22.00 hours are required for television programs for families. All television channels have rendered good cooperation. It is expected that more programs for education and learning of children, youths and family members will increase in time.



## ● Buddhist Way School

The school brings principles in Buddhism into the administration and the learning process, with the emphasis on child development in accordance with three pillars of education as professed by the Lord Buddha, namely seeing, listening and contemplating. There are presently 13,054 Buddhist Way schools all over the country, where teachers and administrators of the schools live among the learners and pose themselves as examples for disciples to follow., about 100.000 of them, involving about 3 million learners, and about 10 million parents and community members.

## *The Judiciary Helps Create Opportunities In the Lives of the Underprivileged*

### ● **Compromising Prosecution**

Prosecutors can make decisions not to prosecute children and youths who commit offenses carrying no more than 5-year jail-term, with the chance to be rectified, in accordance with section 63 of the Act on Juvenile and Family Court and Trial of Cases B.E.2534 (1991), which defines Family and Community Group Conferencing (FCGC) as the tool in the trial process for the first time since the criminal code came into use in 1951. The justice procedure is shortened, with cost reduced, and more importantly, children and youths will not have criminal records in their lives. The measure has been used since 1 June 2003.

Since the introduction of the measure up to November 2004, a period of 1 year and 6 months, prosecutors concluded 2,969 cases, with 2,915 not to be prosecuted, (98.18%) 54 referred to be charged in court (1.82%), thus saving state budget in prosecution by more than 100 million baht a year. Young people are also spared from being unnecessarily tried in court. It is expected that crimes can be diverted from the justice procedure, which can be shortened, as about 5,000 cases can be closed without prosecution a year.

#### **A sample case**

*A vocational student, from a poor family, stole an object in Lotus Superstore, worth 2,700 baht in early 2004. An investigation revealed that he was a poor student waiting to catch a bus and was hired to steal the object in the store at 200 baht. He was caught and the store charged ten times the worth of the stolen object. After attending the Family and Community Group Conferencing, the store was sympathetic, and instead had the student work in compensation for the theft on holidays. It turned out that he worked well, and was employed on a permanent basis.*

## ● Protecting the Right and Freedom of the People, by means of Financial Compensation to the Damaged Parties and the Defendants in Criminal Cases

- Compensation has been paid in 558 cases, totaling 103.87 million baht

- Financial assistance has been made to damaged parties and the defendants in criminal cases in 3 border provinces in southern Thailand, 20 cases in all, amounting to 1,812,560 baht.

### A sample case

*Miss Thongkham Sornkhong, a defendant in a criminal case, was referred to the court for prosecution in a robbery case. An eyewitness of the crime remembered figures on the registration plate of the criminal car. This was tracked down to Miss Thongkham She was arraigned at her home. Although she denied, saying that she did not know how to drive, the police did not believe her. She was imprisoned for 3 years, and had to sell her sugar-cane plantation of 20 rai to fight the case. It was later discovered that she was the namesake of the real culprit. The court ordered the case null and void. The government paid her a compensation of 366,000 baht for the mistrial.*

**Providing Protection to Witnesses In Crime Cases** It was the first time that witness protection was put to use in Thailand.

**Justice Clinic and Community Justice Network are created,** with the responsibilities to accept complaints, monitor behaviors and compromise disputes, as well as to arrange Family and Community Conferencing, detect and follow up on the monitored persons, and to provide assistance to former convicts.

**Around the Clock Justice Service and Temporary Release of the Accused Without Asset Guarantee as Bails.** This is meant to facilitate investigators who refer children or youths to be remanded, and parents can bail them out at all times. So far, 5,040 cases have been considered.

**Transforming Burdens to Forces of National Development** This is done by providing knowledge to convicts, with vocational training for them to be able to earn their living afterwards. Convicts get an average income of 304.25 baht, an increase of 68.04 percent over the original earning of 181.12 baht.



**Convicts are Trained in the Wiwat Phonlamuang School Project** 30,590 convicts are trained and monitored afterwards, without being remanded. The monitoring is for a period of 1 year. In this way, a budget of 151,621,000 baht can be saved each year. Convicts are also better developed under the training program.



# 3

## Creating the Future of Open Opportunities



**I**n solving problems caused by the economic crisis from the grassroots, while developing a firm foundation as the base for future development, the Government had to solve problems simultaneously with the revival of the strength of the society, transforming it into the strength of the land to overcome various obstacles. In the process, the Government has to create a society of opportunities for the people to develop and utilize their potentials to the full, earning more income and creating a good quality of life for themselves. With the Government's full support, people utilize local wisdom to earn income by creating products, and turn themselves into strong small entrepreneurs, who finally become major mechanisms for the national economy, generating steady and stable growth for Thailand, in contrast with the growth solely generated by big businesses in the past.

Measures to stimulate the grassroots economy which emerge as major policies of the administration are the One Tambon One Product (OTOP) Project and the promotion of small and medium - sized enterprises, SMEs.

## One Tambon One Product - OTOP



In the past, the majority of the Thai people mainly earned their living on farming. With the fluctuation of farm prices year by year, farmers could hardly make their ends meet, resulting in indebtedness.

The One Tambon One Product, OTOP Project aims at creating jobs in the localities, while keeping farmers on their farms with substantial added incomes that could free them from debts.

OTOP goods are developed with the support for the use of local wisdom, with the Government's assistance in terms of modern technology and management technique to link community goods with the markets, both inside and outside the country, by means of networking and via the internet. The project is meant to support local development process, creating strengthened and self-reliant communities, with local people's participation in income generating. Indigenous resources and local wisdom are used to develop quality products and services that are distinctive and with added values, readily accepted in domestic and foreign markets.

*The Government has upgraded Thawai Village in Chiang Mai Province, as the first pilot OTOP village of the country, with budgetary support to improve infrastructures in various aspects, and technical assistance in production management and marketing of the products on a systematic basis, to effectively cope with the increasing number of tourists on their shopping trips.*

*Thawai Village has long been known as a major craft center in Chiang Mai, distinctive with its woodcarvings. Villagers have been engaged in woodworking for over 30-40 years.*

*Visitors to the Village can observe craft production and other demonstrations, namely:*

- \* Wooden item shaping*
- \* Lacquering and gilding of the items*
- \* Performances of folk artistes*
- \* Contest of top craftspeople in woodworking*
- \* The unique procession in mass novice ordination of the North*

*In the first half of 2004, Thawai Village earned about 66 million baht from craft sale, or an average of 11 million baht. Compared with the figures of 2006, the sale expanded by 30-40 percent, with a 30 percent increase in the number of tourists.*

**Mr. Wiratham Trakulthai and his Chansoma Gold Brocade Silk Weaving Plant, assigned to weave cloth for APEC Leaders**

Mr. Wiratham Trakulthai brought his knowledge and skills back to his hometown and taught his relatives with weaving skills. He also gathered senior people familiar with traditional silk weaving to transfer their wisdom in hand-woven silk. The Chansoma Gold Brocade Silk Weaving Plant was set up at Tha Sawang Village in Surin Province, reviving the weaving technique of gold brocade for the royal court in the past. The unique products won wide acclaims and were promoted by several government agencies. The plant was selected by the Government to produce silk as blouses for the 21 leaders of the Asia Pacific Economic Cooperation, APEC, at their summit meeting in Thailand in October 2003.

**Income from OTOP Sale**

Year	Amount (million baht)
2002 (pre-OTOP)	245
2002 (under OTOP)	16,716
2003	33,276
2004 (October 2003-August 2004)	42,927
Total	92,919

Source : Minister of Interior

Communities were able to upgrade their products to international standards, and were able to earn 5,000 million baht from exports, out of the total sale value of 42,927 million baht, or 11.65 percent (source: Ministry of Finance)

In the year 2004, there were 29,000 productive communities, an increase from 16,000 communities in 2003 (source: Ministry of Finance)

A total of 6,932 OTOP products have been upgraded:

- 5- star products - 626
- 4-star products- 2,583
- 3 -star products- 3,723

OTOP goods sold through website Thaitambol.com 12,000 from the posted 38,000 items, or 31.6 percent

### **Celadon House, Chiang Mai Province**

**by Miss Kanda Kanchanakorn, and Miss Thassanee Yaja**

*Both women, Miss Kanda Kanchanakorn and Miss Thassanee Yaja were formerly blue-collar workers. They are presently entrepreneurs running Celadon House, producing the traditional grey-green glazed pottery, Celadon or Sangkhalok ware, using local resources, with the Celadon House brand. Financial assistance was later given by the Industrial Finance Corporation of Thailand, IFCT, Chiang Mai branch, enabling the setting up of the Sangkhalok Craft Center, to create jobs for villagers in the neighborhood. The Celadon House goods are selected as a 5-star OTOP product.*



### **The Achievements of OTOP**

#### **Better Product**

*From local wisdom scattered in all regions, to a systematic collection and value adding process with professional management, resulting in over 600 items of high-priced 5-star OTOP products*

#### **Better Life**

*From the lonely individual craft-making tasks in the rural area, to active and empowered craft communities*

*From inaccessible villages to villages of Thai wisdom*

*From individual undertakings to over 37,000 empowered craft communities all over the country*

#### **Better Management Marketing Finance**

*From amateurs to professional administrators of businesses, almost 30,000 in number*

*From make-shift stalls in open markets, to elegant shelves in hundreds of leading supermarkets*

*From villages to 35,000 sale points all over the country*

*From a sale value of 245 million baht to over 42,000 million baht*

*From a single crop income to substantial OTOP incomes*

## Promotion for Small and Medium-sized Enterprises-SMEs

The promotion and creation of small entrepreneurs has been given special attention by the Government. It can be said that small and medium entrepreneurs had never before been given such a close attention, as the Government realized that the economy could only be revived and maintained on the path of sustainable growth with the Thai people's own income - creating efforts. Small and medium-sized enterprises, SMEs are seen as the potential mechanisms to put the economy in motion, as efforts on the civil sector's part.

As such, the following support has been given to SMEs :

Revolving fund to increase liquidity in 2,733 cases, totaling 226.323 million baht. A venture capital fund was set up to invest in SMEs, as a 10-year fund.

50,000 new small entrepreneurs are created each year.

Capability boosting for 61,078 SMEs.

A 5,000- million- baht fund has been set up to enhance competitiveness of Thai businesses, with an initial investment of 2,000 million baht in SMEs.

### ● SMEs Bank

One measure to strengthen and build networks of community enterprises is the provision of fund, with credits offered to small and medium-sized enterprises, to develop the grassroots economy. This was achieved through the cooperation among the Bank for Agriculture and Agricultural Cooperatives, the Government Savings Bank, the SME Development Bank of Thailand, and the People's Bank, with the release of the following credits:

- Credit for tourism industry operators
- Fast tack credit
- Credit to support Thai workers going abroad for jobs



- Credit for asset capitalization project
- Credit for export businesses
- Credit to support çThailand ;The World Kitchené Project

During 2001-2004, SME Bank released credit at an accelerated rate, from 717 to 3,953 businesses, classified in the following table:

Type of business	Number		Credit (million baht)	
	2001	2004	2001	2004
1. Production	348	912	2,814	5,686.83
2. Service business	212	1,383	2,109	6,520.09
3. Retail business	97	1,249	1,139	3,333.64
4. Wholesale business	44	201	273	820.96
5. Agro-industrial business	16	208	108	1,183.95

**Miss Bang-on Suwanprateep**

**Owner of Likae (folk play) costume business**

*"..When my grandma gave up the business, I persuaded her assistants to work with me and continue with the making of Likae costumes. I did not have any real knowledge then, and was scoffed at a lot. But I was determined, and willing to learn with the trial - and - error method. I tried to make the costumes magnificent, with all the glitters. So, I make the living on this looked-down business, with over a hundred dependents now..."*

*"...I used to buy cloth by meters. After I obtained assistance from SME Bank, I now buy cloth by rolls. No one resigns at present, only new applicants, and we have more jobs. I now have 6-7 branches. Work is available all year round. Over a hundred troupes are our customers, with orders placed every month...."*

**● Asset Capitalization**

New entrepreneurs benefit from the Asset Capitalization Program, with access to capital in the banking system to create jobs and income.

Classified by types of assets, these entrepreneurs obtained credits as follows:

- Land 2.4 billion baht 28,053 cases
- Machinery 130 billion baht 33,743 items 1,538 cases

**● People's Bank**

The People's Bank, operated by the Government Savings Bank, helps low-income earners to operate their own businesses with the credit. 913,987 people have had access to loans (by October 2004)

**Chai Si Noodles by  
Mr. Phanrop Kamla**

"...I am a poor farm-boy. But I always think that I shall be rich one day. When I first came to Bangkok, I sold ice-cream, with a profit of 300 baht a day. I was so delighted then. Later, I turned to noodles, with a profit of 3,000 baht a day. I have been doing this for two years now, with a savings in the region of hundreds of thousands...."

**Mr. Thanakrit Chimtrakul,  
owner of Chakraphat Meatball business**

"...When we encountered economic crisis in 1997, my friends and I were so desperate. We looked at how to build our business. My elder brother then obtained the formula for meatball from a Chinese chef, which was so good. We therefore agreed to open a noodle shop....."

"...We started with the first shop at Saphan Mai, Don Muang, and we adapted the formula for about 3 to 4 months, to obtain our own formula. We then market our meatballs in the franchise business. When we ran the noodle shop, some people in the media tested our food and helped make us known quite widely. In the first year, we opened more than 20 branches. We then launched the Khun Chai noodles in red soup. Now we have 50 Chakraphat meatball branches, and 200 Khun Chai noodle branches...."

"...The agency that helped us a lot was the Government Savings Bank. We got the credit for those who wished to buy our franchise. They did not have collateral but could obtain credit. So, I would like to thank the Government for the helping hands for businesses such as ours to be viable and secure...."

‘ In academic year 2004 there were 372,705 students who enrolled in the flexible programs under the policy  
- 259,328 at higher diploma level  
- 113,377 at lower diploma level ’

**● Vocational Education: Integration for the Building Up of Human Resources, Jobs and Careers**

From the policy ¶ Learners can choose what they wantéé with a pilot project launched in educational institutions under the supervision of the Office of Vocational Education Commission, a new dimension has been created in all educational institutions in their admission of students, to allow each learner to choose the subjects he or she wants to pursue, to suit the chosen career.





# 4

## Reworking the Country's Infrastructures



# Getting Ready for Fierce Competition in the World Arena

The collapse of Thailand after the severe economic crisis reflects the fact that national development prior to the crisis had not been based on strong foundations. As the administration took the office in the fast - changing world situation, the task placed upon it was not just to "repair" damages done to the country, but also to prepare Thailand to cope adequately with changes brought by external factors.

Therefore, the infrastructures of the country had to be adjusted expeditiously, to get prepared for the competition on a higher plane, with the world as the stage. The damaged mechanisms had to be repaired to function again, with the existing infrastructures strengthened, and the potentials enhanced with the use of technology.

## Rehabilitating and Improving Mechanisms in the Economic System

### ● Reviving and Developing Financial Institutions Affected by the Economic Crisis

The Government carried on with the revival and rehabilitation of finance companies and securities companies which were suspended following the economic crisis of 1997. Depositors and honest creditors of those companies, about 70,800 in number, had been compensated, with a total capital of 278,495 million baht. All suspended companies were brought into bankruptcy process in April 2002.

### ● Solving of Non-Performing Loans (NPL) in Commercial Banks

NPL in commercial bank system cannot be solved if assets seized by banks from defaulting customers are not managed, or unsold.

The Thai Asset Management Corporation was able to transfer bad loans or NPL worth 776,058 million baht from both state-owned and private financial institutions, and had successfully managed the impaired assets worth 787,058 million baht of 98.77 percent of the transferred bad loans, by 30 November 2004.

Mediations were successfully made in the procedure of the Bankruptcy Court, for the rehabilitation of debtors' businesses, involving 217 debtors, with a total asset worth 2,858,088 million baht.

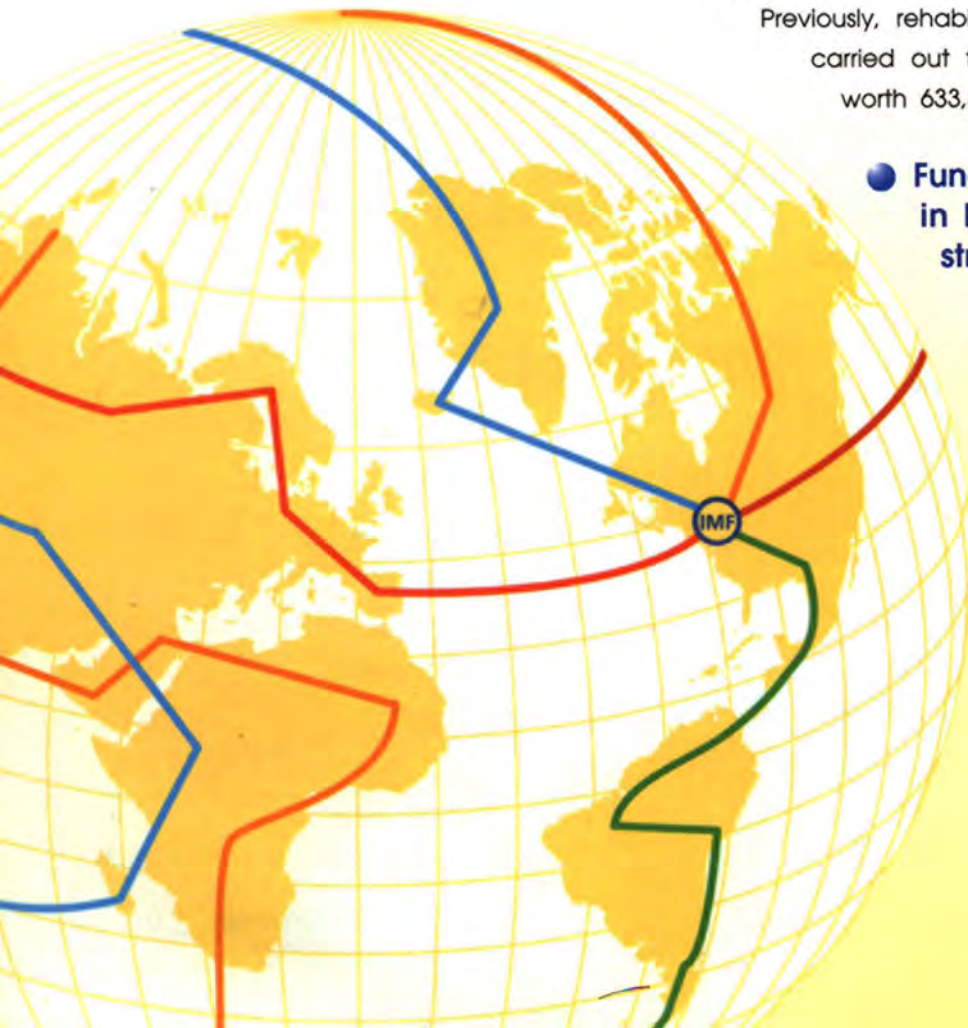
Previously, rehabilitation of debtors' businesses was carried out for 104 debtors, with a total asset worth 633,816.53 million baht.

### ● Fund mobilization as investment in business expansion or restructuring

From 2001 to July 2004, the private sector mobilized fund from the general public through the capital market at a total amount of 8.11 trillion baht, with the issuance of bonds worth 4.62 trillion baht, and warrants worth 3.49 trillion baht.

Supporting the privatization of 5 state enterprises.

The Government supports the issuance of new debt instruments in response to fund



mobilizers' and investors' needs, such as structured note, depositary receipt : DR, and non-voting depositary receipt : NVDR.

## ● Supporting Long-Term Investment

The Government supports private savings and investment through various mutual funds, presently 474 in number, with a net asset value of 6.3 trillion baht.

Support has been given to the increase of proportion of institutional investors through the setting up of mutual funds, provident funds and personal capital funds, as well as an increase in the number of mutual fund management companies, and the rating of mutual funds.

The long-term equity fund : LTF has been supported to be set up as another alternative for investment. In October 2004, there were already 15 LTFs.

Support is given to savings for old age, with the knowledge on provident fund : PVD and retirement mutual fund : RMF.

At the end of the second quarter of 2004, there were 558 provident funds, with a net asset value of 2.92 trillion baht, and 46 retirement mutual funds at the end of May 2004, with a net asset value of 8.52 billion baht.

## ● Good Corporate Governance

A strong and concrete campaign on good corporate governance has been launched, with the designation of the year 2002 as the Year of Good Corporate Governance and the setting up of the National Corporate Governance Committee, to set guidelines to promote good governance in both the public and private sectors, with the aim at transparent, fair and accountable management in all organizations.

Continuous efforts have been made in this aspect with 2 measures, the prevention of money siphoning from listed companies with the emphasis on information disclosure, and motivation through the honoring of good people and companies with proper guidelines and procedures and regular awarding.

The Government has proposed amendments to the legislation promoting good corporate governance in listed companies, legislation on class action suits, to help small investors in protecting their right without having to file charges themselves.

## ● Protection of Investors

Promotion is made to the quality services given to investors, as advice, and information for decision making. Securities companies and brokers are strictly supervised in this aspect.

The system of data screening has been developed, to bar rumors, with the cooperation from related agencies, including securities companies and listed companies.

A help center is set up to receive complaints and answer questions concerning investment and rumors in the stock market.

Useful data for investors are developed, such as the website turnover list comparative data of mutual funds, and annual reports on operation results of mutual funds.

## ● Stimulating the Property Sector

Since the economic crisis, the property sector suffered a decline, with several businesses becoming insolvent. Other related activities have been affected as well. The people's purchasing power and the needs to buy houses declined greatly. Real estate prices also depressed.

In the past 4 years, the Government has implemented the policy to stimulate purchasing power in the real estate business, and the use of tax measures to support the business, making property and home sale prices rise.

**Property price nationwide rose by 323,159 million baht, or 221.8 percent**

\* Property sale nationwide throughout 2000 was 193,760 million baht, while the figure of the first 9 months of 2004 was 468,879 million baht

\* Compared with the first 9 months of 2004, the value of property sale of 468,879 million baht, an increase over the same period of 2000, at 145,720 million baht, or 221.8 percent.

**Source:** The Bank of Thailand

## Public Sector Reform for Development and Public Service

During the economic crisis and thereafter, government agencies or the Thai bureaucracy could not deny their responsibilities as part of the cause for the worsening of the crisis, and their inability as mechanisms to shore up the situation at that time.



Public sector reform is therefore a major policy of high priority for the Government to implement, to make the bureaucracy responding to the needs of the people effectively, to strengthen the public sector as mechanisms of the Government in reviving the country's economy, and to support the enhancement of competitiveness of Thailand in the world arena, as well as to respond to the democratic administration of the country.

Public sector reform started with the restructuring of government agencies, to reduce work duplication in various agencies, and to bring about unity in the public sector, with the people at the center, and the happiness and benefits of the people as the goal. The Strategic Plan on the Development of the Thai Bureaucracy (2003 - 2007) has been drawn up to be the directives for the public sector reform, with clear objectives.

Significant achievements from the bureaucratic reform are :

### ● Shortening of Procedure and Time

Steps have been reduced and the time required for each work to be accomplished for main missions of each agency by 30 - 50 percent, to make the work quicker in services given to the public. Termed as 'quick win', public service has been cited by the Government as the priority goal, and the quick delivery of service has been focused upon since the middle of 2003.

### ● Integrating the Services Given to the People

This has been carried out in various forms, especially the setting up of one-stop service centers, where all related agencies providing services to the people are assembled in one place, to give a full-cycle service to the people.

### ‘ 7 Strategies in the Development of the Thai Bureaucracy

- Change of working process and method

- Restructuring of the bureaucracy

- Reform of financial and budgeting system

- Establishment of new personnel administration and remuneration system

- Change of Vision, culture, and value

- Modernization of the bureaucracy

- Opening up the system for public participation’

The setting up of Service Link is another progressive step to be taken in the provision of services to the people. It involves the new working system in which each agency can substitute the work of another completely, increasing service points in a leapfrog manner. This is achieved by networking related agencies, such as those giving basic services such as permit for home building, request for house number, power, tap water, and telephone number, for instance. People can now contact all district offices, branch offices of utility providers anywhere. The service is now available in Bangkok at Bang Khen, Bang Sue, Bang Phlat, and Bangkok Yai District Offices, and in Nakhon Pathom, Chon Buri and Chiang Mai for Muang District and the neighborhood. The expansion of the service is being added, such as services for small and medium-sized enterprises.

### ● **The Introduction of a Comprehensive Administrative System for Provinces CEO Governor**

To make provincial administration efficient, responding to the needs of the people in the provinces, and to lay down strategic plan for the development of the provinces in line with the condition and situation of the provinces. Authority from the central administration is transferred to provincial governors in several aspects, to integrate and to create unity in provincial administration.

### ● **Enhancing the Potentials of the Local Administrative Organization**

The Government has promoted the decentralization of power to local administrative organization in accordance with the intention of the Constitution. Actions have been taken in this direction on a systematic manner, with much progress. Several missions have been transferred from government agencies to local administrative organizations, 174 out of the total 245 missions. Income has been allocated to local administrative organizations, totaling 282,000 million baht in 2005, an increase of 23.50 percent, enabling local administrative organizations to adequately perform their duties in response to the people's problems and needs.

Moreover, the system to strengthen and develop the efficiency of local administrative organizations has been laid down. The Government at the same time is determined to strengthen the civil sector, promoting people's participation by thinking and learning together. A comprehensive plan to strengthen the community and overcome poverty has been promoted as community plan, to serve as the tool in the allocation and

management of resources in accordance with the local way of life. Networking is also introduced into community work to solidify communities, enabling members of the communities to manage their own localities and resources, and to solve poverty problems by themselves. The strengthened communities would be in line with the decentralization of administrative power to the local areas in full in the future.

### ● **Setting Up of the 1111 Call Center**

This is another form of service given to the people, to facilitate their lives. The center provides necessary information to the people, including services and contact points of all 20 ministries, receiving complaints and solving their problems.

### ● **e-Service**

Information and services are linked under a website, or linked together via the internet, so that the people can access without having to travel to government offices personally. They can apply for permits and services under the e-Government system anywhere and anytime. Several ministries now operate the e-Service, namely:

- Ministry of Finance's e-Revenue for income tax paying.. People can also download tax forms and seek information.

- Ministry of Commerce's e-Marketplace for entrepreneurs to post their products on sale in the website of the Department of Business Development.

- Ministry of Information and Communication Technology's e-Citizen portal, e-Logistic for goods transfer business

**‘ Government Communication Center-GCC, providing information of the public sector, available since January 2004. Up to November 2004, there were 2,277,685 users. ’**

*e-Government = One place, immediately, anywhere, anytime, accessible, equitable, and with good governance*

6 *Government Fiscal Management Information System - GFMS, is a government project to bring technology into the administrative system in full. It is meant to reform the fiscal and financial system in the public sector to be modern, efficient and effective, with the people at the center. In other words, It aims at providing good services to the people at low cost. The Government is confident that GFMS will be the tool to make disbursement in the public sector transparent, available to be scrutinized and compared. A whole*

## **The use of information and communication technology for transparency, service providing, and create readiness for competition**

### **● Information technology for economic and social development**

The Government has set goals and strategies in national development with the use of information technology in five areas, namely:

- e-Government
- e-Commerce
- e-Industry
- e-Education
- e-Society

e-Government is the process of administrative reform, making the public sector transparent and efficient, with the use of information and communication technology. People can expect to get the required services promptly, conveniently, comprehensively and equitably. The gap between the government and the people can be reduced.

The operation is under the strategy to provide services to the people, to stimulate the economy, to enhance safety and security, with the management in 4 dimensions :

- Government 2 Citizen or G2C, for the people to seek information and use the services through the website such as <http://www.eCitizen.go.th> or the one-stop service and Service Link.

- Government 2 Business or G2B to facilitate business operations, enhancing competitiveness, and fair competition. The service is also meant for economic development of the country, with the emphasis on the provision of information on services, rules and regulations, privileges, permission, and investment.

- Government 2 Government or G2G, for instantaneous information exchanges, operations of high standards and efficiency, and to create transparency, and effectiveness.

- Government 2 Employee or G2E, for prompt and easy communication, making personnel development comprehensive and equitable, thus boosting the morale of personnel and create the sense of belonging. Moreover, the system promotes culture of organization in the new society.

## ● Reduction of Distance Call Charges in the Country and Abroad

The measure is meant to cut cost in communicating, in support of the growth of the business sector, and to give satisfaction to consumers, as well as to push for Thailand to be the region's communication gateway.

- Distance call rate in the country is reduced.
- Distance call rate abroad is reduced, with Singapore rate as the benchmark.

From 1 January 2004, call rates have been reduced by 20 - 70 percent, when placed to several areas of the world.

- The Government has targeted rate reduction for several more areas.

Country	Original rate (baht)	New rate (baht)	Reduced (%)
United States	22	9	59
Britain	30	14	53
Australia	22	14	36

- **Originally** Thailand maintained one of the highest rates for telephone calls. **Presently:** Thailand's potentials to compete in the world has been enhanced.

## ● Tambon (Sub-district) Internet

Information from various agencies is linked up, so that local people can access easily. The service has been extended to cover the whole country, numbering 6,746.



## ● ICT or Ua Athon Computer Project

Providing good quality personal computers for government officials and the general public at low cost, so that more Thais can get into the world of technology. The project increased personal computers in use in the country from 2.2 million in 2002 to 4 million in 2004. The price of computer came down by 30 percent.



*picture is presented, giving the entire expenditure in administration, personnel in the same jobs, and others. The data can be analyzed to improve the operation. It represent another step and a new dimension in the administration. With GFMS system, once the accounting is made, all agencies can access and share the information. Cost can be calculated to assess the returns of each expenditure. Above all, the people can get prompt service, with transparency and fairness, such as the payment from government agencies for goods and services, for example. '*

## ● The Thailand Knowledge Center (TKC) Website Development Project

Developed as the gateway to unlimited knowledge for the people, and can be accessed on the internet at [www.tkc.go.th](http://www.tkc.go.th) It provides:

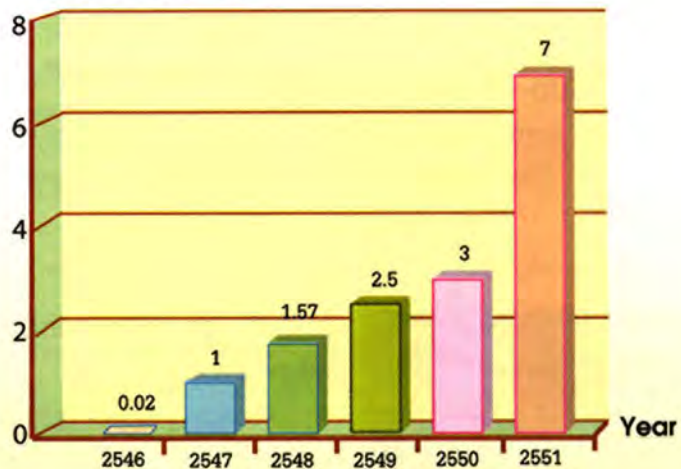
- The wealth of knowledge of Thailand, posted on the internet
- Hyperlink to quality websites of experts in 13 fields, more than 100 persons, and useful websites in different fields all over the world
- Promoting knowledge publishing in digital form, with the emphasis on content development and multi-media use.

## ● Broadband Internet Project

Providing high-speed and low - cost internet service, to enhance business opportunities by means of :

- Creating standard price comparable with South Korea and Japan
- Stimulate the use of broadband Internet
- To be in operation in ICT City: Phuket, Khon Kaen and Chiang Mai
- Targeting 1,000,000 ports in 2004

Number Users (million)



- The price of broadband internet 2MB/Sec has reduced from 30,000 baht to 590 baht a month

## ● Software for SMEs Project

Networks are created to support groups of companies and software developers in the development of software for sale and on rent to SMES at low cost by means of :-

- Creating a network, with no less than 20 companies as members.
- Promoting the use of software through networks by no less than 300,000 members

- Hiring about 100,000 personnel on software
- Making an income of up to 10,000 million baht a year
- No less than 5 companies provide ASP service to SMEs groups
- Launching the brand for worldwide service under the name

SMEse.net

- Software database companies joining the network number more than 40, with 60 software items

- Making a joint venture among the Communication Authority of Thailand Corporation, SME Bank and private companies, with an expected 10,000 customers using the software developed in the project

### ● Smart Identification Card

Modern technology is used to develop smart identification card for the Thai people, so that they carry a single card in the place of various identification cards issued by the government, giving them convenience, and saving state budget, as people get better service in making various transactions, with enhanced efficiency of government agencies concerned, providing comprehensive and equitable services, resulting in the people's better quality of life.

### ● Thailand Animation and Multimedia-TAM 2004 Project

The project is meant to support the growth and add value to animation industry, pushing for Thailand as Hollywood of Asia through the following:

- Promoting software industry in animation and multimedia
- Creating software developers in animation and multimedia in all provinces in the country
- The public and private sectors jointly organize training program for teachers and students in animation throughout the country. More than 1,200 have been trained in the program..
- The One Province, One Animator Project is implemented.
- A joint venture with the private sector has been created for the production of animation.
- Providing professional positions to employ foreign experts in the industry.
- Animation market value is no less than 80,000 million baht, employing more than 5,000 personnel.
- With a strong promotion, market value of animation industry is expected to increase by 20,000-30,000 million baht.

### ‘ Bidding in the Smart Card Project

A budget of 1,440 million baht has been earmarked (at 120 baht per card) Bidding for the production of 12 million cards

- The first bidding on 22 March 2004, using e-Auction method, with the end price of 108.90 baht per card

- The second bidding on 29 June 2547, using e-Auction Sealed Bid method, obtaining an end price of 74 baht per card 552 million baht was saved ’



## ● Internet in Schools

In the year 2003, about 10,000 out of 40,000 schools across the country, were equipped with telephone lines. Another 13,000 were linked up in 2004, enabling schools all over Thailand to be hooked to the internet for communication and knowledge acquisition.

## ● Distance Learning via Satellite

Apart from model classrooms with computers and student's learning via the internet, the Government has developed public education in remote areas with e-Library and e-Learning through the internet, as well as distance learning via satellite. Computerized management in villages has achieved concrete results, as a model for the expansion of the program. An example cited is Sam Kha Village, Hua Ruea Subdistrict, Mae Tha District, Lampang Province.

## 6 Bangkok International ICT Expo 2004/CEO Forum Project

The event is meant to push for the status of Thailand as the ICT center of ASEAN

- Exhibition and ICT trade show is organized at Asian level and will be upgraded as a world event in the future, with over 200,000 expected to visit the show.

- Thailand is able to show her potentials in organizing a prominent ICT trade show in the region, as well as the country's competitiveness in ICT. 9

*Sam Kha Village is a tiny community in Mae Tha District, Lampang Province, about 30 kilometers from the town area. It was formerly a remote and inaccessible village. More than 4 years ago, villagers were indebted and faced a lot of difficulties. They got together to solve the problems and adopted His Majesty the King's sufficiency economy philosophy, with the use of household accounting as initial indicators. Thereafter, the Thalcom Distance Learning Foundation joined community leaders to launch the Lighthouse of Wisdom Project, to help solve the problems, with school and schoolchildren of Ban Sam Kha School as the focus, linked to the community under the principle of thinking and acting together for development, with the use of ICT as the tool. There are several community projects at present, namely,*

- 1) Community bank, run by people in the community, with Krung Thai Bank as the consultant.
- 2) Community shop, with 7-11 network as the chaperone in management and training.
- 3) Community library, providing literature and internet service, based in the temple with Buddhist monks as operators.

4) Village expenditure, managed by students and the school, with the support of NECTEC.

5) The development of watershed community forest, utilizing GIS system, supervised by NECTEC.

6) The use of local wisdom, with knowledgeable senior citizens recruited to teach young people on the subjects of Lanna culture and language, via computer, with the support of the school and the Northern Non-Formal Education Office.

7) School internet and computer classroom, with the support of Thalcom Foundation and Lampang Cement Company.

The concrete results achieved in community development clearly reflect that local people and modern technology can work together well, with good management system, understanding of all involved, and strengthened and unified community.

### ● e - Library

Under the project, the Thai Library Network - Metropolitan : Thallinet, the Provincial University Library Network : Pulinet and the Ministry of Education are linked up under the UniNet, for the common use of education database, with electronic filing system and union catalog, in which library catalogs of 24 educational institutions are collated in one place, complete with book borrowing service among them.



## Education Reform

### ● Structural Reform

The policy of free education of 12 years, plus 2-year kindergarten period, or 14 years in total, has been funded with almost 27,000 million baht, and the support for underprivileged and disabled children of more than 3,000 million baht.

### ● Reform of the Learning Process

The development of teaching and learning process, with the learners at the center is conducted, using information and communication technology to enhance the process for lifelong learning.

## ● Reform of Teachers and Education Personnel

Roving teachers are provided for 10,877 small schools. 1,432 new positions have been approved for teaching personnel in Southern border provinces.

## Development of Alternative Energy

Since the crisis of oil price emerged, the Government has subsidized domestic oil prices and issued a package of energy saving measures, to maintain the overall economic stability of the country, and minimize impacts on industries, businesses, and the people. Significant measures implemented over the past period are:

## ● Diesel Oil Price Ceiling

to minimize impacts on the economy and the people

	Without the ceiling (3 baht rise)	With the ceiling
1. GDP	0.82 percent decline	Maintained at 6.4 % growth rate
2. Inflation	Increase from 2.7 to 3.25 percent	Maintained at 2.7 percent
3. Impact on transport and commodity prices	- Passenger fee increase 5.71% -Transport cost increase 5.85% - Cement price increase 2.65% - Steel rod price increase 0.39% - Fisheries, except prawn, Increase in prices 6.37%	
4. Impact on Oil Fund (17 December 2004)		57,000 million baht used to subsidize oil prices
5. Impact on Excise Tax Collection		65,000 million baht collected



## ● Energy Saving Measures

- Double profits from power saving project, launched in June 2004, to end in May 2005. Results from the 5-month period, from June to October 2004, when compared with power use of the same period of 2003, reduction in the household sector has been seen in 4 million households, altogether 1,140 million units, representing a saving of 2,900 million baht.

- Reduction of power use by government agencies and state enterprises, 18,507 in number. Electricity and fuel oil use in each agency has been reduced by 10 percent compared with the figures of the same period of 2003.

- Cooperation has been sought from the private sector in energy saving, with the reduction of operating hours of department stores, petrol stations and billboard lights.

- Promotion of mass transit system. The area of 17 rai at the BTS Mo Chit Station and Bang Sue Station, 10 rai, were resurfaced for the Park & Ride program, accommodating 1,120 and 1,000 cars respectively. If car-users turn to mass transit system in accordance with the measure, 4 million liters of petrol can be saved each year, or about 60 million baht a year.

## ● Proactive Measures, with the Changing of the Country's Role from the Demand Side to the Supply Side

This can be achieved by joint investment in oil with countries such as Oman and Kuwait, for instance.

## ● Promotion of the Use of Alternative Fuel

to reduce the use of diesel, assistance in the production of alternative fuel, and saving on oil imports.

## ● Promotion of NGV

4,500 taxis joined the NGV use program.

26 service stations now offer NGV, and 7 more have been scheduled to open NGV pumps within 2004.

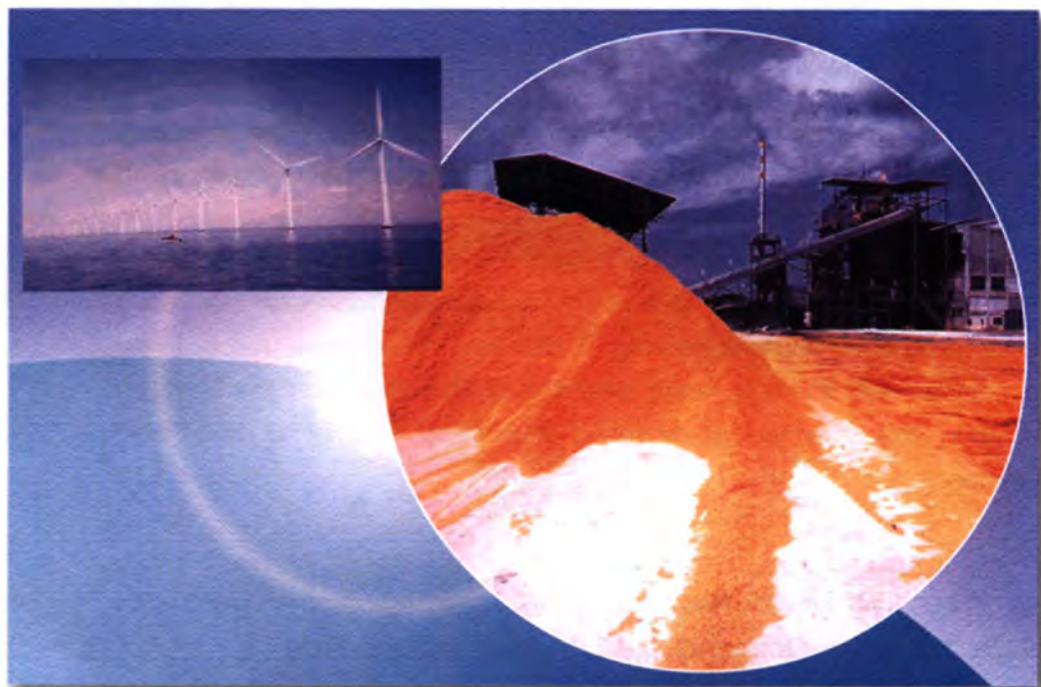
The State Railway of Thailand has been coordinated on the use of NGV with locomotives. Diesel use can be reduced by 50 percent.

● **Promotion of Biodiesel** Cultivation of oil palms has been promoted, for the production of biodiesel, expected to save on oil imports by 14,000 - 28,000 million baht in 2011.

## ● Promotion of More Use of Ethanol

In 2004, a saving of 32.8 million baht could be made on oil imports, with the production of 225,000 liters of ethanol a day. In 2011, the saving will reach 821.25 million baht with the production of 3,000,000 liters of ethanol a day.

At present, saving on oil imports is at 677 million baht. It is expected that with the increase of ethanol production to 3,000,000 liters a day in 2011, oil import reduction can be made at about 15,900 million baht.



## ● Development of Thailand as the Energy Center of Asia

With the economic growth of Thailand in 2004 at 6.4 percent, commercial demand of energy has risen by 7.2 percent, compared with 2003. In real terms, energy use rose from 906,670 million baht in 2003 to 1,018,121 million baht in 2004, an increase of 12.3 percent. In the first 10 months of 2004, dependence on imported energy rose from 65 percent in 2003 to 67 percent, at a value of 453,087 million baht. Crude import topped the list, at 85 percent of energy import value of the country, totaling 385,837 million baht.

With the war in Iraq in 2003, crude oil price has continually risen in the world market, from the range of 27-31 US \$ to 35-40 US\$ per barrel in 2004, with severe impacts on energy security and competitiveness of Thailand.

Thailand is well positioned to become an energy center of the region. Geographically, it links energy production countries such as Oman, Saudi Arabia and United Arab Emirates with energy importing countries such as Vietnam, China, South Korea and Japan, as a large market. Thailand is also ready in terms of basic infrastructures for imports and exports of petroleum, petrochemical products and energy, as well as capacity of oil refineries.

To push for the realization of the plan, the Government has mapped out a strategic energy plan for Thailand's competitiveness, aiming at developing the country as the energy center of the region. Major projects to be implemented are the establishment of the Thailand Petroleum Trading Center or the Sriracha Hub and the Strategic Energy Landbridge linking the East and the West Coasts in the South.

The Thailand Petroleum Trading Center was officially inaugurated in January 2004, marking the first step taken by the country in transforming itself for çuseré to çtraderé of petroleum products to various countries of the world. Thailand has clearly shown her potentials and readiness, with oil refinery facilities of a capacity of 1 million barrels per day, the deep sea port that can accommodate large oil tankers, and the oil depots for a huge amount of oil reserve

The Strategic Energy Landbridge Project in the South is meant to link up oil trading routes with the construction of oil pipeline linking the West and the East Coast of the country, and the development of oil depot system, so that producers can utilize as their second supply base, apart from their main supply base in the Middle East.

## ● The Link-Up of Transport Systems

Unconnected and insufficient transport systems in the country not only hamper people's travels, but also affect goods transport, and bring up production cost, with immense losses of time and energy in transport. The situation weakens Thailand's competitiveness in exports. The Government thus focuses its attention on developing transport networks, with the link-up of land transport, both road and rail, waterway, and air transports to cover the entire country and linked up with other countries.



## ● Waterway Communication Networks

Ports have been improved and newly built to link the central region with other parts of the country, and to accommodate goods and passengers, including foreign tourists for their utmost facility and safety.

During 2001 - 2004, construction and improvement have been carried out at 23 ports for passengers and tourists, with 15 already completed, the rest are under construction or detailed feasibility studies for the designing process.

The Laem Chabang Commercial Port has its capacity enhanced. During 1997 - 2000, it accommodated goods at only 1.65 million TEU a year. This has been increased during 2001-2004 to 2.00 million TEU a year, with the One Stop Service, One Day Clearance system and the introduction of the ISPS Code and X-Ray Scanner for safety in accordance with the International Convention on Maritime Transport. Also, a plan has been mapped out to develop Laem Chabang Commercial Port as the gateway to Indochina in 2007, with the capacity of the port increased to 3.32 million TEU a year, to reach 6.68 million TEU a year in 2011. Income derived can be paid into the state coffer at 60 percent of the net earning.



## ● Construction of Regional Ports for Goods Transportation

Ranong Port, with expanded capacity from 500 to 12,000 ton gross, to be completed in 2007. The port will serve as the main seaport of the South on upper Andaman coast, linking countries in BIMST-EC and GMS-EC, with an estimated amount of goods to be handled at about 27,000 tons per year, to increase to 800,000 tons per year in 2026.

Chiang Saen and Chiang Khong Port in Chiang Rai Province in the North, to handle goods from the cooperation agreement on commercial navigation of the Upper Mekong Region, administered by the Port Authority of Thailand. In 2006, the port will be enlarged in line with the setting up of the industrial estate and the opening of the Special Economic Zone, as the second Chiang Saen Port. The study shows that in 2007 the port will be handling goods at about 460,990 tons a year, to be increased to 3,009,300 tons a year.

Pak Bara Port in Satun Province will be developed as the deep-sea port on the Andaman coast, with goods shipped directly to Europe and the East Coast without passing Malacca Strait. The construction will start in 2006 and completed in 2008. It is estimated that 304,000 TEU of goods will be handled in the first year, to be increased to 452,000 TEU in the year 2025.



### ● Development of Air Transport Network

26 regional airports are improved and developed to support increased air travels of the people.

4 international airports are developed, in support of the plan to make Thailand an aviation hub of the region.

Air passengers increase from 43.78 million to 55.62 million.

Air freights increase from 1.07 million to 3.07 million tons.

### ● Suvarnabhumi : Gateway of Asia

Suvarnabhumi Airport will be developed as the center of air transport in Southeast Asia, and one of the most modern airports of the world. It is scheduled to be in operation on 29 September 2005.

The airport will accommodate 45 million passengers a year (originally for 30 million passengers a year). At its full scale development, the airport can handle 100 million passengers a year.

Entire investment is 155,000 million baht (125,000 million baht invested by the New Bangkok International Airport Company Limited itself).

Goods to be handled- 3 million tons a year

Using modern technology

100 percent çBaggage In- line Screeningé

#### *Aggregate work progress*

2003 = 12 percent

2001 = 17 percent

2002 = 28 percent

2003 = 40 percent

2004 = 68 percent

No less than 200,000 new jobs will be created when in operation.

## ● Development of Land Transport Network

The main highway network of the country has been improved and expanded, an entire distance of 631,535 kilometers. The main highways are enlarged into 4-traffic-lane routes (second stage) from East to West, and from North to South, a distance of 482,328 kilometers. Moreover, roads and bridges are built in support of the Strategy for the Border Area as integrated security measures, covering a distance of 117,601 kilometers.



## ● Solving of Traffic Congestion in Bangkok and the Perimeter

- The Chalerm Ratchamongol Mass Rapid Transit Project (Underground)

The first underground electric train of the country, covering a distance of 20 kilometers, on the route Hua Lamphong-Queen Sirikit National Convention Center-Bang Sue, came into operation on 3 July 2004.

In the future, the work will be on the extended routes, a distance of 91 kilometers (3 routes, projected within 6 years) 2004- 2009. The construction is expected to begin in 2005 and partly opened in 2008 namely:

The Blue Line- Bang Sue - Tha Phra and Hua Lamphong-Bang Khae

The Orange Line - Bang Kapi - Bang Bamru

The Purple Line - Bang Yai - Rattburana

*‘The MRT Project benefits the country’s economy greatly, with a substantial reduction of fuel oil use, the saving of time and travel cost, with an average value of 8,500 million baht a year ’*

- Development of Road Network in Bangkok to Rectify the Missing

### Links

Extensions and linkages were built to link up the expressways such as the Ram Indra - Outer Ringroad and the Sirach - Dao Khanong Expressways.

Construction of the Southern Outer Ringroad has been expedited, to make the ringroad complete.

Bridges across the Chao Phraya River have been added.





‘ The construction of bridges across the Chao Phraya River, expressways and rail systems result in 1) traffic flow, less pollution 2) less travel time, better economy 3) better quality of life. ’

**- Mass Transit Rail Systems (underground, on the surface, and above ground)**

The Chalerm Ratchamongkol electric underground train and the BTS electric skytrain are main mass transit networks of Bangkok, with a combined distance of 44 kilometers. They have been effective in solving traffic problems in Bangkok. An extended underground system of 20 kilometers is thus expeditiously carried out.

**- Public Passenger Boat Service**

The Sathon Landing is developed as the center of waterway communication system, linked with other public transport such as bus service, underground train and skytrain.

Extension of navigation route from the present

Present Route	Planned Extended Route for 2006
- Saen Saep Canal	- Wat Si Boonruang - Min Buri
- Memorial Bridge - Phetkasem 26	- Dao Khanong - Wat Sing
- Sathon - Dao Khanong	- Khlong Wat Pho - Khlong Toey
- Sathon - Khlong Toey	- Sathon - Wat Pho - Samut Prakan
	- Talat Ying Charoen - Ram Khamhaeng

## ● Developing Thailand as an Aviation Hub In Accordance With the Government's Open Sky Policy

### Impact on Domestic Air Travels

The Government's "Open Sky" Policy led to an increase of domestic airlines from 15 to 40.

The policy opens up more opportunities for the people to travel by air, without affecting the operation of Thai Airways International (Public) Company Limited, the national carrier.

Low Cost Airlines came into being, with an increase in air passengers at all airports about 500,000 persons a month.

### Impact on International Air Travels

Thai Airways International (Public) Company Limited increased its destinations from 50 to 61, with the highest net profit seen, from 1,929 million baht in 2001 to more than 12,000 million baht at present. The airline returned 5,310 million baht to the state coffer in 2003.

International airlines flying to Thailand increased from 72 to 80, the largest number in Asia (Singapore 63, Hong Kong 71, China 54).

Air cargoes at Bangkok International Airport increased from 810,000 tons in 2000 to 900,000 tons at present.

Air passengers at Bangkok International Airport increased from 22.52 million in 2003 to 26.85 million in 2004.

## ● Low Cost Airlines

The emergence of Low Cost Airlines virtually changed the face of air travels of the country, with more opportunities for the people to travel by air, thus saving their time and energy, and allowing them to conduct their businesses in a more efficient manner. This has both direct and indirect impacts on the economy as a whole, with more dynamism in the economic system. More job opportunities are also seen in airline industry, leading to projects such as the Ua Athon Air Pilot and the Ua Athon Air Steward and Stewardess, for needy young people to get decent jobs.

*Low Cost Airlines passengers increased from a total of 79,879 in December 2003 to 471,455 by September 2004.*

*Low Cost Airlines flights increased from 520 to 3,866.*

*Traditional market has not suffered, as passengers in other regular airlines increase by 19.7 percent, and their flights increased by 13.7 percent in the same period.*

*The Ua Athon Air Pilot Project offers 115 scholarships by the Government for a 3-year study from 2004 - 2006 for bachelor degree holders who are capable academically, but lack opportunities because of their social status, to reach their goals of becoming pilots.*

*The Ua Athon Air Steward and Stewardess Project offers 60 government scholarships to bachelor degree holders who wish to become air stewards or stewardesses, but lack opportunities.*



# 5 Reclaiming Thailand Place In the World



**I**n the year 2001, when the administration led by Prime Minister Thaksin Shinawatra took office, Thailand was still struggling to recover from the crisis, and faced with all kinds of crisis - related problems. The Government set as its priority the task of resolving the crisis of confidence and reviving the good image of Thailand in the eyes of the world.

## **Repayment of Debt to the International Monetary Fund Ahead of Schedule**

The acceptance of a package of a stand-by loan of 14,500 million US\$ put up by the International Monetary Fund, IMF, not only left Thailand in the status of a "debtor", but also left her quite humiliated and powerless in the world community, not to mention the administrative power as the country's monetary and fiscal policies came under the IMF's strict guidelines. During 1998 - February 2001, the then administration repaid the IMF debt by 826 million US\$. The present administration started to gradually repay the remaining 11,470 million US\$, or 470,270 million baht. The last sum was paid on 31 July 2003, two years ahead of schedule. By so doing, the country could save 116.94 million US\$ or 4.8 billion baht as interest. It was also regarded as a major step in the reclaiming of national pride and dignity, and the revival of confidence in the Thai economy in the world community.

6 After Thailand freed itself from IMF debts, the country's international reserve remained strong, and external debts on steady decline.

\* International Reserve increased by 35.6 percent

- Prior to the present administration's assumption of office (February 2001) 32.6 billion US\$

- During the current administration's term (August 2004) 43.8 billion US\$

\* External Debts reduced by 34.4 percent

- Prior to the present administration's assumption of office (February 2001) 75.8 billion US\$

- During the current administration's term (July 2004) 49.7 billion US\$

- by September 2004 - 15.78 billion US\$

\* Public Debt in percent of GDP declined by 16.5%

- Prior to the present administration's assumption of office (February 2001) 54.6%

- During the current administration's term (September 2004) 48.17%

source: Ministry of Finance



## Building Up Prominent Role in the World Arena

The Government expeditiously built up Thailand's strong role in the world arena, especially its leadership in coordinating economic cooperation and solidarity in dealing with widespread crisis in the Asian region. Diverse international cooperation projects have been initiated, such as the Asian Cooperation Dialogue, ACD, Asia Bond, Ayeyawadi-Chao Phraya-Mekong Economic Cooperation Strategy- ACMECS and the 5-nation economic cooperation, BIMST-EC, Bangladesh, Bhutan, India, Myanmar, Nepal, and Thailand, all clearly showed to the world the Thai leader's wide vision, which won admiration and brought back international community's confidence in Thailand.

The Thai Government seized the opportunities that Thailand played host to various high-level conferences participated by world leaders to demonstrate Thailand's potentials in all aspects, be they APEC 2003, AIDS Summit, SARS Summit, BIMSTEC Summit or OTOP Summit. The confidence in Thailand's great potentials was restored.

Major strategies in the building up of Thailand's strong role in the world arena are:

### ● Enhancing the Competitiveness

In the fast changing economic and business environment of the globalized world, Thailand comes under pressure to promptly develop and enhance her competitiveness, especially in facing new competitors.

### ● Extension of Financial and Investment Opportunities

Policies and measures have been speedily formulated and implemented to enhance the competitiveness of the country. Financial and investment opportunities are extended under the new strategy which



emphasizes the promotion of Thai investments, and helps Thai entrepreneurs to get access to capital sources in their operations, enabling them to expand their production and services.

### ● **Directing the Flow of Direct Foreign Investment into Thailand**

A proactive policy has been implemented to direct the flow of direct foreign policy into Thailand, with the organization of road shows to various countries, and special events to create confidence in the potentials of the country, resulting in the revival of direct foreign investment and continuous growth in a short time.

### ● **Development of Human Resources and Development of Production**

Development of human resources has been intensely focused upon, to equip the people with knowledge and job skills, as well as the promotion of productivity in both the agricultural and the industrial sectors. Importance is also given to the introduction of new technologies to be applied to the operation, as the marketing tools. Telecommunication network has been extended to cover all localities, to enable business expansion with e-Commerce. Training is also provided for entrepreneurs to enhance their knowledge and skills on trading and marketing.

### ● **Opening Up Opportunities with the Free Trade Area, FTA**

After the competitiveness of the country has been upgraded to a level with workforces strengthened and equipped to tackle the world market, the Government moved to implement a significant policy to open up wider opportunities in trade which would bring benefits to all the Thai people, with the negotiations on free trade arrangement with various countries, as commonly known under the acronym of FTA.

The success from the negotiations on free trade area opens up opportunities for the Thai people to sell more goods and services. Countries that have concluded FTA with Thailand are Australia, China and India. Moreover, the Thai people have more job opportunities, receive better pays, and enjoy good living with social welfare that has been enhanced.

### ● **Equipping Entrepreneurs With Tools**

The Government joined forces with the private sector to provide training for new entrepreneurs on production, designing, trade talks and negotiation techniques, development of products to meet world standards,

6 Sino-Thai trade balance After FTA comes into effect (October 2003- October 2004) Thailand gained a trade surplus of 7,075.58 million baht. Compared with the same period of 2003, the trade surplus gained by Thailand increased by 28 percent.

Indian - Thai trade balance After FTA comes into effect (September - October 2004) Thailand gained a trade surplus of 1067.21 million baht. Compared with the same period of 2003, the trade surplus gained by Thailand increased by 1400 percent. 9

and in response to demands in individual markets, and value-added products. At the same time, exporters get technical and financial supports. Also, sale outlets and distribution sites in foreign countries are found for Thai products, together with the creation of new exporters, with projects such as Genius Exporters, and Intertrader, or Thai Trade Warriors Tackling the World Market.

#### **Intertraders-Thai Trade Warriors Tackling the World Market**

Businesspeople are developed to spearhead market expansion for Thai products, with full support from the Government which creates opportunities for them to meet buyers, while providing them with trade information, as well as access to credit line and revolving fund, to enable them to seek counterparts in joint ventures. Thailand has created 3,600 Intertraders, ready to penetrate into new markets worldwide, including China, India, South Asia, Africa, Latin America and the Middle East.

#### ● **Thai Products In the World Market**

Thai goods paraded into the international markets in the forms of quality products and services from Thailand, responding to diverse demands of consumers, and bringing record income into the country. Such achievements have been possible through the development of products and services in line with consumers' demand, at internationally-accepted standards, with added values by means of creating brand-names and symbols, and with the revived good image of the country, all contributing to long-lasting and sustainable success.

A One Stop Service Export Center was set up to provide prompt and comprehensive services to exporters in the issuance of certification and required documents by various units such as the Department of Foreign Trade, the Department of Business Development, the Department of Livestock Development, the Department of Agriculture, the Department of Fisheries, the Department of Consular Affairs, the Department of Customs, the Central Islam Committee of Thailand, the Board of Trade and the Federation of Thai Industries. By December 2004, the One-Stop Service Export Center has issued 170,890 documents to 77,548 service users.

**No Wo Aranyik Company Limited, producer of renowned Aranyik knife, owned by Mr.Thossaphol Wangsilabat**

No Wo Aranyik Company Limited has been producing knife, folk and spoon, in traditional Aranyik method, run by Mr.Thossaphol Wangsilabat, who inherited the operation from his father. He increased the production capacity to cope with rising demand with orders from within the country and from abroad. Presently, No Wo Aranyik Company Limited produces 50,000 pieces a month, in more than 50 types of product, all hand-made, from different production sites in Ayutthaya Province. Presently, No Wo Aranyik goods are put on display on the shelves of leading department stores in England and several other countries around the world, with the assistance given by the Department of Export Promotion in accordance with the policy to support products from the One Tambon One Product - OTOP program, with its brandname of NIWAT, to be recognized and to gain confidence in the quality of the product among international buyers.

*‘ Today, business operators who obtained permission to use the Thailand’s Brand symbol number more than 912, producing 20 types of products. ’*

Several new projects initiated by the Government such as OTOP, Thai Tex Trend, Thailand’s Brands, Thaibrands, Thai Select, Thai Hom Mali Rice, contribute to the steady steps into the world taken by Thai quality products. World experts who are widely recognized were employed as consultants and to formulate strategies for the production, product development and development of brands, including advertising and public relations campaign, leading to the creation of the prominent image of the products, and distinguished success in marketing.

Moreover, the production and services were upgraded to the international standards, as an important strategic measure for Thailand to overcome protectionist measures put up by target countries, resulting in the success of Thai products and service businesses in securing their firm footing in the world market. Thai business operators have systematically developed and improved their products and services to the international standards, certified by recognized agencies worldwide, standards such as ISO, BQVI, HACCP, GMP and others.

## ● **Offensives in All Battlefields**

The Government has joined forces with the private sector to launch full offensives in all export markets, with the creation of ad hoc trade army such as the Thai Trade Representatives, and the Special Task Force as elite and mobile force to penetrate new markets on all continents. From such offensives, Thailand was successful in exporting to new markets. Figures show that during January-September 2004, Thailand’s exports to new markets amounted to 39.3 percent of the total export value.

## Special Task Force

Teams are set up to penetrate new markets on all continents, with in-depth market study, identifying constraints and opportunities for market extension, and creating allies in various forms. As a result, Thailand has been able to export to new markets in the proportion of 40 percent of the total export value, with an increased export income of more than 7,000 million baht.

Another strategic measure is the extension of outlets for Thai products in target areas in the international community, with the emphasis on products with potentials to bring in a large amount of income to the country. In cooperation with the private sector, the Government has set up the Thailand Plaza and the Thailand Market Place in several countries around the world. Such projects further strengthen Thai business operators and entrepreneurs, with permanent outlets for Thai products to secure their firm foothold in the world trading theatre. With the strong presence of Thai products and Thai brands in major commercial and trade centers of these major countries, opportunities are open for the advertisement and public relations campaigns of goods and services, as well as the good image of the country in the eyes of target countries with great potentials around the world.

### Thailand's Exports

In September 2004, Thailand's foreign trade value amounted to 8,668.4 million US\$, an increase of 22.1 percent, representing a record export value ever achieved by Thailand, surpassing the 8,000 million US\$ mark for the fifth consecutive month, resulting in a total export value of the period of 9 months (January - September) of 71,417.5 million US\$, an increase of 22.8 percent. Import value in September was 8,185.2 million US\$, tipping the balance back to a trade surplus of 483.1 million US\$, and making for a surplus of 976 million US\$ for the period of 9 months, even though the country faced the anti-dumping countervailing duty on prawn product, avian influenza and oil price crisis. It is estimated that the trade surplus for the whole year would reach 2,000 million US\$, making for 5th consecutive year of trade surplus for Thailand since 2000.

## Thailand Market Place

To expand sale outlets for Thai products in target countries, the Thailand Market Place has been planned to be set up in the United States of America (New York, Los Angeles and Chicago), the United Kingdom, France and Japan, as well as at the Exhibition Hall of the Department of Export Promotion on Ratchadaphisek Road in Bangkok.

## Proactive Diplomacy

The Ministry of Foreign Affairs has been restructured with the introduction of the CEO ambassador system, unifying the operation of different government units abroad in response to the proactive diplomacy policy implemented around the world, while providing assistance and protection to Thai nationals abroad. As such, concrete results were achieved in the development of relations as regional groupings to enhance negotiating power with other economic groupings, the Asia-wide cooperation for development, the creation of the Thai Trade Representatives, the negotiations on trade agreements and the new role of Thai embassies in the marketing of Thai goods and services.

## ● Pushing for Thailand as the Center of Asia

The Government recognizes the distinctive potentials of the country that can be developed and strengthened to make Thailand the regional or even world center in various aspects. With their great potentials and readiness, food, tourism, automotive, fashion and service business have been identified as target industries to be fully supported, in terms of investment promotion, development of potentials of business operators, to the continuous expansion of traditional markets and the penetration of new markets. Such measures have been implemented in tandem with proactive activities initiated by related government agencies which act as the core in coordinating efforts in cooperation with the private sector. Such was the new dimension of the Thai bureaucracy which formerly operated retroactively, and had been transformed to take up leadership role for the business sector on offensive moves to penetrate new markets and create opportunities and advantageous edge of the country in the world arena.

The success of Thailand to achieve the world status in target industries are spelled out as 5 objectives, namely:

- \* Thai food industry => "World Kitchen"
- \* Tourism industry => "Tourism Center of Asia"
- \* Automotive industry => "Center of automobile and auto part manufacturing of Asia"
- \* Thai fashion industry => "Regional Fashion Center"
- \* Service business => "Service Business Center of Asia"

## ● Food...Thai Cuisine into World Kitchen

Each year, Thailand exports food items in the tune of almost 200,000 million tons, bringing in over 4 trillion baht. More than 80 percent employed local raw materials. Food industry is therefore the most important industry of the country. While export figures have been on the rise, the Government has laid down guidelines for a full-cycle development of the food industry, covering from the raw material, pre-cook and cooked food, to Thai restaurants abroad. Apart from enhanced efficiency in production technology, confidence in the standards and safety of food products is of utmost importance. The Government therefore imposes strict control measures, while conducting strong promotion to enhance the image of the industry in the world, making Thailand one of the top five food exporters of the world.





**Mr.Pithaya Panpensophon**

**Owner of Coca Sukiyaki Chain**

*"...My parents wished to have their own business, so a Cantonese foodshop was opened, with just 8 tables, for 20 customers. That was before we moved to Surawongse Road, and then the second branch was opened at Siam Center, which became a Suki (yaki) restaurant, based on our concept that we should only pay for what we need. From simple sukiyaki bowl, the stainless sukiyaki fire-pots was introduced for the first time in Thailand..."*

*"...Mother took over after the death of father, and beautified the restaurant, before opening the third branch in Ram Khamhaeng area. Afterwards, Singapore showed the interest. So the franchise business came about, as Coca's first step abroad. Presently we have 30 Coca franchise shops around the world..."*

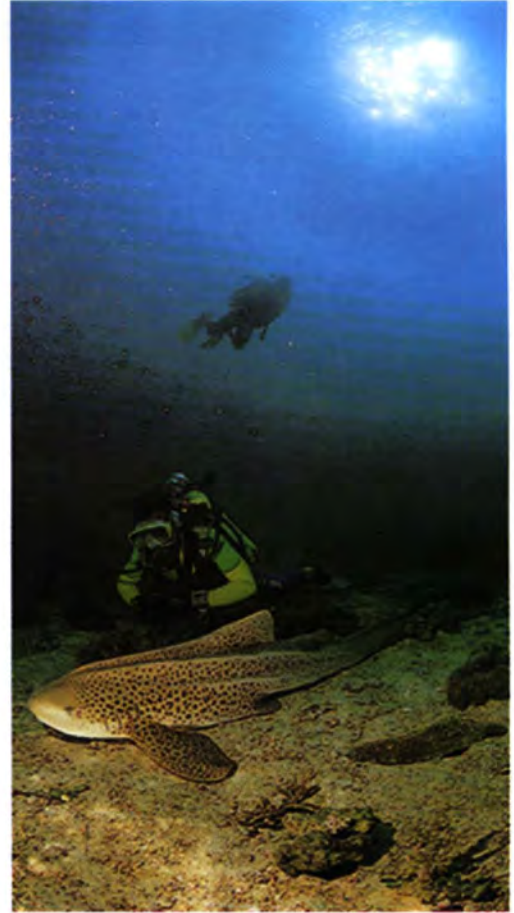
*"...When we first went abroad, we got very good support from the Thai government in publicizing Thai restaurants abroad and also the government policy of Thai Cuisine, World Kitchené helps pushing for Thai restaurants to become well known in the world..."*

**● Tourism...Tourism Center of Asia**

The tourism industry has been essential in the Thai industry. Apart from bringing over 3 trillion baht as national income, the industry creates related industries such as hotels, restaurants, and shops, with employments and incomes generated to the localities.

During the past 4 years, the Thai tourism industry has grown continually, with an average number of



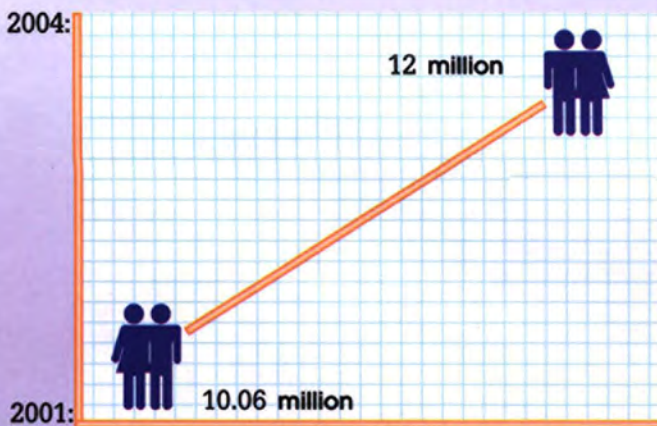


tourists recorded at 10 million a year, although affected by bird flu and terrorism threat. The Government has created confidence with programs such as Unseen Thailand, Unseen Paradise, to open up new tourist attractions, the linking up of tourist attractions in the Mekong Subregion, the development of regional airports to accommodate more tourists, and the launching of low-cost airlines, all benefiting Thai tourism greatly.

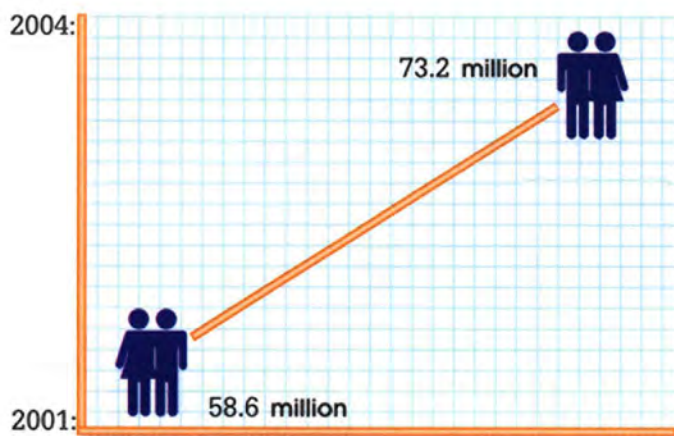
- Estimated income from Thai tourism industry in 2004 would reach 7 trillion baht, an increase of over 35 percent from the figure of 2001

- In the year 2003, foreign film shooting in Thailand numbered 20, bringing in an income of 900 million baht.

- Foreign tourists increased by 19.3 percent from 10.06 million in 2001 to 12 million in 2004.



- Thai tourists increased by 24.8 percent, from 58.6 million trips in 2001 to 73.2 million trips in 2004



- Direct employment in tourism industry increased by 41.7 percent from 1.2 million in 2000 to 1.7 million in 2004

- Income from tourism in 2004 is foreseen to be 183,521 million baht higher than 2001

‘ Automobiles, parts and accessories brought in over 217,000 million baht income ’

### ● Automotive... Regional Automobile and Auto Part Manufacturing Center

Automotive industry has been one of the major industries of the country, creating employment, technological development and technology transfer, and several downstream industries. With the Government’s clear policy of pushing for the status of Thailand as the regional automobile and auto part manufacturing center, several major manufacturers, especially nearly all giant automobile companies of Japan have decided to relocate their production bases to Thailand.

‘ Isuzu Dmax, Chevrolet Colorado, Chevrolet Optra are assembled in Thailand Thailand is the only production base of BMW Series 7 outside Germany ’

Over the past 4 years, Thai automotive industry has quickly recovered, with record growth of automobile assembling for two consecutive years, making Thailand the largest automobile assembler and exporter in Southeast Asia, exporting to 140 countries around the world.

#### ‘Proportion of automobile exports

Pick-up trucks	48.8 percent
Passenger cars	29.0 percent
Buses	16.0 percent
Motorcycles	5.7 percent
Bicycles	0.5 percent

- In 2004, automobile production in Thailand is estimated at 1.1 million

- Export target for automobile in 2004 is valued at 3,461 million US\$, an increase of 25 percent

- Export target of auto parts and accessories for 2004 is set at 2,949 million US\$, an increase of 25 percent



## ● Fashion... Bangkok Fashion City: Regional Fashion Center

It has been an essential period for Thai fashion and textile industry, to meet the challenges of world textile liberalization in 2005. The Government has prepared the industry for such challenges in a systematic manner, focusing on the development of personnel in the fashion industry and development of 3 main fashion products, garments, leatherware, and gems and jewelry, with comprehensive development scheme from raw materials, processed products, to designs and production of finished fashion products, the creation of Thai brands to be recognized in the world market, complete with activities to create good image of the industry and to penetrate foreign markets, including the Bangkok Fashion City Project which attracted the world attention to Thailand as a regional fashion center.

### The Launching of Bangkok Fashion City Project 12-15 February 2004

The Bangkok Fashion City Grand Opening : Silk Road on The Chao Phraya River on 12 February 2004 at the Naval Institute, Naval Education Department, was attended by about 800 persons, members of the diplomatic corps, the Cabinet, high-ranking government officials, the mass media and dignitaries in the fashion world, both Thai and foreign.

The university level fashion work contest, or U-Fashion, with the collection and presentation of works by young designers in educational institutions, was organized during 13-14 February 2004 at Siam Discovery, with about 3,000 participants

The Bangkok Fashion City Extravaganza 2004 on 15 February 2004 along Sukhumvit Road from the National Stadium to the Emporium Center, was participated by over 100,000 people

Apart from creating fashion interest in the country, foreigners also became confident in the potentials of Thai fashion business and industry. The French Ambassador offered help, especially in the setting of the fashion institute. Numerous press and mass media as well as personalities in fashion industry abroad also took part in the event and expressed admiration for the success of the shows. They also asked to take part regularly in several projects.

*‘In 2004 Thailand exported garments worth over 118,000 million baht’*

*‘During the period, the private sector organized several promotional events such as the sales of fashion products, garments, leatherware and accessories, attracting overwhelming interest from both Thai and foreign consumers. Sale value for the period of 3 days topped over 1,000 million baht. Some outlet ran out of merchandises, with one day turnover at 7 times of the normal period.’*



## ● Service Business...Center of Service Business of Asia

The Government expeditiously created readiness in the country to develop Thailand as the center of health service business in Asia, with medical service, spa and Thai massage, and Thai herbal products as the main targets, expected to bring in billions of baht each year.



At present, Thailand is known in medical services at an international level, with potentials in medical technology, experienced personnel and specialization, as well as the excellence in services. The Government aims to promote high standards of private hospitals to accommodate foreigners who seek medical services in Thailand, targeted at 1 million in 2005, with an estimated income of 27,000 million baht, an increase of 15 percent

Spa and Thai massage business has expanded greatly, with close supervision and quality control by the Government, and with the creation of sale-points linked to Thai culture and local wisdom, as well as health tourism, targeting foreign tourists.

### **Hospital**

- A target has been set for 2005 for 1 million foreign customers in private hospitals in Thailand
- Presently, Thai private hospitals that are prepared to accommodate foreign patients number 33
- Thai private hospital has won the trust to give annual medical checkup for high-ranking officials of the United Arab Emirates

### Spa

- Users of Thai spa services increased by 64 percent in the past 3 years

- Over 3 million foreigners use Thai spa services

- Spa business during 2001-2003 brought in 3,655 million baht as income. For the year 2004, 7,000 million baht was already earned, with 4,000 Thais employed in the business.

### Herbs

Thailand exports herbs at 1,000 million baht a year. It is estimated that in 2004, the export will rise by 30 percent.

### Education

Each year, over 20,000 foreign students pursued their studies in Thailand, bringing in more than 10,000 million baht as national income. For the year 2004, an increase of 20 percent of foreign students has been estimated.

### International Meetings

Hosting APEC Summit (with 24 related meetings)

Hosting SARs Summit

Hosting BIMSTEC Summit

Hosting International AIDs Conference

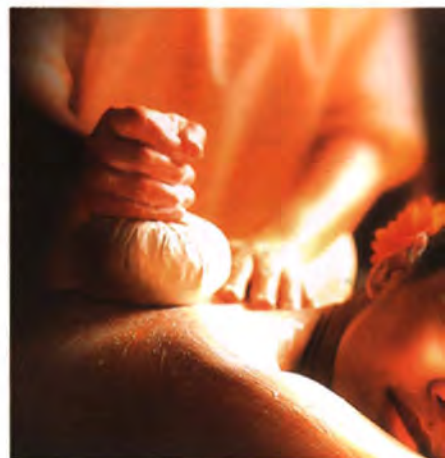
Hosting 15th State Parties to Ottawa Convention

Hosting Mid-term Review of 10th UNCTAD

Hosting 3rd IUCN - International Union for Conservation of Nature and Natural Resources

Hosting CITES CoP13

Hosting Sub-Regional Seminar on Child Rights of the United Nations Commission on the Rights of the Child





## Defying the Storms to Overcome Crisis

**T**he past 4 years have been difficult times for the administration and all the Thai people to jointly overcome crisis after crisis. They were the four years of unrelenting work for the Government which dedicated itself to revive the confidence in the Thai economy, while pushing for the functioning of all mechanisms and reclaim the pride and dignity of the nation.

## 2001

- 11 September -Terror struck the United States of America, the world economy declined, tourism suffered a setback
- The war on terror in Afghanistan by US-led forces exacerbated the situation

## 2002

- Bali bombing eroded confidence among investors and tourists. Tourism industry suffered badly.

## 2003

- SARS Outbreak, creating widespread fear among tourists, tourism industry suffered further
- Thai-Cambodian diplomatic crisis, caused by misunderstanding.. The Thai Government acted with restraint but decisively to solve the problem before the situation worsened.
- The United States announced war on Iraq. The world situation became tense and the economy stagnated.

## 2004

- Bird Flu spread, Thai agricultural sector was affected, with impact on the industrial sector
- Troubles flared up in the 3 border provinces in Southern Thailand, The Government dealt with the situation with care, making efforts to contain the effects on the country as a whole.
- Global oil price skyrocketed with no end in sight. The world economy is affected.



**T**hailand in 2004 :  
**W**ith a Firm Foothold  
on Success





**T**oday, various problems plaguing the country have been effectively solved. Farmers are empowered, businesses strengthened, and the people satisfied with their lives.

The Government is fully aware of several unsolved problems. But, with determined efforts made under the guiding principles and according to the vision, backed by the strength of all Thais, Thailand is ready to step into the brave new world, with dignity and pride,

- as the food source of the world
- as the center of tourism
- as a regional center of automotive industry
- as a fashion center
- as the center of service business
- Initiator of international cooperation projects
  - Asian Cooperation Dialogue (ACD)
  - Ayeyawadi-ChaoPhraya-Mekong Economic Cooperation Strategy (ACMECS)
  - Asia Bond



### ● Excellence in sports

- Olympics : 3 gold 1 silver 4 bronze
- Paralympics : 3 gold 6 silver 6 bronze
- "Super Ball" Paradon Srichaphan, "Tammy" Tamarine Thanasukarn-

Two world class tennis stars

- World Boxing Champions Weeraphol Nakhonluang Promotion and Pramualsak Phosuwat

### ● Excellence in Youth Potentials

- Biology Olympiad 2004 - 1 gold 3 silver
- Physics Olympiad 2004 - 1 gold 1 silver 3 bronze
- Computer Olympiad 2004 - 1 gold 1 silver 2 bronze
- Chemistry Olympiad 2004 - 2 silver 2 bronze
- Arithmetic Olympiad 2004 - 4 bronze 2 honorable mention

### ● Number One Exporter of the World - 5 items

- Rice (export value in 2003 -over 76,000 million baht, in 2004 -rice price reached record level and the volume was 9.5 million tons)

- Cassava (export value in 2003- 27,000 million baht, an increase of 19 percent from 2002, and export value in 2004 is expected at 32,000-36,000 million baht)



- Canned pineapple (export value in 2003 - almost 12,000 million baht, with over 40 percent of market share)

- Prawn (export value in 2003 - over 43,000 million baht, with over 20 percent of market share)

- Canned tuna (export value in

2003 - over 27,000 million baht)

## ● One of the Top 5 Exporters of the World - 6 items

- Sugar cane and sugar (export value in 2003-over 30,000 million baht- generating income in the economic system at over 50,000 million baht a year)

- Chicken (export value in 2003 - almost 20,000 million baht)

- Wooden products (export value in 2003 - over 2,600 million baht)

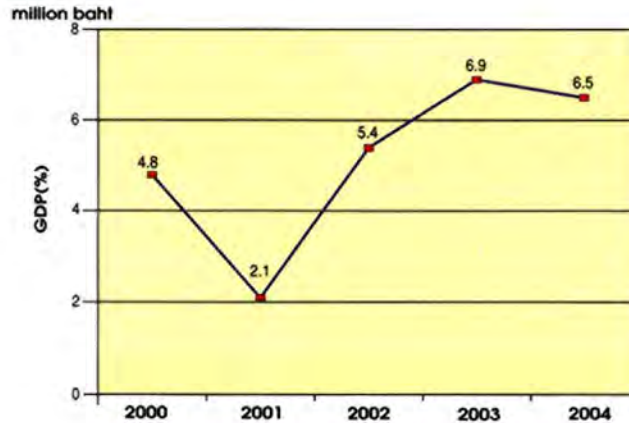
- Baked clay products (export value in 2003 - almost 6,000 million baht, with over 10 percent of market share)

- Wooden picture frame (export value in 2003 - almost 4,000 million baht)

- Artificial flowers (export value in 2003 - over 1,200 million baht)



## Economy Strengthening

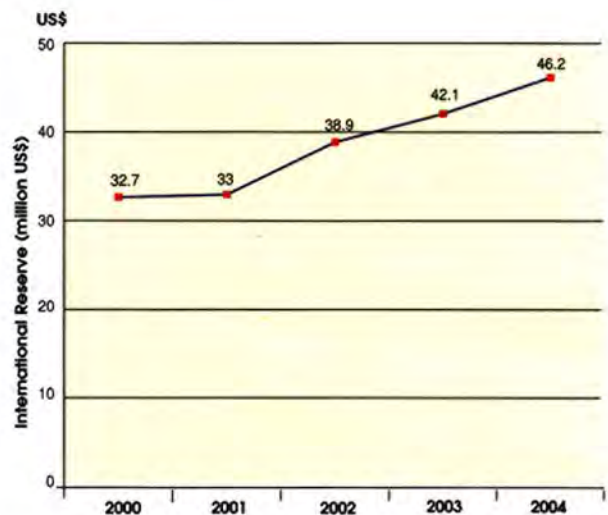


Gross Domestic Product (GDP) rose from 4.9 trillion baht in 2000 to 6.5 trillion baht in 2004, an increase of 32.7 percent

Per Capita GNP rose from 79,000 baht per person in 2000 to 101,540 baht per person in 2004

Household income rose by 2,500 baht per month, an increase of 20 percent

## Renewed Economic Stability



**Note:**  
for 2004, the figure  
of end of October 2004  
is used

- International reserve increased from 32,611 million US\$ in 2000 to 46,216 million US\$ at the end of October 2004

- International reserve / short - term debts = 3.8 times

- Reserve money rose 3 times from 40,000 million baht in 2000 to 150,000 million baht in 2004
- Credit expanded by 8 percent from minus 4 percent
- Inflation no more than 3 percent
- Export value increased by 40.7 percent or 1.1 trillion baht from 2.7 trillion baht in 2000 to 3.8 trillion baht in 2004
- Stock exchange index rose by 408 points from 269 in 2000 to 677 in 2004 total market capitalization increased by 151.7 percent or 4 trillion baht
- From debtor to creditor, redeeming Thai pride, revival of foreign confidence through repayment of debts to IMF, the remaining amount of over 470,000 million baht 2 years ahead of schedule
- Property price rose by 154 percent from total value of property sale of 171,605 million baht in 2000 to almost 300,000 million baht in 2004

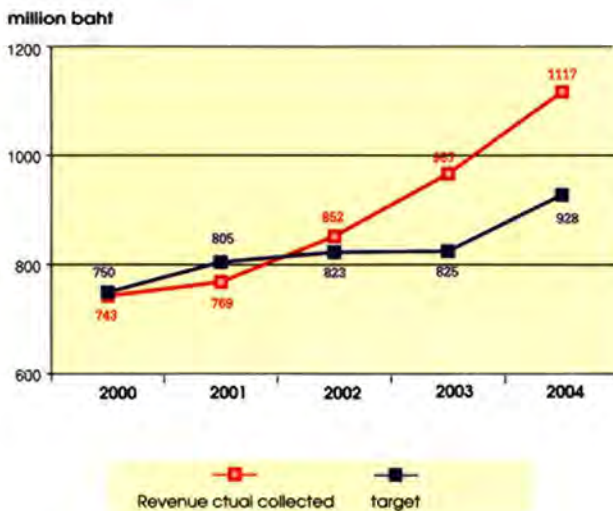
World Bank report with an analysis on the economic situation of Thailand, published in November 2004 indicated that:

- economic growth expanded by 6.4 percent, although lower than the previous year which recorded at 6.8 percent, was higher than several other countries

- The poor in 2004 declined to less than 10 percent, compared to 13 percent in 1998

- Thailand was rated at 20th among 145 countries as preferable to invest, only one of the two developing countries that were ranked at the top

## Fiscal Position Back to Sustained Balance



2004 - Revenue surpassed the target by 180,678 million baht (20% increase)

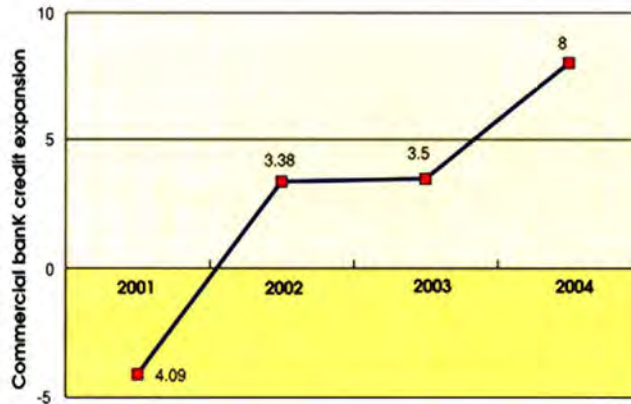
2005 - Balanced budget

External debts/GDP decreased to 46 percent, debt creation no more than 1 billion US\$ a year

Sufficient public Investment - 25 percent of the national budget

10 state enterprises securitized and listed in the stock exchange

## Monetary and Capital Markets Stabilized



Commercial bank credits expanded by 8 percent from minus 4  
NPL declined to 12 percent

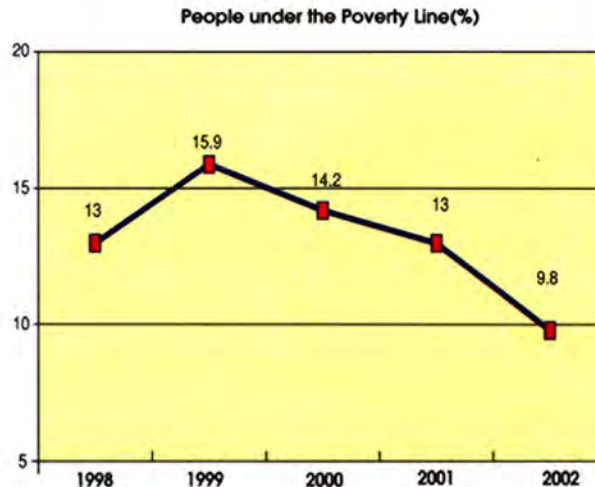
Market capitalization of capital market rose by 4 trillion baht

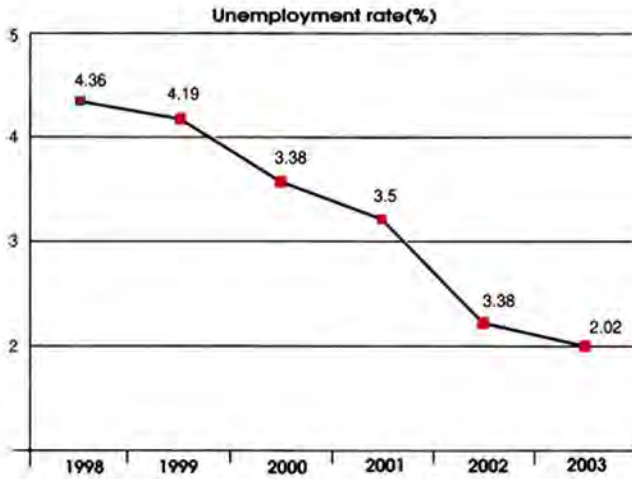
Market capitalization of bond market rose by 1 trillion baht

Credit rating revised 2 notches upwards

Tax measures are used to support debt restructuring and merger of financial institutions, with the encouragement for companies to be listed in the stock exchange

## People Benefit on an Equitable Basis





- Population below poverty line decreased by 2.5 million
- Employment increase by 2.2 million, unemployment rate declined from 4 to 2 percent
- Gap between the richest and the poorest declined by 4.4 percent
- People with jobs increased from 31.29 million in 2000 to 36.09 million in 2004, an increase of 15.3 percent
- Individual income per head per year rose by 24,102 baht, or 30 percent from 80,545 baht in 2000 to 104,647 baht in 2004
- Income per household rose by 2,500 baht
- Jobs for the Thai people increased from 2000 by 4.8 million positions

## **Agriculture Revived**

- 2.3 million farmers benefited from debt suspension program
  - More than 900,000 farmers underwent career rehabilitation, earning more income by 12,000 baht per household
  - Natural rubber price in 2004 rose by 115 percent from 21 baht per kilogram in 2000 to 48 baht per kilogram
  - Rice export at a record level of 30.34 million tons, the Hom Mali rice price peaked to 9,315 baht per ton
  - Oil palm price rose by 157 percent from 1.31 baht per kilogram in 2000 to 3.37 baht per kilogram
- Etc.

## **Strengthened Society**

- The 30 baht medical care program, built good health for 46 million people, while reducing cost by 10,000 million baht
  - The Ua Athon Housing Project and the Man Khong Housing Project helped 600,000 Thai families to have houses of their own
  - Declaring war on drugs, with the arrest of over 500,000 producers, the seizure of more than 280 million tablets of meta-amphetamine, treating and rehabilitating more than 500,000 addicts to be returned to their families
  - Ua Athon computers for 1.8 million people, at 30 percent lower than market prices
  - The One District One Scholarship Project helped develop the future of the country by providing academic scholarships to over a million young Thais from all 76 provinces, to further their studies abroad
- Etc.

## **Solidified Entrepreneurs**

- The 1 - million-baht Village Fund creates jobs and income for 13 million Thai people
  - SML local development budget has been allocated to 1,002 villages and communities across the country, to be increased to 80,000 villages and communities in 2005
  - Reducing non-conventional loans carrying 240 percent interest a year, replaced by People's Bank and Village Fund with 7 percent interest a year.
  - OTOP goods brought in more than 90,000 million baht as income, to people in 26,000 communities
  - Profit of private business in the first half of 2004 recorded as high as 1.9 trillion baht, and expected to reach 3.8 trillion baht for the whole year, as against minus 0.9 trillion baht in 2000
- Etc.



**Information is posted on the Websites :**

The Secretariat of the Prime Minister <http://www.thaigov.go.th>

The Secretariat of the Cabinet <http://www.cabinet.thaigov.go.th>

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Achievements of the  
4 years of dedicated  
work for all Thai  
compatriots. The Government  
and all officials remain  
committed to work tirelessly  
and wholeheartedly to the  
best of everyone's ability for  
the better living condition of all  
Thais and for the progress and  
prosperity of our beloved motherland.



Thaksin Shinawatra Ph.D.

