

## The 2<sup>nd</sup> Study Meeting on Asia

1. Date: August 31, 2010 15:00 – 17:00
2. Venue: Meeting Room, the Takeda Foundation
3. Title: Past and Future ODA for Thailand by JICA

Speaker: Mr. Takaaki Kawano, Director, Southeast Asia Division 4 (Thailand and Myanmar), Southeast Asia Department 2, Japan International Cooperation Agency (JICA)

4. Participants :

01	Takaaki Kawano	JICA
02	Shinichi Kobayashi	Professor, Research Center for University Studies, University of Tsukuba
03	Takashi Watanabe	Dean and Professor, Graduate School of Engineering Management, Shibaura Institute of Technology
04	Tsuneo Kanazawa	CEO, Excel of Mechatronix.Co
05	Yoshiyasu Mlkami	Society for Researchers of International Development. Former CEO, Unico International Co.
06	Joackim Senou	President, Benin Diaspora High Council-Japan Section
07	Kazutoshi Oyamada	International Program Department, Japan Society for the Promotion of Science
08	Ikuo Takeda	Chaiman, the Takeda Foundation
09	Mlstuo Akagi	Senior Managing Director, the Takeda Foundation
10	Ysuo Tarui	Managing Director, the Takeda Foundation
11	Yuzo Mizobuchi	Director, the Takeda Foundation
12	Norio Ohto	Director, the Takeda Foundation
13	Naoaki Aizaki	Program Officer, the Takeda Foundation
14	Aiko Ubasawa	Program Specialist, the Takeda Foundation
15	Setsufumi Kamuro	Program Specialist, the Takeda Foundation
16	Mototaka Kamoshida	Program Specialist, the Takeda Foundation
17	Emiko Mitsui	Program Officer, the Takeda Foundation

18	Takami	Member, the Takeda Foundation
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## 5. Memo

Speaker:

### **Overview of Thailand**

Thailand is located in the middle of the Indochina Peninsula and the Northern part of the Malay Peninsula. The total area of the country is about 514,000km<sup>2</sup>, which is about 1.4 that of the total area of Japan. It is bordered by Malaysia, Myanmar, Laos, and Cambodia. Thailand is divided into four areas: Central, which includes the most developed region and densely populated Greater Bangkok; East, North; and Northeast. The Northeast has the largest population and is the poorest of all areas. The average income of the richest Greater Bangkok is 8 times higher than that of the Northeast area. The population is about 66 million and the proportion of aged people is increasing rapidly. Thailand has basic social services including education and healthcare, but the social safety net for socially vulnerable people including the disabled and victims of human trafficking are insufficiently developed. Friction between the pro- and anti-Thaksin parties causes frequent large scale strikes, and the unifying force of the King is decreasing. However, the bureaucratic structure is very robust, and the effects of political friction on the economy have been minimized.

The national economy has been achieving solid growth being pulled forward By the growth of the manufacturing industry and an increasing amount of export goods. Annual government revenues and expenditures are about 20% and 16% of GDP, respectively, and Thailand maintains a system of high fiscal discipline. Income taxes and corporate taxes comprise 41% of , and value-added taxes comprise 41% of the annual government revenue. Thailand has sufficient foreign currency reserves and is in no danger of a foreign currency crisis. Manufactured goods including electric appliances, computer parts, and automobiles comprise about 90% of exports, and agricultural products comprise 8% of exports.

The Thai economy depends heavily on the export of manufactured goods, and it will be necessary for Thailand to shift its economic structure toward the manufacture of more value-added products based on its industrial accumulation to maintain its international competitiveness against rising neighboring countries. Recently, exports to ASEAN, China, and Indian areas are increasing. By country, the US, China, and Japan are the main export targets. Major targets for imports include ASEAN, China, and Indian areas, and by country, Japan and China are

the main countries for import goods. The economic growth of Thailand is accompanied by several problems including a shift from the introduction of foreign technologies to original development, environmental problems, and regional differences in average income. Plans for socio-economic development will focus on the following items:

- 1) Economic growth corresponding to changes in International society
- 2) Promotion of value creating economy
- 3) Provisions for Global warming and Climate change
- 4) Strengthening of the social infrastructure
- 5) Establishment of harmonious society

#### ODA for Thailand by JICA

1981 Execution of Technical Cooperation Agreement

1994 Execution of Japan-Thailand Partnership Program

Total contribution to the bilateral technical cooperation up to 2008 amounted to 207.5 billion yen, and the approved contributions to the yen loan amounted to 1.136 trillion yen by 2008, making Thailand the number four recipient country of ODA from Japan

The bilateral cooperation between Japan and Thailand is one of the most successful cases of international cooperation by Japan. Japan has been helping Thailand to construct its social infrastructure by combining technical cooperation and financial assistance, and the social infrastructure has helped Thailand achieve economic growth. JICA has been involved in the construction of the Second Bangkok International Airport, Chao Phraya River Bridge, the Eastern Seaboard Development Program, and Mass Rapid Transit Authority (Blue Line) Project. Japan has been contributing to many development projects including the Primary Healthcare project (1982), the development of local tourism (1997), the One village one product program (1998), the Animal Diseases Control Program (2001), the Modernization of Water Management System Project (2004), the Construction of a dormitory for Hill Tribe children (2005), the Reconstruction of Tsunami Affected Fisher Folk in Phang Nga (2005), the Land Reform Project in Northeast (2005), and the Second Mekong International Bridge Construction Project (2006). Thailand suffered major damage from the Asian Currency Crisis in 1997, but its economy has steadily recovered, and the GNI per capita reached US \$3,640, and Thailand has recently become an emerging donor. Taking into consideration the recent development of Thailand,

Japan needs to develop an international development partnership with Thailand instead of the donor-recipient relationship established in the old framework of international development.

## **QUESTIONS AND ANSWERS**

### Question 1

You mentioned that Northeastern Thailand is the poorest area because the area is mainly a farming zone with no industry as of yet. What is the ratio of independent farmers to tenant farmers in Northeastern Thailand?

### Speaker

I don't know the ratio. The Thai government has tried land reform in this area, but the productivity of farming is still low and the project has not led to an increase in revenue in agriculture. The Thai government exports rice while giving subvention to rice farmers.

### Question 2

Why has the Gini coefficient, an indicator of inequality in income distribution, not changed much while the poverty group has decreased?

### Speaker

The Gini coefficient has not changed because the income difference in Thailand has not changed during the recent economic growth, although the income of the poor group has increased.

### Question 3

Why have so many Japanese companies smoothly moved to Thailand?

### Speaker

Currently, about 1600 Japanese companies have business activities in Thailand, and 45,000 Japanese businessmen are working in Thailand. The Thai government has actively tried to attract Japanese companies, and Japanese companies aggressively moved to Thailand after the Plaza Accord. Japanese companies have been manufacturing goods with Japanese technology in Thailand, and some people have said that the technology transfer from Japanese experts to Thai workers has not been conducted to a satisfactory

extent. It is said that Thai industry is lacking native engineers who majored in engineering at Thai universities despite the flourishing manufacturing industry in Thailand. One of the major problems for Thai industry is the shift from the introduction of foreign technologies to the development of original technology.