

Constraints on the Economy

- * An expanding trade deficit which totalled 100 million baht in 1988, twice the amount of 1987. The majority of imports were for the expansion of export-oriented projects.
- * Protectionism and uncertainty in the world market.
- * Unbalanced regional economic development. The majority of development has taken place in and around Bangkok.
- * Infrastructure shortages in coping with the economic boom.
- * Expansion has caused environmental problems such as water, air and noise pollution, traffic and port congestion, and has led to haphazardous waste treatment.

The main threats to growth which need to be monitored are trends towards protectionism, unfavourable weather conditions affecting agriculture and a low world inflation rate depriving Thai exports of their competitive advantage.

For growth to continue, an economic environment must be created in which exports can begin to strengthen qualitative factors, drawing upon innovation, product differentiation and product quality.

Despite these constraints, Thailand holds the promise of unprecedented prosperity. Its future development remains the brightest in the entire region and can act as a base for Canadians in all of Asia.

GOVERNMENT POLICY

Sixth National Economic and Social Development Plan (1987-1991)

The Sixth NESDP outlines Thailand's development strategy and direction from 1987 to 1991. The Sixth Plan, like its predecessors, is a set of policy statements, providing a broad framework for the government agencies to follow. Since it is broad, it tends to lack in operational content, it is void of statutory enforcement and unbinding of budget allocation providing therefore for much leeway and interpretation. Nevertheless, it is the benchmark used to guide Thailand's development path, making it important to know when investing.

Economic growth and expansion remain the NESDP's major objectives. Two sectors have been identified as the focus sectors: agro-processing and engineering industries. Emphasis is on the creation of additional value-added goods in the agricultural industries and increased exports of agricultural and labour intensive manufacturing products.