

# Thailand

*Thailand, with its strong, vibrant private sector, abundant natural resources, favourable investment climate, and an openness to foreign ideas and expertise is an attractive trade and investment partner for Canada.*

## Overview

The Thai economy is among the most successful and resilient in Asia and is one of the fastest growing in the world. Burgeoning trade with Asian partners has contributed to a more mature and diversified market structure and Thailand's Gross Domestic Product (GDP) growth rate averaged 11.4 per cent between 1988 and 1993. In 1993, total GDP reached \$137 billion. A recent Organization for Economic Co-operation and Development study predicted that Thailand would rank among the 10 largest economies in the world by the year 2010.

The Thai government is seeking to sustain annual economic growth at an average of 8.2 per cent, with major policy emphasis on the following priorities: to upgrade human resources in the public and private sectors, improve quality of life, and reduce pollution, diversify trade and improve transportation and telecommunications infrastructure.

## Canada-Thailand Trade

Total bilateral trade between the two countries was \$1.3 billion in 1994, making Thailand Canada's 23rd-largest export market and second largest in ASEAN. Canadian exports increased \$55 million over 1993, reaching \$408 million, with main exports being organic chemicals, mechanical and electrical machinery and equipment, pulp and paper, and wheat. Canada imported a record \$896 million worth of goods from Thailand in 1994 with agricultural and fisheries products and textiles leading the way.

## Canadian Presence

One of the main reasons for Thailand's success is its ability to attract foreign direct investment, which totalled \$2.5 billion in 1992, and today represents about 40 per cent of total investment in Thailand. Canada's share is modest, at approximately \$45 million, but there has been considerable interest by Canadian firms in recent years to establish a presence in Thailand.

Joint ventures with local partners and other long-term commercial agreements are encouraged by Thailand's Board of Investment, particularly if they provide new technology. There are about 30 agreements for joint ventures or technology transfers between Thai and Canadian firms, representing over \$100 million, in manufacturing and services, food processing, metal fabrication, petrochemicals and many other fields.

## Promising Sectors

Strong domestic demand from Thailand's close to 60 million citizens, a revival in private investment and continuing growth in public investment, and a stable open market economy, make the country a promising focus for Canadian business interests.

Thailand's infrastructure needs and rapid industrial diversification present a number of opportunities to Canadian companies in a variety of areas, including:

- urban waste management and human resources development;
- advanced technology and telecommunications products and services.

The serious lack of adequate transport infrastructure also holds great potential in:

- urban transport systems and equipment;
- services for airport expansion, aircraft and avionics, as well as in port and railway expansion.

With electricity demand expected to jump by more than 10 per cent annually for at least another decade, Canadian know-how is especially needed in:

- power generation and oil and gas exploration.

Thailand's concern for the environment is also very strong, prompting the government to look for:

- expertise in waste-water, chemical and toxic-waste treatment,
- air-treatment and pollution measurement and control systems.

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