

INTRODUCTION

Purpose and Approach

The purpose of this study is to provide Canadians in the public and private sectors with an overview of the agricultural sector in Thailand, focussing on the increasing opportunities for Canadians in the Thai agro-industry. Its role is to perform as a catalyst by encouraging and guiding Canadians to utilize their expertise in potential cooperative ventures in the Thai agro-food industry. It aims at increasing awareness of Thailand as an investment opportunity to Canadians and to match Canadian expertise with Thai needs.

Background

The Thai economy has experienced rapid growth in the last few years, predominantly in the industrial and service sectors. Thailand has transformed from an economy almost entirely revolving around rice to a diversified manufacturing sector having almost as large a share of Gross Domestic Product (GDP) as agriculture.

Thailand has reached a point where it is now being considered as a "newly industrialized country" (NIC). This is reflected in the declining share of agriculture in GDP from 25% in 1980 to 16% in 1988. Nevertheless, Thailand's agricultural exports remain the major source of export earnings representing 51% of total value in 1987.

Thailand's export led growth in the manufacturing industry has been centered around the Greater Bangkok area. Unfortunately, the growth has been unmatched in the other regions of Thailand. Recent attractive prices have led to an increase in production of major crops in corn, sugar cane, rubber, soyabean, cotton, and mungbean; however, these traditional crops have been subject to price fluctuations. Farmers are now diversifying into non-traditional areas such as fruits, vegetables, cashew, oil palm, livestock and dairy.

To reach NIC status, Thailand must improve rural income distribution. In a country where 2/3 of the labour force is involved in agriculture, the agro-food industry will have a large role to play in Thailand's future growth. The Thai government is making measures to further intensify agricultural productivity, encouraging diversification into agro-industries and promoting off-farm activities to supplement incomes of Thai farmers.

During Thailand's fifth National Economic and Social Development Plan (1982-1986) problems and issues arose which significantly affected the development of Thai agriculture. Agricultural production was dependent on only a few traditional crops such as rice, maize, cassava, tobacco and rubber, characterized by low productivity, and high costs and low quality of production. These problems inhibited the pace of agricultural development resulting in a growth rate in the agricultural sector of 2.1%.