

DEVELOPMENT NEWS BULLETIN

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Press Conference on Thai Economy in Second Quarter and Trend of Year 2002



Press conference on “Gross Domestic Product (GDP) : Quarter 2/2002 and Thailand Economic Outlook in 2002” was held at Dej Snidvongse Conference Room on September 16, 2002. **GDP in the second quarter of 2002 continued to expand at a higher rate of 5.1 per cent** compared to 3.9 per cent in the first quarter. Therefore, in the first half of the year, it was 4.5 per cent. In the **production sector**, the growth was mainly contributed by the non-agricultural sector, which expanded 5.4 per cent, particularly in construction and manufacturing sectors of 18.6 and 6.7 per cent. The **domestic demand** was a strong driving force, particularly consumption and investment, which expanded 3.8 and 7.6 per cent.

Secretary-General **Chakramon Phasukavanich** stated that the **economic trend in the latter half of 2002 tended to expand in the slower rates of 4.0-4.5 per cent**. **Key supporting factors** were 1) low interest rate; 2) increase in net profits of registered companies; 3) credit upgrading by Standard & Poors (S&P) credit rating agency; and 4) the continuing economic recovery of many countries

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New International Airport will be Operated in 2005

Mr. Visnu Bhulsuk, Deputy-Secretary General of NESDB disclosed after the meeting of the National Committee for Suvarnabhumi Airport Development Administration (CSA) on September 2, 2002 at the New Bangkok International Airport Co., Ltd. (NBIA), Samutprakarn that the Prime Minister, as a chairman of the CSA, assigned the concerning agencies to accelerate the development of the Suvarnabhumi Airport Project and monitor the progress every 3 months in order that the Suvarnabhumi Airport could be operated in 2005.



He said that at present the project has been in progress 20.1 per cent with the budget of 86,315 million baht for engineering, which is 71.1 per cent of total investment of 121,392 million baht. The progress is in average 0.2 per cent per month. For the remaining 28 months, it is necessary to hasten the progress to be at least 2 per cent per month. The

urgent missions are the construction of run ways in the eastern side and the custom free zone.

Projects and budget related to transportation, public utilities, land use planning, and investment for creating revenue to Suvarnabhumi Airport have been approved as follows :-

- **Provision of the air traffic equipment, a control tower and office buildings.** Aeronautical Radio of Thailand Ltd., will be responsible with the budget of 2,307.36 million baht. The Permanent Secretary of the Ministry of Transport and Communications has been assigned to consider the installation of a modern communication system at the Suvarnabhumi Airport.

- **Construction of underground railway station.** This project should be done in concurrent with the construction of the passenger terminal which now in the process of piling. According to the master plan, the railway station will be built under the building. The New Bangkok International Airport Co. Ltd. (NBIA) is responsible with the budget not more than 680 million baht.

- **Relocation of high voltage transmission lines from the northern part of the Suvarnabhumi Airport.** The Electricity Generating Authority of

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Thailand and NBIA will share the budget of 721 million baht for relocation. The new transmission lines are started from Ban Preng to Nong Jok around 18.5 kms in concurrent with the adjustment of electrical equipment and a communication system at the Nong Jork Station.

- **Formulation of a specific plan around the Suvarnabhumi Airport** in response to the rapid expansion of land use, which covered 400 square kms. The Department of City Planning would discuss with the Bureau of the Budget about the suitable expenses.

- **Development of custom free zone and apron.** NBIA will allocate budget for this project.

- **Electricity generation and the cold-generation power producer project** for the Suvarnabhumi Airport has been approved. Joint investment between EGAT and the Petroleum Authority of Thailand were settled. Concession for producing and generating electricity should be approved by the Public Works Department.

Public relations strategies would be formulated to create a confidence and attract more passengers, tourists as well as Thai and foreign investors for utilizing services and investing in Thailand. Regarding the Transit Passenger Mall management inside the passenger building of the Thai Airways Co. Ltd. at the Suvarnabhumi Airport, it should be concerned the business benefits in consistent with the national interest.



State Enterprises' Investment Budget in FY 2003

Deputy Secretary-General **Santi Bangor**, on behalf of the spokesman of NESDB, revealed that the performance of 50 state enterprises in the FY 2002 and the annual budget FY 2003 of state enterprises were approved by the Second Committee for screening issues on September 12, 2002 before proposing to the Cabinet. The **overall performance of state enterprises in FY 2002** could gain a net profit of approximately 81,634 million baht with disbursement of 152,403 million baht or 94 per cent of the approved budget. The **overall operation budget in FY 2003** was projected to gain a net benefit of 76,818 million baht. Long-term debts were expected to be 14.9 per cent of GDP. State enterprises were still capable to pay their debts.

Investment budget in FY 2003 would be 191,202 million baht with 146,235 million baht or 76 per cent for disbursement. About 91 per cent of the approved disbursement budget was provided for economic infrastructure in order to support the competitiveness strategy. The rest of 6.3 and 2.8 per cent were for the investment in strengthening the grassroot economy and improving quality of life. State enterprises' had surplus budget of 0.27 per cent of GDP.

It is necessary to accelerate the disbursement of the state enterprises in order to increase their efficiency and to recover the economy. Thus, at least 90 per cent of the approved disbursement budget for the FY 2003 should be disbursed and it would be an indicator of the state enterprises' performance evaluation. Furthermore, keeping the state enterprises' disbursement under the budget deficit of 0.2 per cent of GDP

and to achieve the disbursement target in FY 2002, NESDB was assigned to inspect the disbursement of state enterprises for both the approved budget and the waiting-for-approval ones, and report to the Cabinet.

Moreover, **other recommendations** were endorsed as follows :-

1. Increase efficiency of resource utilization in the organization and broaden the customer base by creating business cooperation with concerning agencies in order to be a proactive strategy.

2. Adjust the structure/accounting system of the organization to be businessmannered or profit-centered. Privatization process should be precise in order to prepare for the privatization of the state enterprises in the future. Private sector should have highly participated in the operation process.

3. Improve the efficiency of financial data and operation by accelerating the process of proposing the financial statement together with complete complementary documents to get the approval from Office of the Auditor General of Thailand on time. The disbursement must not exceed the programs/projects approved by the Cabinet. The investment should be speed up to achieve the target.

4. Accelerate the solving of debt problems and recover the financial status, particularly the state enterprises, which had large amount of debts and severe financial liquidity, such as National Housing Authority, State Railway of Thailand, Bangkok Mass Transit Authority, Express Transportation Organization of Thailand, and Expressway and

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Workshop on “Participation in Planning and Implementing Livable City and Community”

During August 18 to September 8, 2002, workshops on “Participation in Planning and Implementing the Livable City and Community” were organized by NESDB, Community Organizations Development Institute (Public organization), Chumchon Thai Foundation, community organizations’ network and the Thai Health Promotion Foundation. They were held in the Northern, Southern and Central regions. Two hundred participants from each region including those from community organizations, community organizations’ networks, civil societies, public and private organizations, local administrative organizations, the academics, the press, and various sectors in the society attended.

Secretary-General **Chakamon Phasukavanich** said that the objectives of the workshops are to disseminate knowledge, brainstorm and share experiences among various sectors as well as stimulate the coordination among development partners at the area level relevant to the development policies of the livable city and community in the Ninth Plan. Participation of every sector in the society is the main tool. **For management, appropriate means of forming a development partner network for cooperation and integration has been sought out.** Awareness of the guarding the community, the pride of hometown and having sense of belonging should be created as well as promoting participation of all sectors in order to support the formation of a network and a coordinating mechanism as a driving force for the appropriate livable city and community in each area.

He concluded that livable city and community development is a working process that needs a long term perspective with no single panacea. Learning and synthesizing body of knowledge in the community should be adapted for continuous and sustainable development at the same time.



Improvement of One Stop Services of Export Service Center

Mr. Somkid Jatusripitak, Deputy Prime Minister, chaired a meeting to improve services of the Export Service Center on August 21, 2002, at the Cabinet’s Conference Room, Government House.

Ms. Wilaiporn Liwgasemsan, Senior Advisor of NESDB, revealed after the meeting that operation problems and obstacles of the Center were considered as follows: 1) the working system and the coordination were inefficient, particularly the scientific process in laboratories; and 2) users were not ensured the efficiency of the Center so they had still contacted the concerning agencies as usual.

Mr. Adisai Bodharamik, Minister of the Ministry of Commerce and a chairman of the One Stop Services of Export Services Center Committee was delegated to 1) study and design the working system, divided

by commodity categories, and the coordination. Each commodity had different processes and time periods. Information technology would be used to report from the results from the laboratory and delegating the authority should be done for making the document process faster. 2) Improve the efficiency of the Center by cutting the working process in order to create confidence among the users.

One Stop Services of the Export Service Center has been opened since June 5, 2002. Representatives from 14 public and private agencies are working at the Center with the main tasks of issuing certificates and giving advices to exporters. The Cabinet agreed on July 19, 2002 to assign NESDB to hold meetings among concerning public and private agencies in order to support the Center’s operation.



An Initiative of Monitoring Millennium Development Goals : MDGs Project

On August 29, 2002 **Mr. Somchet Teracoop**, Deputy Secretary-General of NESDB assumed a chairmanship of the workshop on Monitoring the Millennium Development Goals : MDGs organized by NESDB with collaboration of the World Bank. Fifty participants from concerning agencies, NESDB and international agencies participated.

He has revealed the objective of the MDGs project is to monitor the

results of development relevant to the Millennium Development Goals set at the United Nations Summit Meeting in 8 areas of 1) reduction of poverty and hunger; 2) development of the primary education; 3) gender equality; 4) decrease of child death rates; 5) maternity and child health care; 6) protection of HIV, AIDs, malaria and other chronic diseases; 7) sustainable environmental management; and 8) global development partnership promotion. This meeting is aimed at

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National Economic and Social Development Board

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Thai Economy in Second Quarter *from page 1*

that are trading partners. **Main risk factors for recovery in the latter half of the year** were 1) a fragile recovery of the US economy; 2) rising oil price due to the conflict between the US and Iraq; 3) decrease in export prices, which affected decreasing income; 4) the uncertainty condition of the stock market; and 5) the Non-Performing Loan problem.

He finally said that **macro-economic policy management should be addressed** 1) restructuring low-performing and sub-standard loans to increase economic stimulation from low-performing assets, which accounted for 25 per cent of GDP; 2) reinforcing a good governance in the private sector; and 3) increasing revenue from exporting services.



An Initiative of Monitoring *from page 3*

forming a network among public and private agencies, and academic institutions in developing a database and monitoring the development results relevant to goals of MDGs as well as creating understanding and awareness of setting up mechanisms for monitoring.

NESDB is the focal point for coordinating among concerning domestic and international agencies in establishing a database, monitoring development results and being the data center for MDGs in Thailand. Consultants would be hired within the financial assistance from UNDP to develop the database and tangible indicators. The World Bank has supported this workshop

in order to create a participation process among concerning agencies for making the first MDGs report in Thailand.



State Enterprises *from page 1*

Rapid Transit Authority of Thailand.

5. Set the criteria for receiving the government's subsidy so that the allocation could be relevant to the real needs.

6. Assign NESDB to select some state enterprises, which were important or had specific problems for explaining their budget management guideline in FY 2003 to the Deputy Prime Minister Somkid Jatusripitak with ministers in charge.

