A Glimpse into Thailand’s

Economic System

An Essay on Advocating for Abundance

Janice Chau

July 23, 2014

TUL 560: Theology of Community Economics

Project 5: Economic Systems

Dr. Viv Grigg

## Introduction

 Thailand’s economy is quite rich and abundant. It is amazing how two hands, strengths and weaknesses, energy, talents, and skills power culture and economy. The Thai people are a people that are gifted with their hands and body. Primarily the importance of hands here in Thailand reflect in the practice and discipline of elongated arching fingers in Thai dance to the calloused craftsmanship of diligent weavers to the hands that pick rice in the fields. From these practice and disciplines with our hands comes abundant productivity. The Thai have learned to sell their commodities well; it first began with the a simple barter system and relationships. Until today, the simple trade industry and good relationships have brought productivity to this land’s economic system in globalization and modernization.

In this essay we will take a mere glimpse into Thailand’s economic system through the countries strongest gross domestic products (GDP) and purchasing power parity (PPP) of import/export industry, rice and agriculture, and handmade products. In comparison we will discuss how these exported assets economically support the needs of the hands that made them. And lastly, point to advocacy and conservation for the Thai people that are being depreciated in the economic system.

## Trade Industry and Thailand’s Partnered Countries

In 2013, surveys reveal the strength and resources being output from this small country. The International Monetary Fund (IMF) and the CIA World Factbook ranks Thailand as the 24th country with high marketing value of $673 billion. The World Bank ranks Thailand as the 21st inline with a $964 billion market value. [[1]](#footnote-1) Collectively at a micro to macro economic level Thailand has maintained its competitive edge in global economy.

The current global trade relationships that Thailand has with other countries maintain Thailand’s development in technology, communications, and education. The following charts describe the exchange-value and market value between Thailand and other countries. [[2]](#footnote-2) The standard of living amongst these countries is high in economic urban development and planning. This motivates Thailand’s constant need for leadership development, technological development, communication innovations, and education reformation. As a key player in economic contribution, resources, and exchange Thailand is pushed to find and solve their development issues rapidly. This way the people can continue to participate in the bursting economy.

|  |  |  |
| --- | --- | --- |
| **External Exports:** $229 billion in 2013**Export goods:** Textiles, footwear, fishery products, rice, rubber, jewelry, automobiles, computers, and electronic appliances**Import goods:** Capital and intermediate goods, raw materials, consumer goods, fuels | **Main Export Partners:** China: 11.7%Japan: 10.2%United States: 9.9%Hong Kong: 5.7%Malaysia: 5.4%Indonesia: 4.8%Singapore: 4.7% | **Main Import Partners:**Japan: 20%China: 14.9%United Arab Emirates: 6.8%Malaysia: 5.3%United States: 5.3% |

**Import Goods in percent**

|  |  |
| --- | --- |
| Imported Goods | % From total |
|  Raw materials and intermediate goods | 56% |
| Fuel | 19% |
| Parts of electronic appliances | 11% |
| Materials of base metal | 9% |
| Chemicals for base metal | 5.5% |
| Machinery, equipment, supplies: computers, and mechanical | 25% |
| Consumer goods | 8% |

**Import Goods from partnered countries**

|  |  |
| --- | --- |
| Country | % From total |
| Japan | 20% |
| China | 15% |
| European Union | 8% |
| Others including: United Arab Emirates, Malaysia, and the United States | n/a |

The data above shows the types of materials that Thailand is importing.[[3]](#footnote-3)Most of these products are commodities used to increase productivity and development of the country itself. Imports such as fuel for running factory machinery, and transportation, electronic appliances for enterprises and corporations, chemicals for metal and materials for base metal are for building/construction. Thailand is partnered and is currently buying from developed countries in hope to be more sustainable just as their partners are.

**Export Goods in percent**

|  |  |
| --- | --- |
| Exported Goods | % From total |
| Electronics | 14% |
| Vehicles | 13% |
| Machinery and equipment | 7.5% |
| Foodstuffs | 7.5% |
| Agricultural goods (mainly rice and rubber) | 8% |

Thailand’s economy has a large foundation on exports. Exported products that are accounted for in estimate is 65% of their GDP. At around 86% of total shipment Thailand is exporting manufactured goods such as: electronics, machinery, equipment, foodstuffs, and agricultural goods (mainly rice and rubber). Most of these manufactured and packaged goods are going to major export partners such as China, Japan, the United States, and the European Union. Other countries are: Malaysia, Australia, and Singapore. Below charts a list of partnered countries Thailand and percent total of exported goods (shipments).[[4]](#footnote-4)

**Export Goods to Partnered Countries**

|  |  |
| --- | --- |
| Country | % From total (shipment) |
| China | 12% |
| Japan | 10% |
| United States | 10% |
| European Union | 9.5% |
| Others including: Malaysia, Australia, Singapore | n/a |

 As data reveals, most of all Thailand’s resources in country and exported are dependent on the manufacture industry. Industries such as automobiles, automobile parts, auto manufacturing/assembly, electric appliances, components, and assembly, cement, computers and computer parts, furniture, plastics, textiles, garment, and agricultural processing, beverages, and tobacco are all in need of a factory. These factories in itself can be categorized as heavy or light services for the manufacturing industry.

Thailand’s manufacturing industry demands for its exporting partners. There has been a stable increase in employment, job opportunity, and a better standard of living. Though there is still a battle for fair wage and educational development, the economy motivates the people to demand reform in policies and policy making. The factories want increase in productivity and are looking for ways to train workers and to bring in more leading entrepreneurs to help increase its capital. This encourages the right for education at all social levels.

The key compelling factor is technological development. As computers and machinery are innovated to function off of programs, there is a demand in education to teach and provide computer and technological management, troubleshooting, and programing skills starting from the foundations of science, math, reading, and social studies skills. The need is to teach critical thinking and problem solving skills. The manufacturing industry demands for education reform so that more people can work in country rather than recruit leaders and managers from foreign countries.

## Rice and Agricultural Productivity

Rice is one of Thailand’s most important resources, locally and globally. Thailand is the second to India in exporting rice. To meet the demanding consumption of rice, the Thai government has made strong initiatives to increase production in farming, factory and freight. The government has invested in irrigation, infrastructure, and pro-rice projects. To expand land productivity, beyond the central Thai plains, the government has constructed a road connecting the Northeast region to harbors on the gulf coast. In partnership with the government World Bank has financed dams canals, locks, ditches and operational organizations involved with the Chaophraya Project. With the demands of rice production there has been a huge shift in the rice fields from traditional methodology to modern technology. Cows and single motorized plows have been replaced with tractors, new strains, horse powered caterpillar tracks, horse-powered threshers and axial flow pumps.[[5]](#footnote-5)

In a span of a score, the rapid change in agriculture increased the need in employment and adaptation to technology. With the new machinery on the farm there is a need for tractor mechanics and machinery mechanics. At the factory level there are researchers and developers for packaging, distribution analysts, and correspondents between farm and factory. With the new road connecting land to harbor, there has been an increase in truck drivers.

The main issue is uncontrolled by any mans hands. The industry is dependent on the rainy season. It is common for most rice farmers to work in the city after the rice harvest. They will go to cities to work as construction workers, sales, restaurant servers/vendors, or as a taxi driver. The entire industry suffers during drought. This coming year Thailand forecasts rice production to hit a 5-year low.[[6]](#footnote-6)

Low-income farmers suffer the most. Mr. Somkiat, secretary of the Thai Rice Exporters Association say to the Bangkok Post, "Even without impact from dry weather, we should see a production decline because farmers barely make a profit from planting rice." [[7]](#footnote-7) These low-income farmers are suffering from unfair policy making that begin from the top down. The Thai government has protected distribution of rice by creating new policies that benefit them, and have taxed rice exports that benefit the urban city structure. Without profit gained these low-income farmers cannot afford to keep up with the technological movement in agriculture: fuel, new chemicals, tractors, threshers, and strainers. The poor farmers have lost their land rights and have also now turned into lenders to the government. Mediocre farmers who were more lucrative are more able to maintain and advance with the technological change in rice agriculture. [[8]](#footnote-8)

Globally, the heavy taxation on rice has inflated the exchange-value of rice and made it more expensive for purchasers. In 2000 a bag of rice at an Asian supermarket was $10.00-$12.00 for 25 pounds and now in 2014 a bag of rice ranges between $18.00-$22.00 for 25 pounds of rice. [[9]](#footnote-9) The price range also depends on the productivity per season. There has become a longer shelf life, for rice in general supermarkets, since rice is not as affordable as it use to be.

## Handmade Fabrics and Products

 There are many specialized products from villages and at he countryside of Thailand. These products are handmade good made from traditional techniques and crafting of raw materials: teak wood, bamboo, silk, reeds etc. The traditional ways of Thailand was to use everything and every part in recognition and blessing of an abundant land. Beautiful craftsmanship and quality productivity is the result of handmade Thai. Some of these specialized hand made products are such as: woven baskets and furniture, hand made furniture from hard woods, instruments, Thai silk garments and fabrics, home décor, embroidered art, etc.

 As Thailand developed into a capitalist economy villagers and sellers also had to adapt into the rising economy. The positive aspect of capitalism meeting these handmade goods is that crafters are now connected to the international market through retail, wholesale, distribution. Capitalism created what we call the “World Market”. There has always been a craving for unique, authentic, and oriental pieces and goods. (Not only from Thailand, but all of Asia). Many entrepreneurs were birthed from the access of capital, but many craftsmen like the low-income farmers remain poor and unable to keep up with the productivity that the assembly line and factory processing has provided. And like the low-income farmers poor village crafters are unable to collect a substantial amount of profit to maintain a thriving business.

 Currently trending, there are many fair-trade companies and co-operative organizations that are advocating for Thai handmade crafting.. These organizations advocated for even redistribution of raw materials, seek equity for labor-wages, equally distribution profits from surplus, encourage saving methods, focus on leadership development, and skill training in business. Together fair-trade and co-operatives advocate for quality products, equity in labor-wages, and preservation of traditional cultural values in arts and craftsmanship. The many Queens of Thailand initiated effective conservation projects and accepted help in co-operatives in advocacy for Thai traditional handmade. Microfinance has yet to move into Thai handmade industry.

## Conclusion

As rapid as technology has been developing, there is a great challenge confronting Thailand’s economic system and the supporting infastructures. Employment and development will only become stronger when the infrastructure of education addresses quality academia verses quantified outputs of literacy. Economy will push for education to aim for critical thinkers and problem solvers opposed absorption of teachings and decree. Education and technology will continually change farming methodology and business. Policies and wages will change as a rising generation advocates for low-income farmers. In the last five years new principles and ethics in farming are fronting a new generation of farmers as businessman. Organic farming is making a way for better living and consumption within the land and hopes to bleed into agricultural exports.

As co-operatives and advocacy projects continue in the handmade industry more developed business leaders will multiply their methods and traditions. All these things are in hope to preserve and advocate for the abundance of the land and the two hands that make from these raw resources. These are all simple truths inter connected to Thai cultural values of education, relationships, recognition, and community.

# Resources:

News, Bloomberg. (July 23, 2014). Thai Rice Yield to Hit 5-Year Low. Thailand, Bangkok Post.

Trading Economics: <http://www.tradingeconomics.com/thailand/imports>

Wikipedia: List of Countries GDP and PPP

1. Wikipedia: Economy of Thailand

Wikipedia: Rice Production in Thailand: Increasing Production

Wikipedia-Rice Production in Thailand: Effects on Low-Income Farmers.

1. Wikipedia: List of Countries GDP and PPP [↑](#footnote-ref-1)
2. Wikipedia: Economy of Thailand [↑](#footnote-ref-2)
3. Data from Trading Economics: http://www.tradingeconomics.com/thailand/imports [↑](#footnote-ref-3)
4. Data estimates from Trade Economics: http://www.tradingeconomics.com/thailand/exports [↑](#footnote-ref-4)
5. Wikipedia: Rice Production in Thailand: Government Policy and Increased Production http://en.wikipedia.org/wiki/Rice\_production\_in\_Thailand [↑](#footnote-ref-5)
6. News, Bloomberg. (July 23, 2014). Thai Rice Yield to Hit 5-Year Low. Thailand, Bangkok Post. [↑](#footnote-ref-6)
7. Quote from Bangkok Post: Thai Rice Yields to Hit 5-Year Low. [↑](#footnote-ref-7)
8. Wikipedia-Rice Production in Thailand: Effects on Low-Income Farmers. Also noted from ease dropping on radio programs with taxi drivers. (May and June 2014) [↑](#footnote-ref-8)
9. In American grocery stores the price of rice will be higher than the price at an Asian supermarket. This is based on observation and true experience. [↑](#footnote-ref-9)