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AGENCY FOR INTERNATIONAL DEVELOPMENT
BUREAU FOR PRIVATE ENTERPRISE

SUMMARY OF PRIVATE SECTOR RECONNAISSANCE TEAM REPORT ON THAILAND

February 1 - 5, 1982

MEMBERS OF THE TEAM:

- Elise R.W. du Pont, Assistant Administrator, Bureau for Private Enterprise
- Edgar C. Harrell, Deputy Assistant Administrator, Bureau for Private Enterprise
- Lowell Hoskins, President, Arbor Acres Farms, Inc., Glastonbury, Connecticut
- Tracy S. Park, Jr., Vice President, Tenneco Inc., Houston, Texas
- Margaret B.W. Graham, Assistant Professor, Harvard University Graduate School of Business Administration, George F. Baker Foundation, Cambridge, Massachusetts
- Daniel F. Hefler, Jr., Semiconductor Specialist, Arthur D. Little, Inc., Cambridge, Massachusetts

PROJECT DESIGN GROUP:

- John D. Montgomery, Professor, Kennedy School of Government, Harvard University, Cambridge, Massachusetts
- Robert Muscat, Consultant

GOALS OF THE MISSION: To explore private sector development opportunities in Thailand.

I. Reconnaissance Team Objectives

At the request of the Royal Thai Government, an AID Bureau for Private Enterprise (PRE) reconnaissance team visited Thailand during February 1-5, 1982, to evaluate the general potential for increased private investment in three sectors: natural gas related industry, agribusiness, and electronics. The team also evaluated the business management sector. The team was able to obtain an overview of the investment potential of these sectors and the general investment climate in Thailand. The team also provided impetus to a U.S. Government private sector initiative in Thailand comprising (1) a program to increase the flow of private investment into priority development areas (Thailand is one of only ten countries worldwide that will be initial beneficiaries of this program), (2) an Overseas Private Investment Corporation (OPIC) investment mission to Thailand, (3) a USAID/Thailand bilateral project to complement the PRE program of increasing private sector participation in meeting Thailand's development objectives.

II. Assessment of General Investment Climate

The team concluded that the general investment climate in Thailand is quite favorable, although some areas of concern are also obvious.

The Thai infrastructure and economy is superior to that of many developing countries: highway, rail, air transport and telephone facilities are good through most of Thailand; however, irrigation infrastructure, particularly in the Northeast appears to need further development/improvement. With regard to education, there appear to be numerous people with advanced degrees from Thai, European, and U.S. universities at the high levels of both government and private business although shortages of skilled and experienced manpower at several levels are becoming increasingly common. In the energy area there are many new discoveries of natural gas, but virtually all crude oil and some refined products must currently be imported.

The population growth rate is moderate (2.1% annually but declining); but it is observed that Thais are in the initial stages of a massive shift from a rural to an urban society (75-80% currently rural). Thailand's economy is among the world's fastest growing and between 1975-1979 GDP grew an average rate of 8.7% annually.

Thailand is one of the world's few net food exporters, and agriculture - rice, cassava, rubber, corn, livestock, fish - accounts for 60% of exports. Despite generally increasing exports, balance of trade problems have become painfully unfavorable in recent years primarily due to the rapid increase in oil prices. In 1980 oil products accounted for almost one third of imports by value.

The Thai Government seems to have had more success than most other developing countries in encouraging its private sector to flourish. Nevertheless, although Thai officials know well the generally negative effects of price controls and of regulation, these same officials may not have the power to change these disincentives. Moreover while the American Chamber of Commerce and Thai businessmen seem to have an easy, mutual confidence, most civil servants and businessmen appear mutually suspicious. The team noted, however, that the current Thai administration is striving to improve the public/private sector dialogue and this healthy trend appears well-established.

Generally, and despite the negative factors noted above, the team would like to note that Thailand's growth in investment, productivity, and balance of trade has been excellent over a sustained period. Its ability to grapple successfully with changing energy costs, world-wide inflation, price policies, new agricultural technologies, and over-regulation is as encouraging as its prospects for the future in natural gas and utilization of its efficient and productive labor force.

There is no need for drastic measures or changes of direction. The U.S. should refrain from implying that there is; but some developments can be encouraged, current and emerging weaknesses corrected, and potential problems averted by judicious action.

III. Recommendations to Improve General Investment Climate

A. Private Sector Capacity: Private Thai associations meet regularly to consider their common interests, but none has a professional staff nor has financial capacity to hire private consultants. USAID could contribute by funding an American consulting group to serve these organizations.

B. Public Sector Capacity: Primary responsibility for attracting and facilitating private investment in Thailand lies with the Board of Investment which has limited staff capacity and a low profile. Thailand needs to better promote its potential to overseas investors and more effectively respond to investor's needs. Here again an American consultant group could greatly improve the situation by strengthening the capabilities of BOI and helping it to carry out a targeted promotional campaign.

C. The Public-Private Interface: Create a constructive dialogue on important public issues through a voluntary association like the CED in the U.S. with a small board of distinguished leaders from the private and public sectors, academics as well as small entrepreneurs whose voices are seldom heard in large commercial and industrial associations and government circles.

D. The U.S./Thai Private Sector Interface: The sharing of effective technology and management techniques could be facilitated by formal linkages between industry clubs in the U.S. and Thailand. The Marshall Plan, "Productivity Team" concept might serve as a useful model to apply in this effort.

E. Senior Seminars: Thailand's policy makers could benefit from increased exposure to the U.S. free market system to see for themselves its strengths and weaknesses. A senior seminar for senior government officials is recommended under the sponsorship of an appropriately prestigious U.S. institution.

F. Industrial Development Financial Packaging: Thailand's financial institutions could benefit from assistance in identifying and packaging potentially attractive investment projects. Technical assistance and some initial financial assistance is recommended to start a pilot program.

G. Management Training: Rising costs make it increasingly difficult for individuals in Thailand to finance educations and management training involving one or two years in an American university. Training in public and private administration would be welcomed in Thailand. Judicious support to such efforts could contribute substantially to their quality and capacity. Further investigations of this are planned to determine possible options for an AID program.

H. Negotiate/Ratify Tax Treaty: A tax treaty to resolve the double taxation problem would undoubtedly improve the investment climate for potential U.S. businesses in Thailand.

G. Topics for Further Study: Topics which might be studied to improve the environment for private enterprise are:

1. Appropriate training and technical assistance to implement Government Fifth Plan goals;
2. Comparative study of specific industrial policies and practices in East and Southeast Asia to help Thailand identify areas in which it can improve its position;
3. Study applications to the BOI for support which were withdrawn by Foreign and Thai entrepreneurs to see why incentive offerings were deemed of little value; describe circumstances leading to withdrawal to provide base for comparative analysis;
4. Explore experiences of small enterprises to see what can be learned from successes and disappointments suffered.

IV. Summaries of Individual Team Member's Reports

A. Training

While the uses of natural and financial resources have received much consideration in Thailand's recent planning process, the critical issues of manpower - specifically the depth of management capability and availability of skilled and semi-skilled labor - have been inadequately identified. Thai Government officials and private sector managers alike, as well as members of the American investment community, have spoken of management and skilled labor as problem areas serious enough to be a potential brake on the country's rapid development. There is little doubt that the availability of adequate trained or trainable internal manpower resources is a significant factor in the attractiveness of any country's investment climate to future investors, whether domestic or foreign.

1. Defining the Needs

To date, management and technical expertise and availability has been adequate for Thailand's growing economy, but shortages are emerging and are expected to become worse. Competition for qualified managers has become increasingly intense as evidenced by compensation for managers with advanced degrees which in turn depletes the ranks of lower paid management professors and managers in smaller to medium-sized firms. This situation has resulted in the following identifiable problems:

- a) an absolute scarcity of mid/upper level experienced managers;
- b) the absence of key management skills, particularly in general management and in technology transfer;
- c) lack of basic management skills in small/medium businesses, and especially needed if agricultural projects are expanded;
- d) severely inadequate management course materials, particularly in the Thai language or adequate skill in English;
- e) inadequate incentives for retaining of skilled management teachers;
- f) a scarcity of semi-skilled workers across-the-board although workers are easily trainable.

2. Training Projects Identified

a) Chulalongkorn/Wharton & Northwestern Joint Project

This proposal, the most fully developed thus far, suggests an English language graduate management program with heavy emphasis on marketing, finance, and general management. Chulalongkorn University and the American management schools would each provide an equal number of management faculty to teach 20 carefully chosen students. The program has support to roughly \$500,000 from the Thai private sector and there is talk of enlarging the enrollment. More realistic budgeting may be necessary as well as an assessment of the feasibility of finding sufficient qualified applicants were the project to be expanded. This program will most likely get underway with or without AID support.*

b) Thai Management Association Proposal

This program addresses an improvement in quality and amount of suitable Thai language management training materials and supports a case-writing workshop specifically geared to the experience and needs of business in Thailand. The plan is compatible with the ASEAN-U.S. Business Council "Training the Trainers" program. There is a particular need for materials useful to managers of small and medium-sized businesses written in or translated into Thai. Estimated cost: \$50,000 to \$60,000.

*The team also suggested that although the curriculum of this joint project may be well-suited for training bankers, attention should be given to the inclusion of some form of very applied operations management and operations strategy if the project is to serve the needs of the broader Thai business community, especially the need for technology transfer capability.

c) Improving Compensation for "Trainers" (Thai Management Association Proposal)

As research money presently offered is not on a par with consulting fees available from the private sector, it is suggested that funding be made available to supplement course development compensation for those qualified to do work, but who now use their time for more lucrative endeavor.

d) Management Consulting & Training for Agribusiness (A TMA Proposal)

This would be a business extension program but the idea and its funding have not been well-defined as yet. As part of the consideration process, the team felt that encouraging a broader definition to include all sorts of enterprises might be appropriate.

e) The Teaching of Entry Level Basic Skills

Again not well-defined as yet, this would be a pilot program to prepare semi-skilled workers in skills useful to and needed in a variety of industries.

3. Recommendations

Recommendations for action center on a plan for awarding funding on a supplementary or matching basis for several different programs already proposed in some form by the Thai universities or Thai private sector. To use new programs or to develop new institutions is felt to be inadvisable in so far as they would only compete with an already limited supply of manpower and training resources. So great is the need for additional training in management and technology in Thailand and so supportive are the Thai educational and business communities in developing this capability, that using existing resources is not only advisable but likely also in the longer run to produce programs which will endure.

B. Electronics

It is expected that the new wave of investment in the semi-conductor industry will not reach the magnitude seen in the past. Because leading U.S., European and Japanese firms are turning toward automation, because fewer chips will be packaged as 1k, 4k, and 16k RAMS are replaced by 64K and 256K RAMS. In this difficult environment, Thailand in particular will have to stretch to attract potential investors as the country cannot be marketed as a "low-cost environment" such as Sri Lanka or Indonesia. Nevertheless, companies in the semi-conductor industry have traditionally tried to spread their investments to lessen political and policy risks. Thailand is therefore potentially attractive,

but may find greater success in stressing opportunities in hardware manufacture, capitalizing on the proportionately high level of technical education there.

1. Problems Identified and Recommendations

a) A cheerful helpful welcome to investors is needed and follow-up should be improved. Action: create a small cadre of technically and business trained investment officers (in the RTG) who can identify and undertake action to remove investment obstacles, provide assistance with applications, and help in obtaining expeditious action on formal applications.

b) Semi-conductor and high-technology investor, are inordinately adversely affected by delays between completion of investment project planning and the granting of approval to proceed. Action: Empower the BOI to grant immediate approval of all projects in advanced technology areas, and to do so in the language of the applicant, rather than in Thai.

c) The BOI creates an initial cumbersome and confusing impression upon entry to their offices. Action: Create an attractive reception area and greeting/conference room to dramatically change this first impression and even create a favorable second impression when the prospective investor is lead through past files of previous investment applications.

d) BOI cannot be expected to maintain expertise in all areas, but the agency should inventory and promote all opportunities for investment in Thailand. Action: Supply a technology development counseling officer to work with the BOI.

2. Specific Project Proposals

a) Telecommunications: Finance cost/benefits study. Need for 3 million additional telephone lines estimated between now and 1991. Both ITT and L.M. Ericson have underutilized approved applications. Study viability of domestic manufacture of telecommunications equipment in Thailand.

b) Consumer Electronic Products: Finance cost/benefit study on domestic manufacture of these products and the 'ripple effect' such manufacture would have on the Thai economy.

c) Glass Picture Tube Components: Study feasibility of manufacture for use in color and blank and white tubes, Thailand endowed with natural gas to provide low cost energy and low-iron sand is believed available for a viable world-scale picture glass tube components industry.

C. Agriculture

1. Areas of Investment Opportunity Identified

- a) Farm Machinery & Implements: There are two Thai/Japanese diesel engine plants which are operating successfully and which are Thai controlled and managed. There are more than 100 makers of tractors and implements, but they are small operations which need consolidation or tying into a management system to achieve standardized, interchangeable parts and economies of scale.
- b) Rice: This is Thailand's largest crop, a diet staple which also comprises 18% of total Thai exports. The rice is mostly grown in small plots, is hand harvested, threshed, etc., and there are an estimated 30,000 small mills for hulling and polishing. Many Thai farmers are barely in the cash economy, but large rice farmers are prosperous. Nevertheless, they need incentives to use more modern methods to reduce losses through kernal breakage in milling.
- c) Corn & Sorghum: Better seed hybrids are needed for these crops.
- d) Soybeans: Current imports from the U.S.
- d) Cotton: Cotton is imported from the U.S. Some is grown in Thailand, but the industry is not well-developed. Cotton is labor-intensive and requires substantial quantities of fertilizer and pesticides.
- f) Agricultural Chemicals: A Scandinavian group is constructing a large nitrogenous fertilizer plant which should supply Thailand with all it needs plus some for export. Potash is plentiful in Thailand but phosphates must be imported. Pesticides are desperately needed as imports are now approaching \$60 million per year. Both fertilizers and pesticides are vastly underutilized in Thailand at present.
- g) Cassava: This is Thailand's second largest export (for animal feed). It enjoys a low ECM tariff vs. grain, but it has no protein (vs. grain) and therefore is not attractive to other countries which import ingredients for feeds.
- h) Poultry: Industry is well-advanced and far superior to much of the world's. Poultry is exported in growing quantities and is an excellent example of what can happen to markets left to themselves with little Thai Government involvement.
- i) Swine: Pork is popular in the Thai diet. There have been considerable efforts to improve breeding stock and to increase swine production. There are some live exports, but slaughterhouses are government operated and the industry is replete with powerful vested interests. Hence live exports. It is doubtful if foreigners can or should get involved in local production.
- j) Dairy: Fresh milk products not viable in the tropics. Therefore most milk is imported dried, canned, reconstructed. This could be worth more investigation.

k) Food Processing: Thai food stores are heavily stocked with a variety of canned goods and processed meats. Pineapple and marine products are the primary export items in the processing group.

2. Recommendations:

a) Farm Machinery & Implements: The future appears to be in consolidation and rationalization of smaller manufacturers, not in large tractors and not in assembly of imported equipment. The market may be too specialized or fractionalized for U.S. manufacturers, although Ford, Deere and others are in Thailand.

b) Rice Farming and Milling: Get specialists to assess situation, especially with respect to obsolescent mills and using larger mills to provide greater final value to the crop.

c) Fertilizer/Pesticides: There is a special need to educate farmers to usage of these chemicals and to arrange cash and credit to improve demand for these needed agents. This area should be examined in greater detail.

d) Cassava: Take no action. The industry is expected to decline.

e) Northeast Thailand: Check the situation near the Laotian border where RIG is trying to spur agricultural growth. The problems are the same in this area as in others, but the situation is more difficult and could use productive U.S. help. The Northeast area is a microcosm of the entire Thai agricultural situation.

f) Cold Storage & Grain Drying Facilities: These exist and are increasing, but more are needed.

D. Natural Gas Industry

In 1966, the Royal Thai Government (RTG) with a grant from USAID began an administrative and legal process for the development of energy resources in Thailand. Following this initiative and the ensuing legal framework, the decade of the 1970's witnessed a surge in exploration and drilling activity in the Gulf of Siam. The search for oil was unsuccessful, but heavy hydrocarbon-rich natural gas has been found in abundance and commercial production commenced in September 1981. The volume of future drilling activity will depend on the willingness of the RTG to agree to purchase prices that reflect an acceptable rate of return to the oil companies conducting the exploratory drilling, considering the large capital outlays and associated risks.

1. Organizational Structure

The organizational structure of the gas industry in Thailand is as follows:

a) Private international investors are permitted to find and produce hydrocarbons under a royalty and corporate tax system mutually acceptable to them and the RTG.

- b) The RTG, through the Petroleum Authority of Thailand (PTT) will own, operate and maintain gas pipeline transmission and distribution facilities from the fields to the RTG or privately-owned user.
- c) The PTT is extending its authority one more step in the downward vertical integration of the gas industry - that is, the PTT will own and operate the gas separation plant to be built in Rayong. This facility will separate ethane and other LPGs from the gas stream.
- d) All further downstream processing will be offered to private or possibly mixed-sector investment in olefin and petrochemical plants, utilizing residual pipeline methane as well as ethane and propane from the gas separation plant. Methane is an ideal fuel for electric power generation, general industrial heating, and as a feedstock for the manufacture of ammonia and methanol.

2. Investment Climate for Gas Related Industry

In the natural gas industry, it is essential for investors to understand the RTG entities, individuals or organizations, who make or influence decisions. Knowledge of applicable laws, taxes, and regulations are also important.

The Japanese possess considerable advantages in the Thai business community. In addition to good technology, low-cost quality goods, and attractive financial packages, they operate successfully in less tangible ways: they are less concerned with Thai laws and regulations than with the individuals who administer them and they take great pains to learn the Thai language. Nevertheless, the U.S. has ample opportunity to participate in Thailand's natural gas-based industries because (1) U.S. technology, equipment, management, and experience in pipelining and processing are superior; and (2) the RTG wants a balance of foreign investment from a variety of sources which already include Norway and Germany, and the U.S.

Political instability is always possible, but experience has shown that in spite of changes in government, Thai investment policies have remained fairly stable.

The tax code is a far greater uncertainty as there are inconsistencies between the Thai General Revenue Code and the Thai Petroleum Law. This has already caused problems for U.S. petroleum concessionaires which usually have regional headquarters in Singapore. Thailand has a double taxation treaty with several countries, including Singapore. Tax treatment of foreign companies and contractors in Thailand must be clarified by the RTG.

One must appreciate, however, the candid self-criticism on the part of both RTG officials and private Thai businessmen in viewing their own internal problems. They are frank in discussions, public and private. The RTG has established a tax board to examine and, hopefully, redress grievances. Thai business and RTG leaders anguish over the slowness of the BOI in receiving and processing investment applications. In late 1979 or early 1980 the RTG extended a hand of cooperation to the private sector as some government officials who had worked in the private sector returned to RTG with a new respect for the importance of a viable business community unencumbered with unreasonable government control. If the RTG will allow market-oriented economic forces to prevail by relaxing central planning and control, entrepreneurial instincts and aggressiveness of businessmen could enable Thailand to replicate the economic performances of Taiwan, South Korea, and Singapore.

Thailand's natural gas regulatory apparatus can be bewildering and frustrating to the newly-initiated. Nevertheless delays tend to be less regulatory than simply a penchant toward indecisiveness. The Petroleum Authority of Thailand (PTT) is the key operations and regulatory agency, operating under the aegis of the Ministry of Industry but autonomous because the Prime Minister is the Chairman of the Board of the PTT. It has power over petroleum and natural gas and, as mentioned earlier, owns, operates, and maintains the new pipelines system. The Prime Minister's office has created a new ministerial position and given it broad authority over operations of the PTT. Besides the PTT, the Ministry of Industry, the Prime Minister's Office, the National Economic and Social Development Board (NESDB) is a policy-making power center which, under the current fifth five-year plan has defined the role of the private sector. The RTG plans to leave investment in the hands of the private sector, except that some projects which require enormous capital investment - such as energy - the RTG will assist by taking equity positions in specific industrial plants.

3. Opportunities for Investment in Energy-Related Projects

The Thai fifth five-year plan structures the types and quantities of downstream petrochemical intermediate and end products to be produced. The reality of the situation, therefore, is that RTG agencies will impact significantly on any investment plans a U.S. firm may have, especially in the energy-related area.

The existing RTG-owned pipeline can handle all the foreseeable production in the Gulf of Siam. About four other pipeline projects are under study by the PTT to handle additional gas quantities from the six offshore gas field. Two PTT-owned gas separation plants are planned for operation by 1984 and 1987. Thus, gas production is in private hands, predominantly American, and gas pipelining and processing (separation) are state-owned and operated. Downstream from this point, the RTG plans to invite the private sector to make its entry.

a) Fertilizer

With sufficiency in natural gas, Thailand can have its own fertilizer industry. There is little possibility for U.S. direct

investment in fertilizer because a Scandinavian consortium has already been selected to invest, build, and operate a complex to produce urea and ammoniated phosphates.

b) Potash

Thailand has world-class deposits of potash in the north-east and the nation should be abundant for all time in nitrogen and potassium. A U.S. firm may seize the opportunity to mine, process, and export potash (U.S. Steel has already declined).

c) Ethylene Production (olefins)

Ample supplies of ethane and propane are ideal for cracking into ethylene. The question of whether ethylene can be produced in Thailand and sold at competitive world prices is being studied by foreign advisors to the PTT. A current proposal suggests construction of a 300,000 metric tons per year ethylene plant. This facility would be the upstream unit of a petrochemical complex. Polymer grade ethylene and propylene must be produced in this plant for downstream production into primary plastics polymers. Production, however, would be sized to Thailand's domestic market, plus a margin for growth and export if such sales can be managed.

This ethylene facility, planned for operation in 1987, may be a candidate for engineering design, construction management, and equity participation by a U.S. firm. C-E Lummus, M.W. Kellogg Company, and Stone & Webster Engineering Corporation all have expertise in the design and technology necessary for this plant.

d) Petrochemicals & Plastics

The ethylene plant will in turn be the source of feedstock for a host of petrochemical plants producing intermediate monomer and primary plastic polymer materials. This can be the dawn of a new era for petrochemicals in Thailand. The chain is a long one and will be vertically integrated from off-shore gas platforms to final plastic products. There are now literally hundreds of small scale plastic fabricators, employing nearly 50,000 people or about 3% of Thailand's industrial workforce. The plastics industry, going back to the 1950's, began in Thailand based on import substitution, thus focusing on end products. This explains the existence of numerous small fabricators and compounders for whom risks and investments were low and the scarcity of firms engaged in basic production where attendant capital and feedstock requirements are huge.

When new plants come onstream as planned in about 1987, however, import requirements for polymers should fall sharply. Thus, Thailand's plants, if built to world-class size may experience difficulty in marketing their exportable surplus at prices high enough to cover costs. Petrochemical complexes including polyethylene plants will also be coming onstream at about the same time in other parts of the world; i.e., huge complexes at Jabail and Yanbu in Saudi Arabia. Costs and final prices are therefore crucial.

Nevertheless, at any point in the vertical integration of this industry the RTG can offer feedstock subsidies on natural gas, ethane, propane, or ethylene. With this in mind plus promotional privileges offered by the BOI, RTG can make these young energy-related industries competitive

with world market prices. But, this could come at a heavy sacrifice for the RTG and the Thai population to bear. Much depends on progress in the global economy.

Many foreign advisors are assisting the RTG with technical and economic studies. These include: Davy McKee, Ltd., the IFC, Japan International Cooperation Agency, and Chem Systems, Inc. (American technical advisor with the PTT).

Possible American engineering design firms were mentioned above. Possible American chemical company interests may be found with Philips Petroleum, Arco Technology, Monsanto, PPG Industries, Goodrich, and Stauffer Chemical.

4. Conclusions for Gas Related Industry

Thailand has not been receiving its share of foreign investment. Thai businessmen seem ready to believe that the Thai government will make the private sector an integral part of Thailand's development program. Especially important now is that foreign investors become similarly convinced. Three strong Thai private associations can help in this endeavor. The Association of Thai industries; the Board of Trade; and the Thai Bankers Association. Thailand's business leaders are on the threshold of a new and exciting opportunity unparalleled in the nation's history.

U.S. expertise in petrochemical processing and related equipment design is good. Significant amounts of U.S.-manufactured machinery and materials can be supplied to Thailand if American firms receive contracts and chemical companies make investments.

Export financing has and will be the major obstacle for U.S. private sector investment. U.S. export financing is now at least 3% above credit terms offered by competing countries. Also other countries have the advantage of offering mixed-credit programs, of intermingling their export finance programs with concessionary aid. The U.S. and Norway are about the only industrialized countries which do not offer mixed-finance packages.

5. Recommended Actions

a) Natural Gas Seminar: Sponsor seminar in Thailand 10 days-2 weeks. For the benefit of management, engineering, accounting and field operating and maintenance personnel of PTT. Use American teaching staff from U.S. gas transmission companies. Because of the dire need within PTT for training, this should be undertaken immediately. If all downstream users of natural gas, starting with the gas separation plant, are going to be assured of a reliable supply, the PTT must learn to operate and maintain the system properly.

b) AID Technical Contract Advisor: Recruit a qualified chemical engineering consultant, knowledgeable of U.S. chemical companies which own and operate petrochemical plant and engineering firms that have technology they are willing to license. The scope of his work would be: (1) assess Eastern Seaboard Master Plan and type, capacity and projected capital investments required for new petrochemical plants; (2) determine interest of U.S. firms and communicate all information to them; (3) promote general U.S. capabilities to PTT, NESDB, MCI, etc.; (4) assist interested

U.S. firms in all possible ways; (5) become familiar with private Thai chemical companies interested in joint ventures. This advisor should not be on board as advisor to the PTT because advice he gives will be to private sectors.

c) AID/PRE Limited Special Finance Task Force: Thailand's current 5-year plan probably has one of the most ambitious capital development programs of the ten countries targeted by PRE. This is an ideal time for a special task force to fashion a finance program limited in scope, applicable only to Thailand and within Thailand only to one or two olefin/petrochemical plants to be designed and constructed; and competitive in overall financing cost to mixed-credit programs offered by Japan, France, U.K., or Germany.