PN-AAY-735

SCOPING MISSION ON PRIVATIZATION

THAILAND

REPORT BY
Gordon O. F. Johnson & Marion Thomson

CENTER FOR PRIVATIZATION

1750 New York Avenue, N.W.
Washington, D.C. 20006

Project No. 47

July 1987

Prepared for the
BUREAU FOR PRIVATE ENTERPRISE
U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

CENTER FOR PRIVATIZATION

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I. EXECUTIVE SUMMARY

1. OBJECTIVE: Our objective in this two week visit was to understand the objectives of privatization in Thailand and the obstacles to implementation; then prepare a work program responding to the scope of work requested by the Thai Government. The support and help given us by the staff of the Comptroller General's Office was outstanding.

2. SITUATION: This is an appropriate time and opportunity to increase the level of privatization activity in Thailand. There were sixty-seven state enterprises in 1986. The information base on state enterprises is relatively extensive. A market for privatized companies exists and buyers would be receptive, provided of course, that the price is reasonable. The Cabinet has approved a policy favorable to privatization in its Sixth National Plan and appointed a high level committee, the National State Enterprise Committee (NSEC), to monitor state enterprises and solve their problems. Privatization of four state enterprises has recently or is taking place. There is, however, strong resistance to further privatization, especially to the major state enterprises in transportation, communications, and other public-utility type enterprises, by labor unions and state enterprise employees. The fact that privatization can be a political asset, if properly carried out, does not appear to receive much recognition. It is apparently felt that the political repercussions from privatization would be more negative than positive.

3. DEFINITION OF PRIVATIZATION: In this report, our use of the word *privatization* is understood to mean the process leading toward the transfer of the ownership of government enterprises, functions or activities to the private sector. It is an ongoing process, rather than an event or happening, and it includes the following:

a. Deregulation or liberalization of rules governing state enterprises and private sector competition, so as to allow and encourage private sector firms to compete on equal terms with state enterprises, by eliminating barriers to market entry, and subsidies or other special advantages accorded to state enterprises.

b. Management contracts, production contracts, franchising or leasing of services, activities or facilities presently operated or owned by state enterprises.

c. Partial divestiture, including joint ventures, and "load shedding" (spinning off, withdrawal, or shutdown of selected services or facilities) but retaining purely public functions within the state enterprise.

d. Complete divestiture ("also referred to as disinvestment or disengagement") or liquidation of state enterprises or assets.

e. Note: Categories a. and b. above may be viewed as part of the process leading up to categories c. and d.

4. OUR APPROACH: We have addressed the government's complete scope of work in our work plan, but have focused our primary attention on privatization, since data gathering and efficiency enhancement have been the subject of extensive recent study by others, such as Coopers & Lybrand and Arthur D. Little. We propose eight principal tasks in a two-year initial work plan. The Center is available to provide services and support for the four tasks relating to privatization. Thai experts would be well qualified to deal with the four remaining tasks which relate primarily to information systems and efficiency enhancement studies.

5. REPORT HIGHLIGHTS:

A. Tasks Which Relate Primarily to Privatization:

Task #1: NSEC Secretariat: Recommend possible opportunities and resources required to increase the effectiveness of the NSEC and its Secretariat with respect to privatization.

TASK # 2: Background Paper on Privatization Objectives and Benefits: Develop a simple statement of objectives and positive benefits which the Thai Government wishes to achieve through privatization, to serve as a starting point for a public awareness program designed to develop support and understanding for privatization. This should include a statement of policy to make provisions for workers whose jobs may be threatened, together with a definition to clarify the meaning of the word privatization.

TASK #3: Selection Criteria: Propose criteria which the NSEC can use as the basis for its recommendations on selection of state enterprises, functions and activities for privatization.

TASK #4: Privatization Strategy: Propose a strategy framework and procedures to implement the transfer of selected government enterprises, or activities or functions to the private sector.

B. Tasks Which relate Primarily to Efficiency Enhancement:

Task #5: Information Systems: Recommend key elements for an ongoing management information system which would monitor and guide a program of efficiency enhancement and privatization for the state enterprises.

TASK #6: Local/Foreign Competitor Problems: Identify problems encountered by local/foreign private sector enterprises which operate in the same fields with state enterprises and opportunities for the government to place greater reliance on private sector resources.

Task #7: State Enterprises' Problems: Identify problems faced by state enterprises -- i.e., the obstacles which make it difficult for them to operate efficiently.

TASK #8: Changes to Enhance Efficiency: Propose changes in policies, procedures or organization which would enhance efficiency of state enterprises enabling them to operate on a more commercial basis.

6. LEVEL OF WORK ESTIMATE

LEVEL OF EFFORT DATA SHEETS

Tasks and activities are analyzed in detail on the following pages in person-days by activity, for both Thai and foreign experts. The person-days for foreign experts are then converted to person-months and identified as to the individual consultant required, as follows:

A. Senior Foreign Expert
B. Political Scientist or Anthropologist
C. Legal Expert
D. Finance Expert
E. ESOP Expert
F. Assistant Foreign Expert
G. Various Industry Specialists

LEVEL OF EFFORT SUMMARY
(PERSON MONTHS-FOREIGHN EXPERTS)

TASK	CONS I.D.	FIRST 12 MONTHS 1	2	3	4	5	6	7	8	9	10	11	12	12 MONTH TOTAL
1. NSEC SECRETARIAT	A	0.50												0.50
2. PRIVATIZATION PAPER	A	0.50	0.40	0.30										1.20
3. SELECTION CRITERIA	A		0.30	0.20										0.50
4. (A) PRIVATIZATION STRATEGY														
SENIOR FOREIGN EXPERT	A		0.30	0.50	0.20									1.00
POLITICAL SCIENTIST/ ANTHRO	B		0.50	0.50										1.00
LEGAL	C		0.60	1.00										1.60
FINANCIAL EXPERT	D			0.70										0.70
ESOP EXPERT	E			0.70										0.70
4. (B) PRIVATIZATION PHASE II														
SENIOR FOREIGN EXPERT	A				0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	8.80
ASSISTANT FOREIGN EXPERT	F			0.40	0.70	0.90	0.90	0.90	.90	0.90	0.90	0.90	0.90	8.30
VARIOUS INDUSTRY SPECIALISTS	G			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	9.00
5. SE INFORMATION SYSTEM	F	0.30	0.30	0.20	0.10									0.90
6. PRIVATE SECTOR PROBLEMS	F	0.30	0.30	0.20	0.20	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	1.80
7. PROBLEMS FACED BY SE'S	F	0.30	0.30	0.20										
8. EFFICIENCY ENHANCEMENT	F	0.10	0.10											0.20
PERSON MONTH TOTALS		2.00	3.10	4.90	3.00	3.00	3.00		3.00	3.00	3.00	3.00	3.00	37.00

LEVEL OF EFFORT SUMMARY
(PERSON MONTHS-FOREIGHN EXPERTS)

TASK	CONS I.D.	1	2	3	4	5	6	7	8	9	10	11	12	12 MONTH TOTAL
		SECOND 12 MONTHS												
1. PRIVATIZATION PHASE II														
SENIOR FOREIGN EXPERT	A				0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	8.80
ASSISTANT FOREIGN EXPERT	F			0.40	0.70	0.90	0.90	0.90	.90	0.90	0.90	0.90	0.90	8.30
VARIOUS INDUSTRY SPECIALISTS	G			1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	9.00
2. PRIVATE SECTOR PROBLEMS	F	0.30	0.30	0.20	0.20	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	1.80
PERSON MONTH TOTALS		0.30	0.30	1.20	2.70	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	27.90

II. INTRODUCTION

A. The Situation

1. Thailand has many opportunities for privatization. Most of the 67 state enterprises (SE's) were profitable in 1986, but 14 were not. They produce net operating revenues for the state, but they also account for 60% of Thailand's foreign debt, and their remittances of profits to the government have been declining. The extent to which these revenues depend on direct and indirect subsidies, preferential treatment on loans, and other preferences or exemptions is not clear, but it is estimated to be substantial.

2. This is an excellent time for an active privatization program in Thailand: Investment capital is flowing into the country rather than out; the stock exchange is seeking new registrants; local capital and business operator entrepreneurs exist; privatization is an enunciated Cabinet policy; a top-level committee of senior government officials and private sector businessmen, headed by a Deputy Prime Minister, has been appointed by the Cabinet to set policy and advise on privatization.

3. Unfortunately, despite the favorable capital market and investment environment, privatization in Thailand faces formidable opposition from trade unions which have their greatest strength in state enterprises, as well as from the state enterprise employees, (approximately 250,000, who enjoy relatively high salaries and benefits compared to the civil service,) and from some higher ranking military and civilian officials

who occupy policy making roles in state enterprises. Elected ministers, who are the key decision-makers on privatization for state enterprises within their ministries, are understandably reluctant to take action which would have undesirable political repercussions.

4. Although there has been extensive discussion of the problems associated with state enterprises, both in the Sixth National Plan and in an excellent paper, "State Enterprises: Basic Problems" prepared for the NSEC by its Secretariat in the Comptroller General's Office, there does not appear to be any strong political constituency supporting privatization as the solution to those problems.

5. There is strong support for privatization in the Ministry of Finance and the National Economic and Social Development Board (NESDB). These are the two organizations most closely aware of the financial burden of the state enterprises and the even greater costs in the years ahead if nothing is done to correct the situation. In addition, two leading universities have both set up institutes to study the performance of state enterprises, and have sponsored seminars on privatization. Their ongoing research seems to focus more on improved management than on privatization, but will undoubtedly heighten the awareness of the cost to the country if nothing is done to change the pattern of growth in state enterprises.

B. Privatization Accomplishments To Date

1. Since 1961, when the First National Plan was prepared, the number of state enterprises has declined from over 100 to approximately 65 today. This overall reduction was accomplished in a number of ways, including liquidation and some mergers into other state enterprises. Despite the decline in numbers, state enterprise revenues, overall expenditures, indebtedness, investment, and number of employees have all been increasing.

2. There has been increasing concern over the performance of state enterprises and some privatization actions and related measures have occurred:

a. Of 68 enterprises on a 1985 list of state enterprises, four have been or are about to be privatized. We did not have time to investigate how they were selected and talk with those involved in the planning and implementation to learn more of the details, but should note that three of the four are in the Ministry of Finance.

(1) Thai Marble Corporation (Ministry of Finance)

(2) Erawan Hotel (Ministry of Finance)

(3) Northeast Jute Mill (Ministry of Finance)

(4) Bang-Pa-In Paper Mill (Ministry of Industry)

b. The State Railway has leased lines to private operators. The Port Authority is leasing and franchising some of the operations in the new port facilities. The Expressway Authority plans to finance part of the new Bangkok Expressway through private, regulated, toll roads.

c. The present government policy is to try to shift any new undertakings proposed by state enterprises into the private sector. Capital investment plans must be reviewed by the NESDB, and transfer of functions to the private sector is suggested when the requirement for new capital investment exceeds that which can

be financed by internally generated funds. Enterprises with operating losses are all considered candidates for privatization, but the two biggest losers will also be the most difficult to privatize.

C. The Opportunity

1. The newly reconstituted, 21-member National State Enterprise Committee (NSEC), which held its first meeting in November 1986, wishes to increase its effectiveness, particularly regarding privatization, which is one of its eight responsibilities in monitoring and problem solving for state enterprises. This policy and advisory committee brings together officials and business persons who have considerable influence over how and when privatization will evolve in Thailand. The responsibility for NSEC Secretariat work has been assigned to the State Enterprises Division of the Comptroller General's Office, where the 32-person staff is willing and eager, but has a full workload already.

2. USAID was asked by the NSEC in April to provide assistance in dealing with state enterprise problems, and the USAID Mission, in turn, approached the Center for Privatization in Washington to undertake a preliminary scoping mission to develop a program which would best meet these objectives.

3. The Center for Privatization was established in 1985 to focus exclusively on privatization as one of the most effective means to assist developing countries in achieving more dynamic growth and at the same time reducing government operating deficits. Gordon O.F. Johnson, Deputy Director of the Center and F. Marion Thomson, international

financial consultant and a Senior Advisor in the Center, visited Bangkok from June 6, 1987 until June 20, 1987.

4. The team was hosted by the State Enterprise Division of the Office of the Comptroller General. (This Division also serves as Secretariat to the NSEC.) Despite the extra workload revolving around the fourth meeting of the NSEC on Friday, June 12, our hosts attended to our every need. The schedule of interviews with key officials, businessmen and academic staff arranged for us by the Secretariat allowed us to benefit from many different viewpoints. That so many busy people could spend time with us to share their views and experience is in itself indicative of the increasing priority now being given to privatization in Thailand. A complete schedule of interviews is included in Appendix B of this report.

III. PURPOSE AND TASK SUMMARIES

A. Purpose

The purpose of this assignment was: first, to gain an understanding of the objectives of privatization in Thailand, and the obstacles to implementation; second, to prepare a scope of work for an on-going program to achieve two major objectives defined by the NSEC as follows:

1. Develop criteria to assist in deciding whether any state enterprise should be retained or privatized. (The original statement of work refers to "performance standards and indicators".)

2. Develop a set of recommendations to enhance the efficiency of state enterprises to be retained; for those that will not be retained, recommend policies and procedures for their privatization.

B. Discussion

The original statement of work, as approved by the NSEC, discusses privatization in terms of whether an enterprise should be retained or privatized. The NESDB Sixth National Plan, on the other hand, deals with an unusually broad range of "privatization" activities ranging from more business-like management styles and improved efficiency to "private sector involvement" and actual transfer of ownership, partial or total, to the private sector. We discuss the significance of these differing interpretations of privatization in more detail in Appendix A.

1. In this report, our use of the word "privatization" is understood to mean the transfer of government enterprises, functions or activities to the private sector. It is an ongoing process rather than an event or happening and includes the following:

a. Deregulation or liberalization of rules governing state enterprises and private sector competition, so as to allow and encourage private sector firms to compete on equal terms with state enterprises, by eliminating barriers to market entry, and subsidies or other special advantages accorded to state enterprises.

b. Management contracts, production contracts, service delivery contracts, franchising or leasing of services, activities or facilities presently operated or owned by state enterprises.

c. Partial divestiture, including joint ventures, and "load-shedding" (withdrawal or shutdown of selected services or facilities) but retaining purely public functions within the state enterprise.

d. Complete divestiture ("disinvestment") or liquidation of state enterprises or assets in whole or in part.

e. Categories (a) and (b) above may be viewed as part of a process leading up to categories (c) and (d).

2. The above definition of privatization does not include attempts to increase the efficiency of state enterprises which will remain under basic government control and ownership. The team fully understands and appreciates the need and desire to manage state enterprises as efficiently as possible. Experience in other countries has shown time and time again, however, that attempts to improve the management of government enterprises do not generally produce long-lasting benefits commensurate with the investment required, as compared to the very substantial benefits in increased efficiency and productivity which occur when responsibility for managing and financing a government activity is transferred to owners in the private sector, excluding of course "pure" public goods.

3. The most effective and long-lasting improvements have been those in which state enterprises or activities have been transferred into the private sector or actually shutdown to let the private sector meet whatever market needs still existed. In one way or another, they were placed under management control of owners in the private sector who had to rely for their survival and growth upon voluntary payments by customers in a competitive market place. The most effective way to enhance the efficiency of a state enterprise, in other words, has been to let the market place decide whether the management of an enterprise should survive or be allowed to disappear, to be replaced by new management with new ideas and operating styles to better meet the needs of the market.

C. Tasks to be Performed

In light of this experience in other countries, we shifted the focus of the scope of work away from a distinction between state enterprises to be retained or privatized, and instead focused on the distinction between those tasks which relate primarily to privatization and those tasks which relate primarily to efficiency enhancement. The original scope of work identified nine tasks to be carried out by Thai experts in conjunction with foreign experts. We have consolidated these nine tasks into six and added two new ones (#1 and #2 below) which seemed called for as a result of our interviews.

1. Tasks Which Relate Primarily to Privatization:

Task #1: NSEC Secretariat: Recommend possible opportunities and resources required to increase the effectiveness of the NSEC and its Secretariat.

Task #2: Background Paper on Privatization Objectives and Benefits: Develop a simple statement of objectives and positive benefits which the Thai Government wishes to achieve through privatization, to serve as a starting point for a public awareness program designed to develop support and understanding for privatization. This should include a statement of policy to make provision for workers whose jobs may be threatened, together with a definition to clarify the meaning of the word privatization.

Task #3: Selection Criteria. Propose criteria which the NSEC can use as the basis for its recommendations on selection of state enterprises, functions and activities for privatization.

Task #4: Privatization Strategy. Propose a strategy framework and procedures to implement the transfer of selected government enterprises, or activities or functions, to the private sector.

2. Tasks Which Relate Primarily to Efficiency Enhancement:

Task #5: Information Systems. Recommend key elements for an ongoing management information system which would monitor and guide a program of efficiency enhancement and privatization for the state enterprises.

Task #6: Local/Foreign Competitor Problems. Identify problems encountered by local/foreign private sector enterprises which operate in the same fields with state enterprises and opportunities for the government to place greater reliance on private sector resources.

Task #7: State Enterprises' Problems.. Identify problems faced by state enterprises -- i.e., the obstacles which make it difficult for them to operate efficiently.

Task #8: Changes to Enhance Efficiency. Propose changes in policies, procedures or organization which would enhance efficiency of state enterprises enabling them to operate on a more commercial, businesslike basis.

SECTION IV

Task #1: INCREASE THE EFFECTIVENESS OF THE NSEC AND ITS SECRETARIAT

A. Introduction

Task III-1 of the original scope of work discusses the need for "defining framework and procedures of privatization pattern applicable to respective authorities, e.g., Cabinet, Board of Directors or Directors." Although the scope of work did not ask that possible ways to increase the effectiveness of the NSEC and its Secretariat should be addressed, Secretariat support was one of the most frequently and urgently mentioned concerns expressed to us during our meetings with NSEC members and Ministry officials.

B. Findings/Observations

1. The success of the privatization effort in Thailand will be greatly influenced by the effectiveness of the NSEC, which in turn is largely determined by the extent and quality of the support it receives from its Secretariat.

2. Present Secretariat staffing and available information systems appear to be overtaxed already in their ability to provide responses to Committee requests for information. The Secretariat's effectiveness is severely restricted by insufficient permanent full-time staff. The present staff of six persons was taken off other work and given general responsibility for information systems as well as NSEC Secretariat.

3. The Secretariat staff should include persons who have broad experience in government and the private sector so that they can identify, prepare and present policy positions and options to the NSEC. The Secretariat must also be qualified to interact with individual Committee members and lead task force groups which would include senior representatives from other ministries, consultants, and representatives of the SE's and the private sector. These techniques will help compensate for the infrequency of NSEC meetings and the diverse background and activities of its members.

4. One of the most important lessons learned by the Center for Privatization in other countries is the need to create an independent staff with responsibility for privatization, separate from the staff

responsible for ongoing portfolio management and operations. In most instances where privatization has been successful, there has been a small staff charged with sole responsibility for working on privatization. When privatization is added to other ongoing responsibilities, it tends to receive little attention. At present, there is no one person or entity whose sole responsibility is to generate ideas and follow up on action plans for privatization.

5. One suggestion received during our discussions was that the effectiveness of the NSEC itself might also be improved through the use of subcommittees or small working groups within the Committee. These subcommittees could more efficiently address some tasks, including reviewing analyses and recommendations before they go to the full committee, as well as implementation and oversight of full-Committee decisions. These subcommittees would provide contact points for Secretariat staff as might be appropriate between meetings.

C. Recommendations Which Warrant Further Study

1. NSEC Organization and Secretariat:

a. Consider appointing small subcommittees within the NSEC to deal with specific policy and problem areas, including one subcommittee to deal solely with privatization.

b. Consider establishing a small staff unit with sole responsibility for privatization studies, recommendations, and follow-up. This staff unit should be kept small, perhaps only two or three senior officials. It could be under the NSEC Chairman in the Office of the Prime Minister, or in the Office of the Finance Ministry, or in the Comptroller General's office. The objective should be to locate this unit at the highest possible level within the government. It should have sufficient budget to allow it to contract for studies, prepare analyses and make recommendations on privatization to the NSEC subcommittee. It should work closely with the staff of the NSEC Secretariat.

c. Within the State Enterprises Division, consider creating Assistant Directors (with staff) for State Enterprise Management Performance Evaluation and for NSEC Secretariat Support and Liaison.

D. Work Summary:

1. The basic work under Task #1 will deal with organizational development and the development of illustrative policy papers for the NSEC.

2. Specific tasks to be performed would include:

a. Conduct studies to recommend specific organization structures, relationships and responsibilities for the following functions:

(1) Privatization policy formulation, analysis and recommendations.

(2) State Enterprise management information and performance evaluation systems.

(3) NSEC Secretariat support and liaison.

b. Provide management development support and training for the functions in (a.) above.

c. Assist the Secretariat in the identification and analysis of key problems and in the development of viable policy options for presentation to NSEC meetings.

d. Assist the Secretariat in developing cost/benefit analysis capabilities.

e. Assist the Secretariat and the appropriate Ministry in locating business/technical experts to assist in preparing privatization recommendations for specific enterprises or activities.

Task #2: DEVELOP A BACKGROUND PAPER ON PRIVATIZATION OBJECTIVES AND BENEFITS

A. Introduction

One of the most important elements of any systems improvement program is the development of support groups or coalitions to support the changes which will be required to install the improvements. This is particularly important with respect to bringing about change in state enterprises where uncertainties and fear of the unknown can create serious problems. Our discussions with a variety of individuals led us to conclude that development of a background paper on privatization objectives and benefits should be one of the first tasks to undertake to assist in implementing future NSEC recommendations.

B. Findings/Observations

1. Development of a broad set of policy objectives and reasons for privatization, focusing on the positive benefits to be achieved, is needed to create a common understanding as to why the government can and should be privatizing state enterprises. This background paper would also be the place to reassure those who might feel threatened, that their interests in the process will be given full consideration. Some of the observations behind this conclusion are set forth below.

2. We encountered wide variations as to the meaning of the word privatization, and observed apprehension about what its benefits and impact could be.

   a. To union leaders and state enterprise employees it means sale to the private sector and loss of jobs and benefits.

   b. We encountered concern as to "whose profits" these would be if the government sold off profitable businesses. This remark may indicate an underlying mistrust of the private sector which would outweigh the benefits from privatization in the minds of some government officials.

3. We did not sense a significant level of discomfort with state enterprises so long as they were currently profitable. We did not feel there was a full realization of what it will cost Thailand to continue with these state enterprises if present trends continue -- i.e., the cost in the future of doing nothing now.

4. We did not sense widespread understanding that the best time to raise money is when investors are willing and anxious to buy, rather than when business is in financial difficulties and needs the money. In fact, we had the impression that privatization efforts have in the past been postponed until the enterprise actually did need an influx of new investment money, whether to cover losses or new capital equipment.

5. We also encountered considerable uncertainty as to the benefits and impact of privatization on individual jobs and union membership -- and a reluctance to enter into serious discussion with union leaders.

a. It was suggested that there was no need to talk with union officials, or involve them in planning meetings for privatization, because, "we know what they think already."

b. Union officials, in turn, feel ignored and tend to fear the worst, rather than expect the best. These fears have been enhanced by at least one economic writer brought in from outside the country to assist the unions.

C. Recommendations Which Warrant Further Consideration

1. Privatization is a political process which happens to have economic and financial implications. Privatization involves change. To bring about change requires support and understanding. We recommend that the Work Plan should include development of a program to increase public awareness and understanding of the true costs of state enterprise operations (i.e., without direct or indirect subsidies), projected and aggregated over a few years in the future. The program should also be designed to develop increased understanding that the interests of adversely affected groups, if any, would be given full consideration in the process of privatization.

D. Work Summary

1. Basic work under Task #2 is the development of a background paper on objectives and desired benefits of privatization to serve as a starting point for a public awareness program designed to develop support and understanding for privatization.

2. Specific tasks to be performed in developing this policy paper would include:

a. Review and research of privatizations which have taken place already, to estimate impact on workers and benefits to the country through privatization.

b. Calculation and projections of 3-5 years of future costs to the government for selected SE's, showing income statements, actual and proforma, with and without estimated direct and indirect subsidies.

c. Calculation of costs of severance and retirement packages for several state enterprises likely to be early candidates for privatization.

d. Preparation of a summary background paper with appropriate supplements and appendices for special interests.

e. Development of a variety of press releases, human interest stories, magazine articles, video programs and other public awareness pieces which can be prepared after the basic background paper is put together.

Task #3: SELECTION CRITERIA FOR PRIVATIZATION

A. Introduction

Phase II (Task #1) of the original scope of work calls for specifying performance standards or indicators that can be used to determine whether any state enterprises should be retained or privatized. We suggest that the question is not so much an "either/or" question as it is how to determine an order of rank, or priority rating between the various potential candidates for privatization. Privatization, after all, is an ongoing process, not an event. What happens at the beginning will influence what happens later. The priority ranking can be done from the ones first to be privatized to the last, or from the ones most essential to those least essential. The basic questions are where to start, and how fast to move in the first year and the second. Task #3 is to develop a system of criteria which would suggest which enterprises to privatize first, recognizing that the actual decision in the end will be a political one.

B. Findings/Observations

1. Most people interviewed during the preparation of this report, including some senior government officials, believe it is the government's primary objective to achieve acceptable levels of profitability for state enterprises; if this is not possible, then "privatization should be considered as a solution to the problem of "underperforming assets". Privatization is seen as a means to avoid investing more government funds in an enterprise to cover operating losses or providing new capital investment in excess of funds generated internally.

2. The criteria for privatization uppermost in people's minds are financial, and related to profit and loss. This is not to say that profitable enterprises haven't been divested, but the generalized understanding is that failure to make a profit is the most important reason to privatize. The criteria in present use, which thus trigger consideration of privatization, appear to include:

a. Unprofitable performance, where profits or losses are usually unadjusted for subsidies or taxation equivalents.

b. A need to borrow to provide capital in excess of funds generated internally by the enterprise itself.

c. A return on investment less than the bond yield rate (Sixth Plan-Chapter 3:2.1.2)

d. Poor performance measured by return on assets. (The Coopers & Lybrand report suggests a target rate of 10%, well above the average 2.35% presently being achieved.)

e. Debt service coverage below 1.5:1 (Sixth Plan-Chapter 3:2.2.2)

3. Several cautions would seem to apply with respect to the use of financial criteria alone as "triggers" to consider privatization.

a. Accounting practices and/or monopolistic conditions, coupled with direct or indirect subsidies of various kinds, often distort financial results, thus attenuating or sometimes invalidating these financial criteria.

b. Use of financial conditions within an enterprise to trigger privatization may not coincide with good timing in the economy. The time to raise money in the private sector is when there is investment interest and demand -- before the enterprise really needs new money. Investors generally do not put a very high value on companies which are having financial problems.

4. In our own experience, there is no single, simple measure or financial ratio which will indicate if or when a state enterprise should be privatized. Qualitative and performance ratios can help, but the final decision will be a political decision. This decision can perhaps be assisted, or even initiated, by numerical ratings or ratios, but the final decision requires a judgment by the decision makers that at that point in time the benefits outweigh the risks. If the decision makers don't perceive real benefits, the abstract criteria will have little meaning.

5. Most of the officials with whom we talked did agree that a decision to privatize required something more meaningful than criteria based on mathematical numbers drawn from an income statement or a balance sheet.

C. Recommendations For Further Study:

1. Determine objectives: Before any decision can be made as to the criteria for ranking enterprises or activities to be privatized, it is essential that there should be general agreement on the objectives to be achieved through privatization. In addition to generally accepted objectives such as increased efficiency and reduced operating budget deficits, which accompany most privatization, there are other objectives which should also be considered in evaluating or weighing the selection criteria to be used for privatization, such as:

a. Expanding capital ownership: employees and general public.

b. Expanding the national stock exchange.

c. Attracting foreign investment.

d. Reducing foreign debt through debt/equity swaps.

e. Improving customer satisfaction, and matching international standards of performance.

f. Focusing top government attention on public policy and overall governance instead of operating details. (e.g., better use of time in Cabinet meetings.)

g. Note: In the Center's experience, raising capital as a primary objective in and of itself is not generally helpful to the overall success of a privatization program because it tends to raise obstacles achievement of other objectives.

2. Establish Selection Criteria: Recognizing that privatization is an ongoing process, rather than a single event or happening, the first requirement in establishing selection criteria is to identify those enterprises or activities which belong in the first group of enterprises or activities to be privatized. These early candidates should be those which will easily be seen as successful privatization in the eyes of the public. (If the first ones are seen as unsuccessful, i.e., not in the general public interest, the success of the entire privatization program will be placed in jeopardy.) Selection criteria to decide which enterprises to place in the first group of candidates would include the following:

a. Degree of Investor Interest, as measured by:

1. Profitability and future prospects
2. Market attractiveness and market share
3. Existing management capability
4. Government's willingness to accept market valuation as the sales price
5. Confidence in the financial records accuracy and full disclosure
6. Potential investors have been identified or are identifiable

b. Absence of Impediments, as measured by:

1. Legal obstacles
2. Problems with other stockholders, if there are any
3. Political/special interest impediments ("vested interests")
4. Excessive debt overhang
5. Many redundant employees

c. Political Acceptability/Visibility, as measured by:

1. Presence of actual/potential competition
2. Opportunity to improve customer service/satisfaction
3. Potential for employee ownership participation
4. Potential for broad stock distribution
5. Absence of national security or "national pride" repercussions

d. Impact on Government/Economy, as measured by:

1. Opportunity to reduce loan guaranties/budget deficit
2. Reduction in operating problems reaching the Cabinet
3. Opportunity to demonstrate the government's genuine commitment to privatization
4. Opportunity to speed growth in priority sectors for national development such as transportation and communications
5. Opportunity to attract international attention and foreign capital

3. Each of the criteria selected would be allowed a value rating which could range from 0 to 4. If, for example, the above 21 criteria were to be selected as the final set, an enterprise could receive a maximum of 84 unweighted points.

4. Each of the above criteria would also be given a weighing factor ranging from 1.0 to 3.0 depending on how important it is in achieving the consensus priority privatization objectives. If one third of the criteria have a 3.0 "very important" weighing factor and one third have a 2.0 "somewhat important" weighing factor and one third have a 1.0 "relatively less important" weighing factor, then an enterprise which scored the maximum of 84 unweighted points could score a maximum of 168 fully weighted final point score.

5. Each enterprise would be given a preliminary weighted final point score by the NSEC Secretariat together with a notation as to the type or types of privatization which would be appropriate in each case. The list of top 25 candidates (short term and medium term privatizations) would then be presented to the NSEC for discussion and amendment. It could then be forwarded to each cabinet minister for appropriate individual ministry response back to the NSEC.

6. A survey should also be undertaken to identify those individual activities or functions within a state enterprise which have potential for high privatization ratings under the above selection criteria. These functions and activities could then be rated, weighted, discussed by the NSEC, and commented on by the appropriate individual ministry, following the same procedures as was done for complete enterprises. (This list, for example, could include satellite communications systems, cellular telephones, and port authority services at new port constructions.)

7. Final recommendations by the NSEC with respect to short term and medium term privatizations should be communicated to each minister for appropriate action.

D. Work Summary

1. The basic work under Task #3 will be to develop a consensus on the priorities for objectives to be achieved under the program for privatizing selected enterprises or activities, and then to develop and apply a set of weighted selection criteria which reflect those objectives.

2. Specific tasks to be performed would include:

a. Development of a list of illustrative policy objectives for a selective privatization program and then achieving a consensus within the NSEC as to the relative importance of these objectives in Thailand.

b. Development of a list of enterprise criteria for selecting the most promising candidate enterprises to be privatized, and then achieving a consensus within the NSEC as to the relative importance of these criteria in Thailand in light of the objectives established in 2.a. above.

c. Evaluation of specific enterprises, and application of a numerical value from 0 to 4 for each of the criteria.

d. Application of weighing factors to the numerical value for each individual factor and totalling these results to provide a numerical privatization priority ranking for each enterprise.

e. Once a number of enterprises have been identified as promising for early privatization, assist the Secretariat in developing meaningful cost/benefit analyses, including developing and costing out politically effective labor indemnity packages to use as background material for NSEC discussion.

Task #4: DESIGN A STRATEGY FOR PRIVATIZATION

A. Introduction:

Phase III (Task 1, 2 and 3) of the original scope of work deals with developing an effective strategy for privatization. It also calls for an analysis of the advantages and disadvantages of different forms of privatization and which to use for which enterprises. In addition, it calls for analyzing factors affecting or hindering privatization. In this Task #4, we provide for the design of a strategy for privatization in Thailand which includes all these tasks.

B. Findings/Observations:

1. Thailand today is in a unique situation compared to other developing countries with respect to privatization.

a. Capital is flowing into the country rather than out.
(1) Domestic capital wants to invest.
(2) Foreign capital wants to come in.

b. A Bangkok stock market already exists, albeit a thin market. The stock exchange is seeking new listings, and has opened up a second tier market. The demand for stocks exceeds the supply, and prices are generally rising.

c. Government has enunciated a "State Enterprise Development Plan", including a policy to consider privatization, in its Sixth National Plan.

d. The Cabinet has established a top-level National State Enterprise Committee which consists of 21 key policy makers, including some from the private sector.

2. Timing is all-important in capital markets. There is a saying among businessmen that "the time to raise money is when you don't need it". In other words, the best time to raise money is when investors want to invest. A window of opportunity exists today in Thailand which invites an active privatization program.

3. At the same time, while we see an excellent window of opportunity for privatization today in Thailand, there appears o be considerable reluctance to take action to privatize. The reasons are numerous and varied, and include all of the following:

a. Union opposition
b. State enterprise employee and management opposition
c. Military opposition
d. General lack of awareness of time costs and thus inadequate sense of urgency to act

e. Lack of cost calculation for potential employee severance pay -- or cost of alternative employee stock ownership packages
f. Fear of adverse political repercussions.
g. Mistrust of the private sector
h. Lack of a political support constituency.

C. Recommendations Which Warrant Further Consideration

1. An effective strategy for privatization for Thailand will require development and implementation of three on-going programs:

a. A program to enhance public awareness and understanding -- to be initiated by the Background Paper proposed under Task #2.

b. A program to remove rules and regulations which in effect provide direct or indirect subsidies (e.g., purchases of inputs below cost from other state enterprises or continually delaying payment for purchased inputs) to state enterprises.

c. A program to select and privatize individual state enterprises.

B. Work Summary:

1. Under Task #4, the basic work will provide for carrying forward a public awareness program, and reducing direct or indirect subsidies or preferences for state enterprises. The principal focus of the strategy, however, will be providing assistance in selecting and privatizing specific enterprises or activities to be privatized in some form.

2. Specific Tasks to be performed would include, but not be limited to:

a. Survey and public awareness plans: Conduct surveys to analyze public perceptions of privatization to be undertaken at regular intervals. Generate public awareness action plans for response to survey fact findings.

b. Discussion Leaders: Train volunteer leaders for small group discussions within SE's and with unions;

c. Organization/Procedures: Develop a staffing/planning system to assist ministries to carry out privatizations.

d. Valuations: Assist in establishing a realistic estimated market valuation, including identification of selling terms which could increase the price or restrictions which would decrease the price.

e. Alternative Types of Privatization: Identify and assess alternative privatization mechanisms most appropriate for the enterprise, activity or function. (See earlier discussion under Task #2 as to the different mechanisms available.)

f. Consumer Protection: Where private sector competition will be limited, provide technical assistance to Ministries to establish an independent regulatory oversight commission to protect customers and other public interests.

g. Marketing Plan: Assist ministries as necessary in the development of a marketing plan to locate buyers, including identification of preliminary steps necessary to improve saleability, preparation of prospectuses and summary data sheets, preparation of potential buyer lists, and alternative financing strategies.

h. Negotiating Strategy: Involve employees, unions, customers or creditors as appropriate.

i. Post-Privatization Follow-Up: Provide for post-privatization monitoring and assistance to the enterprise, and to new regulatory bodies, if any should be set up.

Task #5: DESIGN A STATE ENTERPRISE INFORMATION SYSTEM

A. Introduction:

Phase I (Task #1) of the original scope of work provides for designing an information system to analyze problems of state enterprises, quantitatively and qualitatively. Information collection and evaluation can become a costly and time consuming activity if there is no clear focus on just what is needed, who will use it, and what they will be able to do differently once they receive and analyze the information. The need to gather more information is often used as a convenient excuse to delay taking action. One is often better off to focus on the critical decisions to be made and concentrate on the key data needed to deal with those decisions. Coopers & Lybrand has already developed an information system to monitor overall state enterprise performance. Our focus here in Task #5 of this proposed Work Program will be to identify key information needed to guide privatization implementation programs and activities, with particular emphasis on the non-traditional types of information outside the standard financial reporting system.

B. Findings/Observations:

1. As noted above, intensive work has already been done by Coopers & Lybrand to develop a comprehensive management information system to monitor performance of state enterprises. Their study focused on the seventeen important state enterprises which represent 80% of total assets. The study selected the Petroleum Authority of Thailand (PTT), the Telephone Organization of Thailand (TOT), and the State Railway of Thailand (SRT) for in-depth case studies. On the one hand, it did not appear during our visit that much progress had been made to install the system, which is understandable in light of its comprehensive complexity and the transfer of responsibility from NESDB to the Comptroller General. On the other hand, we were told that data for 1987 will come from a computerized MIS system and will provide all the basic financial and other data needed to monitor and track performance for management purposes.

2. As indicated below there is already considerable present data on state enterprises, primarily financial, and the detail will increase even further in 1987. (See summary data for each enterprise, in Appendix D) There is a need for a different kind of data than presently available, however, to put state enterprises in their true perspective in terms of their present and future impact on the economy:

a. Quality of profits should be evaluated. (There is a need to quantify how much subsidy, direct or indirect? How much monopoly ability to increase prices? How much non-operating expenses such as interest expense and foreign exchange gains/losses, are reflected in the profit line item? What percentage of the revenue comes from other government agencies at non-market prices?)

b. There is a need to project present cash flow trends out three to five years into the future to show future cash requirements which the government treasury will have to supply. These projections should use both state enterprise corporate plan data (optimistic) and alternative realistic/pessimistic forecasts based on current trends.

c. There is a need to analyze revenues by different customer classifications (e.g., government, industry, and the general public, etc.)

4. There is relatively little data relating to the state enterprise customers or their competitors. This is essential information for any management to survive in the private sector. It is also information which any buyer or investor would wish to know. Information which appears to be missing in the present system includes:

a. Customer satisfaction levels.

b. Customer future needs.

c. Price/cost comparisons with private and other government suppliers.

C. Work Summary

1. Under Task #5, the basic work will involve reviewing information presently being generated on state enterprises, extracting key data relating to privatization and designing methods to gather missing data from state enterprises and from the private sector.

2. Specific tasks will include:

a. Review and work with the staff responsible for managing the state enterprise financial reporting function to develop a summary of key data.

b. Develop data for selected key state enterprises which would:

(1) Measure the impact of government policies on the quality of their profits;

(2) Provide estimates of five-year future cash flow under realistic/pessimistic assumptions;

(3) Provide cost estimates for potential employee retirement, severance pay or retraining obligations.

c. Develop a system to collect data from the private sector at regular intervals to allow trend measurements for:

(1) Customer satisfaction levels;

(2) Customer future needs;

(3) Price/cost comparisons.

Task #6: PROBLEMS FACED BY LOCAL/FOREIGN PRIVATE SECTOR FIRMS

A. Introduction:

Phase I (Task #3) of the original scope of work provides that the Management Information System (MIS) should pinpoint any typical strengths, weaknesses, problems or difficulties encountered by local or foreign firms operating in the same field with state enterprises. This will be particularly useful in an on-going coordinated program to reduce onerous and unnecessary government rules and regulations which inhibit growth of the private sector and, at the same time, to remove direct and indirect subsidies and preferences from state enterprises.

B. Findings/Observations:

1. The private sector can be expected to provide the most valuable insights regarding efficiency of state enterprises and ideas as to what action is needed to reduce bureaucratic regulations, and improve the ability of private sector firms to compete with state enterprises and which state enterprises or activities should be considered prime candidates for privatization.

2. The private sector in general appears to be relatively quiescent in accepting the presence of state enterprises on the industrial /commercial/agricultural scene. This task may be a useful mechanism to get them more involved, particularly if a dialogue could be established between private sector firms and various ministries to increase the interest of the Ministers in privatization of their state enterprises.

B. Work Summary:

1. The basic work under this task will be to develop a representative sounding board of private sector firms to serve as an ongoing source of information about state enterprise operations.

2. Specific tasks to be performed under this task include:

a. Hold round-table discussions between ministry and private sector representatives.

b. Select a representative sample of 20-25 private sector firms, local or foreign, which operate in the same field with state enterprises.

c. Identify and assess, by personal or telephone interviews and written questionnaires, the most critical problems or difficulties which prevent private sector firms from competing on an equal basis with state enterprises.

d. Based on the above analysis for individual firms, identify those government policies or practices which, if changed, would allow the greatest increase in provision of goods or services at lower cost from the private sector instead of the public sector.

Task #7: PROBLEMS FACED BY STATE ENTERPRISES

A. Introduction:

1. Phase I (Task #2) of the original scope of work discusses the need for the Management Information System to identify problems and difficulties facing top, middle and lower levels of management in all state enterprises.

B. Findings/Observations:

1. The State Enterprise Division of the Comptroller General's Office has prepared an excellent paper outlining the Basic Problems Facing State Enterprises. They list these problems under seven major headings:

a. State Enterprises' Internal Management Structure

(1) Boards of Directors are mainly career civil servants (70%) and political appointees; change frequently (each time a new Minister is appointed)

(2) Chief Executives are selected either by seniority or for political reasons; often lack professional experience; turnover is high.

(3) Personnel selection practices in general are heavily influenced by political favoritism and special preferences for relatives of employees.

(4) Management systems do not emphasize cost controls and profits, do not penalize personnel who fail to deliver, and do not create a sense of belonging or involvement for employees.

b. Financial Problems

(1) Personnel expenses are too high because there are more employees than needed; their salaries at the lower levels are higher than the average wage for civil service and private sector employees; they have more liberal fringe benefits; and there is excessive overtime averaging 35-40% of base pay every month in many state enterprises.

(2) State enterprises accounted for 62.6% of Thailand's outstanding foreign debt as of 9/30/86. Borrowing is required not only for capital expansion projects, such as telephone and electrical generating facilities and

equipment, but also to cover government mandated operations where no government funds are allocated or are very tardy, and losses due to difficulties in raising prices to cover costs.

(3) State enterprises are delinquent in paying for other government services such as gasoline and natural gas, railway transport and other commodities, which in turn creates liquidity problems for the supplier state enterprises.

c. Accounting Problems

(1) Reports are often not current.
(2) No reliable cost data for pricing products and services.
(3) Lack of internal financial management control systems.

d. Operations Planning and Evaluation Problem

(1) Some corporate plans lack "evaluation plans" to guide operations in implementatio. of the plan.

e. Marketing Problems

(1) Marketing is not understood and considered unimportant

f. Labor Law Problems

(1) State enterprise unions negotiate for civil service benefits and labor law benefits in continuation, resulting in high fringe benefits and overlapping pension retirement fund payments.

(2) Unions protect lazy and irresponsible employees and utilize/abuse labor laws to their advantage.

g. Monitoring/Control Problems

(1) Responsibilities for monitoring and control are split between the Cabinet, the Ministry in charge, the Finance Ministry, the Budget Bureau, the NESDB, the Auditor General and the Ministry of the Interior (Labor Dept.)

2. Appendix B of the Coopers & Lybrand report, also contains an excellent review of the individual problems for seventeen major state enterprises, as identified in memoranda submitted by the NESDB to the Cabinet. The issues fell in eight broad categories, ranked below in order of importance:

a. Funding:

(1) Insufficient self-financing;
(2) Heavy needs to borrow:
    (a) High foreign borrowing;
    (b) High sensitivity to exchange rates;

(3) Weak liquidity
(4) High cost overheads;
(5) High level of intra-governmental debt. (i.e. uncollected receivables)

b. Cost Reduction:

(1) Increasing employee costs;
(2) High level of overtime.

c. Revenue Maximalization:

(1) Government mandated loss of operations;
(2) Poor financial management;
(3) Weak billings and debt recovery.

d. Management:

(1) Capital projects fall behind schedule;
(2) Delays or lack of financial data.

e. Government Participation:

(1) Statutory cash remittance requirements;
(2) Delays receiving subsidies.

f. Tariffs (fares/rates):

(1) Lack of policies for increases/reductions;
(2) Insufficient cost data to measure cross subsidies.

g. Production:

(1) Inability to meet operational targets.

h. Capital Budgets:

(1) Danger of overburden in future years.

3. Typical problems of state enterprises encountered in other countries by the Center for Privatization include the following:

a. Management/Personnel

(1) Bureaucratic management; emphasis on process rather than results.

(2) Frequent changes in top management

(3) Overstaffing, nepotism, political patronage, excessive overtime.

(4) Required employment of civil service/military in top posts.

(5) Confusion over conflicting social/political/economic objectives.

(6) Political interference in decision making and daily operations.

(7) Lack of accountability at all levels.

(8) Inability to delegate -- decisions go to the top.

(9) Inability to negotiate, or make politically difficult decisions.

(10) Inability to reward good performance or penalize unsatisfactory performance.

b. Financial

(1) Easy acceptance of financial losses for social reasons.

(2) Economic subsidies -- direct and indirect.

(a) Tariff protection and import restrictions.

(b) Sole source supplier to other government agencies.

(c) Tax exemptions.

(d) Low interest borrowing with government guaranties.

(e) Legal restrictions to limit market entry by competitors.

(3) Operate outside the government budgetary process.

(4) Lack of accurate/up-to-date financial records.

(5) Assets underutilized -- inadequate planning/feasibility studies.

(6) Assets overvalued -- unwiiiingness to recognize market valuations.

c. Production

1. Poor maintenance of capital equipment.

2. Antiquated production facilities/procedures/technology.

d. Marketing

1. Lack of marketing program or market research.

2. Insensitivity to consumer needs and desires.

4. The NESC was set up to monitor and solve state enterprise problems. The following five problem areas are among the eight responsibilities assigned to the committee by the Cabinet, and could often best be solved by some form of privatization.

(1) Financial problems

(2) Utilities pricing to reflect true cost

(3) Performance effectiveness

(4) Labor problems

(5) Manpower problem

5. The underlying cause of many of these problems lies in the fact that governments have more difficulty managing and controlling their own enterprises than does the private sector because government enterprises are less likely to be allowed to go out of business when they become over-sized, inefficient, and insulated from market disciplines. Furthermore, unions have more bargaining power over political officials who depend on votes by involuntary taxpayers than they do over private sector business managers who must depend on convincing voluntary customers to buy their goods and services in a competitive marketplace.

6. A program of privatization is the most important long term solution to the underlying problem of inherent government inefficiency and lack of individual incentives.

C. Work Summary

1. The basic work under Task #7 will involve analysis of the underlying causes of the problems of state enterprises.

2. Specific tasks which could be undertaken might include:

a. Select a representative sample of 10-15 state enterprises for study.

b. Use the problem lists already known, and listed above, to identify and assess for each enterprise those problems which have the greatest impact on the operating efficiency of each enterprise and its ability to serve its customers.

c. Evaluate the reasons/causes which underly these most critical problems.

Task #8: CHANGES TO ENHANCE EFFICIENCY OF STATE ENTERPRISES

A. Introduction

Phase II (Tasks #2 and #3) of the original scope of work calls for formulating strategy to solve state enterprise problems and recommending specific policies for those state enterprises to be retained.

B. Findings/Observations

1. Task #7 outlines numerous problems which cause state enterprises to be inefficient. Information generated in Tasks #5, and #6 may provide useful ideas to deal with these problems and suggestions for enhancing the efficiency of state enterprises.

2. As noted earlier, the most long lasting and fundamental solution to the problems of inefficiency, overstaffing and lack of motivation in state enterprises is to engage in a program of privatization.

a. For enterprises not on the short term or medium term list for full privatization, it is still possible to identify functions or activities which could be transferred to the private sector. Every state enterprise could be analyzed in terms of individual facilities and activities within the enterprise. Each enterprise could be requested to prepare an annual written justification for the NSEC explaining why it is essential that the government perform either the production or the distribution of the product or service at each facility.

b. All state enterprises can be reviewed to identify any special subsidies, loan guaranties, credit extensions, tax exemptions, procurement privileges or procurement requirements or any other special preferences not available to private sector actual or potential suppliers. These special preferences can be quantified and the financial reports adjusted to reflect the cost to the taxpayers of these hidden benefits. When prices charged appear to be higher than comparable market prices, we can estimate the cost of this price premium to customers of the enterprise. Information as to these "true" costs to support state enterprises can be given wide dissemination in parliament and the business sector with invitations to suggest how these hidden costs can be eliminated. Draft legislation could be drawn up which would propose elimination of these special preferences and overpricing on goods and services.

c. For organizations such as the Bangkok Mass Transit and the State Railways, which will be more difficult to privatize, work could begin now on a program to restructure them to operate as if they were private enterprises, with independent professional

Boards of Directors, and with authority to reduce their work force and to take other steps as may be appropriate in preparation for eventual privatization.

3. In planning the work under this task, however, it must be remembered that it is difficult for those working on improving or restructuring state enterprises to work also on privatization. It is equally difficult for privatizers to work effectively when carrying a dual responsibility to improve and enhance the efficiency of a state enterprise.

C. Work Summary:

1. The basic work under Task #8 will be to propose policy, procedure and/or organizational changes to enhance the efficiency of state enterprises. In view of the comments above, and the nature of the work itself, these tasks may be more appropriate for Thai experts without foreign advisors at this point.

2. Specific tasks to be performed might include:

a. Select 5-10 state enterprises not on the short term or medium term list for full privatization, and analyze these to identify individual facilities and activities. Assist in reviewing each of these facilities to develop justification for why these must be owned or operated by the government. These justifications could then be approved by the Minister in charge and distributed to both the press and academic circles for comments and suggestions.

b. Identify special preferences enjoyed by these 5-10 enterprises and propose changes in legislation or administrative rules, for review by the NESC, and publiction the form of recommendations to remove these preferences.

c. Review the Arthur D. Little recommendations for BMTA and SRT and make recommendations to restructure these enterprises so as to operate more as if they were made up of smaller independent businesses, (i.e., decentralize,) and recommend changes in employment regulations to allow and facilitate reductions in staffing where appropriate.

V. LEVEL OF WORK ESTIMATE

1. The level of effort proposed to carry out the eight tasks over the next two years envisage one senior foreign counterpart for the Thai Project Coordinator and one assistant over a 24-month period, supplemented by 25 person-months of short term technical staff over the two year period. The work of foreign experts for all tasks except 4B (Privatization Phase II) could be substantially completed by the end of the sixth month, for a total of 10 person months by foreign experts.

2. These estimates are based on a number of assumptions which should be addressed early in the project:

a. This project should have Thai leadership and use Thai experts for the bulk of the work. The foreign presence should be low profile. (For example, we envisage no American presence at many of the dialogues recommended for groups which should be involved in the discussion and development of the basic Privatization Background Paper called for in Task #2).

b. In addition to a small Thai privatization staff, other services such as translation, valuation, legal and financial auditing could be provided or contracted out to local Thai firms.

c. The Senior Foreign Expert should concentrate on Tasks #1 through #4A during the first three months, while the Assistant would focus on the information gathering and problem identification work in Tasks #5 through #8. They would then both combine their efforts in succeeding months to work on Task #4B, Phase II projects.

d. Short term technical assistance would be provided during the second and third months to assist with different sections of the privatization strategy planning in the following skill areas:

(1) Political Science/Anthropology
(2) Legal
(3) Financial, capital investment incentives
(4) Employee ownership/participation.

e. Short term specialists during succeeding months would be called upon to match the particular enterprise or activities selected for privatization.

3. The following comments apply to the attached exhibits which detail specific activities under each Task:

a. Task #1: Assistance to the Secretariat nd assistance in establishing a central privatization staff is essential to accomplish in the first two months. This work would be carried on in parallel with Task #2, and will require approximately 0.5 person month.

b. Task #2: Development of the Privatization Background Paper will involve interviews, dialogue/discussion and specific research studies to provide the data and projections which should be included in the paper. Extensive dialogue is an essential part of the process and we would expect to allow a full three months to develop and discuss drafts before putting the paper in final form. This would require approximately half time for the Senior Foreign Expert, decreasing gradually into the third month as he becomes more involved directly in Tasks #3 and #4A. This task will require approximately 1.2 person month.

c. Task #3: Many of the interviews and discussions in Task #2 will support the establishment of selection criteria and enterprise ranking under Task #3. We provided for approximately 10 person days over two months (0.5 person months).

d. Task #4: We divided Task #4 into two phases. Task #4A covers phase I for developing support grounds and proposing any priority legal or policy changes needed. This would be carried on in parallel with Tasks #2 and #3, and we performed primarily by short term specialized experts under the leadership of the Senior Foreign Expert. Their work should be substantially complete by the end of the third month, with follow-on work as appropriate by Thai experts.

e. Task #4B: Task #4B deals basically with implementation of privatization projects working with specific enterprises. This work can be planned in more detail during Phase I. It is our recommendation that the Senior and Assistant Foreign Experts would work together as an on-site team to support the Thai privatization staff, drawing on approximately one person month of specialized expert services each month for the duration of the project.

f. Task #5: We envisage that the Assistant Foreign Expert would spend approximately one third of his/her time working with the Comptroller's Office to improve the state enterprise information reporting system during the first two months, decreasing each month thereafter through the fourth month.

g. Task #6: The opportunity to develop dialogue between the private sector and different Ministries is an important part of the ongoing privatization project. We suggest that the Assistant should devote one third of his/her time to this project during the first two months, decreasing to 10% throughout the remainder of the project.

h. Task #7: The Assistant Foreign Expert should spend approximately one third time initially with identifying problems faced by state enterprises in order to develop familiarity with different enterprises, and provide insights for the Privatization Background Paper being developed under Task #2.

i. Task #8: We envisage this task to be performed primarily by Thai experts with perhaps 10% of the time of the Assistant Foreign Expert available to assist as may be required during the first month.

TASK AND ACTIVITY

	PERSON DAYS THAI	PERSON DAYS FOREIGN	PERSON MONTHS FOREIGN
1. NSEC SECRETARIAT			
a) Develop staffing plan with job descriptions for NSEC secretariat organization unit.	5	2	
b) Analyze alternative staffing and organization structures for a central privatization task force.	10	6	
c) Develop recommendations for NSEC subcommittee structure.	3	2	
Subtotal:	18	10	A .5 MO

	PERSON DAYS THAI	PERSON DAYS FOREIGN	PERSON MONTHS FOREIGN
2. PRIVATIZATION BACKGROUND PAPER			
a) Review existing data and published articles, and develop draft outline plus initial interview list.	5	3	
b) Identify and conduct special studies such as:			
(1) Develop fact sheets on recent privatizations 1985-87	15	3	
(2) Project present cost trends ahead 5 years for several typical state enterprises	15	2	
(3) Estimate retirement/severance pay costs for several state enterprises	15	2	
c) Interview key opinion leaders. (Supporters)	15	10	
d) Prepare draft paper and circulate for comments.	5	2	
e) Hold discussions with: (Potential opposition)			
(1) Labor union officials	3	0	
(2) State enterprise managers	3	0	
(3) State enterprise employees	3	0	
(4) Private sector leaders	3	0	
(5) Political party leaders	3	0	
f) Prepare revised draft for NSEC discussion, with a supplement analysing differing sector opinions.	5	2	
g) Prepare a final draft for NSEC approval and publication.	2	2	
Subtotal:	92	26	A 1.2 MO

	PERSON DAYS THAI	PERSON DAYS FOREIGN	PERSON MONTHS FOREIGN
3. SELECTION CRITERIA			
a) Based on Task #2 Interviews: (1) Recommend priorities and weighting factors for privatization objectives; (2) Recommend a list of enterprise selection criteria; (3) Develop weighting factors for each criterion on the list and apply to 2 or 3 SE's as illustration.	6	2	
b) Present these weighted selection criteria and illustrative examples to key opinion leaders for discussion and revision.	5	3	
c) Rate and rank each state enterprise according to the selection criteria, identify the most approp riate form of privatization, and recommend how to divide the list into three categories: (1) Near term privatization prospect (2) Medium term privatization prospect (3) Long term state ownership operation	10	3	
d) At a later time, identify activities or functions within state enterprises which have potential for privatization, and repeat step (c).	15	0	
Subtotal:	36	10	A .5 MO

	PERSON DAYS THAI	PERSON DAYS FOREIGN	PERSON MONTHS FOREIGN
4.A. PRIVATIZATION STRATEGY - PHASE I			
a) Develop support groups:			
(1) Analyze public attitudes toward private sector, state enterprises, civil service, politicians, unions, and other key sectors;	30	12	
(2) Recommend basic elements of a training program for discussion leaders within SE's and with unions;	20	5	
(3) Develop strategy and outreach program for potential privatization support groups.	20	5	B 1.0 MO
b) Propose a priority list of legal/policy changes needed to:			
(1) Facilitate privatization (corporate/financial structure, valuation approvals, terms of sale approvals, etc.);	20	5	
(2) Simplify regulations affecting the private sector;	45	15	
(3) Remove competitive advantages from SE's;	30	15	C 1.6
(4) Develop incentives for equity capital;	30	15	D .7
(5) Facilitate employee participation.	30	5	E .7
c) Provide guidance to, work with and supervise the above short term specialists.	22	22	A 1.0
Subtotal:	237	107	5.0

	PERSON DAYS THAI	PERSON DAYS FOREIGN	PERSON MONTHS FOREIGN
4.B. PRIVATIZATION STRATEGY ALTERNATIVES- PHASE II			
a) Select an industrial/commercial enterprise for full or partial divestiture preparation:			
(1) Review business plan/business prospects	20	10	
(2) Assist with valuation	15	5	
(3) Identify and develop support groups	20	5	
(4) Deal with critical issues (e.g., job security /severance pay; directors/management privileges; other potential opposition.)	15	10	
(5) Evaluate and propose techniques to allow employee participation.	15	5	
(6) Assist with essential legal restructuring (such as corporate structure and legal claims) and arrange for a private sector independent auditor to review financial statements.	60	10	
(7) Develop marketing plan to locate and interest potential buyers or joint venture partners, including preparation of prospectus, potential buyer lists and alternative financing strategies.	30	15(A) 11(F)	
Subtotal:	175	70	2.0 MO
b) Select public utility for privatization preparation, following same steps as above:			
(1) Business plan/business prospects	50	30	
(2) Valuation	50	30	
(3) Support groups	50	30	
(4) Critical issues	50	30	
(5) Employee participation	50	30	
(6) Legal/audit review	50	30	
(7) Marketing/financing	50	60	
Subtotal:	350	240	11.0

	PERSON DAYS THAI	PERSON DAYS FOREIGN	PERSON MONTHS FOREIGN
c) Select a function or activity to spin off, following same steps as above:			
(1) Business plan/business prospects	30	15	
(2) Valuation	30	15	
(3) Support groups	35	15	
(4) Critical issues	35	15	
(5) Employee participation	35	15	
(6) Legal/audit review	30	15	
(7) Marketing/financing	30	15	
Subtotal:	225	120	5.5

	PERSON DAYS THAI	PERSON DAYS FOREIGN	PERSON MONTHS FOREIGN
5. STATE ENTERPRISE INFORMATION			
a) Select an industrial/commercial state enterprise as a model for others later.		10	
(1) Review existing and recommended information systems and identify key data which would signal need for corrective action or opportunity for privatization.	22		
(2) Develop "adjustment factors" to allow restating financials as they would be without government support -- i.e., quantify various subsidy effects from government support policies.	22		
(3) Develop system to predict future cash flow and borrowing requirements: (1) based on corporate plan (2) based on current trends	11		
(4) Estimate financial cost of employee retirement or severance pay obligations.	11		
(5) Develop system to generate customer attitude and market surveys.	22		
b) Select a public utility as a model for others later, and follow the same steps as above:		10	
(1) Current systems	44		
(2) Adjustment factors	44		
(3) Future cash flow	22		
(4) Employee obligations	22		
(5) Customer/market survey	44		F
Subtotal:	264	20	.9 MO

	PERSON DAYS THAI	PERSON DAYS FOREIGN	PERSON MONTHS FOREIGN
6. PROBLEMS OF COMPETING PRIVATE SECTOR FIRMS			
a) Set up and manage a "dialogue with industry" series of weekly meetings, to cover one large or several small SE's per week, in which senior Ministry officials and invited private sector firms would discuss private sector problems competing with state enterprises.	150/yr	20	
b) Develop a listing of private sector respondents who can be invited to provide information and serve as a sounding board.	10	0	
c) Conduct interviews: (1) personal (2) telephone (3) mail	264/yr	15	
d) Analyse data from weekly dialogues and interviews and prepare monthly reports for members of the NSEC.	36/yr	5	F
Subtotal:		40	1.8 (First Yr.)

	PERSON DAYS		PERSON MONTHS
	THAI	FOREIGN	FOREIGN
7. PROBLEMS FACED BY STATE ENTERPRISES			
a) Consolidate various existing lists of problems faced by state enterprises into one master list.	2	2	
b) Select an industrial/commercial state enterprise to: (1) evaluate how seriously each problem identified in (a) above impacts on the enterprise; (2) determine the underlying causes for the most critical problems; (3) recommend action which could reduce or alleviate the problems.	30	8	
c) Repeat (b) above for a public utility.	60	8	F
Subtotal:	92	18	.8 MO

	PERSON DAYS		PERSON MONTHS
	THAI	FOREIGN	FOREIGN
8. CHANGES TO ENHANCE EFFICIENCY			
a) Select an enterprise not on the short term or medium term list for possible privatization: (1) Identify individual facilities/activities and document, for each one, the reason why government must own and operate it; (2) Identify any special preferences which provide competitive advantages over the private sector, and calculate the cost to taxpayers or consumers; (3) Propose changes in legislation or administrative regulations to eliminate these preferences (4) Develop a bonus system for management based on improved performance and proportional to removal or reduction in preferences; (5) Break up larger entities into smaller decentralized autonomous operating entities; (6) Replace the plethora of personal perquisities for employees with a meaningful employee profit sharing plan which would be contingent upon, and proportional to, increased customer satisfaction as measured by at least two independent accredited market survey firms, and upon a lower selling price per unit of sales as measured by an outside independent auditing firm.	N/A	4	
b) Repeat the above for other enterprises.			
			F
Subtotal:		4	.2 MO

APPENDIX A

PRIVATIZATION SEMANTICS IN THAILAND

INTRODUCTION

During the course of our discussions in Thailand, we were exposed to a variety of interpretations of the word "privatization". Differences exist in other countries as well, including the United States, probably because it is a relatively new word, not yet in most dictionaries or standard data search descriptor systems.

There is clear general agreement that privatization involves the transfer of government entities, functions or activities to the private sector. Some would like to broaden the meaning to include the restructuring of a government enterprise to try to make it function more efficiently under continuing government ownership and control. Others would like to narrow the use of the word to include only the outright sale of the enterprise or its assets--i.e., divestiture or disinvestment, in whole or in part.

To be fully effective and produce the expected benefits, privatization shouuld involve the transfer of both ownership and control to the private sector, recognizing that in some instances it may be possible to transfer genuine control without transferring majority ownership.

Privatization can also be looked at in terms of the ultimate source of funding for the enterprise. The end result of privatization should be the transfer of the ultimate source of funding for the enterprise from government borrowing or taxes to voluntary payments in a free marketplace. When government funding is required to meet social, political or national security needs, there are often mechanisms which can be developed to achieve many of these purposes through market operations rather than by taking over ownership and control.

When a monopoly position prevents markets from operating freely, on the other hand, government can regulate rather than operate, to try to keep as much separation and independence as possible between those who must make operating decisions and those who make policy decisions. (In an athletic contest, for example, it would create real problems for the players if the umpire should suddenly decide to play in the game for himself at the same time he continues to enforce the rules.)

It is not so much the incentive to make a profit that drives the entrepreneur, once started, as it is the fear of <u>not</u> making a profit. Rule #1 for most people is survival, and survival in a free market depends on one's ability to convince a willing customer to pay more for the goods or services than it costs to produce them. The greater the profit, the more

satisfaction the market is expressing, and the more competition will be attracted to meet market demands. In cases where government policy may require continuation of a service but where markets are unwilling or unable to cover the full operating costs, techniques such as contracting out or vouchers may be more appropriate.

Privatization requires an awareness on the part of the owners, management and employees that if they fail to live up to the expectations of their customers, they may indeed not survive. In government enterprises, on the other hand, there is often a general expectation of eternal life, and the bureaucracy itself becomes a significant player on the political scene to secure its own continuation.

PRIVATIZATION IN THAILAND

The literal translation of the word used for privatization in Thailand is "transformation". We asked if perhaps there was a way to coin a new word such as "marketization" but were informed that the word "market" is already overused and in general is thought of as a street bazaar type of operation. (This includes its use in connection with the stock exchange and the stock market.) We also talked about the concept of being "customer driven," but the ability to introduce nuances of this kind into an existing Thai word apparently is not possible. They would have to coin a completely new word in some way.

The translation of our Statement of Work, as approved by the National State Enterprise Committee (NSEC), refers to enterprises which the government will either retain or privatize. That seems to say very clearly that privatization in Thai is synonymous with sale or divestiture. The vocal opposition to privatization by the unions, whose principal source of membership and strength is in the state enterprises, makes it obvious that they have this same understanding.

At the other extreme, on the other hand, was the very broad interpretation given to the word in the text of the Sixth National Plan. (Quotations below are from the Plan.)

> (1) Self-Privatization: "Transforming the internal management style to be more businesslike...and allowing the private sector to be involved in management". It was pointed out that this is strictly internal to the organization, is a threat only to those not willing to work, and is what the consultants within the Telephone Organization (TOT) are working on.
>
> (2) Partial privatization: "Allowing private sector involvement in renting, bidding and concession." This does not involve a change in ownership of the organization, but does involve assigning new functions to the private sector,

cutting back on overtime, encouraging local manufacturing, and encouraging state enterprise employees to move to the private sector.

(3) Transfer of ownership: "Transferring the ownership, partial or total by selling shares." This is the most difficult because the people directly involved do not see the benefit to themselves. (We were cautioned by our hosts at Chulalongkorn University that if we talked about privatization as being primarily divestiture, as we had been, we would very quickly lose our audience at the forthcoming dialogue on privatization where we were to be the discussion leaders. We must use a broader definition if we wished to keep their interest and involvement.)

There are a number of Thai papers which support privatization whose authors are in the NESDB, Thammasat University and Chulalongkorn University, as well as at least one paper from one of the state enterprise unions in articulate opposition. The most complete analysis is contained in a paper by Kraiyudht Dhiratayakinant, a professor at Chulalongkorn writing under the sponsorship of the Thai Development Research Institute (TDRI). He describes five types of privatization as follows:

(1) Deregulation or liberalization of rules governing state enterprises.

(2) Contracting out or franchising of services or facilities presently operated or owned by state enterprises.

(3) Load-shedding or withdrawal/shutdown of services or facilities presently operated or owned by state enterprises.

(4) Commercialization of services provided by state enterprises.

(5) Sale or divestiture.

CONCLUSION

For purposes of this report, we suggest that privatization should be considered an ongoing process rather than a simple happening or event. Under this concept the term would indeed cover most of the types of activities described in the TDRI analysis cited above. We do have some problems with the treatment of #4 above "commercialization", as a separate category, however, and, for our purposes here, we have included those aspects of commercialization which may be considered privatization under the deregulation category.

In this report, we see four basic types of activities which fall under the definition of privatization as a process, as we are using it:

(1) Deregulation/liberallzation/commercialization of rules governing state enterprises and private sector competition. This category would include a variety of methods designed to allow and encourage private sector firms to compete on equal terms with state enterprises, such as:

(a) Removal of legal or other barriers to private competition or private ownership.

(b) Elimination of special privileges for state enterprises, such as special procurement rights or requirements imposed on other government agencies or ministries, low interest rates, exemptions from taxes and other direct or indirect subsidies.

(c) Establishment wherever possible of user fees.

(2) Management contracts, production contracts, contracting out, franchising or leasing of services or facilities or other activities of the government.

(3) Partial divestiture. This would include joint ventures, partial share offerings, where management control passes to the private sector, and various forms of "load-shedding", by which we mean the withdrawal or shutdown or spinning off of selected services or facilities or activities presently owned or operated by state enterprises.

(4) Full divestiture ("disinvestment" or "disengagement") of state enterprises or assets.

In considering the above categories it is important to repeat that we are looking at privatization as a process not a single event or happening. Under this concept, the word privatization is more than a simple umbrella over different happenings or events. The activities should all be seen as part of a process moving toward divestiture of ownership and control by the state. Activities falling under (1) and (2) above, for example, should be viewed as part of a process leading toward (3) and (4).

Most of the "State Enterprise Development Plan", which is one of the ten plans in the Sixth National Economic and Social Development Plan (1987-1991), deals with "enhancing the efficiency" of state enterprises. Privatization as such occupies only the last page of a 15-page English translation, and it is called for in a broad way as described earlier "in order to improve operating efficiency".

The differences in understanding of the word privatization may seem to be a relatively unimportant matter of semantics, but for privatization to move ahead in Thailand the real value and benefit of privatization, as opposed to efficiency enhancement, should be fully understood by all the parties concerned.

APPENDIX B

SCHEDULE OF MEETINGS

Sunday - June 7, 1987

USAID Mission Hongkong:

Larry Brown, Private Sector Officer
Craig Steffenson

Monday - June 8, 1987

USAID Mission:

Dr. John R. Eriksson, Director
Jeffrey Evans

U.S. Embassy:

Hon. William A. Brown, Ambassador
Paul Stanley, Economic Counselor

Arthur Young:

Dr. Sakda Saibu, Management Consultinh
Dr. Vinai Varanyananda, Diretor Inform.Technology

Ministry of Finance:

Mr. Phuchong Bhengsri, Comptroller General
Ms. Maneemai, Director State Enterprise Section
Mr. Akravudh, Graduate Student Intern

Tuesday - June 9, 1987

Ministry of Finance:

Dr. Suthee Sighsaneh, Minister of Finance
Mr. Suphachai Phisivanich, Dep. Compt.General

Wednesday - June 10, 1987

Ministry of Finance:

Dr. Panas Simasthien, Permanent Secretary

National Economic Social Development Board:

Dr. Snoh Unakul, Secretary General
Mr. Anuparb Sunananta, Asst. Secretary General
Mr. Chakkamon, Secretariat Joint Public-Private Sector Committee
Ms. Valai Srisuchart, Director State Enterprise Sector
Mr. Robert J. Muscat. Economic Advisor

Thammasat University:

Dr. Pipat Pithyachariyaku, Director
Dr. Frederick W. Swierczek, Public Policy
Dr. Somkid Jatusripitak, Marketing
Dr. Konkiat Opaswongkarn, Thai Farmers Bank

Thursday - June 11, 1987

Siam Cement Company, Ltd.:

Mr. Amaret Sila-On, Executive Vice President
Mr. Somchai Kunakornporamat, Treasurer

Office of the Prime Minister:

Adm. Sonthai Booyachai, Deputy Prime Minister

Friday - June 12, 1987

Thailand Research Institute (TDRI)

Dr. Phaichitr Uathavikul, Project Advisor (for the Manamgenment of Economic and Social Development Project)

Chulalongkorn University (Public Enterprise Institute):

Dr. Phiphat Thiarry, Director
Dr. Suchit Bunbongkarn (Advisor to PM)
Mr. Issara, Corporate Planning
Mr. Kraiyudh
Mr. Tabatat Puttasuwan
Mr. Raj Singnarong

Thai Airways:

Mr. Chatrachai Bunya-Ananta, Exectutive Vice President

Monday - June 15, 1987

Siam Commercial Bank:

Dr. Olarn Chapravat, Executive Vice President

Chulalongkorn University:

Round Table with 50 attendees (list attached)

Tuesday - June 16, 1987

State Railway of Thailand:

Mr. Hiran Raddesri, General Manager

Ministry of Finance:

Dr. Suphachai Panitchupak. Deputy Minister

Communications Authority (CAT):

Dr. Sribhumi Sukhanetr, Chairman (also: Deputy Permanent Secretary for Communications)

Wednesday - June 17, 1987

Bangkok Bank:

Dr. Amnuay Viravan, Chairman Executive Board

National Economic Social Development Board:

Dr. Snoh
Mr. Anupharb
Ms. Valai

Thursday - June 18, 1987

Asian American Free Labbor Institute (AAFLI):

Mr. Phillip A. Fishman, Country Program Director
Mr. Lee Bigelow, U.S. Labor Attache

Thai Danu Bank:

Mr. Paiboon Wattanasiritharm, Senior Vice President

Dialogue on Privatization

List of Participants

July 15, 1987

Chulalongkorn Public Enterprise Institute

NAMES	ORGANIZATIONS
1. Mr.Manusak Tuntiwiwat	The Forest Industry Organization
2. Mr.Prapat Kongkakul	"----------"
3. Mr.Vijit Vacharin	The Expressway and Rapid Transit Authority of Thailand
4. Mrs.Parichart Kasemsuwan	Industrial Financial Corporation of Thailand
5. Mr.Somruk Panya	The Texile Organization
6. Mr.Reunrom Kongsaesin	The Battery Organization
7. Mr.Apichart Pensupha	Department of Aviation
8. Mrs.Chumnoon Thitatan	Office of the Rubber Replanting Aid Fund
9. Mr.Prasit Mongkulprasit	Thai Maritime Navigation Co.,Ltd.
10. Mr.Theapin Photipala	The Tanning Organization
11. Mrs.Jinda Thepphat	Comtroller Department
12. Ms.Supa Phiyanut	"----------"
13. Mr.Aucharawut Ossathanukroa	"----------"
14.	
15. Signatures were illegible	Thai Airways Co., Ltd.
16.	
17. Mr.Thitiporn Kerdmanee	Thai Airways international
18. Mrs.Napaporn Athiwanichipong	Faculty of Economics, Chulalongkorn
19. Mr.Direk Chareunopl	Telephone Organization of Thailand
20. Ms.Phatanaree Bruranawat	"----------"
21. Mrs.Prangthip Butsayasiri	Bank of Thailand
22. Mr.Jiradej Sakulneeya	The Dairy Farming Promotion Organization of Thailand
23. Ms.Kuntaree Kongoam	The Government Pharmaceutical Organization
24. Mr.Chalermkiat . Salukkum	Port Authority of Thailand
25. Mr.Payungkij Jivamitr	"----------"
26. Mr.Chokchai Suthatej	Thai Labour Education and Development Center

NAMES	ORGANIZATIONS
27. Mr.Somkurn Wattakekul	Elect. Generating Authority of Thailand
28. Mr.Somphun Kusum	Thai Airways Ltd.
29. Mrs.Poungsri Prasartdee	Security Exchange of Thailand
30. Ms.Ichaya Suphakorn	Thai Airways International
31. Ms.Aunchalee Makaranon	"----------"
32. Mr.Worakarn Thepchalerm	"----------"
33. Mr.Suthee Ploysuk	State Railways of Thailand
34. Mr.Jira Meakwichai	The Zoological Park Organization
35. Mrs.Munthira Wareedee	Credit Lyoubais Ltd.
36. Mr.Mnant Thopaniyasorn	Nakornthon Bank
37. Mr.Songsak Tuntayothin	Department of Labour
38. Mr.Chareunkiat Thanasutarn	"---------- "
39. Mr.Arnon Intharasukari	"----------"
40. Mr.Kruksak Kongsil	The Transport Company Ltd.
41. Ms.Arreewatana Sukreenatr	Dept. of Technical Econ.Cooperation
42. Mr.Chaengchai Bunyapookana	The Fish Marketing Organization
43. Mr.Chupachai Sotsaternpong	FBCB
44. Mrs.Jaruwan Maintaka	The Office of the Auditor General
45. Ms.Somjit Noppakun	The Mass Communication Authority of Thailand
46. Mrs.Chuntra Achawanuntakul	Tisco Credit Co.,Ltd.
47. Mr.Perapong Issarapakdee	Bangkok Mass Transit Authority of Thailand
48. Ms.Wanida Thattanaanak	Asia Credit Co.,Ltd.
49. Dr.Amorn Chuntrarasomboon	Office of the Juridical Council
50. Ms.Kesinee Hongsanun	PEI
51. Ms.Panyadao Yooprasert	NESDB
52. Mr.Pongpol Daireksarn	Express Transport Organization

****

Table 10.1: THAILAND: STATE ENTERPRISES BY PARENT MINISTRY, 1985

Office of the Prime Minister
- Electricity Generating Authority of Thailand (EGAT)
- Sports Promotion Organization of Thailand
- Tourism Authority of Thailand
- Zoological Park Organization
- Mass Communication Organization of Thailand

Ministry of Finance
- Bank of Thailand (BOT)
- Krung Thai Bank, Ltd.
- Sayam Bank, Ltd.
- The Government Savings Bank (GSB)
- Bank of Agriculture and Agricultural Cooperatives (BAAC)
- Government Housing Bank (GHB)
- Dhipaya Insurance Co., Ltd.
- Government Lottery Bureau
- Thailand Tobacco Monopoly
- Playing Cards Factory
- Liquor Distillery Organization
- Thai Marble Corporation, Ltd.
- Northeast Jute Mill Co., Ltd.
- The Cholburi Sugar Corp., Ltd.
- The Syndicate of Thai Hotels and Tourism Enterprises, Ltd. (Erawan Hotel)

Ministry of Agriculture
- Office of the Rubber Replanting Aid Fund
- Rubber Estate Organization
- Fish Marketing Organization
- Cold Storage Organization
- Dairy Farming Promotion Organization of Thailand

Ministry of Agriculture (cont'd)
- Marketing Organization for Farmers
- Forest Industry Organization
- Thai Plywood Co., Ltd.

Ministry of Industry
- Petroleum Authority of Thailand (PTT)
- Offshore Mining Organization
- Industrial Estate Authority of Thailand
- Sugar Factories Inc.
- Bang-Pa-In Paper Mill
- Bangchak Petroleum Co., Ltd.

Ministry of Communications
- State Railway of Thailand (SRT)
- Communication Authority of Thailand (CAT)
- Telephone Organization of Thailand, Ltd. (TOT)
- Aeronautical Radio of Thailand
- Express Transport Authority (ETO)
- Bangkok Mass Transit Authority (BMTA)
- Transport Co., Ltd.
- Thai Airways Co., Ltd.
- Thai Airways International, Ltd.
- Airports Authority of Thailand (AAT)
- Port Authority of Thailand
- Thai Maritime Navigation Co., Ltd.

Ministry of Defense
- Preserved Food Organization
- Textile Organization
- Tanning Organization
- Bang-Na Glass Organization
- Battery Organization
- Bangkok Dock Co., Ltd.

Ministry of Science Technology and Energy
- Thailand Institute of Scientific and Technological Research

Ministry of Commerce
- Public Warehouse Organization
- Lamphoon Provincial Co., Ltd.
- Chieng Mai Provincial Co., Ltd.
- Surintr Provincial Co., Ltd.

Ministry of Interior
- Metropolitan Electricity Authority (MEA)
- Provincial Electricity Authority (PEA)
- Metropolitan Waterworks Authority (MWA)
- Provincial Waterworks Authority (PWA)
- National Housing Authority (NHA)
- Express and Rapid Transit Authority of Thailand (ERTA)
- Marketing Organization
- Police Printing Press
- Office of the Public Pawnshop

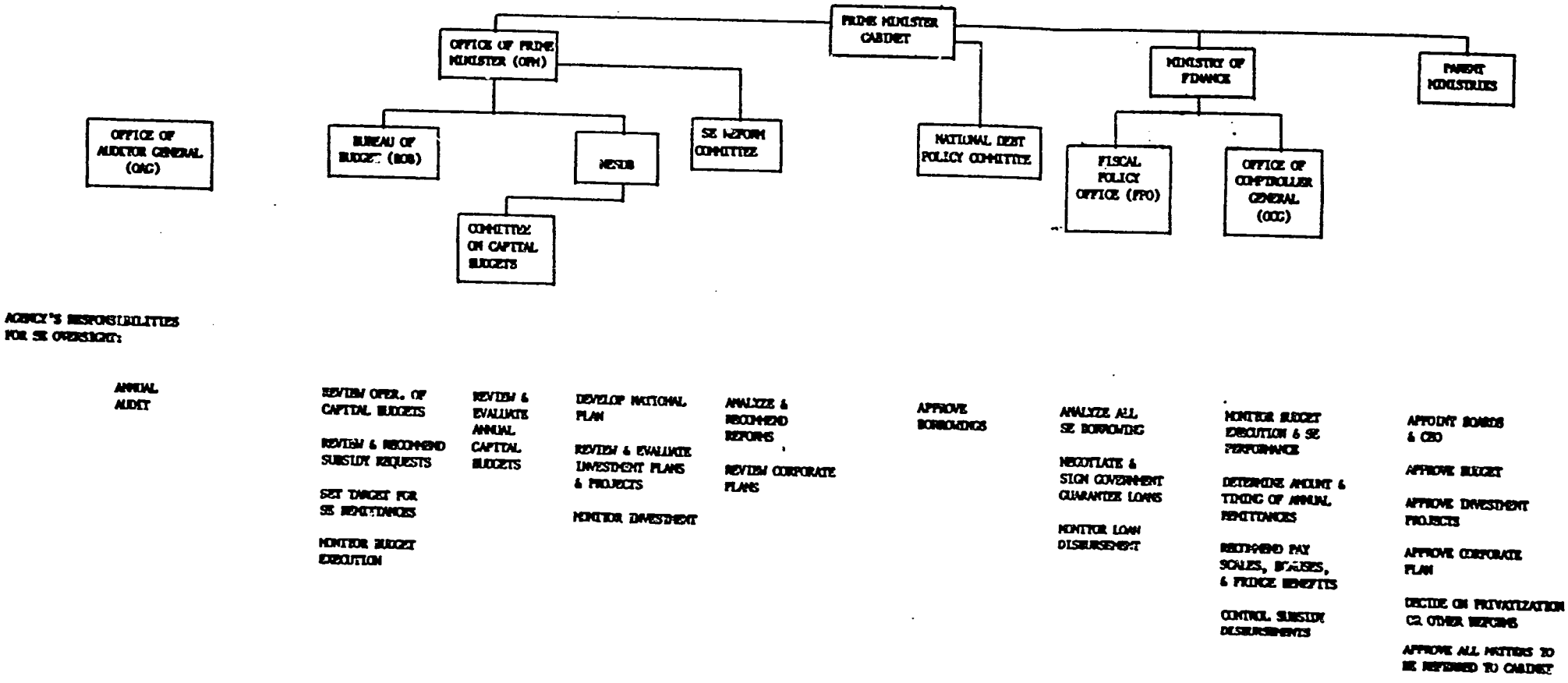
Ministry of Education
- Institute for the Promotion of Teaching of Science and Technology

Ministry of Public Health
- Government Pharmaceutical Organization

Source: Ministry of Finance

APPENDIX C

Figure 10.1: THAILAND: STRUCTURE FOR STATE ENTERPRISE OVERSIGHT



Source: NESDB

Financial Statement and Employees of State Enterprises for 1986

Million Baht

	No of P.E.s.	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit (Loss)	Total Capital Investments	Total Employees (Head)	Note
1. Fiscal Monopolies	2	8,050.28	1,763.46	6,286.82	23,752.74	21,904.62	1,848.12	298.03	10,766	
2. Public Utillities and Public Services										
- Public Utilities	5	164,638.76	125,875.76	38,768.00	71,750.35	67,329.10	4,421.25	15,872.19	77,193	
- Public Services	11	90,112.23	65,381.10	24,731.13	24,685.13	20,908.90	3,776.23	19,962.79	99,560	
Sub Total	16	254,750.99	191,256.86	63,494.13	96,435.48	88,238.00	8,197.48	35,834.98	176,713	
3. Established Under Government Policies										
- Financial Institutions	5	227,319.33	213,312.47	14,006.86	23,820.44	22,099.39	1,721.05	1,325.01	24,354	
- Natural Resource Conservation and Exploitation Enterprises	3	40,330.72	27,953.16	12,377.56	39,946.69	38,253.60	1,693.09	2,591.26	3,997	
- Agricultural and Commercial Enterprises	18 (21)	44,072.21	41,953.07	2,119.14	33,963.13	32,640.50	1,322.63	8,826.74	23,003	Exclude Provicial Co,Ltd
- Promotional Bodies	6	2,668.06	349.46	2,318.60	2,564.09	2,045.70	518.39	133.12	4,419	
Sub Total	32	314,390.32	283,568.16	30,822.16	100,294.35	95,039.19	5,255.16	12,876.13	64,773	
4. Enterprises Originally Established for National Security Purpose	5	1,484.13	945.81	538.32	1,380.92	1,359.41	21.51	88.57	5,788	
5. Enterprices Established or Acquired for Other Purposes	6	1,358.02	722.70	635.32	2,011.83	2,042.52	(30.69)	28.61	5,625	
Total	61	580,033.74	478,256.99	101,776.75	223,875.32	208,583.74	15,291.58	49,126.32	263,665	
Fy	61	576,623	462,729	113,8[illegible]			13,510			
	20						20 - 15,652			
							41 - (2,072)			

Note: This Classification Exclude

1. Bank of Thailand
2. Bang Chack Petroleum Co,Ltd
3. Ptt Exploration and Production Co,Ltd

4, 5, 6 } 3 Provincial Companies - Rajpatum, Lampang, Surin

NET PROFIT IS AFTER DEDUCTING INTEREST CHARGES.

Financial Statement
1986

: MILLION BAHT

	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit(Loss)	Capital Expenditure	Total Employee	Note
STATE ENTERPRISES CLASSIFIED BY FUNCTIONS OR PURPOSES									
1. Fiscal Monopolies									
1) Thailand Tobacco Monopoly	6,852.28	890.13	5,962.15	16,701.73	14,948.36	1,753.37	265.60	9,931	
2) Government Lottery Office	1,198.00	873.33	324.67	7,051.01	6,956.26	94.75	32.43	835	
Total	8,050.28	1,763.46	6,286.82	23,752.74	21,904.62	1,848.12	298.03	10,766	
2. Public Utilities and Public Services									
- Public Utilities									
1) Electricity Generating Authority of Thailand (1)(2)	97,644.78	73,779.75	23,865.03 (2)	30,120.05	26,775.60	3,344.45 (1)	8,530.02	32,264	
2) Metropolitan Electricity Authority	15,776.65	11,913.10	3,863.55	20,178.14	19,874.25	303.89	1,148.73	10,567	
3) Provincial Electricity Authority	30,668.02	26,868.26	3,799.76	16,464.26	16,226.66	237.60	2,968.56	23,120	
4) Metropolitan Waterworks Authority	14,946.49	12,056.70	2,889.79	3,513.57	3,069.98	443.59	2,566.40	5,952	
5) Provincial Waterworks Authority	5,602.82	1,257.95	4,344.87	1,474.52	1,382.60	91.92	658.48	5,250	
Sub Total	164,638.76	125,875.76	38,763.00	71,750.55	67,329.10	4,421.25	15,872.19	77,153	
Public Services									
1) Expressway and Rapid Transit Authority of Thailand	7,938.63	5,000.87	2,937.76	618.08	356.50	261.58	2,067.52	933	
2) Airports Authority of Thailand	5,286.79	2,608.56	2,678.23	1,389.34	557.71	831.63	1,262.96	2,255	
3) Port Authority of Thailand	3,267.45	465.15	2,802.30	1,555.97	1,184.38	371.59	1,022.01	6,963	
4) State Railway of Thailand	18,511.27	10,005.02	8,506.25	3,366.06	4,472.10	(1,106.04)	1,447.08	26,329	
5) Bangkok Mass Transit Authority	984.53	6,770.97	(5,786.64)	3,135.01	4,232.26	(1,097.25)	148.04	22,255	
6) Telephone Organization of Thailand	32,696.29	26,915.53	5,780.76	8,105.28	5,342.09	2,763.19	9,733.50	17,500	
7) Mass Communication Organization of Thailand	542.95	35.18	507.77	324.58	167.59	156.99	64.00	590	

(1) NET PROFIT FOR EGAT IS NET AFTER DEDUCTING 2,821(B) FOREIGN EXCHANGE LOSSES

(2) EGAT EQUITY IS NET AFTER DEDUCTING [illegible] AND 3,827(B) INCREASE [illegible]

: MILLION BAHT

	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit(Loss)	Capital Expenditure	Total Employee	Note
8) Communications Authority of Thailand	6,331.94	1,392.26	4,939.68	5,068.26	3,412.93	1,655.33	3,500.84	21,414	
9) Aeronautical Radio of Thailand Ltd.	187.72	152.72	35.00	144.68	144.68	-	40.65	480	
10) National Housing Authority	13,653.76	11,590.40	2,063.36	913.31	853.56	59.75	77.11	570	
11) Industrial Estate Authority of Thailand	711.10	444.44	266.66	64.56	185.10	(120.54)	790.08	271	
Sub Total	90,112.23	65,381.10	24,731.13	24,685.13	20,908.90	3,776.23	19,962.79	99,560	
Total	254,750.99	191,256.86	63,494.13	96,435.48	88,238.00	8,197.48	35,834.98	176,733	
3. Established Under Government Policies									
- Financial Institutions									
1) Krung Thai Bank Ltd.	103,300.00	99,231.50	4,068.50	10,277.10	10,119.80	157.30	136.40	9,400	
2) The Government Savings Bank	77,136.46	71,744.20	5,392.26	8,513.91	7,232.16	1,281.75	790.72	7,200	
3) The Government Housing Bank	15,562.14	14,170.37	1,391.77	1,456.15	1,358.75	97.40	77.10	570	
4) Bank of Agriculture and Agricultural Co - operatives	30,879.85	27,990.12	2,889.73	3,500.68	3,345.26	155.42	312.63	6,972	
5) Office of the Public Pawnshop	440.88	176.28	264.60	72.60	43.42	29.18	8.16	212	
Sub Total	227,319.33	213,312.47	14,006.86	23,820.44	22,099.39	1,721.05	1,325.01	24,354	
- Natural Resource Conservation and Exploitation Enterprises									
1) Petroleum Authority of Thailand	38,165.26	27,598.01	10,567.25	38,382.80	36,868.45	1,514.35	2,442.84	3,792	
2) Offshore Mining Organization	425.46	123.15	302.31	419.75	381.01	38.74	40.79	426	
3) Forest Industry Organization	1,740.00	232.00	1,508.00	1,144.14	1,004.14	140.00	107.63	3,779	
Sub Total	40,330.72	27,953.16	12,377.56	39,946.69	38,253.60	1,693.09	2,591.26	3,997	

: MILLION BAHT

	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit(Loss)	Capital Expenditure	Total Employee	Note
Agricultural and Commercial Enterprises									
1) Dairy Farming Promotion Organization of Thailand	363.53	273.25	90.28	598.48	592.40	6.08	90.44	747	
2) Rubber Estate Organization	348.74	202.66	146.08	179.13	174.88	4.25	11.08	2,050	
3) The Marketing Organization For Farmers	3,613.85	4,643.60	(1,029.75)	1,592.79	1,577.10	15.69	52.84	631	
4) Fish Marketing Organization	428.58	193.63	234.95	74.09	71.46	2.63	7.36	326	
5) Cold Storage Organization	394.02	659.40	(265.38)	104.72	165.68	(60.96)	8.09	380	
6). Marketing Organization	74.64	2.82	71.82	21.23	4.76	16.47	0.33	60	
7) Public Warehouse Organization	704.07	56.79	647.28	212.47	244.39	(31.92)	4.46	460	
8) Prajinburi Provincial Co., Ltd.									
9) Lamphoon Provincial Co., Ltd.									
10) Surintr Provincial Co., Ltd.									
11) Thai Plywood Co., Ltd.	798.11	291.86	506.25	706.60	685.64	20.96	34.38	1,645	
12) The Police Printing Press	58.84	1.32	57.52	44.03	32.03	11.98	3.98	126	
13) Playing Cards Factory	14.75	0.70	14.05	24.00	20.50	3.50	1.25	232	
14) Liquor Distillery Organization	513.67	21.44	492.23	373.30	218.94	154.36	184.30	554	
15) Government Pharmaceutical Organization	1,329.89	554.00	775.89	1,891.75	1,721.95	169.80	8.35	1,728	
16) Express Transportation Organization	327.29	593.79	(266.50)	981.11	1,018.50	(37.39)	4.17	3,380	
17) Thai Maritime Navigation Co., Ltd.	134.61	138.78	(4.17)	311.50	322.56	(10.86)	776.40	223	
18) Thai Airways International Co., Ltd.	30,035.04	30,701.42	(666.38)	24,417.80	23,573.44	844.36	5,720.10	11,461	
19) Thai Airways Co., Ltd.	4,037.00	3,222.40	814.60	1,449.72	1,366.78	82.94	1,728.19	1,430	
20) Transport Co., Ltd.	631.41	269.30	362.11	816.26	717.77	98.49	142.54	2,415	
21) Bangkok Dock Co., Ltd.	264.17	125.71	138.46	164.15	131.90	32.25	48.48	155	
Sub Total	44,072.21	41,953.07	2,119.14	33,963.13	32,640.50	1,322.63	8,826.74	28,003	

: MILLION BAHT

	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit(Loss)	Capital Expenditure	Total Employee	Note
- Promotional Bodies									
1) Tourism Authority of Thailand	298.64	80.43	218.21	379.97	322.35	57.62	21.00	606	
2) Sports Authority of Thailand	138.04	4.38	133.66	88.78	85.14	3.64	68.00	400	
3) Zoological Park Organization of Thailand	234.78	1.74	233.04	43.57	37.20	6.37	15.00	397	
4) Institute for the Promotion of Teaching Science and Technology	20.84	-	20.84	33.99	29.18	4.81	7.48	218	
5) Thailand Institute of Scientific and Technological Research	122.45	47.18	75.27	121.07	120.80	0.27	20.65	390	
6) Office of the Rubber Replanting Aid Fund	1,853.31	215.73	1,637.58	1,896.71	1,451.03	445.58	2.99	2,208	
Sub Total	2,668.06	349.46	2,318.60	2,564.09	2,045.70	518.39	133.12	4,419	
Total	314,390.32	283,568.16	30,822.16	100,294.35	95,039.19	5,255.16	12,876.13	64,773	
4. Enterprises Originally Established for National Security Purpose									
1) Preserved Food Organization	58.57	131.87	(73.30)	80.17	89.45	(9.28)	15.37	492	
2) Bang - na Glass Organization	390.06	302.45	87.61	403.81	414.98	(11.17)	8.93	1,637	
3) Textile Organization	511.56	307.04	204.52	446.44	447.77	(1.33)	-	2,895	
4) Battery Organization	187.61	46.09	141.52	157.41	126.48	30.93	19.51	478	
5) Tanning Organization	336.33	158.36	177.97	293.09	280.73	12.36	60.13	806	
Total	1,484.13	945.81	538.32	1,380.92	1,359.41	21.51	88.57	5,708	

: MILLION BAHT

	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit(Loss)	Capital Expenditure	Total Employee	Note
5. Enterprises Established or Acquired for Other Purposes									
1) Dhipaya Insurance Co., Ltd.	271.10	190.00	80.10	416.80	407.00	9.80	-	206	
2) The Syndicate of Thai Hotels and Tourist Enterprises	97.14	44.00	53.14	88.22	88.90	(6.68)	12.22	501	
3) The Cholburi Sugar Corp., Ltd	184.35	176.30	8.05	242.94	274.70	(31.76)	2.14	461	
4) North East Jute Mill Co., Ltd.	168.19	66.23	101.96	342.61	311.17	31.44	1.37	2,879	
5) Sugar Factories Inc.	329.76	70.94	258.82	663.44	689.15	(25.71)	8.41	908	
6) Bang - Pa - In Paper Mill	277.48	175.25	102.25	263.82	271.60	(7.78)	4.47	671	
Total	1,358.02	722.70	635.32	2,011.85	2,042.52	(30.68)	28.61	5,625	
Total	500,053.74	478,276.99	101,776.75	225,875.32	208,583.74	15,291.58	49,126.32	263,663	

Note : This Classification exclude :

- Bank of Thailand
- Bang Chack Petroleum Co., Ltd.
- PTT Exploration and Production Co., Ltd.

Financial Statement and Employees of State Enterprises for 1985

: Million Baht

	No of P.E.S.	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit (Loss)	Total Capital Investments	Total Employees (Head)	Note
1. Fiscal Monopolies	2	8,169.26	3,021.66	5,147.60	22,796.53	21,564.83	1,231.50	339.68	8,958	
2. Public Utilities and Public Services										
- Public Utilities	5	148,632.70	99,455.77	49,177.93	68,254.03	63,487.20	4,766.85	20,303.13	75,861	
- Public Services	11	76,483.84	52,777.72	23,506.12	21,292.26	20,328.29	963.97	12,688.75	98,126	
Sub Total	16	225,116.54	152,433.49	72,683.05	89,546.31	83,815.49	5,730.82	32,991.86	173,987	
3. Established Under Government Policies										
- Financial Institutions	5	202,743.16	190,624.01	12,119.15	23,094.03	21,610.49	1,483.54	675.70	23,029	
- Natural Resource Conservation and Exploitation Enterprises	4	59,281.49	27,735.24	11,546.25	44,125.55	41,565.49	2,560.06	190.28	7,630	
- Agricultural and Commercial Enterprises	18	38,457.54	32,939.05	5,518.49	30,852.68	29,309.06	1,543.62	5,349.40	25,559	
- Promotional Bodies	6	2,062.51	273.49	1,789.02	551.25	820.96	(269.71)	177.81	4,358	
Sub Total	33	282,524.70	251,551.79	30,972.91	98,623.51	93,306.00	5,317.51	6,391.19	60,376	
4. Enterprises Originally Established for National Security Purpose	5	1,593.41	1,006.87	586.54	1,223.28	1,258.68	(35.40)	110.34	5,781	
5. Enterprises Established or Acquired for Other Purposes	7	1,491.44	831.85	659.59	2,134.61	2,214.71	(80.10)	34.68	5,004	
Total	63	518,895.35	408,845.66	110,049.69	214,324.04	202,159.71	12,164.33	39,867.75	254,106	

Financial Statement

1985

: MILLION BAHT

	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit(Loss)	Capital Expenditure	Total Employee	Note
STATE ENTERPRISES CLASSIFIED BY FUNCTIONS OR PURPOSES									
1. Fiscal Monopolies									
1) Thailand Tobacco Monopoly	7,119.91	2,246.04	4,873.87	16,255.45	15,111.57	1,143.88		8,100	
2) Government Lottery Office	1,049.35	775.62	273.73	6,540.88	6,453.26	87.62		858	
Total	8,169.26	3,021.66	5,147.60	22,796.33	21,564.83	1,231.50		8,958	
2. Public Utilities and Public Services									
- Public Utilities-									
1) Electricity Generating Authority of Thailand	90,666.24	55,333.99	35,332.25	28,901.90	25,316.49	3,585.41		31,851	
2) Metropolitan Electricity Authority	14,761.57	10,410.60	4,350.97	19,588.72	19,185.09	403.63		10,411	
3) Provincial Electricity Authority	25,941.13	22,480.24	3,460.89	15,385.48	15,099.66	285.82		22,684	
4) Metropolitan Waterworks Authority	12,748.75	10,471.20	2,277.55	3,132.15	2,787.94	344.21		5,799	
5) Provincial Waterworks Authority	4,515.01	759.74	3,755.27	1,225.80	1,098.02	127.78		5,116	
Sub Total	148,632.70	99,455.77	49,176.93	68,254.05	63,487.20	4,766.85		75,861	
Public Services									
1) Expressway and Rapid Transit Authority of Thailand	5,389.90	2,883.64	2,506.26	575.42	313.94	261.48		853	
2) Airports Authority of Thailand	4,189.85	1,330.67	2,859.18	1,175.05	718.30	456.75		2,140	
3) Port Authority of Thailand	3,301.21	575.32	2,925.89	1,560.72	1,151.35	409.37		6,010	
4) State Railway of Thailand	15,509.63	6,936.41	8,573.22	3,612.25	4,688.81	(1,076.56)		27,281	
5) Bangkok Mass Transit Authority	867.57	5,648.57	(4,781.00)	3,446.16	4,544.28	(1,098.12)		22,418	
6) Telephone Organization of Thailand	27,894.43	22,954.95	5,939.48	5,504.99	4,595.32	909.67		15,881	
7) Mass Communication Organization of Thailand	363.42	39.98	323.44	240.72	153.24	87.48		551	

	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit(Loss)	Capital Expenditure	Total Employee	Note
- Agricultural and Commercial Enterprises									
1) Dairy Farming Promotion Organization of Thailand	318.45	230.47	87.98	405.39	395.92	9.47		926	
2) Rubber Estate Organization	308.56	169.14	139.42	184.35	190.83	(6.48)		352	
3) The Marketing Organization For Farmers	3,073.99	4,584.15	(1,510.16)	1,698.05	1,767.18	(69.13)		502	
4) Fish Marketing Organization	435.89	216.21	219.68	75.10	71.21	3.89		328	
5) Cold Storage Organization	452.91	631.84	(178.93)	95.56	149.18	(53.62)		397	
6) Marketing Organization	67.64	3.12	64.52	20.44	4.39	16.05		50	
7) Public Warehouse Organization	743.02	49.39	693.63	542.47	535.37	7.10		469	
8) Prajinburi Provincial Co., Ltd.	-	-	-	-	-	-		-	
9) Lamphoon Provincial Co., Ltd.	-	-	-	-	-	-		-	
10) Surintr Provincial Co., Ltd.	-	-	-	-	-	-		-	
11) Thai Plywood Co., Ltd.	786.35	330.64	455.71	638.91	673.57	(34.66)		1,592	
12) The Police Printing Press	52.82	3.46	49.36	40.09	29.42	10.67		122	
13) Playing Cards Factory	25.42	8.76	14.66	27.49	21.62	5.87		249	
14) Liquor Distillery Organization	484.15	22.12	462.03	416.78	231.99	184.79		619	
15) Government Pharmaceutical Organization	1,267.47	447.96	819.51	1,732.98	1,544.88	188.10		1,705	
16) Express Transportation Organization	362.17	557.54	(195.37)	878.71	855.41	23.30		3,656	
17) Thai Maritime Navigation Co., Ltd.	158.19	140.62	17.57	170.04	206.15	(36.11)		223	
18) Thai Airways International Co., Ltd.	26,960.14	23,761.95	3,198.39	21,634.94	20,633.00	1,001.14		10,315	
19) Thai Airways Co., Ltd.	2,241.88	1,475.38	766.50	1,411.13	1,194.34	216.79		1,307	
20) Transport Co., Ltd.	553.46	273.37	[illegible]	[illegible]	[illegible]	[illegible]		150	
21) Bangkok Dock Co., Ltd.	147.03	23.33	880.68 123.70	786.17 114.08	699.56 104.24	86.61 9.84		2,409 150	
Sub Total	38,457.54	32,919.05	3,518.49	30,052.68	28,509.06	1,543.62		25,329	

	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit(Loss)	Capital Expenditure	Total Employee	Note
- Promotional Bodies									
1) Tourism Authority of Thailand	221.38	49.08	172.30	268.98	293.69	(24.71)		595	
2) Sports Authority of Thailand	127.17	4.00	123.17	92.63	89.76	2.87		364	
3) Zoological Park Organization of Thailand	114.30	1.09	113.21	44.85	37.60	7.25		326	
4) Institute for the Promotion of Teaching Science and Technology	16.31	0.28	16.03	27.93	24.43	3.50		182	
5) Thailand Institute of Scientific and Technological Research	116.08	40.47	75.61	107.63	107.00	0.63		694	
6) Office of the Rubber Replanting Aid Fund	1,467.27	178.57	1,288.70	9.25	268.48	(259.23)		2,197	
Sub Total	2,062.51	273.49	1,789.02	551.25	820.96	(269.71)		4,358	
Total	282,524.70	251,551.79	30,972.91	98,623.51	93,306.00	5,317.51		60,376	
4. Enterprises Originally Established for National Security Purpose									
1) Preserved Food Organization	45.99	110.00	(64.01)	69.14	94.48	(25.34)		499	
2) Bang - na Glass Organization	398.25	313.14	85.11	383.20	422.66	(39.46)		1,661	
3) Textile Organization	632.87	369.02	263.85	314.82	325.10	(10.28)		2,217	
4) Battery Organization	181.42	52.32	129.10	154.32	124.64	29.68		465	
5) Tanning Organization	334.88	162.39	172.49	301.80	291.80	10.00		877	
Total	1,593.41	1,006.87	586.54	1,223.28	1,258.68	(35.40)		5,781	

	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit(Loss)	Capital Expenditure	Total Employee	Note
5. Enterprises Established or Acquired for Other Purposes									
1) Dhipaya Insurance Co., Ltd.	269.84	193.72	76.12	580.29	564.72	15.57		157	
2) The Syndicate of Thai Hotels and Tourist Enterprises	98.50	39.88	58.62	72.30	87.14	(14.84)		505	
3) The Cholburi Sugar Corp., Ltd	196.63	156.97	39.66	197.59	233.01	(35.42)		478	
4) North East Jute Mill Co., Ltd.	129.28	58.76	70.52	458.53	481.87	(23.34)		2,110	
5) Sugar Factories Inc.	502.05	218.88	283.17	513.04	544.40	(31.36)		885	
6) Bang - Pa - In Paper Mill	218.73	147.91	70.82	261.17	268.29	(7.12)		654	
7) The Marble Co., Ltd.	76.41	15.73	60.68	51.69	35.28	16.41		215	
Total	1,481.44	851.85	659.59	2,134.61	2,214.71	(80.10)		5,004	
Total	518,895.35	408,845.66	110,049.69	214,324.04	202,159.71	12,164.33		254,106	

Note : This Classification exclude :

- Bank of Thailand
- Bang Chack Petroleum Co., Ltd.
- PTT Exploration and Production Co., Ltd.

Financial Statement and Employees of State Enterprises for 1984

: Million Baht

	No of Units	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit (Loss)	Total Capital Investments	Total Employees (Head)	Note
Legal Monopolies	2	7,495.01	2,822.96	4,672.05	21,356.31	20,379.11	977.20	179.26	9,086	
Public Utilities and Public Services										
Public Utilities	5	135,155.40	89,470.91	45,684.49	61,944.56	55,861.74	6,082.82	22,079.21	74,720	
Public Services	11	59,215.55	34,263.87	24,951.68	19,142.52	16,556.39	2,585.93	10,089.60	97,203	
Sub Total	16	194,370.95	123,734.78	70,636.17	81,087.08	72,418.33	8,668.75	32,168.81	171,923	
Established Under Government Policies										
Financial Institutions	5	182,456.43	171,973.14	10,483.29	20,476.90	19,116.05	1,360.85	520.13	21,438	
Natural Resource Conservation and Exploitation Enterprises	4	32,115.64	24,830.93	7,284.71	39,755.12	36,025.56	3,729.56	8,094.58	7,32[illegible]	
Agricultural and Commercial Enterprises	20	36,693.01	30,643.52	6,049.49	27,724.40	25,726.99	1,997.41	4,073.40	[illegible],198	
Promotional Bodies	6	1,630.25	240.63	1,389.62	476.39	657.64	(161.25)	67.59	4,178	
Sub Total	35	252,895.33	227,688.22	25,207.11	88,432.81	81,506.24	6,926.57	12,755.70	39,141	
Enterprises Originally Established for National Security Purpose	5	1,772.23	1,040.58	731.65	1,377.87	1,390.52	(12.65)	47.96	5,922	
Enterprises Established or Acquired for Other Purposes	7	1,677.59	944.65	732.94	1,800.11	1,769.03	31.08	30.30	6,032	
Total	65	458,211.11	356,231.19	101,979.92	194,054.18	177,463.23	16,590.95	45,182.03	252,104	

Financial Statement

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	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit(Loss)	Capital Expenditure	Total Employee	Note
STATE ENTERPRISES CLASSIFIED BY FUNCTIONS OR PURPOSES									
1. Fiscal Monopolies									
1) Thailand Tobacco Monopoly	6,458.83	2,131.23	4,327.60	15,904.25	14,997.15	907.10		8,223	
2) Government Lottery Office	1,036.18	691.73	344.45	5,452.06	5,381.96	70.10		863	
Total	7,495.01	2,822.96	4,672.05	21,356.31	20,379.11	977.20		9,086	
2. Public Utilities and Public Services									
- Public Utilities-									
1) Electricity Generating Authority of Thailand	82,291.88	51,448.19	30,843.69	27,206.43	21,887.10	5,319.33		31,958	
2) Metropolitan Electricity Authority	13,740.66	9,395.87	4,344.79	18,728.27	18,124.87	603.40		10,237	
3) Provincial Electricity Authority	23,225.81	18,330.69	4,895.12	13,389.13	12,920.28	468.85		20,951	
4) Metropolitan Waterworks Authority	11,658.46	9,267.87	2,390.59	1,777.86	2,027.90	(250.04)		5,924	
5) Provincial Waterworks Authority	4,238.59	1,028.29	3,210.30	842.87	901.59	(58.72)		5,[illegible]	
Sub Total	135,155.40	89,470.91	45,684.49	61,944.56	55,861.74	6,082.82		74,720	
Public Services									
1) Expressway and Rapid Transit Authority of Thailand	4,512.58	1,992.35	2,520.23	520.63	240.53	280.10		641	
2) Airports Authority of Thailand	3,465.95	806.70	2,659.25	1,067.60	342.23	725.37		2,095	
3) Port Authority of Thailand	3,178.47	331.32	2,847.15	1,522.89	1,090.18	432.71		5,816	
4) State Railway of Thailand	12,865.72	4,251.65	8,614.07	3,84[illegible]29	3,818.61	(331.32)		27,821	
5) Bangkok Mass Transit Authority	787.07	5,076.32	(4,269.25)	3,064.18	4,303.75	(1,239.57)		22,076	
6) Telephone Organization of Thailand	22,062.72	14,733.08	7,329.64	4,978.34	2,976.96	2,001.38		15,160	
7) Mass Communication Organization of Thailand	286.09	37.04	249.05	211.87	145.71	56.16		548	

	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit(Loss)	Capital Expenditure	Total Employee	Note
8) Communications Authority of Thailand	4,292.76	735.69	3,557.07	3,327.83	2,801.39	526.44		19,526	
9) Aeronautical Radio of Thailand Ltd.	120.93	85.93	35.00	157.85	157.85	-		455	
10) National Housing Authority	6,700.29	5,635.32	1,064.97	725.67	648.58	77.09		2,632	
11) Industrial Estate Authority of Thailand	942.97	578.47	364.50	98.37	50.80	47.57		213	
Sub Total	59,215.55	34,263.87	24,951.68	19,142.52	16,556.59	2,585.93		97,203	
Total	194,370.95	123,734.78	70,636.17	81,087.08	72,418.33	8,668.75		171,923	
Established Under Government Policies									
- Financial Institutions									
1) Krung Thai Bank Ltd.	90,173.09	86,710.28	3,462.81	9,422.20	8,918.65	503.55		8,919	
2) The Government Savings Bank	54,159.05	50,806.43	3,352.62	6,179.67	5,693.88	485.79		5,889	
3) The Government Housing Bank	12,322.01	11,209.68	1,112.33	1,511.45	1,306.90	204.55		428	
4) Bank of Agriculture and Agricultural Co - operatives	25,429.05	23,097.26	2,331.79	3,303.17	3,162.88	140.29		6,029	
5) Office of the Public Pawnshop	373.23	149.49	223.74	60.41	33.74	26.67		175	
Sub Total	182,456.43	171,973.14	10,483.29	20,476.90	19,116.05	1,360.85		21,438	
Natural Resource Conservation and Exploitation Enterprises									
1) Petroleum Authority of Thailand	29,682.17	24,203.47	5,478.70	38,270.50	34,720.35	3,550.15		3,025	
2) Offshore Mining Organization	619.03	360.89	258.14	395.35	339.50	55.63		329	
3) Forest Industry Organization	1,734.40	237.91	1,496.49	987.94	856.08	131.86		3,612	
4) The Mine Organization	80.04	28.66	51.38	101.33	109.63	(8.30)		361	
Sub Total	32,115.64	24,830.93	7,284.71	39,755.12	36,025.56	3,729.56		7,327	

	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit(Loss)	Capital Expenditure	Total Employee	Note
- Agricultural and Commercial Enterprises									
1) Dairy Farming Promotion Organization of Thailand	318.45	230.47	87.98	416.9[illegible]	414.94	2.01		607	
2) Rubber Estate Organization	301.00	149.95	151.05	191.65	183.24	8.41		2,301	
3) The Marketing Organization For Farmers	2,477.67	4,515.89	(2,038.22)	1,986.31	2,846.36	(860.05)		502	
4) Fish Marketing Organization	443.98	224.39	219.59	76.03	73.48	2.55		330	
5) Cold Storage Organization	454.31	564.04	(109.73)	112.82	147.50	(34.68)		413	
6) Marketing Organization	59.70	3.45	56.25	17.82	4.32	13.50		50	
7) Public Warehouse Organization	5,928.25	4,987.28	940.97	885.13	878.00	7.13		781	
8) Prajinburi Provincial Co., Ltd.	-	-	-	-	-	-		-	
9) Lamphoon Provincial Co., Ltd.	-	-	-	-	-	-		-	
10) Surintr Provincial Co., Ltd.	-	-	-	-	-	-		-	
11) Thai Plywood Co., Ltd.	875.45	368.48	506.95	742.73	718.80	23.93		1,768	
12) The Police Printing Press	44.38	2.52	41.86	39.01	29.98	9.03		124	
13) Playing Cards Factory	21.85	8.11	13.74	24.15	19.71	4.44		249	
14) Liquor Distillery Organization	445.85	16.47	429.38	445.01	229.02	215.99		545	
15) Government Pharmaceutical Organization	1,255.63	540.44	715.19	1,689.74	1,495.52	194.22		1,545	
16) Express Transportation Organization	256.60	547.34	(290.74)	702.73	828.77	(126.04)		4,000	
17) Thai Maritime Navigation Co., Ltd.	158.19	140.62	17.57	170.04	206.15	(36.11)		223	
18) Thai Airways International Co., Ltd.	20,792.68	16,678.76	4,113.92	18,050.41	15,923.67	2,126.74		8,500	
19) Thai Airways Co., Ltd.	2,137.82	1,363.33	774.49	1,269.37	961.01	308.36		1,277	
20) Transport Co., Ltd.	454.35	255.33	199.02	690.84	589.90	100.94		2,475	
21) Bangkok Dock Co., Ltd.	151.25	29.20	122.05	91.44	68.09	23.35		153	
22) Alum Organisation	88.88	14.95	73.93	106.04	92.88	13.16		95	
23) Narayn Phand	28.54	2.30	26.24	16.18	15.65	0.53		56	
Sub Total	36,693.01	30,643.52	6,049.49	27,724.40	25,726.99	1,997.41		26,198	

	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit(Loss)	Capital Expenditure	Total Employee	Note
- Promotional Bodies									
1) Tourism Authority of Thailand	231.21	47.91	183.30	227.97	171.81	56.16		569	
2) Sports Authority of Thailand	111.27	8.86	102.21	65.39	60.86	4.53		334	
3) Zoological Park Organization of Thailand	96.48	0.76	95.73	41.99	36.38	5.61		373	
4) Institute for the Promotion of Teaching Science and Technology	12.76	0.23	12.53	25.03	21.33	3.70		181	
5) Thailand Institute of Scientific and Technological Research	100.84	28.37	72.47	98.85	90.69	8.16		93	
6) Office of the Rubber Replanting Aid Fund	1,977.88	154.50	923.38	17.16	256.57	(239.41)		2,228	
Sub Total	1,630.25	240.63	1,389.62	476.39	637.64	(161.25)		4,178	
Total	252,895.35	227,688.22	25,207.11	38,432.81	81,506.24	6,926.37		59,141	
Enterprises Originally Established for National Security Purpose									
1) Preserved Food Organization	61.70	100.14	(38.44)	83.28	101.13	(17.85)		444	
2) Bang - na Glass Organization	651.89	416.96	234.93	470.84	485.15	(14.31)		1,739	
3) Textile Organization	584.86	341.47	243.39	345.89	393.71	(47.82)		2,579	
4) Battery Organization	157.95	40.57	117.38	146.72	117.15	29.57		469	
5) Tanning Organization	315.83	141.44	174.39	331.14	293.38	37.76		891	
Total	1,772.23	1,040.58	731.65	1,377.87	1,390.52	(12.65)		5,922	

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	Total Assets	Total Liabilities	Total Equity	Total Revenues	Total Expenses	Net Profit(Loss)	Capital Expenditure	Total Employee	Note
Enterprises Established or Acquired for Other Purposes									
) Dhipaya Insurance Co., Ltd.	357.98	290.69	67.29	53.84	27.24	26.60		124	
) The Syndicate of Thai Hotels and Tourist Enterprises	99.78	26.32	73.46	85.62	89.28	(3.66)		509	
) The Cholburi Sugar Corp., Ltd	158.82	86.24	72.58	285.56	313.50	(27.94)		493	
) North East Jute Mill Co., Ltd.	190.26	93.06	97.20	415.22	394.52	20.70		2,823	
) Sugar Factories Inc.	606.09	257.83	348.26	659.45	625.91	33.54		1,167	
) Bang - Pa - In Paper Mill	217.72	177.36	40.36	258.44	286.50	(28.06)		701	
The Marble Co., Ltd	46.94	13.15	33.79	41.98	39.08	9.90		215	
Total	1,677.59	944.65	732.94	1,800.11	1,769.03	31.08		5,032	
Total	458,211.11	356,231.19	101,979.92	194,054.18	177,465.23	16,590.95		252,104	

ote : This Classification exclude :

- Bank of Thailand
- Bang Chack Petroleum Co., Ltd.
- PTT Exploration and Production Co., Ltd.