



How is Thai Industrial Location Policy Get Beneficiary under GMSECs?

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Abstract— It can be best explained that although industrial development that Thailand has escalated the country to Newly Industrialized Country, it still fails to disperse industries to its regions. Such failure has been resulted from the deep-seated cause of the Industrial Magnitude of Bangkok Metropolitan Region or BMR; consequently, the BMR leads the country to income disparity and chronic poverty between people in Bangkok and in rural area. This paper provides a descriptive analysis of the changes in industrial structure and spatial concentration that has occurred in Thailand over the period from 1996 to 2005. The location quotient was used to measure its regional specialization. Using this property, it was found that, the decrease in the spatial concentration of manufacturing occurred in Thailand remained stable or lower in a small degree. This indicated that the industrial decentralization policy was less successful. However, some factories were relocated into the GMSECs strategic area, especially economic corridor and logistic route significantly.

Keywords— GMSECs, BOI, Industrial Location Policy, Manufacturing Structure in Thailand.

1. INTRODUCTION

Despite the success of industrialization over years, little emphasis has been placed on the dispersion of industries to rural areas [7, 9]. The industrialization policy and strategy stressed on the importance of import substitution and export oriented industries. As a result, most of the industrialization took place in and around Bangkok Metropolitan Region (BMR) as the economically most efficient location for import substitution and export oriented industries. The concentration of factories in Bangkok then led to mass migration into the capital and ended up with social ills such as slums, environment pollutions, traffic congestion and income disparities [4, 10].

In spite of the problems of congestion and pollutions resulting from the intense concentration of industrial activities, it is found that many factories are still located in the BMR; therefore the fruits of industrialization have not been widely and evenly spread to other regions [6, 9]. Most provinces outside of BMR still depend heavily on activities related to agriculture, whereas incomes remain limited. As shown in Fig.1, the result of industrial concentration effected in BMR precisely shows that in 2005. The disparity of gross regional products (GRP) per capita between BMR, the highest level stood at 275,030 Baht/year, and Northeastern, the lowest level stood at 32,897 Baht/year still remains high. The difference was 8.4 times. This income disparity was

resulted from production in manufacturing and other non-agriculture sectors [3].

2. LITERATURE REVIEW

Industrial Location Policy

Industrial development in Thailand has resulted in economic imbalance and inequality because of the primacy of Bangkok which is among the most primate cities in the world. Its population is 4 times larger than that of the second largest city in Thailand. Bangkok is the centre of population, government, and economic activities [2]. One of the rationale motivating industrial policies of Thailand is to mitigate the consequences from the growth of Bangkok where is the centre of Thailand's economy.

Primate city predominance has become a concern for two reasons. First, Bangkok as a primate city has increased regional inequality in Thailand. Second, infrastructure bottlenecks have necessitated the expansion of industry on the perimeters of the capital city. Further, the pattern of regional expansion appears to be influenced by BOI investment zoning policy. Industrial decentralization is an important tool for creating regional equality. Thus, the Thai government has actively pursued industrial decentralization since 1987, using several initiatives including BOI incentives, financial incentives, and industrial estates like the Eastern Seaboard Development Programme. The locational incentives in government policy may also promote the deconcentration of industrial activity within the greater BMR.

The BOI and the Industrial Estate Authority of Thailand (IEAT) are the primary government agencies shaping industrial location policy. The IEAT oversees industrial estates sponsored by government while the BOI provides incentives based on the type and location of the firm. Most government investment in infrastructure for industry has been in the form of

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