

Chapter 4 SMEs Performance in 2004

4.1 SMEs Contribution to Gross Domestic Product

4.1.1 Structure of Thailand's Gross Domestic Product Growth and Price Index

Table 4.1 Thailand's Gross Domestic Product 2000-2004 by Size of Enterprise

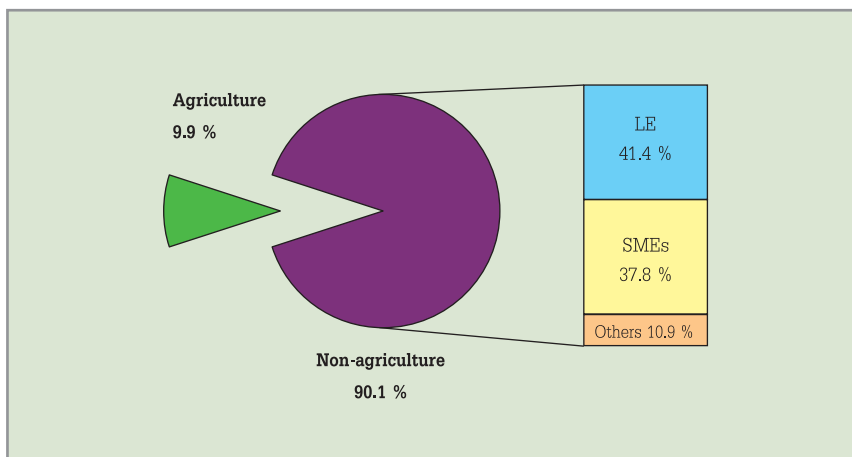
	2000	2001	2002	2003	2004
GDP at market prices (value:THB million)					
National	4,922,731	5,133,502	5,446,043	5,930,362	6,576,834
Agriculture	444,185	468,905	513,094	595,004	651,629
Non-agriculture	4,478,546	4,664,597	4,932,949	5,335,358	5,925,205
- Large Enterprises	1,980,084	2,070,339	2,208,262	2,436,805	2,722,095
- SMEs	1,945,800	2,019,480	2,112,599	2,256,353	2,486,892
• Small Enterprises	1,043,349	1,084,056	1,135,987	1,206,535	1,331,954
• Med. Enterprises	902,451	935,424	976,612	1,049,818	1,154,938
- Other Enterprises	552,661	574,778	612,088	642,199	716,218
GDP at market prices (percentage)					
National	100.0	100.0	100.0	100.0	100.0
Agriculture	9.1	9.2	9.5	10.1	9.9
Non-agriculture	90.9	90.8	90.5	89.9	90.1
- Large Enterprises	40.2	40.3	40.5	41.1	41.4
- SMEs	39.5	39.3	38.8	38.0	37.8
• Small Enterprises	21.2	21.1	20.9	20.3	20.3
• Med. Enterprises	18.3	18.2	17.9	17.7	17.5
- Other Enterprises	11.2	11.2	11.2	10.8	10.9
Real GDP growth (percentage)					
National	4.8	2.2	5.3	6.9	6.1
Agriculture	7.2	3.2	1.0	8.7	-4.4
Non-agriculture	4.5	2.0	5.8	6.7	7.2
- Large Enterprises	4.6	2.1	6.9	8.3	8.1
- SMEs	4.3	1.8	4.7	5.5	7.1
• Small Enterprises	4.1	1.7	4.7	5.0	7.2
• Med. Enterprises	4.6	2.0	4.7	6.1	6.9
- Other Enterprises	4.6	2.8	4.9	3.1	3.1

Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

Thai GDP totaled THB 6.58 trillion in 2004, a THB 646.5 billion increase from the previous year resulting in a real GDP growth rate of 6.1 percent. THB 651.6 billion, or 9.9 percent of the year's GDP, was contributed by the agricultural sector. The remaining THB 5.93 trillion or 90.1 percent was accounted for by the non-agricultural sector. This led to a conclusion that the country's economic structure has not changed in the last 5 years, with the non-agricultural sector continuing its critical roles as source of GDP (Table 4.1).

Figure 4.1 Structure of Thai Gross Domestic Product in 2004



Source: the Office of National Economic and Social Development Board

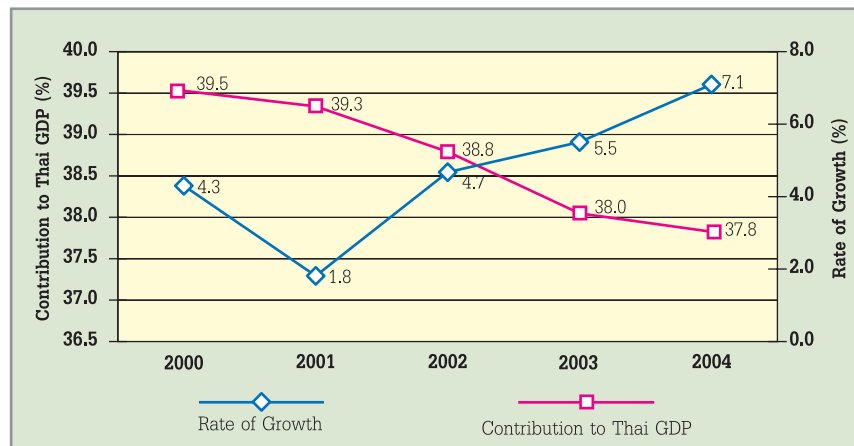
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However, considering the size of enterprise in the non-agricultural sector, Large Enterprises continued to be an important player. In 2004, their contribution totaled THB 2.72 trillion, a THB 285.2 billion or 8.1 percent gain over the foregoing year. Large Enterprises' share of GDP was as high as 41.4 percent, with a trend of continuing growth occurring throughout the last 5 years since 2000 (Figure 4.1).

GDP attributable by SMEs totaled THB 2.49 trillion in 2004. Closer inspections revealed that small enterprises continued to add more value than medium enterprises, with their GDP contribution amounting THB 1.33 trillion, while medium enterprises' share of GDP amounting THB 1.15 trillion. This GDP structure has remained practically unchanged for the last 5 years.

Still, against the previous year, Thai SMEs participation to GDP gained THB 230.5 billion, posting a growth of 7.1 percent, higher than the 5.5 percent in 2003. Although GDP originating from SMEs steadily grew, its proportion in national GDP declined. In 2004 contribution of SMEs to GDP was 37.8 percent, a little lower than the 38.0 percent in 2003 (Figure 4.2).

Figure 4.2 Trends of SMEs Contribution to Thailand's Gross Domestic Product and SMEs Contribution to GDP Growth 2000-2004



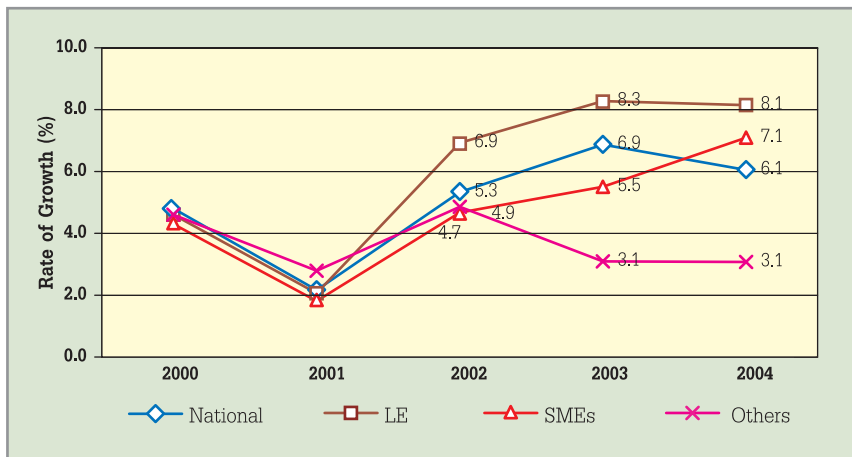
Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

Figure 4.2 illustrated growths in GDP attributable by SMEs between 2000 and 2004 as well as trend of their contribution to national GDP. It is obvious that Thai SMEs

have been developing and growing steadily, reflecting in the expansion of their contribution to GDP. Only in 2001 did their growth tend to slow down, but was positive nonetheless. Significant economic growth by Thai SMEs was registered in 2004 when their rate of 7.1 percent exceeded the country's rate of 6.1 percent growth for the first time since 2000 (Figure 4.3). Despite the declining share of SMEs as source of GDP since 2000 which proved that the roles of Thai SMEs in adding value to the country's economy was receding, their contribution tended to level out in the last 2 years (2003 and 2004).

Figure 4.3 GDP Growth by Size of Enterprise 2000-2004



Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

**Table 4.2 Thailand's Gross Domestic Product Price Index and Growth
2000-2004**

	2000	2001	2002	2003	2004
Gross Domestic Product Price Index (1997 = 100)					
National	163.6	167.0	168.2	171.4	179.1
Agriculture	143.3	146.5	158.7	169.3	192.9
Non-agriculture	166.0	169.4	169.3	171.6	177.7
- Large Enterprises	144.9	148.4	148.1	150.9	155.9
- SMEs	185.9	189.5	189.4	191.8	197.4
• Small Enterprises	192.0	196.2	196.4	198.7	204.6
• Med. Enterprises	179.4	182.4	181.9	184.4	189.7
- Other Enterprises	193.7	196.0	199.1	202.6	219.2
Real GDP growth (percentage)					
National	1.4	2.1	0.7	1.9	4.5
Agriculture	-4.8	2.2	8.3	6.7	13.9
Non-agriculture	2.0	2.1	-0.1	1.4	3.5
- Large Enterprises	1.2	2.4	-0.2	1.9	3.3
- SMEs	3.0	1.9	-0.1	1.2	2.9
• Small Enterprises	2.4	2.2	0.1	1.2	3.0
• Medium Enterprises	3.4	1.7	-0.2	1.3	2.9
- Other Enterprises	1.7	1.2	1.6	1.8	8.2

Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

The 2004 GDP Price Index grew by 4.5 percent compared to 1.9 percent the previous year. The Agriculture Price Index also rose to 13.9 percent compared to 6.7 in 2003. The Non-agriculture Price Index increased by 3.5 percent compared to 1.4 percent in 2003.

Close examinations of Thai GDP Price Index by size of enterprise confirmed that large enterprises' contribution to GDP Price Index posted a 3.3 percent increase compared to 1.9 percent a year earlier. SMEs contribution to GDP Price Index rose to 2.9 percent compared to 1.2 percent in 2003. For small enterprises and medium enterprises, an increase of 3.0 percent was observed in small enterprises' contribution

to GDP Price Index, while that of medium enterprises rose to 2.9 percent, up from the previous year.

4.1.2 Structure of Gross Domestic Product by Main Economic Activity

1) Gross Domestic Product by Economic Activity

Table 4.3 GDP at Market Prices 2000-2004, by Economic Activity

	2000	2001	2002	2003	2004
GDP, by economic activity (THB million)					
National	4,922,731	5,133,502	5,446,043	5,930,362	6,576,834
Agriculture	444,185	468,905	513,094	595,004	651,629
Non-agriculture	4,478,546	4,664,597	4,932,949	5,335,358	5,925,205
- Mining	116,726	126,232	135,851	154,564	174,250
- Manufacturing	1,653,658	1,715,926	1,831,903	2,060,447	2,312,375
- Construction	150,615	154,493	165,705	175,586	204,591
- Trade & Maintenance	847,564	856,098	865,964	914,328	967,789
- Services	1,563,878	1,645,165	1,757,931	1,839,487	2,059,977
• Private Services	1,352,833	1,423,004	1,513,200	1,577,406	1,766,589
• Public Services	211,045	222,161	244,731	262,081	293,388
- Electric, Gas, and Water Supply	146,105	166,683	175,595	190,946	206,223
SMEs GDP, by economic activity (THB million)					
SMEs	1,945,800	2,019,480	2,112,599	2,256,354	2,486,892
- Mining	57,277	61,942	66,662	75,845	85,504
- Manufacturing	469,767	496,151	529,764	595,856	668,711
- Construction	110,744	113,313	120,769	127,970	149,110
- Trade & Maintenance	716,847	724,662	733,449	774,412	819,692
- Services	561,644	589,884	626,808	644,051	722,597
• Private Services	561,644	589,884	626,808	644,051	722,597
• Public Services	0	0	0	0	0
- Electric, Gas, and Water Supply	29,521	33,528	35,147	38,220	41,278

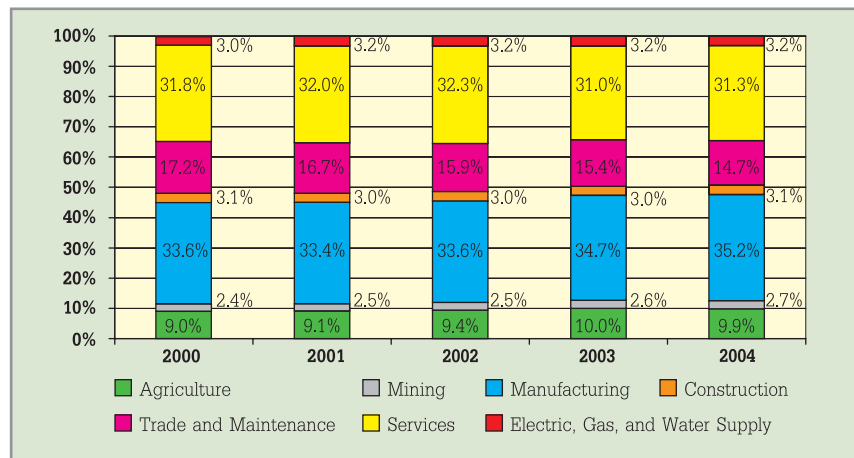
Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

• Structure of Thailand’s Gross Domestic Product and SMEs’ contribution to Gross Domestic Product in the Last 5 Years (2000-2004)

The structure of Thai GDP in the last 5 years proved that manufacturing remained the most important sector in Thai economy. Each year, its GDP steadily grew from 33.6 percent in 2000 to 35.2 in 2004. The services sector, the country’s second source of income, tended to be leveled off. Its shares in total GDP in the last 5 years were in a range of 31-32 percent. The third important sector was trade and maintenance. Its participation in GDP began to decline since 2000. In 2004, the share of the sector in generating GDP was merely 14.7 percent, down from 17.2 percent the previous year (see Figure 4.4).

Figure 4.4 Structure of Thai GDP by Economic Activity 2000-2004



Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

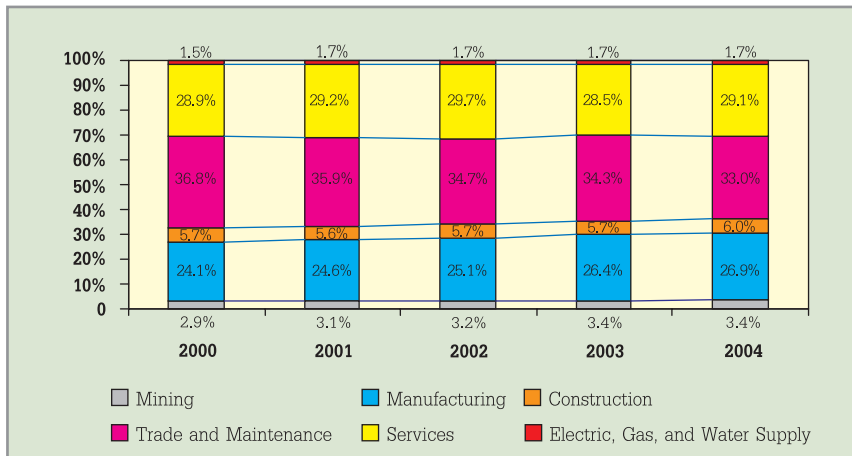
Records showed that in the last 5 years (2000-2004) trade and maintenance was the most important economic activity in creating SMEs contribution to GDP, trailed by services and manufacturing. The structure was remarkably different from the

national GDP. SMEs' proportion in GDP also changed during the last 5 years so that, even though manufacturing remained its third important sector, its contribution to SMEs' participation to GDP continued to increase each year. The proportion of manufacturing GDP kept expanding since 2000, growing from 24.1 percent in 2000 to 26.9 percent in 2004.

In contrast, the trade and maintenance sector which held the greatest share in GDP was experiencing a downturn in contribution to GDP. Its proportion was reduced from 36.8 percent in 2003 to 33 percent in 2004. Meanwhile, contribution by services remained steady in the range of 28.9-29.7 percent throughout the last 5 years.

This analysis of the structure of SMEs participation to GDP, however, did not include the GDP accounted for by the agricultural sector (Figure 4.5).

Figure 4.5 Structure of SMEs Participation in GDP by Economic Activity 2000-2004



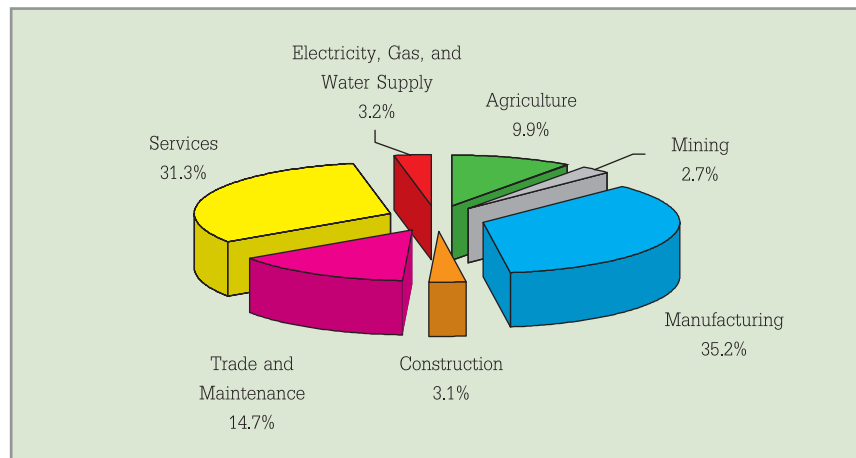
Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

• **Structure of Thailand's Gross Domestic Product and SMEs**
Contribution to Gross Domestic Product in 2004

Thai GDP valued THB 6.58 trillion in 2004. According to economic activity, the greatest proportion of GDP, THB 2.31 trillion, was generated by the manufacturing sector. Services was the second biggest sector at THB 2.06 trillion. Trade and maintenance was the third at THB 967.8 billion. Agriculture followed with THB 651.6 billion in value. Electricity, gas, and water supply was the fifth at THB 206.2 billion. Construction and mining were the two smallest sectors with THB 204.6 and 174.3 billion in value respectively. The structure of Thai GDP in 2004 is as shown in Figure 4.6.

Figure 4.6 Structure of Thai GDP by Economic Activity 2004



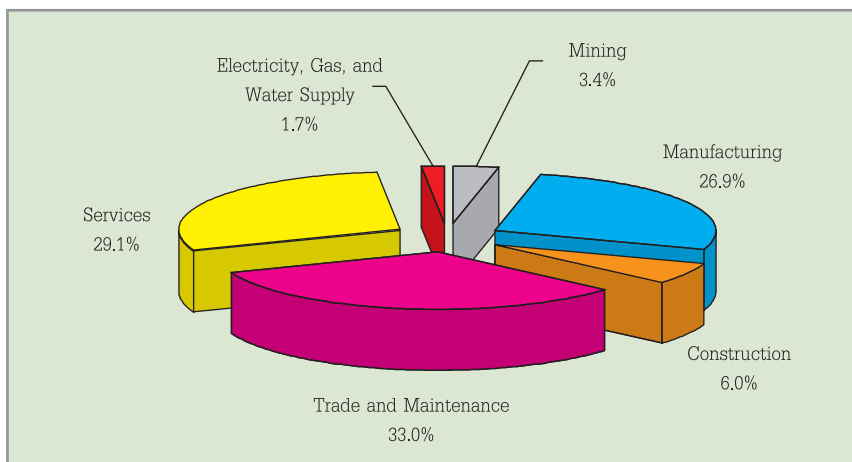
Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

Of the THB 2.49 trillion GDP contributed by SMEs in 2004, trade and maintenance held the greatest proportion at THB 819.7 billion. The services sector was the second at THB 722.6 billion, followed by manufacturing at THB 668.7 THB billion

and construction at THB 149.1 billion. The smallest two sectors were mining, with its THB 85.5 billion, and electricity, gas, and water supply, with THB 41.3 billion contribution to SMEs' share of GDP as illustrated in Figure 4.7.

Figure 4.7 Structure of SMEs Contribution to GDP by Economic Activity 2004



Source: the Office of National Economic and Social Development Board
Compiled by: the Office of Small and Medium Enterprises Promotion

• Thailand's and SMEs Source and Contribution to Growth 2004

Table 4.4 2003-2004 Source of Growth; National and SMEs

Economic Activities	2003		2004	
	SMEs	National	SMEs	National
Total	5.5%	6.9%	7.1%	6.1%
- Agriculture	N/A	0.8%	N/A	-0.4%
- Mining	0.2%	0.2%	0.2%	0.1%
- Manufacturing	2.6%	3.5%	2.2%	2.9%
- Construction	0.2%	0.1%	0.7%	0.4%
- Trade & Maintenance	1.2%	0.6%	1.0%	0.5%
- Services	1.2%	1.6%	2.9%	2.5%
- Electricity, Gas, and Water Supply	0.1%	0.1%	0.1%	0.2%

Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

Table 4.5 2003-2004 Contribution to Growth; National and SMEs

Economic Activities	2003		2004	
	SMEs	National	SMEs	National
- Agriculture	N/A	11.9%	N/A	-7.2%
- Mining	3.9%	2.5%	2.5%	2.3%
- Manufacturing	47.8%	50.8%	31.3%	47.3%
- Construction	3.4%	1.5%	10.0%	6.2%
- Trade & Maintenance	22.3%	8.2%	14.4%	7.6%
- Services	21.2%	22.9%	40.3%	41.0%
- Electricity, Gas, and Water Supply	1.4%	2.2%	1.4%	3.0%

Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

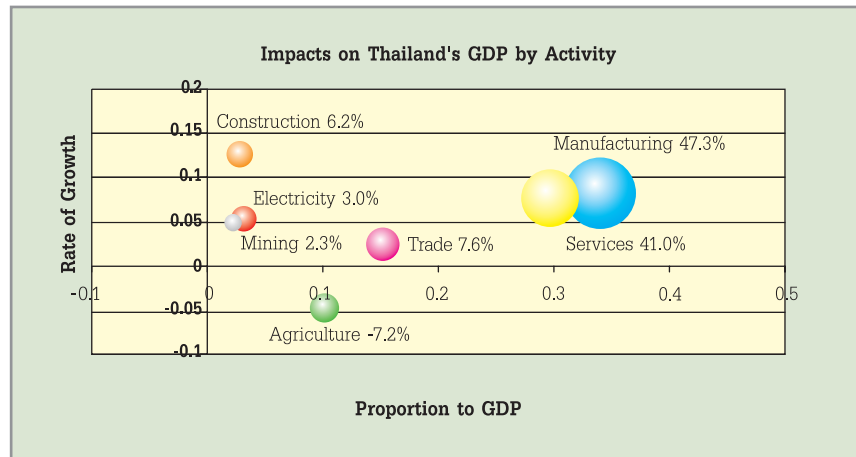
Table 4.4 and 4.5 show that, among the most important economic activities affecting Thailand's economic expansion rate of 6.1 percent in 2004, manufacturing was the one with the greatest source of growth at 47.3 percent, followed by services and trade at 41.0 and 7.6 percent respectively.

The proportion of manufacturing and services GDP to national GDP were quite similar (35 and 31 percent respectively). However, their impact on the country's economic expansion varied, owing to the different rates of GDP growth by each economic activity. In 2004, manufacturing was found to expand by 8.3 percent, while services grew by 5.3 percent. Agriculture, on the contrary, shrank by 4.4 percent, causing negative effects on overall economic expansion by as much as 7.2 percent.

Considering important economic activities affecting growth of SMEs contribution to GDP, it was found that the 7.1 percent growth of SMEs' share of GDP in 2004 was mainly caused by expansion in services sector. Its effect created as high as 40.3 percent impact on the expansion of SMEs' share of GDP, while that of manufacturing created a 31.3 percent impact. In contrast to this, the trade and maintenance sector which held the greatest proportion in SMEs' share of GDP only created a 14.4 percent impact on SMEs contribution to GDP.

Figure 4.8 and 4.9 illustrated the impact on GDP growth and the expansion of SMEs contribution to GDP created by different economic activities. The X axis represents the proportion to GDP, Y axis represents the rate of growth, and the globes represent individual economic activities, with their sizes reflecting their impact on economic expansion.

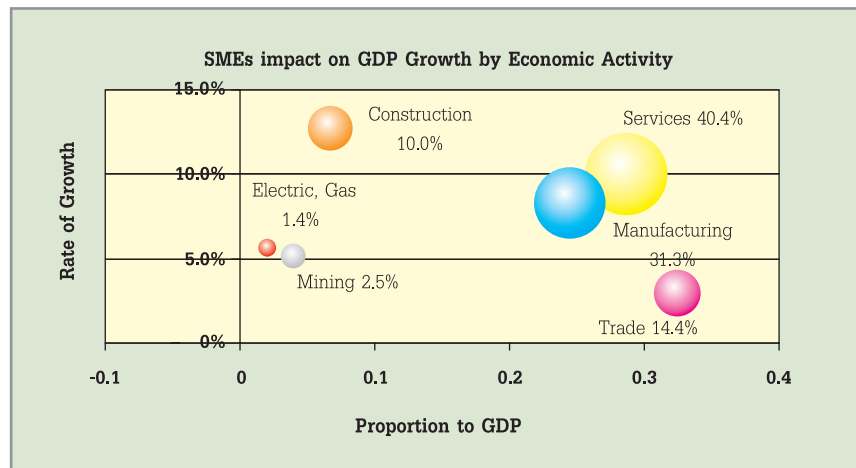
Figure 4.8 Impacts on GDP Growth by Economic Activity 2004



Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

Figure 4.9 SMEs Impacts on GDP Growth by Economic Activity 2004



Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

A comparison of impacts created by different economic activities affecting national GDP growth and SMEs contribution to GDP growth led to a conclusion that services and manufacturing are the two economic activities with the highest contribution to GDP and the highest rate of growth. Consequently, they could create considerable impacts on the country's economic growth. However, in SMEs' perspective, it was the services sector that has even greater impacts than manufacturing, which is completely contradictory to national's perspective.

The trade sector, on the contrary, had limited roles in national GDP and GDP growth. Even though it held the greatest proportion in SMEs contribution to GDP, its slow rate of expansion kept its impact on the share of SMEs in the country's GDP growth below that of the services and manufacturing sectors.

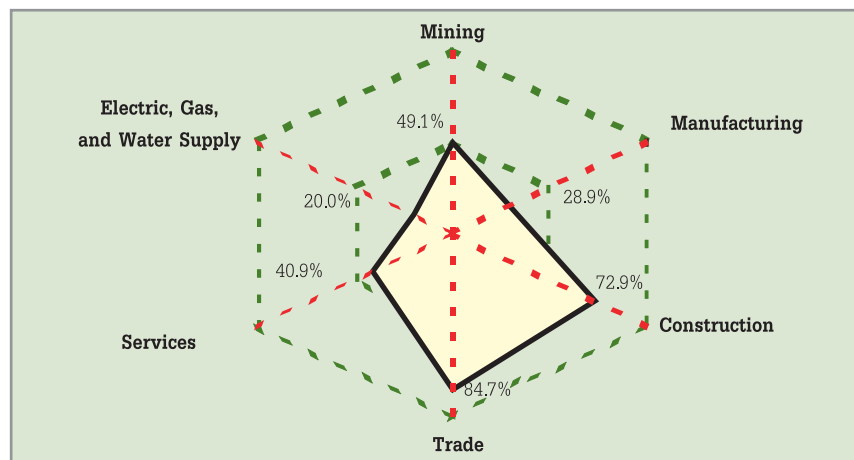
It is critical that high priority be set for building capacities and creating opportunities for entrepreneurs in the trade sector. Despite the fact that the sector's roles in Thai economy are currently not significant, an overwhelming 99.8 percent of the trade sector entrepreneurs are SMEs. These SMEs already accounted for more than 85 percent of the sector's GDP.

In addition, trade is the economic activity that creates links between manufacturers and consumers. It is common in developed economies that the trade sector plays an important role underpinning the economy to accommodate expansion of the manufacturing sector and consumer demands. In Thailand, the trade sector is experiencing multi-national discount stores foray. Their advantages on determining retail price make it difficult for Thai wholesale and retail trade entrepreneurs to compete with. This prompted the government to execute measures to reduce constraints and help the trade entrepreneurs. Though the Allied Retail Trade Co., Ltd. - ART was established to provide Thai entrepreneurs with alternatives, it is necessary for relevant agencies to collaborate in order to create additional solutions.

In summary, the share of SMEs in GDP compared to total GDP by each economic activity showed that the SMEs' most significant role is in the trade and maintenance sector. Over 85 percent of the sector's GDP was attributable by SMEs. Slightly less remarkable was construction and mining, where SMEs contribution to GDP stood at 73 and 49 percent respectively.

In contrast to this, it is found that in other important sectors i.e. manufacturing and services, the proportion of SMEs was at only 29 and 41 percent respectively. This reflected the fact that Thai SMEs are yet to take leading roles in the country's economy. At present, they accounted for less than half of GDP in two major economic activities, as shown in Figure 4.10.

Figure 4.10 Proportion of SMEs Contribution to GDP in Various Economic Activities 2004



Source: the Office of National Economic and Social Development Board
Compiled by: the Office of Small and Medium Enterprises Promotion

2) Structure of Gross Domestic Product by Economic Activity

2.1) Manufacturing Sector

Table 4.6 2000-2004 Distribution of Gross Domestic Product in Manufacturing Sector

	2000	2001	2002	2003	2004
GDP (THB million)					
National	4,922,731	5,133,502	5,446,043	5,930,362	6,576,834
Manufacturing	1,653,658	1,715,926	1,831,903	2,060,447	2,312,375
- SMEs	469,767	496,151	529,764	595,856	668,711
• Small Enterprises	177,036	186,045	197,739	222,408	249,602
• Medium Enterprises	292,731	310,106	332,025	373,448	419,109
- Large Enterprises	1,183,891	1,219,775	1,302,139	1,464,591	1,643,664
Contribution of Manufacturing Sector to GDP					
	33.6%	33.4%	33.6%	34.7%	35.2%
Contribution of Different Sizes of Enterprises to Manufacturing Sector's GDP					
- SMEs	28.4%	28.9%	28.9%	28.9%	28.9%
• Small Enterprises	10.7%	10.8%	10.8%	10.8%	10.8%
• Medium Enterprises	17.7%	18.1%	18.1%	18.1%	18.1%
- Large Enterprises	71.6%	71.1%	71.1%	71.1%	71.1%

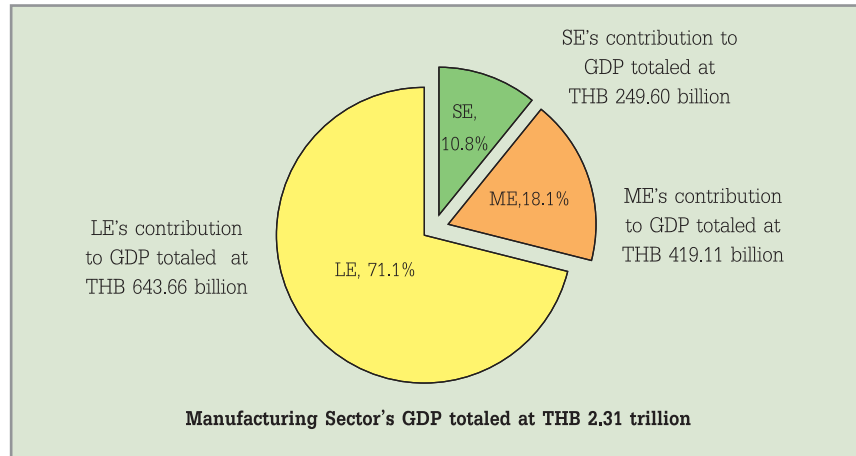
Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

• Overview of GDP Structure in the Manufacturing Sector

In 2004, the Thai manufacturing sector was able to create THB 2,312.4 billion in GDP, a contribution of 35.2 percent of the country's overall GDP. Large enterprises held the greatest proportion of it with 71.1 percent, THB 1,643.7 billion in value. This was THB 179 billion more than what it created in 2003. SMEs were accounted for 28.9 percent of manufacturing GDP, creating THB 668.7 billion in value. Small enterprises helped generate 10.8 percent of it or THB 249.6 billion in value, while another 18.1 percent or THB 419.1 billion was from medium enterprises (Figure 4.11).

Figure 4.11 Structure of Manufacturing Sector's GDP in 2004 by Size of Enterprise



Source: the Office of National Economic and Social Development Board
Compiled by: the Office of Small and Medium Enterprises Promotion

Table 4.7 Structure of Manufacturing Sector in 2004 by Size of Enterprise and Industry

(Unit: THB million)

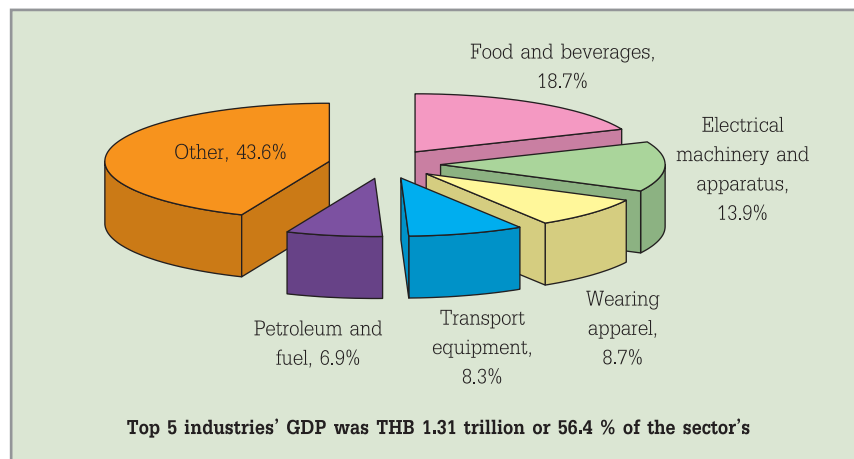
Industry	Small Enterprises		Medium Enterprises		SMEs		Large Enterprises			Total	
	Value	Contribution to Sector's Net GDP	Value	Contribution to Sector's Net GDP	Value	Contribution to Sector's Net GDP	Value	Contribution to Sector's Net GDP	Value	Contribution to Sector's Net GDP	Value
Food and beverages	63,308	25.4%	86,784	20.7%	150,041	22.4%	282,267	17.2%	432,309	65.3%	18.7%
Electrical machinery and apparatus	6,549	2.6%	17,643	4.2%	24,192	3.6%	296,591	18.0%	320,783	92.5%	13.9%
Clothing	30,947	12.4%	31,611	7.5%	62,558	9.4%	137,842	8.4%	200,400	68.8%	8.7%
Transport equipment	15,281	6.1%	43,647	10.4%	58,928	8.8%	132,637	8.1%	191,566	69.2%	8.3%
Petroleum and fuel	1,491	0.6%	4,664	1.1%	6,155	0.9%	154,119	9.4%	160,274	96.2%	6.9%
Textiles	20,167	8.1%	27,913	6.7%	48,080	7.2%	91,292	5.6%	139,372	65.5%	6.0%
Chemicals	14,457	5.8%	31,449	7.5%	45,906	6.9%	58,585	3.6%	104,491	56.1%	4.5%
Non-metal mineral products	15,559	6.2%	21,772	5.2%	37,331	5.6%	60,834	3.7%	98,165	62.0%	4.2%
Machinery and equipment	8,236	3.3%	17,846	4.3%	26,082	3.9%	66,904	4.1%	92,986	72.0%	4.0%
Articles of leather, bags, and footwear	8,323	3.3%	20,644	4.9%	28,967	4.3%	54,747	3.3%	83,714	65.4%	3.6%
Rubber and plastics	4,831	1.9%	21,492	5.1%	26,323	3.9%	54,324	3.3%	80,647	67.4%	3.5%
Fabricated metal	12,502	5.0%	22,948	5.5%	35,449	5.3%	28,630	1.7%	64,080	44.7%	2.8%
Paper and products	4,102	1.6%	13,487	3.2%	17,589	2.6%	30,240	1.8%	47,829	63.2%	2.1%
Tobacco products	4,003	1.6%	2,164	0.5%	6,167	0.9%	37,350	2.3%	43,518	85.8%	1.9%
Base metal	2,830	1.1%	9,068	2.2%	11,898	1.8%	12,732	0.8%	24,630	51.7%	1.1%
Printing etc.	6,698	2.7%	3,317	0.8%	10,015	1.5%	10,599	0.6%	20,614	51.4%	0.9%
Wood and wood products	2,129	0.9%	4,200	1.0%	6,329	0.9%	4,165	0.3%	10,494	39.7%	0.5%
Others	28,190	11.3%	38,509	9.2%	66,700	10.0%	129,805	7.9%	196,505	66.1%	8.5%
Total	249,602	100.0%	419,109	100.0%	668,711	100.0%	1,643,664	100.0%	2,312,375	71.1%	100.0%

Source: the Office of National Economic and Social Development Board
Compiled by: the Office of Small and Medium Enterprises Promotion

• **Structure of the Manufacturing Sector by Size of Enterprise and Manufacturing Division (International Standard Industrial Classification - ISIC 2 digit codes)**

This part deals with analysis of the SMEs' roles in 5 top industries in terms of contribution to GDP.

Figure 4.12 Top 5 Industries in terms of GDP Contribution in 2004



Source: the Office of National Economic and Social Development Board

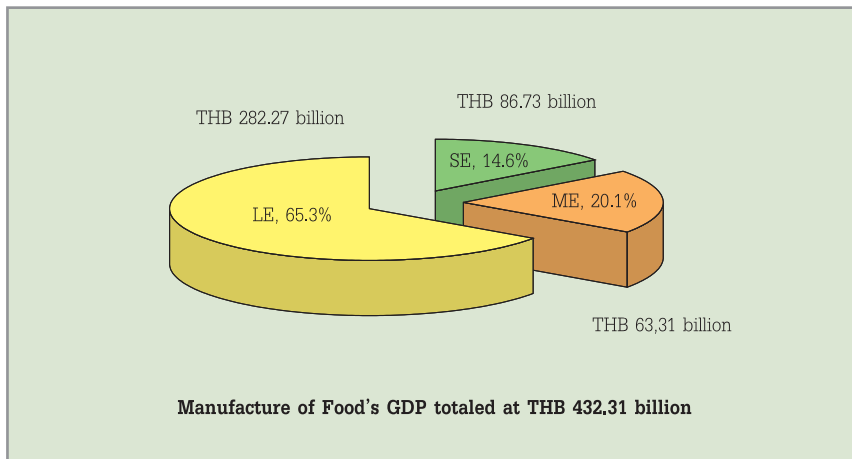
Compiled by: the Office of Small and Medium Enterprises Promotion

1) Manufacture of Food Products and Beverages

Figure 4.12 shows that food and beverages manufacturing was the most important industry in the sector generating THB 432.3 billion in value or a contribution of 18.7 percent of the sector's GDP. Determining by size, large enterprises held the biggest share in the industry, accounting for 65.3 percent or THB 282.3 billion in value. SMEs created 34.7 percent of the industry's GDP with THB 150 billion in value, 14.6 percent of which belonged to small enterprises, and 20.1 percent attributable by their medium counterparts.

The role of small enterprises in food manufacturing industry was so remarkable it ranked the highest in all industries. Their contribution by this industry alone was as high as 25.4 percent of the total small enterprises' contribution to the sector's GDP. A similar structure also occurred in medium enterprises, where their contribution to GDP by manufacture of food accounted for 20.7 percent of their total contribution to the sector's GDP.

Figure 4.13 Structure of Food and Beverages Industry's GDP in 2004 by Size of Enterprise



Source: the Office of National Economic and Social Development Board
Compiled by: the Office of Small and Medium Enterprises Promotion

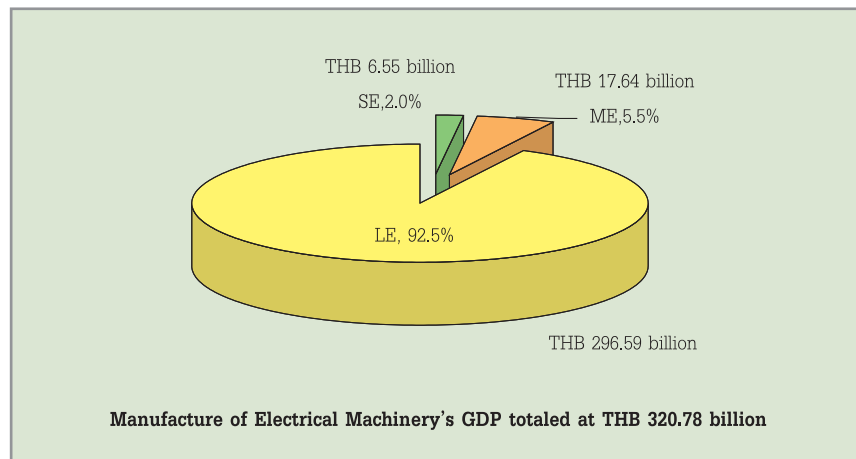
2) Manufacture of Electrical Machinery and Apparatus

In terms of value, the electrical machinery and apparatus industry ranked second in its sector in 2004. Its GDP totaled THB 320.8 billion, accounting for 13.9 percent of the manufacturing sector's GDP. Although the industry generated the second highest GDP value, the role of its SMEs was kept at minimal. About 92.5 percent of its GDP, or THB 296.6 billion in value, was created by large enterprises. The remaining 7.5

percent which belonged to SMEs was THB 24.2 billion in value, and could be divided to 2 percent from small enterprises and 5.5 percent from medium enterprises.

This made it the industry with the second least SMEs' impacts, after petroleum and fuel only.

Figure 4.14 Structure of Electrical Machinery and Apparatus Industry's GDP in 2004 by Size of Enterprise



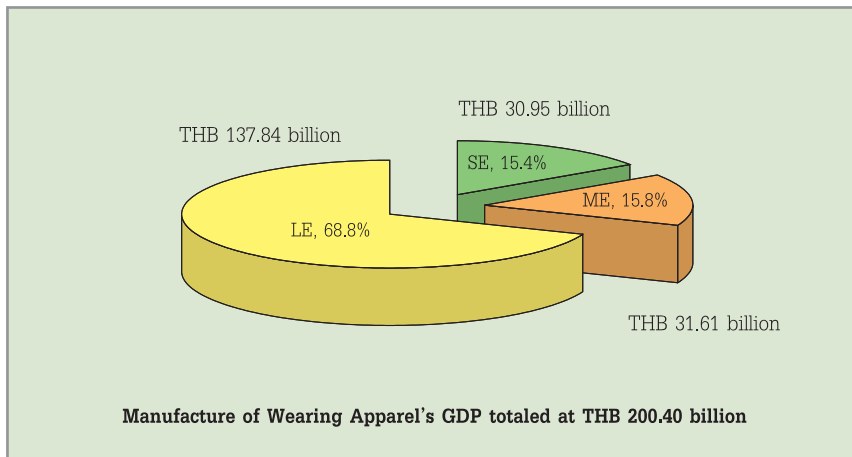
Source: the Office of National Economic and Social Development Board
Compiled by: the Office of Small and Medium Enterprises Promotion

3) Manufacture of Wearing Apparel

Manufacture of wearing apparel created a total of THB 200.40 billion in GDP in 2004, accounting for 8.7 percent of the manufacturing sector's GDP. Large enterprises contributed THB 137.8 billion or over 69 percent of the sector's total, while SMEs accounted for the remaining 31 percent or THB 62.6 billion. SMEs contributions could be further divided to 15 percent created by small enterprises and 16 percent by their medium counterpart.

Comparing small enterprises' and medium enterprises' contribution to GDP in the industry with other industries, it ranked among the top. Wearing apparel manufacturing small enterprises created THB 30.9 billion in value, the second after only beverage manufacturing industry. In the same manner, the industry's medium enterprises contributed THB 31.6 billion in value, making it the third important industry after food and beverages and transport equipment.

Figure 4.15 Structure of Wearing Apparel Industry's GDP in 2004 by Size of Enterprise



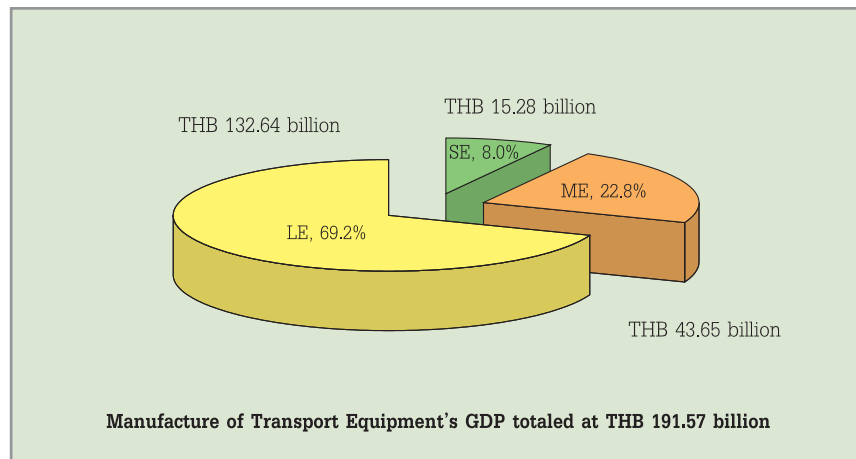
Source: the Office of National Economic and Social Development Board
Compiled by: the Office of Small and Medium Enterprises Promotion

4) Manufacture of Transport Equipment

The industry was the fourth largest in manufacturing in 2004 with contribution to GDP of THB 191.6 billion or 8.3 percent of the sector's total GDP. About 69.2 percent of its contribution, or THB 132.6 billion, was created by large enterprises. The remaining 30.8 percent was created by SMEs and could be divided to 8 percent from small enterprises and 22.8 percent from medium enterprises.

Comparing value created by transport equipment manufacturing small enterprises and medium enterprises with other industries, it was found that the industry's small enterprises accounted for about 6.1 percent of small enterprises' total contribution to GDP. Transport equipment medium enterprises held a 10.4 percent share in medium enterprises' total contribution to GDP. The industry ranked second in terms of GDP value attributable to medium enterprises.

Figure 4.16 Structure of Transport Equipment Industry's GDP in 2004 by Size of Enterprise



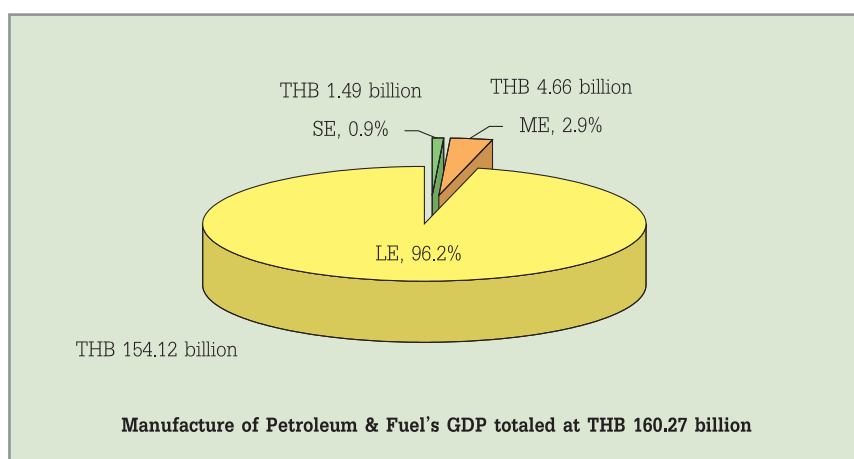
Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

5) Manufacture of Petroleum Products and Fuel

The industry's GDP value was THB 160.3 billion in 2004, representing a 6.9 percent share in manufacturing sector's GDP. More than 96 percent of its contribution, or THB 154.1 billion, was created by large enterprises. Only 3.8 percent of the industry's contribution to GDP was created by SMEs, of which 0.9 percent originated from small enterprises and 2.9 percent from medium enterprises. This was the smallest share of SMEs contribution among different industries.

Figure 4.17 Structure of Petroleum Products and Fuel Industry's GDP in 2004 by Size of Enterprise



Source: the Office of National Economic and Social Development Board
Compiled by: the Office of Small and Medium Enterprises Promotion

• **Structure of Manufacturing Sector's GDP by Size of Enterprise**

1) **Small Enterprise - SE**

Table 4.8 Top 5 Contribution of SE to Manufacturing's GDP in 2004 by Industry

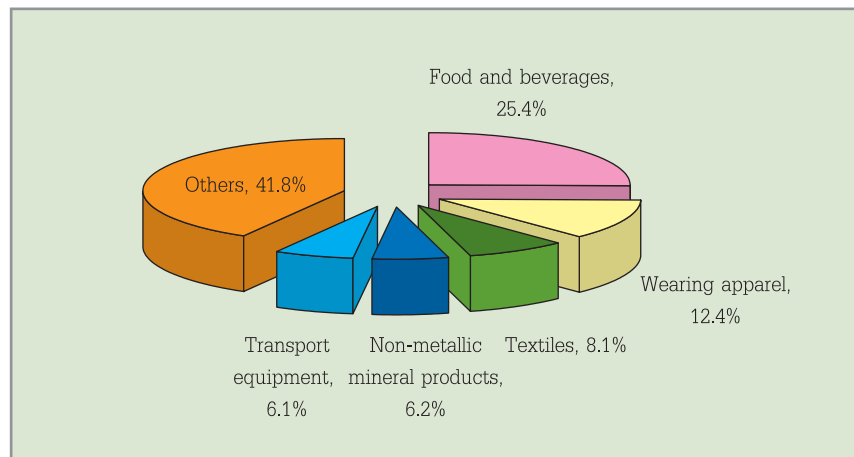
Industries	Contribution of SE in value (THB million)	Contribution of SE to the Sector's GDP
Food and beverages	63,308	25.4%
Wearing apparel	30,947	12.4%
Textiles	20,167	8.1%
Non-metallic mineral products	15,559	6.2%
Transport equipment	15,281	6.1%
Total of top 5 industries	145,262	58.2%
Others	104,340	41.8%
Total	249,602	100.0%

Source: the Office of National Economic and Social Development Board
Compiled by: the Office of Small and Medium Enterprises Promotion

Table 4.8 shows a total of THB 249.60 billion contribution to GDP created by manufacturing small enterprises in 2004. The top 5 industries together generated THB 145.26 billion of GDP, 58.2 percent of the total GDP by the sector. Food and beverages was the sector's biggest industry accounting for 25.4 percent of its GDP.

The sector's top three industries were also considered Thailand's major industries. However, it is notable that small enterprises in these industries still had minimal roles and contribution.

Figure 4.18 Structure of Top 5 Contribution of SE to GDP in 2004



Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

2) Medium Enterprises - ME

**Table 4.9 Top 5 Contribution of ME to Manufacturing's GDP in 2004
by Industry**

Industries	Contribution of ME in value (THB million)	Contribution of ME to the Sector's GDP
Food and beverages	86,743	20.7%
Transport equipment	43,647	10.4%
Wearing apparel	31,611	7.5%
Chemicals	31,449	7.5%
Textiles	27,913	6.7%
Total of top 5 industries	221,354	52.8%
Others	197,755	47.2%
Total	419,109	100.0%

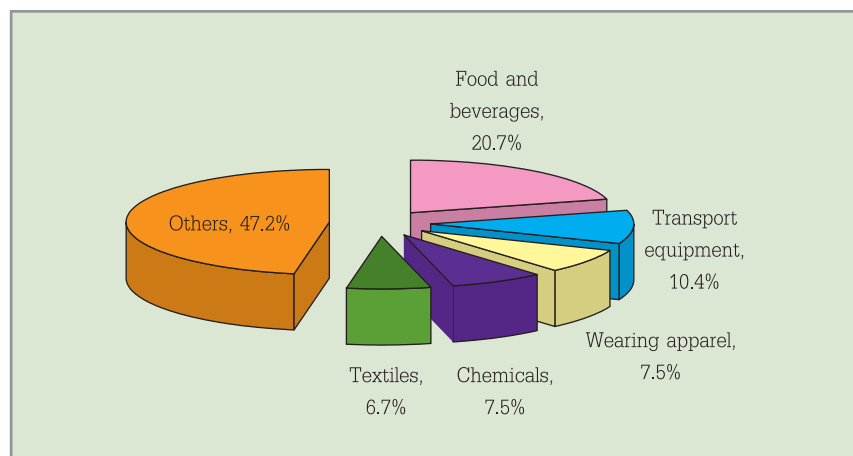
Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

Table 4.9 shows the sector's GDP of THB 419.11 billion originating from medium enterprises in 2004. Manufacturing's top 5 industries created THB 221.4 billion of GDP, or 52.8 percent of its total. Manufacture of food and beverage was the biggest industry for medium enterprises in terms of GDP value as it was for small enterprises. In 2004 its GDP was THB 86.3 billion, or 20.7 percent of the manufacturing medium enterprises' contribution to GDP.

Transport equipment was the second industry in terms of GDP value. Its contribution was at 10.4 percent, followed by wearing apparel, chemicals, and textiles industry, which shared 7.5, 7.5, and 6.7 percent respectively. The structure of medium enterprises' contribution to GDP was as illustrated in Figure 4.19.

Figure 4.19 Structure of Top 5 Contribution of ME to GDP in 2004



Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

3) Small and Medium Enterprises - SMEs

Table 4.10 Top 5 Contribution of SMEs to Manufacturing's GDP in 2004 by Industry

Industries	Contribution of SMEs in value (THB million)	Contribution of SMEs to the Sector's GDP
Food and beverages	105,041	22.4%
Wearing apparel	62,558	9.4%
Transport equipment	58,928	8.8%
Textiles	48,080	7.2%
Chemicals	45,906	6.9%
Total of top 5 industries	365,513	54.7%
Others	303,198	45.3%
Total	668,711	100.0%

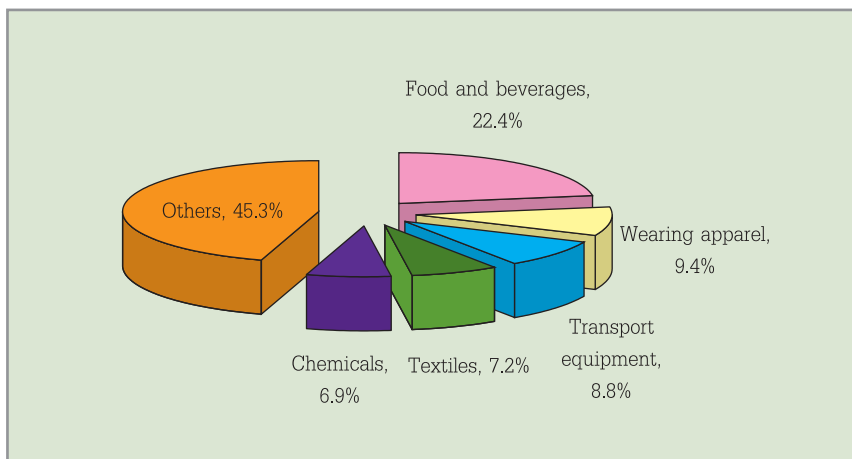
Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

Table 4.10 recorded that SMEs contribution to GDP in the manufacturing sector was at THB 668.7 billion in 2004. The top 5 industries combined made THB 365.5 billion or 54.7 percent of total SMEs contribution to GDP. Food and beverages was the industry with the highest value of contribution to GDP, holding a 22.4 percent share of the total SMEs contribution to the manufacturing sector's GDP.

Wearing apparel ranked second in terms of value, generating 9.4 percent of total SMEs contribution to GDP in the sector. Following are transport equipment, textiles, and chemicals sharing 8.8, 7.5, and 6.9 percent of the total contribution respectively.

Figure 4.20 Structure of Top 5 Contribution of SMEs to GDP in 2004



Source: Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

2.2) Trade and Maintenance Sector

Table 4.11 2000-2004 Distribution of Gross Domestic Product in Trade and Maintenance Sector

	2000	2001	2002	2003	2004
GDP (THB million)					
National	4,922,731	5,133,502	5,446,043	5,930,362	6,576,834
Trade and Maintenance	847,564	856,098	865,964	914,328	967,789
- SMEs	716,847	742,662	733,449	774,411	819,692
• Small Enterprises	366,741	372,082	377,570	398,657	421,967
• Medium Enterprises	350,106	352,580	355,879	375,754	397,725
- Large Enterprises	130,717	131,436	132,515	139,916	148,097
Contribution of Trade and Maintenance Sector to GDP					
	17.2%	16.7%	15.9%	15.4%	14.7%
Contribution of Different Sizes of Enterprises to the Trade and Maintenance Sector's GDP					
- SMEs	84.6%	84.7%	84.7%	84.7%	84.7%
• Small Enterprises	43.3%	43.5%	43.6%	43.6%	43.6%
• Medium Enterprises	41.3%	41.2%	41.1%	41.1%	41.1%
- Large Enterprises	15.4%	15.4%	15.3%	15.3%	15.3%

Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

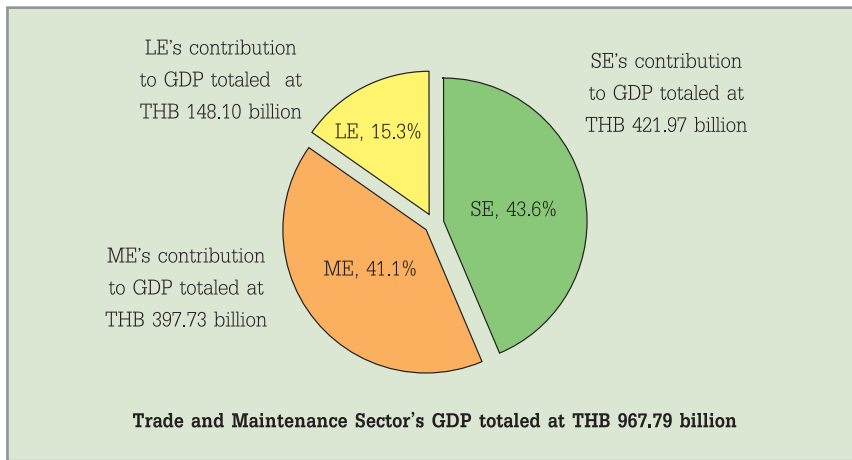
• Overview of Trade and Maintenance Sector's GDP Structure

The GDP generated by the trade and maintenance sector in 2004 totaled THB 967.8 billion in value, accounting for 14.7 percent of national GDP. Compared to GDP contribution of THB 914.3 billion recorded for the sector in 2003, this makes a real GDP growth rate of 3.0 percent.

Closer examinations of the sector's GDP structure revealed that SMEs played a decisive role generating 84.7 percent of its GDP, a total of THB 819.7 billion in value. Small enterprises accounted for 43.6 percent of that, amounting to THB 422 billion, while the remaining 41.1 percent or THB 397.7 billion belonged to their

medium counterpart. Large enterprises only shared 15.3 percent of this sector's GDP or THB 148 in value, as illustrated in Figure 4.21.

**Figure 4.21 Structure of Trade and Maintenance's GDP in 2004
by Size of Enterprise**



Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

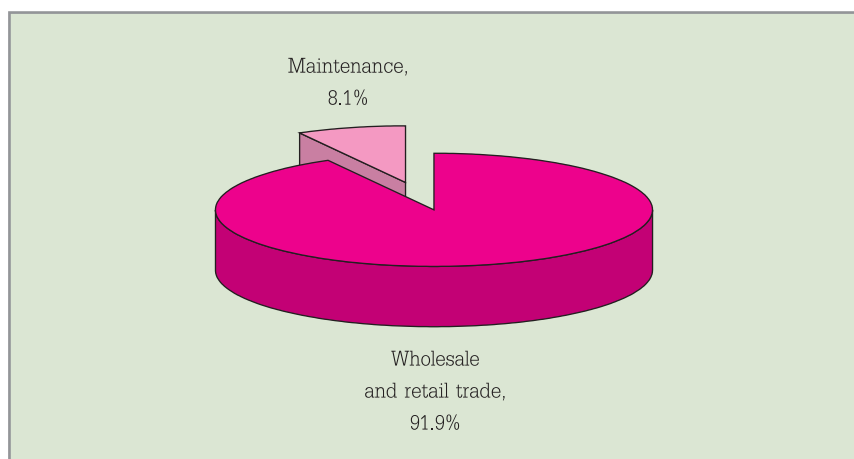
Table 4.12 Structure of Trade and Maintenance Sector in 2004
(Unit: THB million)

Industries	Small Enterprises			Medium Enterprises			SMEs			Large Enterprises			Total	
	Value	Contribution to Nat GDP	Contribution to Sector's GDP	Value	Contribution to Nat GDP	Contribution to Sector's GDP	Value	Contribution to Nat GDP	Contribution to Sector's GDP	Value	Contribution to Nat GDP	Contribution to Sector's GDP	Value	Contribution to Nat GDP
Wholesale & Retail Trade	354,620	84.0%	39.9%	386,590	97.2%	43.5%	741,210	90.4%	83.3%	148,097	100.0%	16.7%	889,307	91.9%
Maintenance	67,347	16.0%	85.8%	11,135	2.8%	14.2%	78,481	9.6%	100.0%	0	0.0%	0.0%	78,482	8.1%
Total	421,967	100.0%	43.6%	397,725	100.0%	41.1%	819,692	100.0%	84.7%	148,097	100.0%	15.3%	967,789	100.0%

Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

**Figure 4.22 Structure of Trade and Maintenance's GDP in 2004
by Industry**



Source: the Office of National Economic and Social Development Board
Compiled by: the Office of Small and Medium Enterprises Promotion

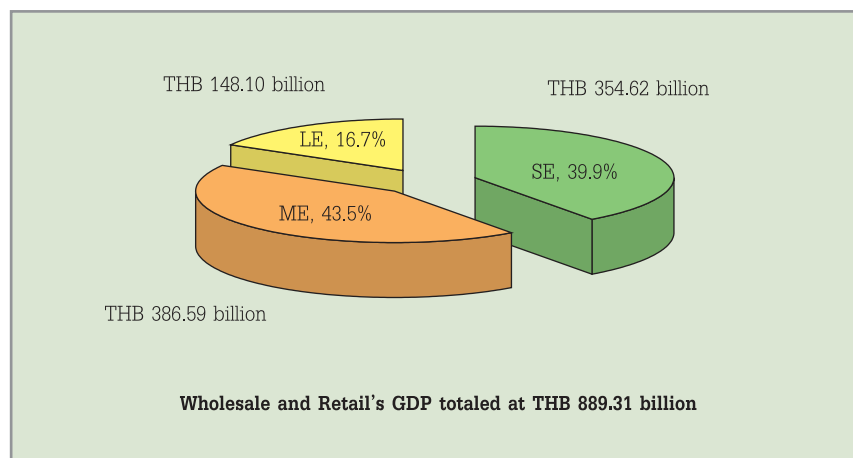
- **Structure of Trade and Maintenance Sector by Size of Enterprise and Manufacturing Division (ISIC - 2 digit codes)**

- 1) Wholesale and Retail Trade**

Wholesale and retail trade assumed over 91.9 percent of the entire trade and maintenance sector's GDP. The trade sector's GDP in 2004 valued at THB 889.3 billion. Considering the sizes of enterprises, 83.3 percent of the amount, or THB 741.2 billion, was generated by SMEs. The small enterprises' contribution was at 39.9 percent, while medium enterprises shared 43.5 percent. The remaining 16.7 percent or THB 148 billion in value, belonged to large enterprises.

In wholesale and retail trade, SMEs clearly dominated the scene, especially medium enterprises which already became a major player in Thailand's wholesale and retail trade sector.

**Figure 4.23 Structure of Wholesale and Retail Trade's GDP in 2004
by Size of Enterprise**



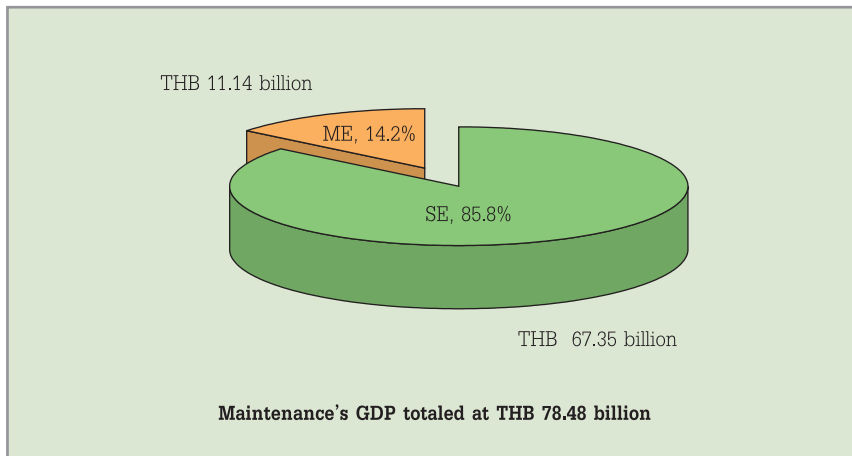
Source: the Office of National Economic and Social Development Board

Compiled by: the Office of Small and Medium Enterprises Promotion

2) Maintenance

Maintenance actually held a contribution of 8.1 percent or THB 78.5 billion in trade and maintenance GDP. This entire part was generated by SMEs, with small enterprises accounting for 85.8 percent, and medium enterprises for 14.2 percent.

Figure 4.24 Structure of Maintenance's GDP in 2004 by Size of Enterprise



Source: the Office of National Economic and Social Development Board
Compiled by: the Office of Small and Medium Enterprises Promotion